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What follows are the introductory sections and two chapters from "Learning to Read the Signs" which tell the story of the author's attempt to understand pragmatism and apply it to developing sustainable management practices.

The book was originally a doctoral dissertation in moral philosophy written for the "thoughtful management practitioner."

# LEARNING TO READ THE SIGNS

## *Reclaiming Pragmatism for the Practice of Sustainable Management*

2nd Edition — Updated & Expanded  
Including *PathFinder* Field Notebook®

**F. Byron (Ron) Nahser**

Forewords by:

**Robert N. Bellah – 1997**

**Georg Kell – 2012**

**PRME** Principles for Responsible  
Management Education

Greenleaf Publishing/PRME Book Series –  
For Responsibility in Management Education

ROUTLEDGE  


A Greenleaf Publishing Book



# LEARNING TO READ THE SIGNS

It's not what we know, but how we learn. This is the key that *Learning to Read the Signs* uses in order to evaluate and apply ideas and facts to one's organization life.

Examples abound of companies and organizations that have failed to "read the signs": the automobile and the financial services industries are obvious examples. Doing business successfully in the 21st century means becoming aware of the filters that modify and limit business vision in our culture. Without this awareness, many businesses will continue to fall into short-term reactive thinking. In a world facing unprecedented social, environmental, and economic challenges, learning to read the signs is a business imperative.

This is not a how-to book in the sense that it provides ten easy answers to everyday business problems. The help it gives is much more profound. This book outlines a mode of inquiry that can be used to solve cognitive as well as ethical questions. Drawing on the deepest resources of philosophical pragmatism, Nahser shows us that often we do not even know the right question to ask, that we must start by trusting our doubts and seeing where they lead, so that we can even begin to ask the right questions. He brings philosophy down to earth by showing that a practical philosophy can call into question our outworn assumptions, open up new lines in inquiry, and lead to conclusions we never imagined at the beginning of the process – conclusions not just about what to do next, but about our larger purposes, those frameworks that give us meaning and direction.

In this long-overdue and radical update to his seminal book, Ron Nahser turns his attention to how pragmatism can be practiced by the management of business, government, and non-profit organizations to create both success and a better world for all.

"This idea of pragmatism goes far beyond the conventional uses of today, but is a historically enduring principle that harnesses the deep intuition of our own perceptions and experiences and integrates it with the rapidly changing currents that surround us. Ron Nahser's remarkable effort to resurrect this profound philosophy in the business world is a bold and noble move and, when applied effectively, will bring forth better, more significant decisions that will enhance both our physical and our spiritual well-being."

**Dr Stephen R. Covey, author, *Seven Habits of Highly Effective People***

"... if only all business executives were to read and comprehend *Learning to Read the Signs*, the world would be a dramatically better place, and corporations would be far more resilient and better prepared to manage present and future challenges."

**Georg Kell, Executive Director, UN Global Compact**

"Ron Nahser brings experience, knowledge, and wisdom . . . As a successful businessman and as a student of business, society, history, and philosophy, Nahser has grappled with the numerous puzzles and traps that challenge the thinking executive. Unlike most of us, however, he has also formalized the thought process that has served him so well, creating what he calls a "path finder" methodology that has been tested and found useful by leaders in a wide variety of organizations."

**James E. Post, The John F. Smith, Jr. Professor of Management, Boston University**

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The Greenleaf Publishing/Principles for Responsible Management Education (PRME) book series aims to highlight the important work of PRME, a United Nations supported initiative. The series will provide tools and inspiration for all those working to make management education fit for purpose in creating a new generation of enlightened leaders for the 21st century.



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... if only all business executives were to read and comprehend *Learning to Read the Signs*, the world would be a dramatically better place, and corporations would be far more resilient and better prepared to manage present and future challenges.

**Georg Kell, Executive Director, UN Global Compact**

The challenges confronting executives in the 21st century include business complexity, environmental uncertainty, turbulent change processes, and unimaginable quantities of data presented in every imaginable technological form. The truth can be very elusive in the modern world. To make sense of it, leaders need a sharp mind, discerning judgment, and a reliable thought process for analyzing, assessing, and shaping one's options.

Ron Nahser brings experience, knowledge, and wisdom to this challenge in his new book, *Learning to Read the Signs*. As a successful businessman and as a student of business, society, history, and philosophy, Nahser has grappled with the numerous puzzles and traps that challenge the thinking executive. Unlike most of us, however, he has also formalized the thought process that has served him so well, creating what he calls a “path finder” methodology that has been tested and found useful by leaders in a wide variety of organizations.

His stated goal is deceptively simple: To learn how to be more “pragmatic” and to continually read what he calls “the signs of the times.” This purpose opens the door to a subtle and nuanced understanding of how to “uncover the truth we do not yet know, leading to action we have yet to take.”

The facts and events that bombard us daily are “signs” that need to be interpreted as they relate to what we already know. To be effective interpreters we need a process to help separate insight from opinion, truth from fallacy. Pragmatism, a philosophical school with deep American roots, provides the answer by showing us how to build a narrative of what is happening by using our detective skills in an iterative process of listening, questioning, and learning. Far from the common “do whatever works” thinking often attributed to the pragmatic thinker, Nahser shows us how to become true pragmatists – path finders – devising our own process of inquiry. The truth, we may discover, lies less in *the* answer and more in the *journey* by which we arrive at that answer.

**James E. Post, JD, PhD, The John F. Smith, Jr. Professor of Management, Boston University**

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## **What people said about *Learning to Read the Signs* 1st edition:**

This idea of pragmatism goes far beyond the conventional uses of today, but is a historically enduring principle that harnesses the deep intuition of our own perceptions and experiences and integrates it with the rapidly changing currents that surround us. Ron Nahser's remarkable effort to resurrect this profound philosophy in the business world is a bold and noble move and, when applied effectively, will bring forth better, more significant decisions that will enhance both our physical and our spiritual well-being.

**Dr. Stephen R. Covey, author, *Seven Habits of Highly Effective People***

In today's competitive business environment, working hard is just the price of entry. Working smart is what keeps you miles ahead of the competition. And as you no doubt know, it's easier said than done. *Learning to Read the Signs* and the Path-Finder Pragmatic Inquiry will help you successfully navigate your own personal trail. It has worked hard and smart for me. I urge you to try it.

**Jack Haire, Publisher, *Time* magazine**

Ron Nahser has given us a brilliantly insightful look at how beautifully pragmatism can work in meeting today's global challenges. *Learning to Read the Signs* is a practical yet deeply moral book that should be required reading in the business schools and boardrooms of America.

**Charles Osgood, Anchor, CBS Sunday Morning News**

Nahser's unique qualifications – practical experience, business success, philosophical sophistication, and spiritual insight– make *Learning to Read the Signs* one of those rare, comprehensive books that addresses a wide audience. I will be surprised if it does not altogether change the way Americans of the 21st century understand the place of business in American culture.

**Kenneth L. Woodward, Senior Writer, *Newsweek* magazine**

If every business manager would read and take to heart Ron Nahser's new book, *Learning to Read the Signs*, this world would be a better place. To see business as a vocation that involves not only practical skills but also a character nurtured by ethical and spiritual wisdom is Nahser's great contribution. If you read only one book on business this year, read this one.

**Rev. Theodore M. Hesburgh, C.S.C., President Emeritus,  
University of Notre Dame**

In this time of intense scrutiny of not only the traditional ethics of business practice but the very nature of decisions we have taken for granted – reorganization, downsizing, the implicit employment contract – Nahser’s thoughtful and compassionate analysis provides a guide for all thinking business people.

**Roxanne Decyk, VP, Shell Corporation**

A well-written, provocative discussion of pragmatism and how its novel application can contribute to both corporate and personal success.

**James B. Klint, MD, Team Physician, San Francisco 49ers**

Reflection leads to insight, which drives innovation – the imperative for business success. *Learning to Read the Signs* is a wonderful guide to this process.

**Philip A. Marineau, CEO, Levi Strauss & Co.**

Before you analyze, re-engineer, or downsize your company, here’s the reality of how to successfully understand and improve your business for the long haul without doing irreversible damage in the process.

**Robert J. Sunko, President & CEO, Spectrum Sports**

Ron Nahser has created an insightful book at the dynamics of corporate messaging and pathfinding as we face an era where information will be ubiquitous and increasingly complex.

**John Puerner, President and Publisher, Los Angeles Times**

This book is a breakthrough, providing rich insight for our times and a perspective that generates creativity: both a philosophy and a guide for action steeped in the real world.

**Dr. Michael Ray, Stanford University**

*Learning to Read the Signs* afforded me the options to dive deep and explore the purpose of my business journey. The signs have always been there and this book offers us the vision and method by which to move forward.

**Frank Smola, President, Merlin Corporation**

Pragmatism is doing what is in your own self-interest, and doing the right thing at home or at work is a pragmatic course of action. Ron Nahser’s great contribution is to point out that pragmatism and doing the right thing are not mutually exclusive.

**Rance Crain, Editor in Chief, Advertising Age**



Ron Nahser is philosopher, sociologist, scientist, theologian, but also a very practical businessman. He has applied his broad range of experience to the philosophy of Charles Peirce and developed a simple but practical approach to address the many pressing problems of business we face today. Accurate perception ... a mutually reinforcing communication with others ... a detective's mind – ideas that sound simple and yet are deep. It is Ron's great gift to us to have developed a very useful and workable approach to using these ideas to help us each day in our business lives.

**Philip L. Engel, President, CNA Insurance companies**

This is a book for those who are interested in doing the right thing, as well as doing things right.

**C. William Pollard, Chairman, The ServiceMaster Company**

This book attempts to build a model and foundation of Judeo-Christian ethics system to propel us into the next century ... and it succeeds.

**Rabbi Yechiel Eckstein, Founder and President,  
The International Fellowship of Christians and Jews**

Nahser's book supports the use of intuition in business but gives a way to test it. Or, in other words, don't believe your own (PR) bull\*#\$%.

