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Transforming an Impossible Situation

Two hours northwest of Johannesburg, just off the Platinum Highway, is an abandoned archeological dig with a sign that bears the words, "Cradle of Humanity." The communities nearby are home to the platinum mining operations of Lonmin Plc., the world's third-largest producer of the precious metal. These nine communities and five squatter camps, of approximately three hundred thousand people, are also where we find many people who fought—and are still fighting—for Nelson Mandela's vision of a new South Africa. In this most unlikely of places, less than ten years after the end of apartheid, a conversation took place that shows the power of the First Law of Performance—the subject of this chapter.

Antoinette Grib, a white South African senior manager of Lonmin, was speaking to a group of about one hundred people when an elderly community member stood up, interrupted, and insisted on saying something to her. The woman, Selinah Makgale, began: "Antoinette, I have an issue with you."

Grib's shock was obvious. She said, "But I don't even know you."

Makgale continued, "Yes, I don't know you personally, but you are a white South African woman, and I have an issue with white South African women. When I was thirteen years old, my parents told me that I needed to be the housekeeper for the white Afrikaans that owned the farm we worked on. It was payment for us working the farm. I was like a slave, not earning a cent. The woman, she was very, very bad to me. Getting through that year was tough. I've been hating white South African women ever since."

Makgale paused, then continued, "I'm sorry, even though I don't know you, I've been sitting here for days hating you and all the other South African women. You probably weren't even born when all this happened."

Grib smiled and said, "No, I wasn't."

After another thoughtful moment, Makgale finished with: "Please accept my apology—you and all the other white South African women here. I apologize to you all for making you a faceless group and hating you."

Some people became serious, others looked like they were remembering the past. Some shook their heads. All were visibly touched by Makgale's courage and intent to close a chapter from the past.

The senior manager took the next step, saying,

> Selinah, I see that I represent something to you with my blond hair and my blue eyes that caused so much pain in your life all those years ago. I ask your forgiveness for the mistakes my people made. . . . I think we're fortunate to live in a country now, since 1994, where we can move forward and we can live together. I offer you my support in getting this issue completely resolved. If you want, I will go with you to visit the woman who treated you so poorly and see if there are some amends that can be made. We can try that.

Both women started to cry—one elderly, poor, and black, and one young, wealthy, and white. Makgale replied, "Yes, I am willing to do that. Thank you very much. I hope our future can grow better than before." The group cheered.

If these two individuals worked together every day, what difference would this exchange have made in their performance?

What if conversations like this were common, in your company, family, and life?

In part because interactions like this one are frequent around Lonmin, relationships with the community are unusually positive. Inside Lonmin, conversations don't have the same noise of gossip and distraction that are business as usual in the world. People act with greater focus, more collaboration, less distraction.

Lonmin elevates its performance.

This book is about performance, and the Three Laws that govern it. In the pages that follow, we will ask you to think in new ways, to examine old assumptions, and explore new ways of approaching old situations. If you do, our promise to you is breakthrough performance in your organization and your life.

At times, we'll invite you to think, inquire, reflect, and, in some cases, consider discussing topics with other people. It's fine to skip through these sections and return to them later when convenient. But dealing with these sections at some point will produce benefits for you.

It's useful, to start, for you to pick an area in your business or life that would benefit from a breakthrough in performance. What you pick may not immediately look to you like a performance challenge—it may look like something else, such as complaints you have with your company's culture,

or difficulties in implementing new initiatives, or just plain conflicts in relationships at work or in life.

It may be something as simple as a commitment that never gets realized, like a New Year's resolution that you make over and over to no avail. But if you ask yourself, "Why do I care about this issue being resolved?" you'll find that this issue is something that gets in the way of producing results and accomplishment—that is, performance. To the degree that the issue you choose is one that really matters to you, you'll get that much more out of the sections that follow.

The First Law of Performance

How people perform correlates to how situations occur to them.

The First Law answers the question, "Why do people do what they do?" Although there are countless books, theories, and models on this topic, most provide explanations but don't directly alter performance. The First Law, on the other hand, gives the leverage that the rest of this book will capitalize on. Consider that when *we* do something, it always makes complete sense to *us*. On the other hand, when *others* do something, we often question, "Why are they doing that? It doesn't make any sense!" But if we got into the world of the person, and looked at how the situation occurred to him, we would experience that the same actions that we were questioning were completely and absolutely the perfect and correct thing for him to do, given how the situation is occurring to the person. Each person assumes that the way things occur for him or her is how they are occurring for another. But situations occur differently for

each person. Not realizing this can make another's actions seem out of place.

