



TEL EPISODE #012:

The Responsible Entrepreneur with Carol Sanford

Show Notes: <http://www.theelpodcast.com/tel-012-responsible-entrepreneur-carol-sanford/>

Welcome to The Entrepreneurs Library, the only book-centric podcast that reviews all the top-selling business books and shares author's perspective, firsthand. This is your resource to finding the next great book that will enable you to grow personally and professionally. Welcome your host, Wade Danielson.

WADE: Thank you for joining us today on The EL. Today we have Carol Sanford, author of *The Responsible Entrepreneur*. Welcome, Carol, and thank you for joining us on The Entrepreneurs Library.

CAROL: Well, I'm glad to be here, Wade. Thank you for inviting me.

WADE: Definitely. Will you take just a moment to introduce yourself and tell us just a little bit about you personally?

CAROL: Sure. I have been a collaborator with Fortune 500 executives who are incredibly successful, including DuPont, Colgate, Intel, and now engaging with Google, and with rock star entrepreneurs who are making a really big difference on the planet. I've written several books; the most recent is *The Responsible Business*, and then the new one we're talking about today is *The Responsible Entrepreneur*.

Just for fun, people should know I used to be a professional improvisational performer and standup comic.

WADE: Oh wow. Excellent, thank you for sharing that. Now let's jump right into your book, *The Responsible Entrepreneur*, which wasn't just made, but it's available for purchase July 28th, 2014. Carol, we're going to move quickly, but here are some of the top questions our listeners would love to get answered.

The first one, what's the inspiration behind writing *The Responsible Entrepreneur*?

CAROL: There are two intersections in my own personal life experience. One is the clients and colleagues and students in universities where I teach, across many industries, I have seen doing things that I knew at the level of entrepreneurship was possible for everyone to do, and yet it always showed up in magazines and things in a very funny way. You couldn't even figure out what to do with them. It was like "10 Steps to..." I mean, nobody does anything in 10 steps.

The other thing that was an intersection is I was raised closely by my maternal grandfather, who was a descendent of a tribe of Mohawk survivors across the Trail of Tears across the southern U.S. a long, long time ago. But he passed along the stories to me of how they rebuilt the nation based on four archetypes that he was exposed to. They're called the Warrior, the Clown, the Hunter, and the Headman and Headwoman.

I saw how I could really explain what was going on with my clients and these amazing leaders in a way that entrepreneurs could actually take on much bigger change and pull more together than they knew was possible if they knew the pillars of each of these four. But the interesting thing is, I also decided that they really needed different names. I mean, I looked at Seventh Generation, I worked with Apple, Google, etc., and I said "These need a modern archetype name, and they need a modern archetype explaining." I felt that it was really time this really became open-sourced, which is why I put it in a book.

WADE: Excellent. You might've touched on my next question already, because there's some things that I've heard that differentiate your book at this point, but what makes your book different from others regarding the same topic?

CAROL: There are several really big differences that I haven't mentioned yet. When you think about a young or growing business entrepreneur, they all have what I call great personal agency. You can't stop them. And they also are really good at essence expression – who they are uniquely gets embedded.

There's been another kind of entrepreneur around for about a decade that people sometimes call social entrepreneurs. They have a mission at the heart of what they do. The problem is that they sometimes lose their essence, and they

can behave a little like a not-for-profit. But I think their intentions are extraordinary.

So I wanted to keep those two elements of it, but add the idea that you really can make a much bigger difference. Larry Page calls it making the “10x return to the world” if you’re going to take on a project. The project I’m involved in in Google, in Innovation Lab, that’s the intention: to make a 10x change. Steve Jobs called it “make a dent in the universe.” Oprah said “Why don’t we just have everybody’s life work better without tradeoffs?” Richard Branson called it “redefining the game.”

All of their stories are in this book, so you can see how they relate to the archetypes that we talked about. Because each of them donned a particular – put on like a cloak – a particular archetype for work that they did. Steve Jobs as a result was able to change several industries. Richard Branson is actually changing many social systems that we are not used to thinking about how regulation happens and governance happens, rather than just ameliorate issues.