**David Sanguinetti, President, Retail Division, Florsheim Shoe Company**

Ron Nahser really made me think. His idea that "everyone holds a piece of the truth" reinforces the importance of listening and working hard to understand the many (and often conflicting) pieces of information that come from our customers, vendors, and even our own management. Perhaps most important, Mr. Nahser reminded me of one of the most critical roles I have as a business leader – to make a difference with our communities and employees.

**Barbara Allen, Executive Vice President, International Food Products,  
The Quaker Oats Company**

What struck me most is Nahser's interweaving of business practice, the philosophy behind it, and spirituality. He has hit upon an important connection.

**Bother David Stendl-Rast, Esalen Institute**

Ron Nahser has guided us through a series of enlightening stories, to a place of truth in business. Through his vision we can feel a sense of balance in the workplace that comes from a combination of good business practice, ethics and spirituality.

**George E. McCown, Managing Partner, McCown DeLeeuw Corporation**

*Learning to Read the Signs* succeeds in doing three things: it provides a method of articulating the often unexpressed assumptions that underlie human attitudes and behavior, it suggests a program for corporate renewal, and it provides a way of reconciling corporate and social goals at a time of tectonic change and hyper competition.

**Padmanabha Gopinath, Executive Director, World Business Academy**

To me one of the most striking sections of the book is Nahser's reinterpretation of the Benedictine monastic vows so as to make them applicable to our very secular society. He finds spirituality no more incompatible with business practice than is ethics. On the contrary, business practice will be immeasurably enriched if it can be seen as part of a spiritual and ethical discipline.

**Robert N. Bellah, from the Foreword**

In decidedly secular and delightfully communicative language, Nahser expands traditional understandings of ecclesiology into corporations, boardrooms, and other business settings. This book reimages long-held, limiting, and separated definitions and descriptions both of the business world and of the church world.

**Dr. Peter Gilmour, Professor of Pastoral Studies, Loyola University-Chicago**

Ron Nahser has succeeded admirably in thinking and writing about the theoretical and practical in the world of business. Would that there were others like him who could weave words and thoughts so easily and persuasively.

**Daniel T. Carroll, Chairman and President, The Carroll Group, Inc.**

For those who want to know how to prosper while practicing corporate soul-craft in the age of brutal markets, this is must reading.

**Elmer Johnson, Kirkland & Ellis**

Hurrah, Hurrah! Finally, a book that really talks about what is going on today. *Learning to Read the Signs* touches very carefully on many truths that must be understood by those responsible for any business if they are to be successful, both in making profits and in serving the community.

**Ben. A. Mancini, President and CEO, Institute of Transpersonal Psychology**

I enjoyed the book very much indeed. I hope and expect that it has the impact that it deserves.

**Alasdair MacIntyre, Professor, University of Notre Dame**

Ethics, shmethics. This book rocks!

**Tom Bedecarre, President & CEO, AKQA, Inc.**





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**Learning to Read the Signs**  
Reclaiming Pragmatism for the Practice of  
Sustainable Management



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CORPORANTES is the *PathFinder* that helps us uncover the truth we do not yet know, leading to the action we have yet to take.

This essay is dedicated to everyone in organizations (and preparing for a career), searching for better ways they and their organizations can profitably fulfill their central social role of sustainably improving all of our lives.

The organization role is based on this proposition:

“Marketing serves as the link between society’s needs and its patterns of industrial response. It must be put at the heart of strategy.”

*Philip Kotler, Kellogg School of Management,  
Northwestern University*

**PRME** Principles for Responsible  
Management Education

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The Greenleaf Publishing/Principles for Responsible Management Education (PRME) book series aims to highlight the important work of PRME, a United Nations supported initiative. The series will provide tools and inspiration for all those working to make management education fit for purpose in creating a new generation of enlightened leaders for the 21st century.

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# Foreword to the Second Edition

**Georg Kell**

Executive Director, United Nations Global Compact

I first met Ron Nahser at the University of Notre Dame in 2002 when the UN Global Compact was first introduced to executives of U.S. corporations. We had a brief encounter, but one that had a lasting impact. Ron gave me a copy of the first edition of *Learning to Read the Signs*. On my way during a long trip, I started to read the manuscript with an enormous sense of appreciation. But in the hustle and bustle, I inadvertently abandoned the manuscript at one of the airports, not having finished reading it. Yet, during the following years, Ron's insights into the importance of values and pragmatic inquiry resonated with my own reflections, and I frequently used his terminology to make the case for corporate responsibility in this era of global interdependence.

Almost exactly ten years later, I saw Ron again at a conference at the University of Notre Dame. It was an enormous privilege to exchange views on the same subject, and I couldn't help but think that, if only all business executives were to read and comprehend *Learning to Read the Signs*, how dramatically a better place the world would be, and corporations would be far more resilient and better prepared to manage present and future challenges.

This book is also a critical resource for educators who are engaged with the Principles for Responsible Management Education (PRME), an initiative sponsored by the UN Global Compact that seeks to establish a process of continuous improvement among institutions of management education in order to develop a new generation of business leaders capable of managing the complex challenges faced by business and society in the 21st century.

Jonas Haertle, head of the UN-supported PRME Secretariat, tells the story in the Epilogue about how we have begun to incorporate Pragmatic Inquiry in our work to further sustainable development —“The Future We Want”—the most pressing task facing us today. We are working hard to make principled pragmatism—as described in these pages—a transformative force.



# Foreword to the First Edition

**Robert N. Bellah**

Coauthor, *Habits of the Heart*

*Learning to Read the Signs* is a remarkable book: a philosophically sophisticated look at the place of business in American society today but one that comes from the desk of an actively engaged businessperson, not an academic viewing business from the outside. Taking as his point of departure that most American philosophies—Pragmatism—Nahser reclaims it from the too easy idea that it means “whatever works” in order to show it as a disciplined mode of inquiry capable of helping us overcome the filters that limit our perspective so that we can discover “what’s really going on.” He starts from the most fundamental question of all: What is business for? Or, more bluntly, Why does your company exist? Once we take that question seriously we realize that profit, indispensable though it is, cannot be the only answer, for business is involved with the whole of society; it meets basic social needs and it has basic social obligations. A healthy business economy is only possible if it is part of a healthy society. Business needs a skilled and ethically reliable workforce that only good families, schools, and religious associations can produce. It needs a cultural climate that is encouraging and supportive of enterprise but at the same time maintains high standards of ethical behavior and responsibility. Individual character or cultural attitudes that encourage or even accept shoddy work or ethically questionable practice cannot in the long run be good for business. When character and culture support the ideal of a business vocation that “thinks greatly of its function” then the business life is both individually fulfilling and socially healthy. These, of course are widely shared ideals, though often honored in the breach.

But, while it does not directly address these broader social issues, the virtue of Nahser’s book is that it shows through numerous stories, including his own, how these ideals can become practical and realistic. In Nahser’s case, for example it

led him to recast the industry requirement of “truth in advertising” to the more challenging standard of “advertising that tells the truth.”

Nor is *Learning to Read the Signs* a how-to book in the sense that it provides ten easy answers to everyday business problems. The help it gives is much more profound. This book outlines a mode of inquiry that can be used to solve cognitive as well as ethical questions. Drawing on the deepest resources of philosophical pragmatism, Nahser shows us that often we do not even know the right question to ask, that we must start by trusting our doubts and seeing where they lead, so that we can even begin to ask the right questions. He brings philosophy down to earth by showing that a practical philosophy can call into question our outworn assumptions, open up new lines in inquiry, and lead to conclusions we never imagined at the beginning of the process, conclusions not just about what to do next, but about our larger purposes, those frameworks that give us meaning and direction.

Perhaps inevitably Nahser makes what is to many American business practitioners a problematic and unnecessary next step: After integrating the ethical and the practical, he moves to integrate the spiritual as well. Surprisingly, he chooses the analogy of Benedictine monasticism to make his point: Spirituality and work, spirituality and practical effectiveness, go hand in hand. When we were discussing this aspect of the book I reminded Ron that Max Weber, one of the founding fathers of sociology made this point long ago. Ron then promptly faxed me the reference: “From an economic viewpoint, the monastic communities of the Occident were the first rationally administered manors and later the first rational work communities in agriculture and the crafts.” (*Economy and Society*, vol. 2: 1169). In other words, the famous Protestant ethic did not have to wait for the Reformation but was there deep in Western spirituality from quite early times. To me one of the most striking sections of Nahser’s book is his reinterpretation of the Benedictine monastic vows so as to make them applicable to our secular society. I will not attempt to summarize the argument here but will leave it to the reader to discover the riches that Nahser has uncovered. Suffice it to say that he finds spirituality no more incompatible with business practice than is ethics. On the contrary, business practice will be immeasurably enriched if it can be seen as part of a spiritual and ethical discipline.

*Learning to Read the Signs* is not a difficult book to read—indeed it is both readable and enjoyable. Yet in these uncertain times, many may be skeptical as to whether there is a thoughtful and receptive audience for the book. Based on the response to my two coauthored books, *Habits of the Heart* and *The Good Society*, I am convinced that there is. I am also convinced that Ron Nahser’s book will nurture and strengthen that community of thoughtful businesspeople who know that their careers and their firms will be at their best when the interests of business and society merge and they contribute to a larger ethical and spiritual design. I look forward to a long life for this book and its successors.

**Note:** Robert N. Bellah is Ford Professor of Sociology and Comparative Studies, University of California, Berkeley. The best-selling *Habits of the Heart* by Robert N. Bellah and coauthored by Richard Madsen, William M. Sullivan, Ann Swindler, and Steven M. Tipton has the subtitle “Individualism and Commitment in American Life.” It was followed by *The Good Society*, coauthored by the same team.