So what exactly does *occur* mean? We mean something beyond perception and subjective experience. We mean the reality that arises within and from your perspective on the situation. In fact, your perspective is itself part of the way in which the world occurs to you. "How a situation occurs" includes your view of the past (why things are the way they are) and the future (where all this is going).

Although there certainly are facts about how and why things are the way they are, the facts of the matter are much less important to us than the way those facts occur to us. The First Law rejects the commonsense view of actions—that people do what they do in a situation because of a common understanding of the facts.

What gives the First Law the potential to alter performance is its relationship to the other two laws. At the risk of getting ahead of ourselves, we will show in the next two chapters that "the way a situation occurs" to people, and their correlated performance, can be altered through a certain use of language.

Given the different positions that well-informed, intelligent people often take on a situation, there is a significant difference between the objective facts of the matter and the way those facts occur to each of us. Again, we are not saying that there isn't a "real world." We are merely pointing out that our actions relate to how the world occurs to us, not to the way that it actually is.

When people relate to each other as if each is dealing with the same set of facts, they have fallen into the *reality illusion*. To see the reality illusion at work, think of a person you aren't happy with at the moment—perhaps someone you've been

resenting for years. In your own mind, think of words that describe that person.

You might say, "self-centered," "doesn't listen," "opinionated," and "irrational." You might be willing to swear on a stack of bibles that those words are accurate. But notice that you've described how the person *occurs* to you. As human beings, we can almost never see the occurring as an occurring. What we see is just the way it is.

Consider: How would that person describe you? Or in the terms we are using here, how do you occur for him? Perhaps "opinionated," "angry," and "resentful." Perhaps some other way. When you look at it, often you see that we have very little experience of how we occur for others.

We're not suggesting that either of you is right or wrong, but rather pointing out the reality illusion at work. None of us sees things as they are. We see how things occur to us.

Before the exchange between the two women in South Africa, Antoinette Grib occurred to Selinah Makgale as untrustworthy, provoking anger and resentment.

What happened in this exchange is that Makgale identified and altered how Grib occurred to her. As she did, her actions toward the senior manager shifted, from cold anger to possible friendship. The First Law says that how a situation, or in this case a person, occurs goes hand in hand with action. The actions included an embrace and a promise of future action.

Consider the issues in your life, those parts of your life that aren't working. Consider issues at work and at home. Think about the performance challenge you identified earlier. You will take a big step toward transforming them—not merely trying to change them—if you see that you aren't seeing them as they are. The reality illusion will try to convince you that you are. But just as it is for the rest of us, what looks like reality is only how reality occurs to you.

This First Law, then, says that there are two elements: performance and how a situation occurs. These two are perfectly matched, *always*, with no exceptions.

The First Law and the Future

Another employee of Lonmin is Laolang Phiri, who lives in the nearby community of Marikana.

Laolang, muscular and of average height, looks like a running back for a college football team. He has bright eyes and a proud bearing. His open spirit stands in sharp contrast to his local origins—a shantytown where, even today, 40 percent of the population in his community are unemployed and 80 percent live in shacks.

When most mining companies opened their mines decades ago, they began a practice still standard today: recruiting employees from other countries—Zimbabwe, Mozambique, and Zambia. It's commonplace for these foreign workers to leave their families for months at a time and live in single-sex hostels—some finding themselves on the "all dark" shift: spending the daylight hours 3,500 feet underground in the dark, returning to the surface at night.

A too common casualty are the men who end up resorting to drugs, alcohol, and visits to the local prostitutes. Until recently, the government took little effective action against AIDS, and the disease is now rampant within the community. Some 25 percent of Lonmin's twenty-five thousand employees test positive for HIV, and sixty-seven people from its workforce died of AIDS-related diseases in 2005.

On one of our visits, we entered Laolang's workplace by straddling T-chairs on what looked like a ski lift. But instead of going up, we descended at a 30-degree angle into the earth. As we went deeper, darkness took over. Behind us was a string

of workers, one per chair, some smoking, visible only by the lights on their miners' hard hats. The air was hot from blasting and wet from the water that cools the drills, with a sticky residue of explosives. The area was lit by strings of bare bulbs, just enough light so workers don't trip on the machinery that lines the passageways. This is Laolang's world.

