

The Age of Organizational Effectiveness Podcast

Episode 121: Convergence

July 30, 2021

SPEAKERS: Deborah Westphal (guest), Charles Chandler (host)

(The text has been lightly edited for clarity)

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Charles Chandler (host)

(music)

Welcome, welcome to The Age of Organizational Effectiveness. This is the podcast that explores stories about organizations and their performance, not just for themselves, but for the common good. I'm your host, Charles Chandler. Today we're up to episode # 121. I'm calling it "Convergence."

In this episode I talk with Deborah Westphal, author of the book, ***Convergence: Technology, Business, and the Human-Centric Future***. Deborah has been helping major companies craft their approach to a human-centered future for 30 years. She is a passionate humanist, operating in a technology-connected world.

And I'm now joined by Deborah Westfall, author of ***Convergence***. Good morning, Deborah.

Deborah Westphal (guest)

Good morning. Thank you, Charles, for having me on your podcast.

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Charles Chandler (host)

It's great to have you with us. You know, we're having this conversation at a time when climate change is in the news, new technologies are being advanced seemingly every day, and politically, the country seems to be divided on many issues that should not be political. We seem to be living in precarious times, how would you characterize the situation?

Deborah Westphal (guest)

I am optimistic. I am. I am optimistic. And I am hopeful. And why I say that is we're in this incredible time where technology is allowing us to connect and have conversations that maybe we couldn't have in the past. Maybe we couldn't find the right people, we couldn't find our right tribes. And now we can and, although it feels to be very disruptive, and sometimes very scary, I think these dialogues that we're having and some of the dissidence, if you will, is very important to our growth. So, I'm optimistic. I think there is a tremendous amount of, kind of, searching for answers around climate, you mentioned climate, or diversity or you know, wage gap and I think that these different perspectives and the dialogue around those are very positive.

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Charles Chandler (host)

A positive outlook certainly helps.... Your book is titled **Convergence**. So, what is converging? And why should we care?

Deborah Westphal (guest)

So, I see three big major forces converging right now. And one of them is humanity, and because of the technology, and the communication and information technology that we have accessible now, that people again can connect and talk to likeminded people, to different thoughts, different cultures, and have, you know, have discussions and then also raise their voices on what is important to them and the shifting values that they have. So that is the first major force that I see converging with, with another, which is technology. We've got this amazing advancement of technology in so many different areas, and that being in agriculture, or water purification, or understanding of the earth, or back to information and communication, and technologies with machine learning and AI. So that that is a nudge, another major force that is converging. And then lastly, I see this whole idea of what is the purpose of a business. And, and I think for the last, you know, several decades, 40-50 years, the primary purpose of a business was to maximize shareholder profit, or if you were, you know, a sole owner, you were trying to make that money and, and, you know, and publicly traded companies kind of set the rules for everybody else, as far as how to, to run your business, and organize your business for that, that future. So, you know, these three forces are kind of coming together, they're converging. And in some cases, they're out of balance. And I think we need to rebalance that. And what do I mean by that? You know, there's lots of different examples, but you know, just consider some of the dialogue around how if we bring this technology into our, our companies, we may not need people anymore, that, you know, the technology, robotics or artificial intelligence will, you know, take over the job of people, and in some cases, for sure, but what that, what that opens the door for is the possibilities that maybe the people shouldn't have been doing those jobs anyway. Maybe we use people for the greater, you know, greater purpose, which is creativity and innovation and, and in problem solving and decision making, which really, that technology can't do. So, with those three forces converging, there are a lot of implications to that. And, you know, I think that's what we need to be aware of and think about that balance.

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Charles Chandler (host)

Yeah, certainly, you mentioned, you know, business and putting humans at the center of that. And, the thing about efficiency and technology, maybe pushing out some of those people. So, if you argue for putting humans and their need to grow and evolve at the center of business, how is that different from what's commonly happening right now?

Deborah Westphal (guest)

I think, if we look at kind of the evolution of business, again, if we look at the evolution of business through the 40s, 50s, 60s, on into today, it was really the time of industrialization and globalization and, and really, just the, the maturity of efficiency around business. So, everything was kind of pointed towards that, you know, modifying modern business to, to optimize for that, that return for that, that

kind of purpose. And, you know, it was, it was a different time. And, and we probably needed to go through that cycle. But now what's different is we've got 8 billion people on the planet and there are some real systematic issues with where we're at with, you know, how we, how we manufacture, you know, products and goods, how we transport those, how we use water, how we think about, you know, our environment, how we, how we actually think about, you know, human suffering, and human needs. And so, you know, putting people at kind of the center of the thought process gives us a very different view of how to run our, our businesses. And I think that is something that if you go into any business today, you won't have the discussion primarily around people. Think about your board member meeting, your monthly status meeting, are we thinking about some of these bigger issues? Or are we thinking about and reporting on how is the business doing?