Here is the story Dr. Bellah tells of how he and Nahser met:

A few months after the publication of *Habits of the Heart*, I received a phone call from Ron Nahser, previously unknown to me, saying that he was the head of a Chicago advertising agency and that he would like me to autograph some copies of the book. Shortly thereafter, he arrived on my doorstep with an armload of books, telling me that he intended to give them to his clients. Although I knew *Habits* had a wide readership to the business world, I was still impressed that the book had received a careful reading from an advertising executive and that he wanted to share what he had learned with his clients. That was the beginning of a continuing friendship during which I have come to respect and admire Ron Nahser for his ethical convictions, his intellectual curiosity about American society, and, above all, his commitment to bringing out the ethical and even spiritual dimension of the business vocation.

Note from Dr. Bellah for the Second Edition:

“I have reread my Foreword to *Learning to Read the Signs* and found it remarkably contemporary. I don’t think I would want to change it at all ...”

# Preface to the Second Edition: Nearly a generation later

It has been 18 years—nearly a generation—since *Learning to Read the Signs* was first completed. In that time, we have seen one of the great expansions and then implosions of our financial markets (now better known as “bubbles”), which threatened another Great Depression—our Great Recession. We continue to see alarming ecological deterioration—every ecosystem is under attack. Major shifts in the geopolitical landscape driven by financial growth (“Chindia” and BRIC have entered our vocabulary) and the desire for democracy are driven by issues of unfair representation and growing income inequality (witness the “Arab Spring” and the “Occupy Wall Street” movement). Some of these trends are in the paper every day. Very few people saw other dramatic changes coming, even though there were signs that a handful of keen observers—we might say pragmatists—read and took appropriate action. Those who did, and do, are our most effective and courageous leaders. They are the ones changing the direction and language and inspire others to take action.

In studying these events, and working with several thousand more executives and students all over the world in all kinds of organizations since 1995, I have seen increasing evidence of how we can and must develop strategies to address these issues, based on—and driven by—our values and vision. Therefore, this updated edition is aimed at helping all of us to be *more pragmatic* and learn to *continually* read the signs.

The reason why I have entitled this new preface “Nearly a generation later” is because, while the underlying concerns and trends that were evident in 1995 continue, a major generational change has been the explosion of information due to the Internet and the ubiquitous search engines.

As I tell in the first chapter, what initially triggered my interest in pragmatism over 25 years ago was becoming aware of certain facts that surprised me and forced me to challenge basic assumptions about U.S. business practices I had long held. And

I thought the way to change business was to expose other business practitioners to “surprising facts” to challenge their assumptions.

In working over the past 18 years, at first I was mightily encouraged by the access we all have to this tsunami of information. Surely some facts would catch the attention of other business practitioners and cause them to change course/strategies, as certain facts had seized me. But in working with groups, it has become clear that the problem is that there is *too much* information and, as a result, we either ignore the data or choose those pieces of data that fit into our preconceived ideas—the focus of Chapter 2. (This is not a new phenomenon of the human condition, however.)

So, in going back to the roots of pragmatism, I have come to see the foundational importance of the stance of a learner—being open to challenging our assumptions. From this stance we can be aware, first, of the **continuum** of our learning from data: the trends; and second, to better **interpret** the data as part of a larger system: the context. With this essential combination of perspectives—time and space—we can then better interpret the data to make better decisions to build better and broader models and systems, and vocabularies to articulate them. The result would be decisions and action that are more inclusive and organic than the narrower, reductionist, machine-like perspectives so often used in framing the conversation, discussions, and debates today.

To take a leading example concerning trends, consider the report entitled *Keeping Track of Our Changing Environment* published by the UN Environment Programme Secretariat in preparation for the UN Conference on Sustainable Development—Rio+20 Earth Summit—in 2012.<sup>1</sup> It compares key indicators presented at the first Rio Earth Summit with statistics today, and the news, while there are some bright spots, is still well short of “The Future We Want,” appropriately enough the theme of Rio+20. (See Chapter 1 for several of the trends they identify.)

This 20-year comparison makes clear that we need to be much better at **connecting** the data. We intend *Learning to Read the Signs* to be a companion book to this 20-year summary of data, offering pragmatism as a method to think about how to interpret the signs.

Clearly, the original premise and intent of writing this book—to “resurrect this profound philosophy in the business world” (Stephen Covey quote—back cover)—continues to be both necessary and timely.

## Three major changes

While the basic argument of the original edition remains unchanged, based on experiences and testing the method of Pragmatic Inquiry in workshops and lectures over the past 15 years with thousands of executives in organizational, academic, and personal contexts, our understanding of the methodology outlined in the 1997 edition has been revised in three significant ways.



The first change was to revise substantially chapters 7 and 8 to reflect the learning in structuring inquiries and including a dozen more case histories to show the way Pragmatic Inquiry actually works and leads to action. We have come to see even more clearly the role of **values**, which we define as **a belief, principle, or virtue held so deeply (either consciously or unconsciously) that it guides behavior, decisions, and actions.** The work of Jim Collins, beginning with *Beyond Entrepreneurship* and continuing through *Built to Last* and *Good to Great*, has focused attention on the importance of “values, core purpose, and goals.”<sup>2</sup> We have seen that the best way to uncover the values is to see them in the evidence of experience as told through a narrative of self-reflection. This follows what Collins has identified as “Level 5 Leadership”—based on the paradoxical combination of “humility and fierce resolve.” He knew this level was vital but was unsure how to help executives get to that level. (It took the right conditions “such as self-reflection, or a profoundly transformative event, such as a life-threatening illness.”)<sup>3</sup>

We have found that the Pragmatic Inquiry is the way for executives to reach insight; to help executives find better, and in some cases dramatically different, solutions to a particular challenge they faced. But, more importantly, they found, after their humble openness to challenge their assumptions during the inquiry, to find sources of fierce resolve or *courage*—in their own words—to launch into action and face the inevitable barriers and obstacles they would encounter. So a large part of our learning is to see just how important the various steps in the inquiry are, in terms of engaging different mindsets: doubt, analysis, imagination, determination, and courage; and we have added appropriate adverbs for each step in the inquiry: Begin *Attentively*, Explore *Openly*, Interpret *Imaginatively*, Decide *Responsibly* and Act *Courageously*. (For an overview, also see our website: [www.pragmaticinquiry.org](http://www.pragmaticinquiry.org).)

Second, from 2004 to 2008 I had the unique opportunity, as Provost (now Provost Emeritus), to help develop the first accredited MBA in sustainable management at Presidio School of Management (now Presidio Graduate School). During that time I was able to work with a remarkable group of scholars, educators, concerned businesspeople, and dedicated students in the area of environmental sustainability and social justice. I became familiar with the long history of environmental engagement and the development of such fields and ideas as bio-regions, bio-mimicry, “cradle to cradle,” natural capitalism, the local living economy movement, B Corps, ecological economics, complex systems, conservation versus restoration, product and life-cycle analysis/assessment, integrated bottom-line accounting, and so on.

I especially realized the astoundingly simple fact that *all* organizations—commercial, civic and governmental—are in the business of serving the needs of society. To reflect this broader practice of management, we changed the subtitle of the book from *Reclaiming Pragmatism in Business* to *Reclaiming Pragmatism for the Practice of Sustainable Management*. **So, in the pages ahead, when you read “business or corporation,” think “organization”; “business person,” think “manager”; “society,” think “society and the environment.” You get the picture: We’re all in this together.**

Some of these were questions I had long been engaged with, and describe in this book as well as in my book *Journeys to Oxford*,<sup>4</sup> a compilation of ten lectures given over 17 years at Department of Educational Studies, Oxford's Centre for the Study of Values in Education and Business. Particularly when working with Hunter Lovins, a leading environmental voice, we would often make the simple point that Hunter would say **what to think about** and I would present the case for pragmatic inquiry as a **way to think about it**. This experience heightened my belief and concern that the way to address these issues is not through more information, but in better thinking, reflection and conversation about them, that is, be more pragmatic. And given my career in advertising, it will come as no surprise that I came to see the central importance of rhetoric—the ability to express the results of pragmatic inquiries persuasively.

The third change was to better understand exactly what was going on as people inquired and reflected as I read more deeply the works of John Dewey and William James, secondary figures to Charles Sanders Peirce and Josiah Royce in the first edition, as well as modern feminist pragmatists, such as Susan Haack and Charlene Haddock Seigfried (see Bibliography for references). Two other scholars whose work I discovered in the last several years who have been very important in understanding what is happening during inquiries are George Lakoff, the cognitive linguist and professor of linguistics at the University of California, Berkeley, and Bernard Lonergan, the Jesuit philosopher-theologian. Their work and insights support and clarify the basic inquiry methodology of Peirce, Royce, and Proffo who were the main sources of understanding and presenting the *PathFinder* Pragmatic Inquiry methodology in the first edition.

Several of the stories are now dated (e.g. Florida Power and Light) and major recent stories are not included (e.g. the drama in the financial community from Enron to Lehman Bros.). The reason is that the basic ideas of—and need for—Pragmatic Inquiry are timeless and the stories could be updated every day as we read the ongoing headlines in the business press.

As the evidence of our learning, Chapter 7 “A *PathFinder* for organizations” has been substantially revised. (And the *PathFinder* Field Notebook is included in Appendix III. The Field Notebook is an introductory version of the Lab Journal, a more in-depth inquiry practice.)

The promise of pragmatism, it should be noted, is not accuracy of forecast, but constant scanning of the horizon with the goal to be resilient, always moving to better understand and act on our values and vision in changing circumstances.

Lastly, a note on philosophical content. *Learning to Read the Signs* was originally written in a style to be a “popular” version of a doctoral dissertation in philosophy accessible and engaging for our target audience: the “thoughtful business practitioner.” (We weren't sure how big a market segment it was, but were pleased that the first edition sold out in short order, making it, in the words of one clever publisher, the “Harry Potter” of dissertations in moral philosophy.)