If you think of doing this every day, for years at a time, with your family far away, it's not surprising that Laolang, like many of his fellow workers, was frustrated and angry about the quality of his life, and blamed the mine management.

"The union thought that management sees them only as tools," he told us. "We didn't feel like people, but some things that they brought in to do the work, that's replaceable. The managers were like, 'We own this mine, and we're not going to be pushed around by the tools.' "

"It was blacks versus whites, all the time," he continued. "If you're black, you're a worker. If you're in a senior position, you're white. And if somehow a black person ends up in a senior position, they must have sold out and turned white," he laughed.

"We felt the white unions got whatever they demanded, and we really had a problem with that," he said, with his inviting smile fading a bit. Laolang paused, clenched his teeth, and then summarized: "I was angry all the time. I knew the future would be a constant fight." Laolang had channeled his feelings into action by becoming a union representative.

Laolang wasn't alone in his anger. In 2004, a local university team of researchers studied perceptions about Lonmin throughout the communities that surround it and concluded the mine was a ticking time bomb of public rage.

Because of how situations occurred to Laolang, his future was already written, as was that of his union, his community,

and his employer. The future would be a constant struggle, a fight for dignity and fair pay. It would be that way until he died, just as it had been for generations in South Africa.

The future is already written because, as the First Law says, people's performance will always correlate with how situations occur to them. Until the occurring shifts, as it did for the two women at the start of the chapter, the future is established, and people's actions are on a direct path to making that future come about.

A Surprising Turn of Events

In 2004, Laolang's life intersected with someone from a different world: Brad Mills, the newly appointed CEO of Lonmin. A direct descendant of the Vanderbilt family, he was determined to make his own mark in the world. After studying geology and economics at Stanford, he became an exploration geologist in search of ores in remote parts of the world. Now in his fifties, six foot two, his dark hair streaked with gray, he has the bearing of an Indiana Jones, and his eyes gleam when he talks about Lonmin becoming a model for the transformation of South Africa.

Mills was concerned about how workers like Laolang, residents, and tribal officials perceived the mine. He was troubled that the executive team resigned itself around either the view that *this is Africa* or a cynical justification: *the last one standing wins*.

He feared that some of the unions, including Laolang's, were going to take hard-line positions in upcoming negotiations.

Mills's strategy was to launch several change efforts at the same time. He introduced powerful management programs

such as Six Sigma and Enterprise Resource Planning (ERP). He restructured, and he implemented DuPont's safety technology. He also brought in consultants whom he had worked with in the past to assess what could be done to transform a complex agenda of issues.

The problems were so vast that other CEOs might have quit on the spot. There were not only silos, the consultants told executives in 2004, but also subsilos. Almost no one thought from an overall vision for Lonmin. Short-term business outcomes were in trouble. Leadership processes were missing. Teams and communication structures lacked rigor and consistency, worsened by the fact that workers spoke six different languages. Community issues were, as the university study indicated, a ticking time bomb. Costs were rising, safety was declining (sixteen people had died in the Lonmin mines the year before), absenteeism was rising, and the communities were strangling with 40 percent unemployment and the HIV epidemic.

Mills's situation was dire, if not impossible. As he told us, "If we didn't move on all fronts, the community wouldn't tolerate us anymore." Mills had promised the financial markets (Lonmin is publicly traded in London) that the situation would turn around, and the analysts and investors were watching intently. "We had to do it all at once," he said, "even though most people said we couldn't."

Mills, Laolong, and all of Lonmin were on a collision course with the *default future*—the future that was going to happen unless something dramatic and unexpected happened. The default future is a function of how situations occur to all of the people involved. Unless the occurring could shift for thousands of people, the odds were stacked against Lonmin. As most management efforts do not consider how situations occur,

most of them don't work—73 percent of change efforts fail,[1] and 70 percent of new strategies fall short of expectation.[2] The default future is too strong a force to be undone by good intentions, sophisticated systems, or new management efforts.

You might take a moment and reflect on situations in your work and life that aren't working. They are probably not as dramatic as Mills's, but they may be as problematic. Is there something that is pressing in on you or your organization, something that requires an urgent response?

Think about the performance challenge you identified. Does it keep recurring? Do you or others feel stuck? Notice that your future, like Lonmin's, is already written. It is an essential part of how situations occur to you and others. Unless you can alter how those situations occur, the default future is speeding toward you.