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Charles Chandler (host)

Yeah, there seems to be an overriding focus on the bottom line. And if you try to bring in a more human centric approach, is there evidence that some of that is happening now, perhaps in small pockets of the economy? Can you point to evidence, scientific or otherwise, that convergence toward a more human centric future is actually happening?

Deborah Westphal (guest)

Yeah, I think it is, I think it's everywhere, I think we can pick up the newspaper and any given day and see that right now, what we're, we're seeing in the news, is this, this thought to how do we get our workforce? How do we get the talent to run our businesses? And how are we going to manage that talent? If we would, you know, the debate around do we bring them back into the office? Do we have some kind of hybrid? Why aren't people coming back to work? Are we going to get them back to work? You know, all of those, those different perspectives, is really a human centric discussion. You know, there's so many and just even on that, it's, it's the, you know, mental health in and how do you know, why do people work? And how do we incentivize them? Because, you know, the ways of the past have probably outlived their usefulness. You know, there's, there's a different dialogue happening here, where, where people are saying, my life is worth more than just the paycheck, I need to think about the broader perspective, and how I'm living my life, and so businesses have to kind of consider that, you know, that dynamic here? And that's, that's just one example. I mean, I think we see the examples of you mentioned climate, we see those, you know, the data there is, we have now CEOs coming together, you know, to have these discussions about how do we do this? How do we measure this? How do we hold ourselves accountable? Right now, there seems to be a lot of maybe identifying and in baselining, where they're at, but the range of trying to understand where do we go from here, is, is happening. And we see it with the increase of just even conferences by Bloomberg or Wall Street Journal, having these dialogues around these issues. And so, I think we see it all, you know, everywhere. And to me, that's, that's pretty encouraging.

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Charles Chandler (host)

Yeah, I think there's a widespread reevaluation of the purpose of business, as you mentioned, and you know, your book points to the need for greater appreciation of the world that surrounds business -- to

ask the right questions, in a sense, and to see what is relevant going forward. And one part of your book, you're right, we can no longer process knowledge through a belief system that focuses solely on profits, for those who benefit from them. And I think you may be talking about owners and their agents who benefit from the profits. So, think in terms of agency theory, and Milton Friedman, who had that sort of prophetic vision. He was in the newspaper back in 1970, saying that really the only the only reason for business was to produce profit, as much profit as possible. So, this brings up the question, what does an owner actually on? If you're talking agency theory and, and profits, I think you're implying that the social contract with workers has actually changed at the cultural and maybe the institutional levels, although many business owners don't seem to acknowledge these changes. But how do you explain this?

Deborah Westphal (guest)

So, I do think Milton Friedman was very influential in his, you know, in his thinking, and again, during that time of industrialization, and globalization, you know, maybe that was the spark, that allowed for some creativity around different ways of thinking about business and business models and business structures and such. You know, that was, for the industrial age, now, we're in the information age, and we're highly connected, and we're highly connected. Globally, we, individually, as well as with the larger I will use the larger term environment. And so those kinds of considerations now need to be brought into decision making inside of, of corporations. And I think, you know, you mentioned the contract with workers, I think it's a contract more with humanity. And, you know, what is the impact of business on larger, you know, larger aspects of our global society? You know, when a business makes a decision around launching a new product? Are they considering the, you know, that the impacts of the environment upstream where, you know, things had minerals had to be mined, and workers had to be in those mines? And, you know, are we thinking about those conditions in? And in that impact? Are we thinking about on the back end? Are we thinking about the disposal of these products that, you know, that we're producing? You know, how does that cell phone get, get disposed of, after it's no longer, no longer useful? How does all the cardboard that, you know, from Amazon's packaging, and shipment? You know, are we thinking about all of that, and that impact to, you know, to our world, because you can take that world and break it down into our markets. And if we destroy those markets, we're not going to have businesses for the future. And so, taking a longer view and a broader view, I think is the contract. Again, there are you know, there are steps the Business Roundtable has come out and said, you know, the sole purpose of a business is not to just maximize shareholder profit, it is to serve larger stakeholders, and those stakeholders are the employees and the communities they operate in. And, you know, the, the suppliers and, you know, and the customers. And so, you know, how do we do that, I think is the question and the evolution that we're going through, but awareness and understanding is that first step.