After the defense of the dissertation, and in preparation for publication, since we assumed our “target audience” was not too interested in all the philosophical

reasoning, and at the urging of my able editor, Susan Speerstra, we considerably shortened heavy philosophical sections and eliminated *all* 115 footnotes. For the most part, our assessment of our audience's limited tolerance for close philosophical reading was right. However, we have been pleasantly surprised that many serious readers wanted a fuller explanation of the philosophy.<sup>5</sup> Therefore, we have reintroduced some more extensive explanation about pragmatism with source material, quotes, and endnotes.

I would like to thank the many scholars and executives, many of whom you will read about in Chapter 8, and my associates at CORPORANTES, Presidio Graduate School, and DePaul University who have helped in making the *PathFinder* more useful in reflecting and inquiring to "uncover the truth we do not yet know, leading to the action we have yet to take."

# Preface to the First Edition

How do you lead an organization that needs to innovate—change/improve—in responding to changing market conditions?

As a practitioner of advertising communication and marketing strategy for over forty years, I have participated in developing communication programs for the entire spectrum of goods and services in American industry, from consumer packaged and apparel goods and services, hotels and shoe stores and toys and bicycles, to financial services, insurance, office furniture, machine tools and industrial chemicals. Our over 60 year old communications firm has represented companies of every kind—large ones, small ones, entrepreneurial ones, sterling successes, failures, companies in bankruptcy, steady performers, family companies. We have seen fads, staples and cutthroat competition. We have worked with some of the best talents in business and all types of personalities.

I wondered what explained the successes and failures I had seen. What seemed to be needed in virtually every conversation was a larger or at least a different context in which to think about the business issues. Then one day an item in the *Wall Street Journal* caught my eye: The US share of the Gross World Product in 1950 riding the post WWII economic boom was 52% but that by the early 90s our share had declined to about 20%. That surprising fact caused me to doubt the infallibility and superiority of our American management philosophy when it comes to innovation. Clearly, managers in other cultures had some successful ideas of their own that we could learn from. Or maybe we were overlooking something in our own culture; perhaps ideas these managers had learned from us. I decided to investigate. Inspired by Alexis de Tocqueville, who visited the United States in the nineteenth century to learn our ways of freedom, I took a three-month sabbatical in 1988 to travel overseas, meeting with Asian and European executives to study their business practices and beliefs. Then I sought out sociologists, anthropologists, and the best researchers in our business of marketing, to study our society's beliefs and practices. This in turn finally led me to study philosophy and theology as they illuminate our basic beliefs and habits of thought in America.

What I saw and learned surprised me. I discovered that it is not **what we know** but **how we learn** that is important. We seem to be simply gathering more facts, easily done in this Information Age, and piling them on top of what we already know. But learning starts when we see and interpret the information in a new way.

Therefore the purpose of this essay is to introduce you to a method that can help you evaluate and apply ideas and facts to your business and personal life by exposing the often subconscious or even unconscious assumptions and habits that underlie your current method of thinking and learning. Through the inquiry process described here, you will challenge assumptions, or **filters**, as I have called them, abandoning some old habits, keeping others, and adapting new ones.

This tale of the evolution of our American business philosophy and some ideas about how to improve it is also a personal story, a reading of the signs of my own career, in an attempt to live my profession as a vocation. I see the advertiser as a symbol-maker in our society. Those of us in advertising are like the totem-carvers and storytellers in other societies, those who attempt to give meaning to things. At the center of my own search for meaning in my life in advertising, I discovered the value of reclaiming pragmatism. On the way, I discovered a method to help others determine the meaning in their lives, to help them discover their business philosophy by which to guide their actions, careers and lives.

So I invite you to think along with me and share my story of the education of a business executive working alongside associates, clients and the consumer society influenced by our work. Examine my explanation of what's going on. Look at the discoveries I have made to lead us to a method of thinking which is intuitively obvious, but needs to be made explicit and part of the way we conduct business. This method has special significance for me in advertising because it deals with the reading of signs of activity in the marketplace, determining how to respond to those signs which suggest a business response and then the creating and communicating symbols or signs giving meaning and benefit to products and services for the marketplace.

What are the signs telling us?  
 Why are things going the way they are?  
 Why and how should we respond?  
 Where are we headed and why?  
 What is our purpose?  
 What seems to be calling us?

Do these questions and answers apply to your business practice and your life?

A place for businesspeople to find a model where pragmatism has been practiced for thousands of years is the monastery. “The **monastery?**” you say. Read on before you dismiss this instructive and very successful (read that to also mean “profitable”) predecessor of the modern corporation.

My search resembles a detective story. The clues are there, and have been there for the last hundred years in our tradition. They point the way to still older truths:

to the story of pragmatism, a uniquely American philosophical movement. But we have misunderstood and corrupted it. Now is the time, I believe, for American business practitioners to reclaim it. If you do, you will improve your chances for success—in every sense of the word.

## The method

The method of pragmatism, as you will see, is simple and the book will follow the method. The first section of one chapter sets forth the problem or issue to be addressed. The next three chapters lay out my Exploration of current American business thinking and practices and their origins. The third section of three chapters presents my Hypothesis about how to help solve current business problems through a method of applying pragmatism. The third section of two chapters shows how our method of pragmatism can address these problems through Action. The final section of one chapter dealing with Testing returns to the big questions raised above to illustrate how a reclaimed practice of pragmatism as a method of learning (or “inquiry,” or “interpretation,” as it was earlier called) can help businesspeople discover their vocation and find meaning, purpose and direction for their lives.

Chapter 1 will outline the need for Pragmatic Inquiry to begin with a doubt, or some recognition that we need to learn more about some situation to determine what action to taken next. The purpose is to change something, do something different, go in a different direction. Or, as I said at the beginning, to innovate. To see how we usually attempt to do that, we will consider in Chapter 2 what’s going on in corporate America, and what filters we commonly use in business today to view reality. In Chapter 3 we will look at some attempts by contemporary thinkers and commentators to develop new filters as a way to help us see reality more accurately. Chapter 4 will show how certain patterns of thought which form our filters have been developed over centuries and are deeply held, often unconsciously, making it difficult for us to achieve the change called for by the challenges of our times. In Chapters 5 and 6, I trace the development of pragmatism from its founding by Charles Sanders Peirce over a hundred years ago to its evolution into something quite different from what Peirce intended. I also show how reclaiming Peirce’s version lays the groundwork for a more successful and creative way of thinking, interpreting and doing business. Chapter 7 develops an actual method of inquiry and interpretation specifically directed to fostering business success. Applications of pragmatism in real-life personal and business settings are the subject of Chapters 8 and 9. Chapter 10 presents a summary of the ultimate way to practice pragmatism.

As Charles S. Peirce, considered by some as America’s greatest philosopher and our central figure, has said, “This activity of thought (pragmatism) by which we are carried, not where we wish, but to a foreordained goal, is like the operation of destiny.” Others describe this activity as participating in an unfolding story. Here is mine.

# Acknowledgments: First Edition

One doesn't complete a book that has been brewing for over twenty years—while running a business—without a lot of help from associates, family, friends, clients, and scholars.

I want to thank first of all the people mentioned in the book because, as you will see, they have been pivotal in the development of my work. Without them there would be no story.

In addition to the people mentioned in the book, I need to thank my direct support team of Maeve Kanaley, who transcribed hours of discussions; Susan and Pauline Mehrrens; and Florence Agosto, all of whom endured the endless editing, rewrites and the thousands of details and without whom the telling of this story would have been impossible. Susan, our research associate, was instrumental in developing Chapter I as part of a marketing project for The Nahser Agency. Willis Harman, Maya Porter, and Karen Speerstra also collaborated at crucial moments in the editing.

I have had the benefit of being encouraged and challenged to put the ideas you will read about into practice by past and present associates and clients during my forty years at The Nahser Agency which has now evolved into CORPORANTES, Inc. in our marketing and advertising work. I want to thank all my associates over these years who have helped to test and practice our pragmatic inquiry method.

Next, I want to thank my teachers and mentors at the University of Notre Dame, the Northwestern University Kellogg Graduate School of Management, Shimer College, the Mundelein College Graduate Religious Studies department, and especially my friends at DePaul University, who, over the last fifteen years, gave me the opportunity to teach, study, and write: first and foremost, Brother Leo V. Ryan, CSV and his legion of scholar-friends to whom he introduced me, Fr. Thomas Munson, Stephen Houlgate, Kenneth Alpern, and especially Manfred Frings, who, along with Daryl Koehn and Dennis McCann, guided the development of the argument. And thanks to my DePaul students who, during my dozen years as Executive-in-Residence at

the Kellstadt Graduate School of Business, proved the truth: “If you want to learn something, teach it.”

Through Dr. Samuel Natale, organizer of the International Conference on Social Values, I was invited to present and discuss key parts of this material through a series of three lectures at Cambridge and Oxford Universities. Through Graham Turner I was invited to Worcester College, Oxford, to be Visiting Writer during the summer of 1994 when much of the organizing and writing of the book was accomplished.

Many friends have helped, criticized and prodded over the years, especially Philip Engel, members of the A-Team, Deb Kelly, Deb Kirby, Eileen Thompson, Rabbi Yechiel Eckstein, Rev. James Gorman, Ron Miller, Sr. Joyce Kemp, Steven Priest, Michael Cohen, Fr. Oliver Williams, Patrick Murphy, James Stuart, William Locander, Michael Bowen, Alan Gustafson, Kenan Heise, Willis Harman and the members of the World Business Academy, William Porter and members of the International Communications Forum, and Joseph Sullivan and members of Business Executives for Economic Justice.

I want to acknowledge the enormous debt I owe to my family: daughters Maeve, Katherine, Heidi and Heather who have inspired and instructed me over these past thirty years.

Most important, I want to thank my wife, Mary, who has watched in amazement, alarm, admiration, concern, but always in support and love over the last thirty-three years. She has been essential to the completion of this work.

I will continue the practice of pragmatic inquiry with organizations and individuals in business, and those planning careers in business, in repayment of their efforts and trust in order to help profit and non-profit organizations fill their role in providing the goods and services we need to help people develop and thereby contribute to profitably building a just and compassionate society.