The Need for Something New

Michael Jensen, Barbados Group member and Harvard Business School professor emeritus, suggests that business needs new models that do a better job of predicting how people perform. Current models say that people behave in accordance with their mental assets—skills, intelligence, emotions, beliefs, values, attitudes, and knowledge. It's no wonder that the development of people in an organization is relegated to the training department and takes a backseat to process improvement.

If Mills were to follow a traditional development approach, he would work to ensure that Laolang (and his twenty-five thousand fellow workers) had appropriate incentives and skills training. Posters with catchy slogans would hang everywhere.

Mills, in short, would make every effort to motivate and train Laolang until his and his colleagues' behavior changed.

Given the reality of Laolang's mind-set and that of his fellow employees, these approaches would have failed. Not only would they not have achieved desired results, but they also would have become more evidence for the workers of why management is manipulative and thinks of employees only as tools.

After assessing the odds, Mills decided that making a series of changes in a consecutive and linear way would not succeed, and that his best bet was to transform everything at once—to rewrite the future of the company and all of its leaders, its employees, and the residents in the local communities.

For Laolang and many other workers, the most important issue was that the company occurred as hostile, filled with a few people who had all the power and thought of them only as tools.

Notice the reality illusion at work. As long as situations occurred this way to the workers of Lonmin, their actions would be defensive and passively resistant at best, defiant and homicidal at worst. Taken together, their actions would produce poor performance. Whether people liked it or not, that was their future.

No amount of training, skills acquisition, or motivational posters will change how the situation occurs. In fact, each of these "solutions" simply becomes more evidence for Laolang that the world is as he sees it. The same is true for each of us.

Other Impossible Situations

Lonmin is such an extreme case that it's easy to say it's not relevant to the rest of us. To see the universality of the First Law, we'll turn to Northrop Grumman's aerospace operation in Southern California in 2001. Although a very different world from the one of Lonmin in South Africa, similar dynamics

were at play. At Northrop Grumman, scientists, engineers, and senior managers were facing a very different set of circumstances but, as it occurred to them, a similarly challenging situation. To continue its growth the company needed to enter new markets, such as reusable launch vehicles and space exploration systems. But the company's contemporary track record and expertise were in delivering technology for defense programs, such as bomber and fighter aircraft. The last major human space flight contract had been the Apollo lunar module in the 1960s. How were the executives with this commitment going to get people on board for a plan requiring a shift in skills and technologies, especially when they had no guarantees it would work? The First Law tells us that, at the very least, you have to alter the way that market opportunity occurs to people. If it occurs as far-fetched, people's actions will be detached, cautious, perhaps cynical and resigned. If the market opportunity occurs as doable, important, worthwhile, people will put in the extra effort.

At Northrop Grumman, seventy people, using the ideas in this book, shifted how this market opportunity occurred to them, and then somehow transferred this shift to the entire workforce. As this happened, people's performance shifted, and Northrop Grumman is now considered a viable NASA human space flight prime contractor.

Now consider another example, one in South America. Petrobras, Brazil's state-run oil company, is one of the largest in the world. At the end of 1997, the oil monopoly ended in Brazil, challenging Petrobras to become competitive in the open market, which led Petrobras to create a Business Transformation Agenda. As part of the response, the company launched an Enterprise Resource Planning process to replace most of its more than one thousand systems.

A highly qualified team of more than 650 people from Petrobras and consulting firms came together to work on this project, making it the largest and most complex such ERP implementation in the world at that time. This project was named Sinergia, and its motto was "We are building a new success story for Petrobras."

As the project evolved, the team faced many complex challenges. At the end of 2001, right before the first "go live" implementation, the Brazilian government radically changed its oil and gas tax regulations, raising a major new hurdle in the system. The initial "go live" date had to be pushed back for four months. Tension, discomfort, and miscommunication among teams and executives began to plague the project.

In this environment, past issues between external consultants and Petrobras team members started to get out of hand, affecting both productivity and the climate of the group. People became skeptical about whether the initiative could succeed by the new scheduled date. There was also a lot at stake for the professionals involved in the project. At one point, conflict arose among the project consultants, executives, and managers, negatively affecting the team's performance to move forward.

The First Law explains why they were stuck. The implementation began to occur to people as futile—and somewhat threatening. People's actions correlated with how the situation occurred, and team conversations stalled.