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Charles Chandler (host)

Yeah, I think you're calling on us to open up the dialogue to a much wider frame. You mentioned supply chains and, and even disposing of the waste from products and packaging and so on. You know, back in the day of Milton Friedman, I think we were in sort of a linear world where, you know, the bottom line was important, and the profit was just going up and up. Now, we're seeing the feedback loops from all of that exuberance, let's say, and any reference to them somewhere in the supply chain and in the waste that we're producing, now those feedback loops So what you're, perhaps what you're getting at in

your book is the need to be multidimensional, rather than unidimensional. And so instead of focusing only on the bottom line or some other metric like that, you seem to be arguing for the inclusion of all the things that humans care about. Certainly, financial and economic is important. But that's not enough. The human, the human is more... concerned also with the social and psychological, as well as the environmental and spiritual concerns that shouldn't be left out. So, we're not just economic men or financial women, but lovers of all things human, including the full range of human emotions and intellectual pursuits, including concerns for the future going forward, like you mentioned. How would you characterize your main argument in the book to address these issues?

Deborah Westphal (guest)

So, I think, I think the addressing is to be aware, because I do believe that humanity, people that are shifting and will impact business. There is a shift of value, I think more and more people are concerned about the environment, more and more people are wondering what you know, what is the impact of their those products or those manufacturing techniques on the environment? I mean, I think there's, there's concern about the wage gap. Look at the backlash of Jeff Bezos going into space, you know, on one hand, that's, you know, it's an incredible feat with that we'll have you know, secondary consequences for all of us. I mean, if we grow a space superhighway, if you would, there will be a way to also create, you know, space labs that can manufacturer much quicker and cheaper pharmaceuticals for all of us here on Earth. So, there are these, you know, these second order benefits to us, but the backlash was, you know, good for these billionaires to have taken a ride, a carnival ride up into space? And so, you know, I think there's that, that raising of the voices and the shifting of, of values, is, is putting pressure on, on business to react.

A couple of years ago, you know, Greta Thornburg, you know, a young 16 year old girl, using social media, and, you know, she created a movement and people listened. You know, there were, there were the people on the other side of the aisle, that kind of, you know, kind of poo pooed it a little bit, but actually, the more these voices are heard, the more business have to take notice. And, you know, I think there's, you do that because you need these people to be, to be a successful business. But there's also this idea that you need to, you need to do this as a business leader. Because, again, if we're doing things that are going to damage the markets in which we operate, then we're not really leading our organization to success. We're just, you know, we're just taking short term, short term gains for long term possible disaster. So, I really, you know, I think that shifting mindset, we are starting to see it in little pockets and little movements. I do think that the longer term is really to understand the bigger impact that we're making, not just the processes that were, you know, that we're doing today, but what is the real impact? And are we truly changing the direction of where we're going?

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Charles Chandler (host)

Yeah, I like your contrast between the voice of Jeff Bezos, who seemed a bit tone deaf after coming back from space, and the voice of Greta Thornburg, you mentioned, the soft voice that many people took notice of because of the way that you she made her point. So, I think there is, there is, as you say, soft voices that we need to listen to out there. And I think that's what you argue for largely in your book. But suppose the business owners took all of your ideas, all of your proposals on board, after reading the book, what would change on Monday morning?

Deborah Westphal (guest)

Well, I think it's a journey of, of, I think this is a journey. I don't think there is a set of a list of 10 things that you must, must do. And I think the first one is to acknowledge that something has shifted that something that, you know, people globally are having more impact, and in power, inside our companies and outside our companies, and into recognize that that human system, if you would, is something that we have to interact with, in a very, very different way. I think that the next thing that that happens is, is to, to really understand how we got here, you know, how did modern business get to where it is? Why do we make the decisions that we make? You know, how is it that we run our businesses with these processes that have been benchmarked off of each other and, and learned in MBA school and, and, in that is, you know, what was expected of us? Now, we're being asked a very different set of expectations to fulfill. And, and how are we going to do that, because the organization that we have, has not been optimized around that it's been optimized around a very different purpose, which was efficiency, and effectiveness and in, in financially, kind of driven, and now it's broader, and in so, you know, understanding that, that gap, of where we need to go, I think, is, is really important. I think there's some self-awareness as a leader that needs to go along with that, that says, you know, I have some experiences, I have some biases, I have some belief systems about how this works, maybe these aren't the right things for taking my organization into the future. And so, there's a real self-awareness and in some real kind of understanding of, of the challenge that they personally are going to have to make, going, going forward. And then you just, you know, I think it's a dialogue with your, your employees, and, and those, those stakeholders to say, where should we be going? Because you can't, you can't start solving everything at one time. It's, it is where should you focus first, as a business to really start on this journey of being human centric? And, you know, and how are you going to? How are you going to, you know, uniquely go there? Because not, there's not one answer for all businesses, you know, you can start with something simple as a water, you know, taking water as in water management, you know, 10%, about 10% of all companies that, you know, manufacturer anything or produce anything, have a water management strategy, maybe that's where you start is to really look at, you know, that issue, maybe you start with real inclusion of employees, and what does that mean? And how do we think about that? You know, that's going to take a very different view of what HR does. HR today doesn't, really, isn't human centric in my mind. And so, you know, how do we, how do we truly change the organization to make that more human centric? So, I think that's what changes on Monday morning is, oh, yeah, we need to not be on this, the same kind of treadmill that we've always been on, that we have to really reassess what modern business is going forward.