So this book is about this really stepping up to how do you put a dent in the universe? How do you get a 10x return? And you do it in a way that you have phenomenal business. My first book, *The Responsible Business*, told how to build that business part, but this book is about how you take the traditional entrepreneur energy, the social mission – and Steve Jobs, Larry Page, they all have social missions – and you make it possible to make these quantum changes in industries, social systems, belief systems, and even how we govern.

WADE: Excellent. Thank you for sharing those differentiators, and now that we know the purpose behind the book, let’s take a deep dive into the content. Please take us through it in whatever format that you want to, but let’s really give the reader/listener a great explanation of what they’re going to get out of your book.

CAROL: It’s broken up primarily in three sections. The first one really takes these icons I just mentioned and shows you how it is that they really were donning – even though if you’d gone and interviewed them, and I did in one case, they would not have recognized it at the time, but they do act from these archetypes,



and you can begin to see how it works and how you as an entrepreneur could take them on. In some ways they infuse you, so that the kind of courage and clarity you need becomes much more grounded.

I tell stories that have never been told about them. In fact, Richard Branson's deputy said I had a better handle on him and the way I wrote his story than he did when he wrote his books. I don't know about that, but it obviously was making a difference of clarity.

The second part, which I'll break down and tell you a great deal more about, is two chapters for each of the four archetypes. One is the four pillars that I saw as the themes in my research and my practice. These are all stories I've been intimately involved with for years. It shows first the pillars, and then it goes through the details of two entrepreneurs' lives and how they lived it out and exactly what they did so that you can see the whole of it. Nothing something like "Do these 3 things and you'll be accomplished," but "Here. Here are the intricacies that they played out," and you'll be able to see it very vividly.

And then the third section, which I'll give you less on today, but I took one business and showed how it played out all four archetypes, because the archetypes aren't you. You don't become an archetype; you put it on to think about, and you may later put on a different one. But I took one business and showed how one entrepreneur, in order to pull off a seemingly impossible challenge, which was redefining how economic development and community development happens and to keep it regenerative and whole, that she took on all of them.

By the way, 60% of the stories are about women. There are people of color in this book, often which are missing.

So now let me go back. The renaming that I did is in the first section, where I took the Warrior archetype and I renamed them the Realization archetype. That's a kind of funny word, but it's about reality. It's about how it is that you become much more grounded in reality, and you figure out which things are worth fighting for. So that's the Warrior part.

I use Steve Jobs' life and story and businesses, and I actually had many of the Apple employees when I was teaching at San Jose State in a program that brought in for Master's degrees in a business and urban planning combined program, and information systems. I was intimately involved for some years in the lives of the students as they came into my classroom. So I take the details of what is known and then what I knew, and I put those together in the first section about Steve Jobs.

The Clown, which if you've ever watched Richard Branson, you can see exactly why in some ways he fits that, but the Clown really becomes what I call the Reconnection entrepreneur. They're people that reconnect us to the impact of our choices. They really remind us of how things are part of a flow and how it all has to work together. So they're reconnecting the aspects of life and they're reconnecting us to the choices we make. And again, they're great stories, including the story about what happened with Richard Branson when he ended up in jail for several months and what he learned from that.

The third, the Hunter, I call the Reciprocity entrepreneur. Because if you think about how hunters work, when they go out into the wild, they know they can't kill everything they want to kill all at once, because there would be nothing left. So you're living in an exchange with an order that is higher, lower – some things are non-negotiable. The Reciprocity entrepreneur is Oprah. Oprah has taught us so much about our racism, she has taught us about how we exclude people.

And a lot of what the Reciprocity entrepreneur does is they make us really look at the wholeness or lack of wholeness of our beliefs and how those need to be rethought, but they don't make you do it. I'll give you a story in just a moment about how they do that. That story is about a Google experience from the inside of the system.

The final one, what my Mohawk family calls the Headman or Headwoman, I call them the Regenerative entrepreneur. That's because they tend to take people back to their founding agreements. Even a headwoman, when she's sitting in a tribe, reminds them what the tribe stands for, what its principles are, what its



tenets, what it's built on, what it means – they pick up the reciprocity of what it means to be a part of something, and the reconnection with what it means to be in a flow with something, and even the warrior energy of the Realization archetype so you can figure out what really needs to be changed and driven with change. But they're really working on taking us back to our foundation.