In response to the pressure to make something happen, the team's manager, Jorge Mattos, decided to bring in Steve's company, now called the Vanto Group. Mattos realized that a critical success factor was missing: alignment around key commitments. Steve's colleagues began with a program for the eighty top leaders of the company. In the course of three and a half days, Mattos and the managers were able to leave

behind past issues and conflicts, focusing the team on the same picture.

Mattos reflected back on this time in an interview with us recently. "We had a lot in our way," he said. "Not just the pressures on us, but how we did things in the past that were no longer working well. We needed to get a new view of ourselves and what was possible. The way in which we looked at the project actually shifted, and when it did, excitement and energy took over the group. It was truly a good surprise—people didn't look the same when we left the program." As a team, they committed to the success of the group, not only their own set of goals to be accomplished. They came up with a timeline and a new set of commitments for the new "go live" date, all of which the team could not have accomplished in the previous year. The shift started when the situation went from occurring as almost impossible to occurring as doable. As the First Law points out, when occurrence shifts, actions do as well. The team successfully met the new "go live" target of July 1, 2002.

Before we return to Lonmin, let's consider your performance challenge in more detail. How does the situation occur to you? How does it occur to other people?

What, if anything, have you tried to do to change the situation? Where has change worked? Where has it failed? Did any of these efforts alter how the situation occurred to you and to the other people involved?

As counterintuitive as it may seem, most change efforts end up *reinforcing* how a situation occurs. Think about someone trying to lose weight. To the person, his weight occurs as *a problem I can fix*. He looks for a solution to his problem, like a diet; he goes on it and falls off it. Now his weight occurs as *a problem that requires more willpower than I have*. Because his

actions will correlate to this occurring, he gives up, resigned that his weight is here to stay.

Most companies are locked in the same cycle: they are resisting a problem by trying to fix it, but the more they push, the more the problem pushes back. Companies often try to trim costs by tracking and cutting expenses. If done in a mode of command and control, management will occur to its employees as *untrusting and uncaring*. As a natural response, the employees hold back. The situation grows more frustrating as employees end up putting in less effort, making the financial situation worse.

The principle at work here is: *whatever you resist, persists*. If you can see any way that you are resisting your performance challenge, you'll see that you may be strengthening its hold on you and others—the more you have fought it, the stronger it became.

We'll get to what to do about the situation in Chapters Two and Three, but a big part of the answer is to notice that what is holding you in place is how the situation occurs, and by trying to change it, you may achieve the opposite of what you intend.

Taking It to the Community

Back at Lonmin, Mills's challenge was to create the kind of transformations that had happened at Northrop Grumman and Petrobras, but on a scale that had never been attempted before. He saw that the benefits of confronting the default future were worth a risk. The key was to shift how the situation occurred for the stakeholders, but in a very rapid fashion. With advice from consultants trained in the Three Laws, he decided to invite people critical to the success of the Lonmin turnaround to

an initial meeting, regardless of their animosity or adversarial nature. Mills and his team invited one hundred leaders from the company, tribes, unions, and the community to a two-day meeting.

Mills decided to hold the meeting where most of the stakeholders lived, in the community of Wonderkop, a sprawling shantytown with dirt streets, dotted with mine workers' hostels. His advisors strongly disagreed, fearing for their personal safety and his. As many residents of the community told us later, "The white executives have never come here."

People from every segment of the company and community showed up. Some representatives from the unions came in miner's clothes, others in traditional African dress. Some locals were in blue jeans, others were adorned in their best but well-worn finery. Executives in casual business clothes arrived in a bus, afraid to drive their cars into the community. Wealthy and influential people drove up in expensive cars and walked the few steps of gravel driveway in spotless suits. Others arrived sweaty after walking miles to make this meeting. "There were times when we didn't know what was happening," Mills said later. "I'd never seen anything like it."

The local nightclub was the only facility in Wonderkop large enough for the meeting. Lonmin employees had papered over the disco lights, hung curtains over the bar, and set up a screen for a computer display. Power cords snaked across the ground to power the laptops and projectors. They cleaned up the bathrooms and brought in an air conditioner that failed within the first hour. Under the African summer sun, the room was quickly over 100 degrees.

Mills introduced himself as the new CEO of Lonmin. "I know there's a lot that's broken—and I want to listen to that, so we can fix it together," he said boldly, while also stuttering

with excitement. "But I'm really here as someone committed to your success, the mine's success, and the well-being of families and communities. A long time ago, I realized that I wanted to play in a game so big that it would involve making a contribution that would go beyond my lifetime."