Part I  
**Begin**

# 5

## Pragmatism

### A community of inquirers

David Hume was not alone in recognizing the value of doubt. The American philosopher Charles Sanders Peirce built his philosophy of pragmatism around it, and even businesspeople encounter situations in which doubt proves its worth. Take, for example, this story told by a friend of mine, Barb Allen.

An executive vice president of the Quaker Oats Company, Barb got a call one day from an associate who asked her to talk to a young woman who had some observations and concerns about Quaker. She was unsure what opportunities were really available to women within the Quaker environment. Barb said she would be happy to meet with her, having fielded discussions like this many times before. As they talked, it slowly dawned on Barb that perhaps she didn't know what was going on after all, in light of some of the observations the woman was making.

Barb decided to investigate on her own. She went around and gathered facts; in some cases they were available; in others, she had to have studies conducted to come up with data that might support or challenge the young woman's hypothesis about lack of opportunities in Quaker. Barb talked to others about it, and changed her point of view, coming to look through different filters. From that began the Quaker Women's Management Group. Women came together and more stories were told, with further clarification of both the strengths and the weaknesses of the organization and what actions the group should recommend to top management.

In this simple story we see genuine pragmatism at work. In this chapter we will see that Barb Allen was using the pragmatic method of inquiry developed by Charles Peirce to determine the truth of the situation at Quaker.

## Peirce: forgotten American scientist-philosopher

Charles Sanders Peirce (1839–1914), whose name is pronounced “purse,” was a multifaceted physical scientist, mathematician, and philosopher who founded the only American school of philosophy: pragmatism. It is recognized as the only original contribution this country has made to the history of philosophy. I first heard about Peirce not through an academic but through a community activist, Father Thomas Duffy. Father Duffy had been a Catholic priest working in Columbus, Ohio, on issues of poverty and community organization during the 1960s. He later became an Anglican priest and spent 12 years working with Ira Progoff, whom we will discuss later. Duffy had discovered Peircean pragmatism in his search for a method of community inquiry that would get past the polarization, name-calling, and vitriol that too often characterize political discourse. Thanks to Duffy, I joined the growing numbers of people rediscovering Peirce and his original meaning of pragmatism, in pursuit of “the truth we do not yet know.”

Peirce coined the term pragmatism from the Greek word for “deed” or “act.” This scientific method of inquiry was applied to philosophy and logic as well as to the hard sciences. The collective, shared pursuit of truth is central to Peirce. We must be open to other reading of the evidence.

Peirce’s pragmatic method of inquiry can be summarized in three principles:

1. **Perceive accurately** what is going on; what is important is not what we think we know, but what we are willing to learn
2. Knowledge and understanding are best acquired in a mutually reinforcing communication with others that might be called a “**community of inquiry**”
3. The best way of seeking “the truth we do not yet know” is what Peirce termed “**abduction**”

His first point, **perceiving accurately**, is not such a simple matter as it may seem. We inevitably grow up and move into our management positions carrying internalized beliefs that act as filters, causing us to see what conforms with those beliefs and to fail to see what might contradict them. It is particularly difficult to catch ourselves at this because not only are the beliefs largely at an unconscious level, but the same beliefs tend to be held by many of the people around us so that we are not confronted with a need to disclose our filters. In the course of most of our lives, our filters are never challenged. One of the virtues of contact with others with sharply differing beliefs is that such challenges occur.

Creating a **community of inquiry** often involves listening to people whose views, or even personalities, we may not particularly like or feel comfortable with. It involves creating an atmosphere of mutual respect, trust, and willingness to humbly search together for the truth we do not yet know. The trust involved is in one another, in the process, and in one’s “inner-knowing.” In such an atmosphere the

“detective mind” can flourish, unhampered by rigid preconceptions because reexamining previously held beliefs has been made safe.

And third, **abduction** has nothing to do with UFOs. Rather, it is the middle approach between induction and deduction. Abduction is like the classic approach of a detective to solving a crime—survey the evidence, develop hypotheses, and keep on going around this circuit until a discovery or conclusion that explains the evidence emerges. We will look at this in more detail later.

## Unrecognized genius

One might well wonder what happened to Peirce, that he is only now being rediscovered.<sup>94</sup> As the founder of the only school of philosophy recognized as uniquely American, you might expect him to be famous. But one of the major ironies of Peirce’s life was that he was a genius whose brilliance earned him little fame, and even less money.<sup>95</sup> Furthermore, he built a philosophy around the concept of interpretation, yet was repeatedly misinterpreted throughout his life, even by his friends. Only in the last several decades has Peirce begun to come into his own, as something of an intellectual cottage industry, with its own society and quarterly journal. The celebration of his 150th birthday in 1989 attracted international attention with a sesquicentennial conference and celebration at Harvard with everything from talks to t-shirts. But before 1970 his 80,000 handwritten pages sat in Harvard’s library gathering dust.

Such a fate would not have been predicted from his family background. Peirce was born to one of America’s leading intellectual families in 1839. His father, Benjamin Peirce, held an endowed chair at Harvard in astronomy. Charles’s genius was recognized early in his life, to his later misfortune, because he was treated as a precocious boy and allowed to get away with far more than he should have been. Rebellious incidents marked his life, on several occasions even foreclosing his long-term success. As a college chemistry student, Peirce sawed a laboratory bench in half during class as a joke. The unamused instructor, Charles W. Eliot, went on to become president of Harvard, and never forgot Peirce, considering his an undisciplined, wasted talent, and blocking his appointment to any teaching post. When Peirce finally got an academic post at Johns Hopkins, his defiance of convention again cost him dearly, when he was reported to be living in Baltimore with a French woman while separated but not yet divorced from his first wife. The University trustees and administrators regarded this as another example of his dissolute and undisciplined character, and even though eminent friends such as William James interceded for him, Peirce lost his job.

Thereafter he eked out a precarious living as a surveyor and mapmaker for the U.S. Coast Guard’s Geodesic Survey, a position that in no way matched his brilliance in mathematics, astronomy, chemistry, and, most of all, logic. His writing for learned journals, dictionaries, encyclopedias, and magazines provided supplemental income, but he was chronically in debt for most of his life, at one point so much so that he hid in the attic of his barn to avoid his creditors. He was able

to survive and keep writing at all only through donations from William James and others. He died, obscure and penniless, in 1914, but his followers, Josiah Royce, William James, and John Dewey went on to further his ideas of pragmatism.

### What we have lost (why we have trouble reading the signs)

If Peirce's life was full of material hardship and frustration, it was even more full of intellectual frustration, as a consequence of his being misunderstood by none other than his staunchest friend and benefactor, William James. With the best of intentions, James sought to spread Peirce's ideas in the world, but in retrospect James misunderstood Peirce on certain key points and considerably narrowed Peirce's broader definition of pragmatism.

Peirce and James had been friends since their days as classmates at Harvard, and had formed a Metaphysical Club<sup>96</sup> in Cambridge, Massachusetts, after graduation, with Oliver Wendell Holmes, Chauncey Wright, Francis Ellingwood Abbott, and others. These clubs, popular around America in the 19th century, would meet for discussion of contemporary intellectual fads and fashions. In the 1870s, the fad of the moment was the German philosopher Georg W.F. Hegel. Hearing Peirce expound on Hegel and other philosophical issues, James recognized Peirce's genius and followed his work closely.

Peirce wrote regularly for a small, prestigious philosophical magazine, *The Monist*, and for *Popular Science Monthly*, which in the 19th century was a scholarly magazine dedicated to presenting the latest scientific thinking (rather than tips on how to do your own plumbing). These two magazines, while highly regarded in intellectual circles, had limited circulation, so Peirce remained relatively unknown. James achieved much wider fame as a psychologist and author of many books, including *The Varieties of Religious Experience*. So in the summer of 1898, to cap a year-long program dedicated to studying the work of James, the Philosophical Union of the University of California invited William James to present the keynote address. Although the Union had spent the year studying James's philosophy, James decided to turn the spotlight on Peirce by using his speech to introduce Peirce's brand of philosophy, which Peirce called "pragmatism." This speech was to have catastrophic consequences.

After a dynamic opening that displayed the reasons for James's popularity as a speaker, he stated Peirce's theory fairly well: "Beliefs, in short, are really rules for action, and the whole function of thinking is but one step in the production of habits of action."<sup>97</sup> Peirce and James both had as their target abstract thought. Both saw action and engagement with reality as the test for beliefs. Then James got to the point of his lecture: "This is the principle of Peirce, the principle of pragmatism. I think myself that it should be expressed more broadly than Mr. Peirce expresses it."

James' next sentence was the beginning of the end for Peirce's pragmatism:

The ultimate test for us of what a truth means is indeed the conduct it dictates or inspires ... I should prefer for our purposes this evening to express Peirce's principle by saying that the effective meaning of any philosophic

proposition can always be brought down to some particular consequence, in our future practical experience, either active or passive; the point lying rather in the fact that the experience must be particular, than in the fact that it must be active.<sup>98</sup>

Or, in other words, did an idea or belief work in some particular way or experience? Later in the speech, he asserted that an idea could be tested by whether it had “cash value”—meaning observable or experienced consequences—or not.<sup>99</sup> Business-people certainly (mis)understood this! For it is but a step from “have an effect” to “be effective,” and James has been widely understood in this sense.

In the opinion of many, James came to a major insight, either intentionally or unintentionally, by creating a new way to approach truth and knowledge. One of the oldest questions in philosophy asks how do we know the truth. Plato said that we have it already in us, in the form of innate ideas only waiting to be discovered. Followers of Aristotle said we find it by abstracting it from reality. James said that we know the truth by looking at consequences: Does the belief work? Is it effective? While this might have been insightful, it was not what Peirce meant. James had focused only on consequences, while Peirce was presenting a method of inquiry to discover the truth, or what he called “the development of concrete reasonableness.”<sup>100</sup>

James came close to a dualistic position with his notion of an idea either working or not working, having “cash value” or not, while Peirce had focused on the active learning process of constantly testing beliefs. By focusing narrowly only on consequences, James missed this central feature of Peircean pragmatism, which is not whether an idea works, but whether it is true.<sup>101</sup>

The aftermath of this episode was irony upon irony: the speech was a great success, was published and widely read. James dedicated the volume in which it appeared, “To My Old Friend, Charles Sanders Peirce, to whose philosophic comradeship in old times and to whose writings in more recent years I owe more incitement and help than I can express or repay.”