Charles Chandler (host)

Yeah, you've raised a lot of questions there. Back to water, which you brought up. And certainly water's is becoming in short supply throughout the world. And, you know, business owners can't just continue to focus on the bottom line, neglecting issues like water and air quality and so many other things. So, I think you're asking us to look much more broadly and to reassess certainly on Monday morning, whether what we're actually doing is, is leading us toward the cliff that we might all be going over, at some point. Certainly, we can't continue to make money if we neglect the needs of our human system. How would you sum up that lesson?

Deborah Westphal (guest)

You know, it's, it's this is this is a really hard kind of concept to, in some cases to think about, because it feels you know, it feels very macro, it feels like there are so many issues that we need to, you know, to focus on. I think it also feels like in some cases that people, people will say, businesses will say, well, look, what I'm already doing this, I have a corporate responsibility, you know, focus and, and I'm working sustainability. But, you know, I think the challenge here is, over the last 20 years, there's been 100 x fold of companies reporting on their sustainability and their ESG initiatives. But in that same 20 years, even though there's been, you know, some \$30 trillion, kind of focused on those efforts, we still have, we're increasing carbon emissions, we're increasing the environmental impact that, that our businesses have, the wage gap has continued to grow. And so, if we're doing all the right things already, why do we still have problems? And why are those problems growing? And so, you know, to me, it really is stopping, and bringing some thought into not just what we're doing, but the impact that we're truly making. And into me that, to make that change, you really have to look inside into what you're doing as an organization, because the day-to-day decisions that we're making, are keeping us on the same pathway forward. They're not creating that change.

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Charles Chandler (host)

Yeah, I think you're arguing for not just checking the boxes. And, you know, saying that we've covered CSR or ESG, the Corporate Social Responsibility and the Environment, Social and Governance. You know, these are things that you can do, let's say on the surface, but it comes down to what actually is, is driving the business and motivating the business? And what are the real objectives, not just what it says on your website, but if look at your trajectory, where are you actually headed? So, I think your call for that widening of the discussion is a good one.

We're coming to the end of our time here, but what have we not covered that you'd like to leave us with?

Deborah Westphal (guest)

So, I think the future of business is both profitable and responsible. And I think it is, you know, it does put humans in the center. And when I say humans, it's those people that are inside your organization and outside your organization. It's beyond just the customer, because there's people outside your customer sphere that really impact your business, and so, you know, make decisions that aren't just solely to optimize profit, but to optimize a larger concept of value delivery. And, you know, I think it's going to take a very different leader to lead in the future, one that, you know, leads with a little bit more heart than maybe in the past, and, and has the courage to, to challenge some of these assumptions that we've all grown up believing are the way that we manage. And so, you know, it's a need, we need people to kind of lean in, and, you know, and take that, take that challenge. It's, you know, it's not going to be easy. And there's no single answer. But I do think there are leaders out there that are starting to do this. And you know what, they're going to make mistakes, but that's okay. It's needed, because we're, we're creating a very different business environment for the future.

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Charles Chandler (host)

Yeah, I think you are calling on all of us to be more human, for one thing; deliver value, but in a human way (not just the financial side of it); and a different type of leader -- that leans forward and has a broad view.

So, thanks very much for being with us today. It's been a great pleasure, and we hope to have you back sometime for another book.

Deborah Westphal (guest)

Yeah, thank you Charles, and thank you very much, I really appreciate the opportunity.



Charles Chandler (host)

And that's about it for this episode. Join us again next time when we will consider more stories about organizations and their performance, not just for themselves, but for the common good. In the meantime, you can access all of our podcast episodes at our website, [www.AgeofOE.com](http://www.AgeofOE.com). I'm your host, Charles Chandler, saying so long for now. (music)