He continued, "I invited you to these two days to explore together what we could create if we all worked together in a new way. Obviously I'm American, working for a London company, and I'm not aware of all the difficulties you've had to deal with, but I have read extensively about it. But I do know that we share one thing in common: our humanity. If we work together as human beings, we can work together to create something very exciting."

He said that prior to Lonmin he had worked for companies that had made a difference for the people in the communities, as the company also became more successful. He then said that, based on his prior experience, the first task was for people to listen and to learn about each other's worlds. Once that was done people could see if they were committed to creating something new.

He then asked, "What is it you want me to know that's not working?"

People brought up overcrowding, AIDS, unemployment, violence, unsafe streets due to lack of lighting, union anger at other unions, and how management doesn't care about the workers.

One man walked forward to the microphone and said, "Brad, you know what would show us that you're serious? Sleep in a hostel with twelve mine workers, so you know what it's like for us."

Mills said, without a second of delay, "I promise you I'll do that," and wrote his promise on the flip chart, the sound of his

writing echoing in the room. When he put the pen down, the walls of the nightclub shook with the applause from the crowd, although many in the room told us later they were certain he wouldn't really do it. "No CEO had ever been here before, and no one would sleep here," one attendee told us later.

That night, Lonmin hosted a dinner and party. As the participants danced and drank, several white executives said, "I never knew how bad it is here," their eyes darting to run-down buildings with little light in the streets.

The second day began with people acknowledging Mills and Lonmin for demonstrating a new level of willingness to deal with what wasn't working (including the same broken air conditioner). A gray-haired African woman, a resident of the community, said, "I really can't believe that you're here, and that you're actually listening to us." One of the white union representatives said, "I'm starting to realize that there may be some way we can work together." One tall Londoner, a corporate executive, shaking with emotion, said, "I realize I was living in a cocoon, unaware of what was going on here . . . and I'm committing to making this different in the future."

When emotions settled down, Mills brought up the next question: "What will happen if we don't find a new way to work together?" And the next: "How can we know what that future might hold?" If nothing changes, then the future will resemble the past. He started by recounting the previous year's statistics: "Sixteen people died last year in the mines . . . so maybe we'll get a little better and only fourteen will die . . . but there will be more deaths than we want."

Another speaker said, "And seventy people will probably die of AIDS."

Others jumped in: "There will be a strike." "There will be robbing and murders in the street." "The smelter will blow

up again"—referring to the explosion shortly before the meeting that drove the stock price down. One of the executives declared, "Based on our increasing expenses, the company will go out of business in five to seven years." One woman said, "My son will finish school and have no job." All of these comments, and those that followed, were written on the giant projector screen, making the future that they all saw coming very real.

People nodded their agreement that the descriptions accurately captured what would happen if nothing changed. They had identified the default future.

The conversation shifted, at first slowly, even laboriously, to a declaration of a new future. One man tried to alter the conversation toward dealing with his complaints about the company, but another man shot back, "You have to get off it. Don't sabotage this!" At some point, everything predictable—the good, the bad, and the ugly—was up on the screen. The room quieted. There was no more to say.

At this point, the next step could be taken. The discussion turned to a question that filled the projector screen: "What are the opportunities that can be seized if Lonmin, the communities, and the unions commit to new powerful ways of working together?" People walked to the microphones and said, in turn: "One hundred percent literacy." "Full employment." "AIDS-free community." "Lonmin is recognized and is successful on the world stage." The mood shift in the room was palpable, going from sober to excited, from imprisoned to free.

Partway through the process, one of the participants shouted, "This future is worth creating—how do we do it?" Mills took the microphone. "First, this process is going to take many years, and will require long-term commitment from each and every one in the room—and others not involved

yet. Second, a series of initiatives could start in about two months, including a leadership program for all key stakeholders. Third, a process this complex—to transform a company of twenty-five thousand employees and communities of three hundred thousand people—would require solving problems no one has even identified yet, and the only element that could take the group through those obstacles would be your ongoing commitment."

Mills ended the meeting by saying,

> I'm committing myself and my organization to fulfilling this future that we've begun to articulate. I can't do it by myself, and my organization can't do it by itself, so we need you to match our commitment. If you are committed to creating this future, with others and me, there will be large sheets of paper on the wall by the door. At the top of the sheet it says, "I'm committing myself to creating a new future for Lonmin and our communities." Sign your name on that sheet.