At first Peirce was pleased to receive some acclaim, but when he had read and absorbed what James had said, he realized that his friend had seriously misinterpreted what he meant. Over the years, Peirce became more critical of James’s views, finally declaring, “I thought your *The Will to Believe* was a very exaggerated utterance, such as injures a serious man very much.” And he said later, “I think James’ views do much damage.”<sup>102</sup> But by that time it was too late: “pragmatism” had gone into circulation with James’s interpretation, and Peirce was left feeling his invention had been “kidnapped.”

In 1905, writing of himself in the third person, Peirce announced in one of his articles in *The Monist* that:

finding his [Peirce’s] bantling “pragmatism” so promoted ... it is time to kiss his child good-by and relinquish it to its higher destiny; while to serve the precise purpose of expressing the original definition, he begs to announce the birth of the word “pragmaticism,” which is ugly enough to be safe from kidnappers.<sup>103</sup>

But lacking James' fame, and with little talent for self-promotion, Peirce was never able to get much of a following for his original, pre-Jamesian creation. As events turned out, Peirce late in life found a follower, Josiah Royce, who did understand his ideas correctly and was able to interpret them in other contexts.

## Pragmatism and business

What does the preceding discussion of Peirce and James have to do with achieving success in business? I believe that it is at just this point—where James narrowed pragmatism to focus on success—that we were set, as a culture, on the road that has led us to our present state of affairs in business.

In my experience, when a businessperson hears the word “pragmatism,” he or she thinks of something different from what Peirce, Royce, and Dewey meant. It is closer to James's idea of “consequences”: if something works, it is right. I mentioned earlier that many of my fellow businessmen and women use the word in this sense. Partly as a result of James's misinterpretation, U.S. business has fallen into a short-term, reactive mode in which if something does not work you just try something else. We have come to feel driven to action, even in situations where reflection and contemplation might be more appropriate, out of our fear of being accused of overthinking, leading to “paralysis by analysis.”

### Seven benefits

By contrast, “pragmaticism”—Peirce's original theory—offers to the thoughtful business practitioner seven reasons to engage in this philosophy

1. A way to get past the pitfalls of simplistic, dualistic thinking by providing a way constantly to test your beliefs and assumptions
2. A way to avoid rigid thinking and narrow focus in this era of increasingly rapid change, by its encouragement of doubt
3. A way for groups and teams to discover something or decide on a course of action, through its extension of the scientific method beyond the laboratory
4. A way to determine what is true, to verify your perceptions, by developing a reliable method of observing and formulating hypotheses
5. A way to get beyond what you think you know, by identifying the “truth you do not yet know”
6. A way to discover just how you go about thinking and making sense of the world, in the context of the “learning organization” mentioned in Chapter 2
7. A way to gather evidence and interpret it for the basis of a position or story that becomes the basis for explaining decisions and action to yourself and others

We shall see in Chapter 8 how Peirce's pragmatism is being adapted in business and what happens to our thinking when we return to what Peirce meant. By reclaiming his original pragmatism, we can learn to read the signs that allow us to solve many of the problems now besetting our business organizations, while at the same time changing the filters that block us from determining what is really going on.

Given his genius and the breadth of his interests, Peirce offers an immense richness to anyone delving into his writing. For our purposes, I am focusing on three aspects of his thought:

- His theory of signs
- His conception of knowledge and how it is found
- His description of the scientific method

## Peirce on signs

Part of the rediscovery and recent revival of interest in Peirce is due to his role as one of the forerunners of the modern discipline of semiotics, the study of signs. Peirce saw everything as a sign. In his very broad definition, "A sign ... is something which stands to somebody for something in some respect or capacity."<sup>104</sup> The key to handling signs, Peirce realized, was in interpreting them. Their meaning is not self-evident.

Consider the octagonal red metal sign on the street corner. An indigenous dweller in the rainforest of New Guinea, who has never had any contact with other cultures, cannot know what this sign means. He would not have the knowledge to interpret a "red octagonal street sign" as "Stop!"

Peirce realized that the interpretation of signs is usually done in accordance with our habits of thought. Some of these habits are culture-wide, as with the stop sign. Others might be more limited, like the closed door to the boss's office indicating "do not disturb." Yet others might be uniquely personal, like the orchids in our advertising agency's lobby, the meaning of which is known only to those of us who remember our founder's fondness for them as a symbol of beauty and strength. But all such habits of interpretation have in common their rote quality: over time, we tend to forget that there might be some other meaning the sign could have. Some visitors to our offices, for example, might admire a delicate hothouse flower while we are always reminded that it is a stunning, sturdy wildflower in its natural environment.

There is a danger, Peirce knew, in habitually interpreting the signs in our everyday world: there is blindness or, to use our metaphor, the wrong filters.<sup>105</sup> These filters mean, in line with Peirce, that we do not interpret the signs correctly; we don't see what is really going on.

An extreme example of maintaining rational interpretations of entities and events in the world is found in Nietzsche's statement: "Truth is error." He meant we



live by errors of interpretation but deceive ourselves by calling them truth. Peirce, on the other hand, said there is always the truth that one is pursuing and does not yet know.

We met an example of this in Chapter 2, in John Hudiberg's story. Until his set of surprises that Sunday morning, Hudiberg had been blind to the dozens of signs that his neighbors and customers saw all too clearly, indicating deficient service by Florida Power & Light. Hudiberg's account is a good example of the learning that is possible when we get out of habitual thinking. It was after his surprising Sunday that Hudiberg went around his company looking for the signs of poor service. And in his investigation, he learned. He opened himself up to new interpretations of the signs. In one investigation, it was found that customers whose bills were consistently inaccurate (the sign) all had dogs (the hypothesis). The interpretation of the inaccuracies? The meter readers guessed at the readings when they heard barking.

In the same way, as businesspeople we confront signs—of trends, of customer needs, of supplier problems, etc.—all the time. We fit these signs into our habit patterns. We see clouds and conclude there will be rain. We see someone grimace and conclude he is in pain. We see a defective part and assume defective manufacturing. But our interpretation might not be correct, if our assumptions are not right. And since we cannot always be sure of the accuracy of our assumptions, we need to stay open to the possibility that we might be interpreting the sign incorrectly. Or even worse, we simply react to some sign or event, not understanding what it means. We need, in other words, to be open to learning how to read signs.

In the "Signs of change" in Chapter 1, I provided a list of what I called "surprising facts." Such facts are examples of Peircean signs. They ask whether one really knows what's going on, or whether assumptions about contemporary reality are wrong. (See Appendix II for a summary of our study that puts pragmatism into action.)

## Knowledge: a cable not a chain

Peirce never felt that interpretation was a solo activity. Just as the meaning invested in signs is always a shared meaning, so knowledge is not something Platonically achieved in isolation, but a collective, cooperative endeavor—a cable rather than a chain. This symbol was very important for Peirce. Each person's connection with reality is seen not as a link to another person's knowledge, as in a chain, but as a thread that comes together with the threads of others' realities to form a cable with each strand, either small or large, contributing to a larger, more accurate picture of reality. With the chain model, the effort is only as strong as the weakest link. We refer to this as group effort sinking to the lowest common denominator. But not so with the cable. Each strand makes the effort stronger.

The individuals connected in this kind of mutually reinforcing communication made up Peirce's community of inquiry. His model for this cable of knowledge was science, and his characteristic community of inquiry is the community of scientists. In science, each scientist contributes ideas, findings, facts, and hypotheses that help to advance our understanding of the world. Even in Peirce's time, before

“big science” created laboratories with hundreds of researchers, science was a collective enterprise, quick to share discoveries and insights, building on collaborative efforts.

It also operated under a protocol—the scientific method—that Peirce recognized as a powerful way to get beyond the major impediment to the pursuit of truth: the “fixation of belief.”<sup>106</sup> Fixation of belief and habits are inevitable and useful in life. They arise when in the ordinary course of life the tentative hypotheses we start out with are tested by our experience and in time become fixed, often as deeply held beliefs. Without them, action and living would be very difficult and chaotic. In contrast to scientists, who in Peirce’s model are aware of their filters, most of us are not aware of many of our beliefs and habits, and they filter out what we see, so that we only think we know what is going on. Peirce realized that fixation of belief when it was unconscious might be a hindrance to our seeing reality as it is. Our assumptions act as filters, leading us to fit the signs into our habitual thinking patterns, or, in some cases, to fail to see them altogether. We get stuck in habits of reasoning, or in our assumptions about the world, and the result is that the world goes on changing and we keep on failing to see new trends, opportunities, or markets. Not only do we not easily examine our assumptions but we are even more reluctant to examine how we reason. Peirce stated the fundamental problem clearly:

Few persons care to study logic, because everybody conceives himself to be proficient enough in the art of reasoning already. But I observe that this satisfaction is limited to one’s own ratiocination, and does not extend to that of other men.<sup>107</sup>

Peirce sought to apply the logic used in science to everyday life, and in a series of articles he described the steps to do so: “The first step toward finding out is to acknowledge you do not satisfactorily know already.”<sup>108</sup> In much the same way that Hume urged modesty, Peirce recognized the Socratic virtue of admitting one’s ignorance. But most people need some inducement to get to the point of suspecting they do not have a handle on what is going on—an inducement such as surprise: encountering some fact or situation that contradicts what you previously thought was true—your fixed beliefs. Then, Peirce felt, the surprise would give rise to doubt.