After he thanked them for attending and participating, the meeting ended. All but two attendees signed their names on those sheets, with some putting down an "X" because they didn't write. (The two who didn't sign ended up joining and participating in the initiatives that followed.)

Mills told us later: "I wasn't sure if there would be any willingness for the process, but they were seriously on board. We were blown away!"

Chris Ahrends, an Anglican priest who for many years as the CEO of the Desmond Tutu Peace Centre, attended the session. After the meeting, he said to Brad and the consulting team, "If you can do 10 percent of what you're talking about, it will be revolutionary."

The Night in the Hostel

Several weeks later, Mills and another executive again overrode his advisors' objections and slept in the hostel, alongside the workers. When he woke up the next morning, it was to the sight of African warriors guarding him. "I wasn't just safe, I was the safest man in South Africa," he remarked to us. At 4:00 AM, to demonstrate his resolve, he and the regional coordinator for the National Union of Mineworkers, Victor Tseka, went to greet the workers arriving for their shift. Mills said later, "People couldn't believe I was the CEO. One of the workers went to the office and pulled out a copy of a company brochure with my picture before some of the men would believe us."

For Mills, the act of sleeping in a hostel was simple and powerful—in his words, "no big deal." But Mills understood the power of symbols to shift how situations occurred to people, challenging the default future and bringing about new levels of performance. For the workers, his actions sent a message so strong it's hard to capture in the pages of a book. "We couldn't believe it," one union representative said, "and we began to think we could actually trust this man." Laolang said, "Mills gained so much trust that people were willing to try it his way and see if it could work."

From the perspective of the First Law, Mills's actions make a lot of sense. He knew that, before he even started, he occurred to the workers as a typical CEO—viewing employees as tools, not caring about their welfare, and out only for money. People's sense of the default future was that he would make promises and then exploit the workers. His management plans, he knew, occurred as management mumbo jumbo. At worst, the initiatives would ask them for more effort with nothing in exchange. If he didn't shift how these situations

occurred—and fast—nothing he did would make any impact. The default future would have come to pass.

The meeting in the nightclub was designed to shift how the executives, and the program they advocated, occurred to stakeholders. Mills made progress in this regard by listening so intently that people knew he heard them, that he saw their issues from their perspective. As people saw him listening—really listening—how he occurred to them began to shift from an arrogant CEO to a person who at least cared enough to spend a day with them. How Lonmin occurred altered from a company that was only out for profits to an advocate for the community. When Mills spent a night in the hostel and welcomed workers at the 4:00 AM shift, he occurred to them as a fellow human being.

With Mills, his fellow executives, and the management initiatives now occurring in a different way, people's behaviors shifted from resistant and angry to open and even somewhat receptive. He was now ready to begin the next phase of programs, which became known as the March Initiatives, when the heavy lifting of elevating performance began to take place.

Using Conversation to Shift Action

The March Lonmin Initiatives sought to shift action by transforming how the company occurred to about 150 people at a time, totaling 15,000 people over four years. This program used a systematic series of conversations among the program leaders, Lonmin executives, and the participants. People got to know each other in new ways that went beyond stereotypes, prejudices, and past conversations. Because performance matches how a situation occurs, this shift made an immediate and tangible difference in people's actions. At the same time, people explored and evaluated the default future. Not liking what it

foretold, they rewrote the future, leading to the beginning of a stunning organizational transformation.

In addition to the conversations between the two women described at the start of this chapter, two specific incidents illustrate why Laolang, and hundreds of other people, were so moved by the process.

The first incident happened on the second day of the program, when people broke into groups representing each of the unions as well as management. Following the guidance of the program leaders, each identified the "games they play" in negotiating with the other groups. Management owned up to playing the "take it or leave it" card, crying poverty, using veiled threats, and reporting data selectively. Laolang's union acknowledged that it organized sit-ins, used wildcat strikes, burned property, and didn't tell management what it really thought because, in their words, "we don't trust them." As people described and admitted playing these games to the entire group, they started to laugh—both at themselves and, as they told us later, at the absurdity of playing games like this at all. They saw the default future, and they found it ridiculous.

As people reported their negotiation games, people saw the other side as more like themselves than they would have thought possible just a day before. More important, how unions occurred to management, and management to unions, began to shift—from opponents playing hardball to fellow human beings who shared the same virtues and weaknesses. People began to experience their old adversaries as allies, on the same side, committed to building a new future together.