## Doubt: the hero

Doubt is one of the heroes of Peirce’s philosophical system, because “Doubt ... stimulates us to inquiry until it is destroyed ... The irritation of doubt causes a struggle to attain a state of belief. I shall term this struggle Inquiry.”<sup>109</sup> Inquiry is the search for “the truth we do not yet know.” Doubt, for Peirce, began outside, created by a clash with reality: something happens which cannot be explained by the usual assumptions; something does not fit.

In the story opening this chapter, Barb Allen heard surprising things about the condition of women at the Quaker Oats Company. This led her to doubt that she knew what was really going on, and this in turn sparked her inquiry in the form of

further investigation and interviews with many people on the Quaker staff. With all these contributions and different perspectives from people in the corporation, Barb's investigation became a shared, cooperative endeavor.

Inquiry often results in discoveries that force rethinking and the sacrifice of old assumptions that turn out to be erroneous. Peirce's favorite example of this rethinking (he claimed it was the "most marvelous piece of inductive reasoning I have been able to find"<sup>110</sup>) is the story of Johannes Kepler's 17th-century search to determine the path of Mars. Kepler began with the assumptions about the solar system common to people of his era: the planets moved in strange orbits called "epicycles" with a stationary Earth at the center. But after repeated observations, calculations and hypotheses, Kepler could not make the accepted theory fit in with what he was seeing. Finally he was forced by his data to conclude that the orbit of Mars was elliptical, which meant that the Earth could not be at the center of the universe, nor could the planets move in epicycles around an allegedly stationary Earth. He gave up both of these beliefs and moved to new fixed beliefs. In doing so, he was challenging conventional cosmology of the time. To Peirce this illustrates the process of inquiry, which challenges the fixation of belief. As I have come to discover, this method is as useful in the corporation as it is in the laboratory. We, too, can overcome false or outdated theory by adhering to pragmatic practice and continuously challenge what we believe and investigate what goes on in our businesses.

## How to find the truth we do not yet know: Peirce's scientific method

Peirce's delineation of the scientific method has one central feature that he regarded as one of his major contributions to the science of logic: abduction. This was Peirce's term for the particular way science pursues "the truth we do not yet know." It differed from deduction and induction, the two epistemological approaches more familiar than abduction, in several ways.

When we use **deduction**, we start with the general idea, truth or assumption and then apply it to the particular. Often we start with a belief or assumption—something we learned from our parents, religion, culture or school—and take it for the truth. As reality and facts in daily life confront us, we fit these facts into our reality according to our assumptions.

In **induction**, we do the opposite: we experiment, experience life, and observe facts, with no prior beliefs or assumptions, and build to the formulation of a general hypothesis to explain the facts.<sup>111</sup> Conventional Newtonian science insists it follows the inductive method of logic, in its claims to being "objective." Peirce realized, however, that science really progresses via **abduction**, a third way of determining the truth, in which data are collected (as in induction) and general assumptions are held in view (as in deduction). But these assumptions are treated as hypotheses. That is, they are held consciously and tentatively, until repeated testing against reality (as with induction) proves them to be correct. They then must be held as theories that must continue to be tested as new facts are gathered.

If a corporation has a general strategy and sticks with it, despite changes in the market, then it practices deduction. As an example, many companies stay with a product line too long, feeling sure they know what is going on. And if a corporation reacts to every market and competitive blip that does not fit the product line, then it practices induction. Such companies have no direction. But Peircean abduction offers a way to move from strategy to market condition and back to adjust strategy.

Examples of the use of abduction abound in business. Take market research: we create several versions of ads to express different benefits that we think (hypothesis) will appeal to consumers, and then we go out and test (inductive experimentation) these ideas to get consumer reaction. Then we decide on the best one. Another example is what Marshall Loeb, a former editor of *Fortune* magazine, called “value-added journalism.” A writer gets an idea for a story (hypothesis). Then he talks with 60 or 70 people to find out what’s really going on (fact-collecting/testing of hypothesis). He revises his idea, or hypothesis, for the story in light of what he learns in his interviews. The “value” added here comes from the fact that stories develop from more than one person’s perspective, which is what Peirce expected when he spoke of abduction: beliefs, in the form of hypotheses, are tested in the shared, cooperative endeavor that is science.

In this process, the critical step is the setting of the hypothesis, because it determines what you will test, and also what you will observe. As Einstein once noted, the hypothesis you hold will determine what evidence you generate and what you will see. We often say: “I believe what I see.” But more often we act as if “I see what I believe.” If the hypothesis is too narrow or wrong, you will see different facts, not surprisingly those that support the hypothesis only if you leave out other data.

There is another element in pursuing the truth: the impact of the observer on the experiment. Science has come to recognize that the observer is actually part of the experiment, as scientists found in analyzing atomic structures. The position of the observer and the experiment itself actually affect the situation. As a result, science’s claim to total objectivity is a myth. Each person intrudes him or herself on the event. Donald Hunt, former president of Harris Bank, liked to call people’s attention to the fact that “you are only one data point.”

Hypothesis testing can be a gradual process, a piling of facts on top of each other until a discovery or conclusion emerges, as in Barb Allen’s investigation at Quaker. Or it can be sudden, as John Hudiberg experienced on that memorable Sunday morning. Modern pragmatists have often described the process as analogous to the method of Sherlock Holmes. Father Duffy, of whom more later, has often used the example of the television series *Columbo*, where the eponymous detective would gather evidence and eventually come to one little clue or fact that did not quite seem to fit the easy hypothesis. This would create a nagging doubt, and of course this one little clue turned out to be the key to piecing the real story together.

Notice how the detective mind works: survey the evidence, formulate a hypothesis, and then keep testing it against the evidence. Does it explain what happened? Does it explain the evidence? And, most importantly, are you prepared to change your hypothesis in light of new evidence or evidence that doesn’t quite fit?

Peirce developed his logic within the confines of the sciences, from his training as a scientist and mathematician, but I have tried to show its wider applicability. Late in his life Peirce found a student faithful to his ideas, Josiah Royce. He applied Peirce's ideas outside science, principally to religious inquiry, extending Peirce's community of inquirers to a "beloved community," based on the model of the early Christian Church. How Royce became a vital link for me in extending pragmatism to business will be the subject of Chapter 6.

## Reading the signs

- Who is your corporate "Barb Allen"? What was discovered?
- What signs do you see around your workplace? How do you interpret them? How might others interpret them?
- How do you find "truth you do not yet know"?
- Does your corporation favor induction, deduction, or abduction?
- How do you and your coworkers handle doubt?

# 6

## Extending Peirce beyond science

### Diverse voices and corporate change

The venture capitalist Don Valentine was one of the early and largest investors in Apple Computer and as a member of its Board had witnessed firsthand one of the more memorable corporate personality clashes of our time: the battle between Steven Jobs and John Sculley for control of Apple. I had watched this battle from the sidelines with fascination because it dealt so dramatically with a central problem facing all businesses: how to manage a corporation change. When I met Mr. Valentine at a wedding reception, I waited for the opportunity to get an eyewitness impression of the boardroom battle. Over the nuptial reception dining table we struck up a conversation.

“What a tragedy that they couldn’t get along,” I said, as the conversation turned to Apple. “Each had such a skill to complement the other: Jobs, the prophet and charismatic leader, and Sculley, the thoughtful organizational professional.” Don didn’t pause for a moment in his reply. “They couldn’t both run the company, so one had to prevail.” He implied that it had become time for Jobs to step aside. I continued, “But wouldn’t it have been better if they had found some way to work it out?” With the finality of someone who had witnessed the struggle, Don said, “No. You can’t have talents like that working together. Only one voice can prevail in running a successful business.”

I disagree. The Apple story illustrates one of the most basic and costly problems we have in U.S. business. It shows our difficulty in bringing diverse voices together

to create a learning organization. I felt so strongly about this issue that as Mr. Valentine was leaving, I made one more attempt to press my point about bringing the combined talents together to see if he harbored any doubt or wish at all. But he growled emphatically “No!” looking at me as if I were beyond hope.

I remember this conversation often when I see executives unable to communicate and work together. What a waste of talent and perspectives.

This is where Josiah Royce’s extension of Peirce beyond the realm of science proved so helpful to me: Royce points to a way in which diverse perspectives can be brought together for corporate benefit. When I came upon his work, I saw how to envision Peirce’s scientific inquirers as a dynamic business community of interpreters.

## Josiah Royce: Peircean interpreter

Josiah Royce was one of the few people in Peirce’s lifetime who Peirce felt really understood what he meant by pragmatism. Indeed, Peirce went so far as to call Royce the only true American pragmatist. While they shared an appreciation of pragmatism, Peirce and Royce were otherwise very different. Unlike Peirce, brought up in erudite privilege in Harvard and Cambridge, Royce was raised in the frontier environment of a mid-19th-century mining town near Sacramento, California. While Peirce found his academic preferment thwarted at every turn, Royce, after studying in Leipzig and Göttingen under R.H. Lotze, moved easily from Johns Hopkins, where he received his PhD in philosophy and studied with James and Peirce, to the University of California, Berkeley, and then in 1882 to Harvard, where he spent the rest of his life.

Royce was initially drawn to Peirce through his interest in how ideas are formed. Peirce’s logic offered rich insights. Royce admitted years later how difficult he found Peirce’s work and how long he had to struggle with Peirce’s seminal articles on abduction and the fixation of belief. Their first contact, in fact, was inauspicious, as Peirce was blunt in his assessment of Royce’s skill as a logician. In 1901 Royce recalled the first letter he got from Peirce in response to his sending Peirce a copy of his book *The Religious Aspect of Philosophy*:

Some twelve years ago, just after I had printed a book on general philosophy, Mr. Charles Peirce wrote to me, in a letter of kindly acknowledgment, the words: “But, when I read you, I do wish that you would study logic. You need it so much.”<sup>112</sup>

Royce took Peirce’s advice to heart, applying himself to Peircean logic to understand how social and religious communities come to their beliefs. Unlike William James, who focused on proving the truth of beliefs by what works, Royce stayed true to Peirce’s original sense of pragmatism as action guided by beliefs that have

been developed through the process of interpretation. The key issue was not what consequences ideas might have, but the process by which we formed our ideas to begin with. Royce wanted to answer questions about purpose, duty, and goals, not just about whether an idea “works.” So he posed questions such as: What do we live for? What is our duty? What is the true ideal of life? What is the true difference between right and wrong?