The second incident happened later that day. The facilitators posed the question, "What are you committed to in future negotiations?" After hours of debate, much of it passionate, the hundred people who had come into the room a few days

before as enemies left the room committed to more than a dozen points, including

- Total transparency—full disclosure—total information
- Respect for each other
- Creating a future that is the context for problem-solving bargaining
- Engaging each other with integrity

Each of the incidents described shows the shift in how the situations occurred to the people in the room. With alterations to this occurring, individuals who had been adversaries were able to work together on setting joint commitments—the seed of building something new. As dozens of people told us in interviews after the fact, this level of cooperation was possible only because how people saw the situations, each other, and the company had shifted. Once situations occurred in new ways, people moved beyond mere compliance to accountability, from merely doing their jobs to providing leadership. As the First Law asserts, people's performance and how the situations occur *always* match up. As people began to create a new vision, their actions automatically fell in line with what they were creating.

Transformation: Beyond Change Management

Notice that although Laolong didn't change a few things—his attitude, work ethic, and negotiation style—it's as though he became a new person. What we noticed most of all is that the angry man who saw nothing but fighting in his future was replaced by a man who appeared to be at peace and couldn't stop smiling.

He talked about managers and executives (no matter their race or backgrounds) as being real people—not as the caricatures of evil and manipulation they had seemed to him before. He promised to become an advocate for the commitments from the Lonmin leadership initiatives, and he was true to his word. Most remarkable is that the same shift happened to all of the fifteen thousand people who attended the leadership program.

We asked how it all occurred to Laolang. He told us:

> It was like a different South Africa after the program. Nelson Mandela started talking about the transformation of South Africa when he got out of prison, and became president. I had no idea what he really meant, but now I see the possibility of changing the world itself, beyond a single company like Lonmin. It created a very big space with me. This approach to transformation is everything. I understood very clearly that it takes individuals to put themselves in that space of committing. I take that as a rescue process for everyone in Lonmin and beyond.

The Future Rewritten

Besides a stronger, more collaborative culture in the company, a powerful sense of alignment for building a future has expanded. The company and community have developed a powerful framework and projects to forward sustainability.

The real accomplishment has been altering how situations occur to thousands of people, and as this has happened, their performance has shifted accordingly. Productivity reached one-million-plus platinum ounces in concentrate for the first time in its history. Lost-time injuries have decreased by approximately 43 percent, a reduction that continues to be sustained

and improves over time. For the first time, the community is actively supporting the company. Not only are people creating something new, but also the evidence demonstrates that they achieve it. As Mills stepped down from the CEO role in 2008, he reflected on the events of the last several years. He told us, "In my mind, we succeeded on all fronts. I know we made a huge difference and this transformation will live on through the people it touched."

On the week of his seventy-fifth birthday, Nobel Peace Prize winner Desmond Tutu visited Lonmin. In talking about the company and its efforts to rewrite the future of everyone it touches, he said, "I have put my reputation, my name, on the line, to say to you here that I believe these people. I have a sense of their integrity."

Soon thereafter, the World Bank's International Finance Corporation (IFC) invested $100 million to help realize the dream of a self-sufficient Greater Lonmin Community.

If Lonmin and the three hundred thousand people who live in the surrounding community can alter how they occur for each other, this effort may become a model of organizational transformation.

What about you? There are specific actions you can take to tap into the power of the First Law of Performance. Notice the connection between performance and how situations occur for people. See that this relationship *always* holds.

See the reality illusion at work, in you and people around you. Almost without exception, people don't notice that all they are aware of is how situations occur to them. They talk, and act, as if they see things as they really are.

Find people whose actions make no sense to you. Ask them questions, mostly open-ended, that provide insight into how

those situations are occurring to them. Keep going until you can see how their actions perfectly fit how the situation occurs to them. (You'll often find that this process alone goes a long way toward developing trust and cooperation.)

Become aware of how your own performance correlates with how situations occur to you.

- Notice that attempts to change a situation often backfire—strengthening, rather than altering, how the situation occurs. Remember: whatever you resist, persists.
- Consider: What if you could do something about how situations occur—to you and everyone around you? What impact would this make in everyone's performance?

In the next chapter, we'll explore the Second Law, which shows the inner workings of occurrence.