Royce devoted much of his thinking to the virtue of loyalty. His answers to these questions led him to conclude, in part, that the basis of loyalty is dedicating yourself to a cause you can believe in.<sup>113</sup>

He acknowledged that he owed to Peirce’s “direct and indirect aid” much of the awareness and perspective he eventually reached in his central concern of loyalty. Especially useful in applying Peirce’s pragmatism to business is Royce’s understanding of the types of knowledge and the process of interpretation central to the CORPORANTES *PathFinder* Method for practicing pragmatism. Royce directed his inquiry into the idea of loyalty to the central question of the Christian community and how the community formed its beliefs through interpretation. He wanted to answer the apparently simple question: How do you come to beliefs to which you can be loyal? He found that the answer started with Peirce’s categories of knowledge.

## Perception, conception and interpretation

In *The Problem of Christianity*, published in 1913, Royce noted that two categories of knowledge, perception and conception, have dominated “a great part of the history of philosophy.”<sup>114</sup> Perceptions are what we see, the signs or evidence around us that we take in through our senses. Conceptions are ideas, especially our beliefs, which filter what we see. Royce took from Peirce the realization that there is a third category of knowledge different from perception and conception—**interpretation**, which brings perception and conception together and compares them. In Royce’s words, interpretation “surveys from above. It is an attainment of a larger unity of consciousness.”<sup>115</sup>

Interpretation involves a triadic process: (1) An interpreter perceives an object; (2) He filters it through his ideas; and (3) He interprets it by comparing what he has seen and what he knows.

So, what is this larger unity of consciousness? Let’s assume, for instance, I see a hexagonal red sign with the letters STOP. I have seen a lot of these, I know that STOP means to bring my car to a full stop and proceed only under certain conditions, and I know that these signs were erected by authorities who may or may not cause me to pay them \$50 if I fail to obey. But I also believe that obedience to the law is a good idea. I interpret the stop sign according to information and values I possess and make a decision to stop or not. I filter this through my own ideas, gained from experience.

Here is another example. As a scientist, I observe the motions of the planets. I am aware of the current model about how celestial bodies move but I have consciously chosen to entertain this as a tentative hypothesis, not a fixed belief. So



when I observe a discrepancy between the actual motions of the planets and the accepted model, I am able to offer a new interpretation of what I have seen.

This is what goes on all the time in our heads as well as when we talk with others. It also happens when we think. Peirce saw thinking as an interior dialogue we have with ourselves: the mind of the past discussing the issue with the mind of the future. Royce took this further, by describing interpretation as essentially a social process, applicable as much to the religious realm as to science. That is, both scientists and religious communities are communities of inquirers who seek truth, and who interpret and reinterpret signs in a shared endeavor.

## Dewey and the reconstruction of experience

It is important to continue to note how misunderstood the pragmatic method of inquiry is because John Dewey, like James and Peirce before him, finally gave up on even using the word “pragmatism” in his writings.<sup>116</sup>

These concepts are difficult to appreciate since they challenge usual ways of thinking about creativity. But the effort to see what Peirce, Royce, James, and Dewey are trying to say is well worth the effort if we value new ideas and the consequences of those ideas for innovation.

John Dewey, like Peirce, held that inquiry begins when some event happens that disturbs the usual habits of thought. This leads to thinking differently about what we believe, which Dewey saw as being formed from our experience. Dewey, therefore, concluded that “all learning is the continuous reconstruction of experience.”<sup>117</sup>

This aspect of continuous learning is another key element that Dewey credits to Peirce’s thought: **continuum of inquiry**. We have just said that one of the key ideas of pragmatism is the reconstruction of experience. Another key word is the “continuous” reconstruction of experience. If you read Dewey’s books, you will notice the lack of footnotes: Dewey usually references himself. So it is remarkable to note that in the introduction to *Logic: The Theory of Inquiry* he states: “In this connection, attention is called particularly to the principle of the continuum of inquiry, a principle whose importance, as far as I am aware, only Peirce had previously noted.”<sup>118</sup>

## Shared interpretation

Royce’s categories of knowledge, and his notion of interpretation as a social process, offer businesspeople a way to think about and develop action. This way gets us past the pitfalls inherent in our customary way of deciding how to act, based either on perception, leading us to react to the trends of the moment, or on conception, clinging to our beliefs and strategies long after they have ceased to be useful. We can create much more successful business organizations if Royce’s process of

shared interpretation becomes the basis for developing market strategies and corporate goals.

My initial exposure to Peirce was daunting, but I had good company. Royce had to devote years to understanding what Peirce meant. James, as we have seen, misunderstood Peirce and at other times found him barely comprehensible.<sup>119</sup> So did I, and it was only by studying what William James, Josiah Royce, and John Dewey<sup>120</sup> did with Peirce, and how they addressed the logic behind American thinking, that I got a clearer idea of what pragmatism really means, as it applies to my work as a corporate executive. Thanks to Peirce and his legacy to James, Royce, and Dewey, I came to recognize that we no longer have to wrestle with competing ideas such as high quality versus low cost or centralized versus decentralized. Instead of trying to figure out which one to act on, we must deal with different ways of interpreting the piece of reality each of these ideas helps us see. With pragmatism, we can bridge the old dualism of action/contemplation, since we know we are always doing both, in a natural interaction that has positive impact on both ethics and the “bottom line”; and we can see reality not as something static (as in the machine model of business we spoke of in earlier chapters) but as ever-changing and requiring constantly new interpretations.

This is becoming increasingly obvious as U.S. business faces competitive challenges as never before. Managers such as John Hudiberg are seeing the need for dramatic change, as are a host of business consultants and other leading thinkers. For example, Peter Drucker decries the dichotomy between intellectuals and managers. He claims that intellectuals are concerned with words and ideas and managers are concerned with people and work. He predicts that “to transcend this dichotomy in a new synthesis will be a central philosophical and educational challenge for the post-capitalist society.”<sup>121</sup>

Peter Senge advocates strongly the process of dialogue within the learning organization and describes admirably the Peircean community of inquirers and the role of interpretation through dialogue. Senge says:

The purpose of a dialogue is to go beyond any one individual's understanding ... people are no longer primarily in opposition ... in dialogue a group explores complex, difficult issues from many points of view. Individuals suspend their assumptions, but they communicate their assumptions freely.<sup>122</sup>

He quotes David Bohm, whom many credit with revitalizing the art of dialogue today: “The purpose of dialogue is to reveal the incoherence of our thought.”<sup>123</sup>

Gary Hamel and C.K. Prahalad describe the strategic intent of a company and its core competences. In their influential articles in the *Harvard Business Review*, they stated the need to bring core competences, or what they call the collective learning of the organization, to support the strategic intent. Strategic intent comes from foresight: a well-articulated point of view about tomorrow's opportunities and challenges.<sup>124</sup> This stance of foresight is reminiscent of Whitehead's philosophical stance (see Chapter 4).

Jim Collins has seen the necessity of values, core purpose, and goals in building a sustainable organization, and for leaders the necessity to hold firmly to ideas, yet the humility to challenge them. Tom Peters talks about the need for vision and for getting comfortable with paradox. M. Scott Peck's effort to create an environment of community is designed to foster the process of interpretation, as people let go of their assumptions and listen to others. Robert Bellah calls for us to rediscover the methods of civil discourse and get beyond our individual opinions. Alasdair MacIntyre wants us to get away from our use of segmented shards of assumptions and certainty, to rediscover the importance of virtue as a basis for action. Each of these analysts solicits us to join in cooperative inquiry, to get beyond our belief in the competition of ideas and in the supremacy of the individual's opinion.

But this is not easily accomplished. As businesspeople, we believe in the need for action now. We tend to cling to our narrow definition of the purpose of business—to maximize return to shareholders—which leads to a short-term focus on quarterly performance. We lack faith in group or committee thinking, which we tend to feel reduces individual ideas to the lowest common denominator (the weakest link in the chain of reasoning), and put a premium on strong, decisive leadership. Most of all, we resist changing our minds; we hate paradox and feel fearful when our most basic beliefs are challenged.<sup>125</sup>

Inspired by Royce and Dewey, I have extended Peirce into the realm of commerce, as we will see in the next chapter. But I needed the insights of an unlikely and remarkable person who in many significant ways is a pragmatist, although he is a Jungian holistic depth psychologist. Ira Progoff noted the principles of starting where the person was and noting the “continuum” of a person's life, what we would come to call the “path”.

## The decisive bridge

To cut a ten-year story short, I looked for a way to actually *practice* pragmatism. In the thousands of pages of philosophy I read, only John Dewey had several steps of inquiry in a book for school teachers: *How We Think*.<sup>126</sup> I found another method in the field of psychology. I worked to combine Peirce's pragmatic method of inquiry, described by Dewey, with Ira Progoff's “Intensive Journal” concept. This combination has proven to be an exceptionally powerful way for people to get in touch with the movement of their organizations' lives, to see their own lives and their work more objectively, and to discern meaning and direction of their organizations and their careers where it had been lacking before. The result is a laboratory-like notebook that I call the CORPORANTES *PathFinder* Notebook. Aware of all this, I melded the ideas of Peirce, Royce, and the practical steps of Dewey with a dialogue process I encountered, to develop a way for practicing pragmatism in business. This is the subject of Chapter 7.

## Reading the signs

- What do *I* live for?
- What is *my* duty?
- What is *my* true ideal of life?
- What am *I* loyal to?
- What are *my* values?
- What conversation goes on in my mind?
- How do I characterize my thinking? Do I use deduction, induction, or abduction? Do I rely on perceptions, conceptions, or interpretation?
- Following Drucker, how do I bring ideas and work together?