I have several amazing stories about Larry Page. Again, that's going to be excerpted in a couple of places, including The Economist, and there what it is about is seeing stories we don't even know about Larry Page and why it is that they're doing the driverless car, why Google Glass, and how those are actually driven by fundamental principles. Including how they went public, which is a really big deal.

So now let's go to Part 2, because that is where the largest section of the book is. It's probably 60% of the book. And again, it is two chapters each for each archetype.

The first of those two chapters tells you about the pillars, what holds it all up, what makes it stand that needs to stand for each of those. So it starts with what are the pillars for the Realization or Warrior archetype? Those show you a lot about what it means to actually change an industry, because that is what this archetype enters. You asked me earlier the difference. The difference about this book is how you make much bigger changes, and you'll look at what those are and how to do them in this midsection.

The Realization entrepreneur, just like Steve Jobs did, decides they're going to change an industry. That going after that change in industry really means that they have to be perfecting their product until the industry sees them as visionary. Most people don't get that that was a part of what really made Apple be able to get to the platform and still has the most money made from apps even though Google and Droid sells more apps. Apple still makes more money at their apps. That look at how it is that you get to be a visionary, and how he did that broken down in some detail, provides the step-by-step roadmap to how you can do that.



It also has to be based on great integrity and authenticity. You can never decide you're going to be something you're not. You don't go copy other people. And you can't really move a whole industry unless you do that.

The third idea of those four pillars is that you have to be willing to do what I call full dress inspections. If any of your listeners were ever in the military, they all know what that means. I mean, every button is polished, your shoes are perfect, you have your uniform pressed. And it has to do with what your rifle looks like and how you stand. That ability to have that very publicly, so that the entire system can know it's ready all the time, is really important.

Now, we've heard horrible stories about how Steve Jobs did that, but Steve Jobs actually was also a Zen Buddhist, and his image was "Well, people learn to take care of themselves, and they know that this full dress inspection is important." Now, I would've given him a few pointers if I had been there and probably done a lot more work on development of consciousness, but the capacity to carry this out and to build strength of character is really important to an organization that can fully change an industry.

I want more entrepreneurs to actually not just decide to be good in their industry, but to be leaders and to be totally disruptive in a way that brings the right stuff to play. I have a story of one woman there who actually created the entire Foundation for LEED – that is the guidelines for building green buildings – by working with unions and by working with construction workers. She has a Ph.D. in civil engineering.

I have a second story in there about Indigenous Designs, who have been changing the fashion industry in several ways. One is they had to create garments and fabrics which, again, were setting the visionary standard for the industry, and they are the primary supplier to Eileen Fisher, which is one of the premier brands.

The second archetype is again two chapters: the Reconnection archetype who really works on trying to overcome all the defragmenting that an industry does. And a good example of that so you can see it quickly is a group I tell a story about, Kipp Baratoff, one of the co-founders of Fishpeople. Fishing has been devastated,

and it's taken along with it the economic development along our coastlines, and everything that Kipp could see was that we were fragmenting the way we worked on it. So we would go work on sustainable guidelines for what fish you could catch, and then we'd work on different ones for what kind of tackle you could use, and then we'd go work on what farming fish meant.

He decided to create what I call a value-adding process co-op, which meant you started with the people who made the equipment, you knew the boat and the boat owner, you put together in one group on a regular basis those people plus the people who packaged, canned, distributed and sold. So they were called Fishpeople, all of that, and there was a QR code on every package that ends up in Costco or Whole Foods that if you take a photograph of that, you can see who the captain was, what waters it was caught in, who the packaging people were, how it was distributed. It even gives you the heavy metal content.

So you have a sense of how everything is connected, which again is what the Reconnection entrepreneur is.

The next set of two chapters is about the Reciprocity entrepreneur. It starts again with the pillars, and the pillars have a lot to do with how it is we get people to see wholeness again and how it is you engage in processes that are much more engaging and developmental so that people are able to grow how they can think.

Because part of it is we put people in a room and we ask them to make decisions, even when we have cross-functional, cross-sectional groups, we ask them to use their current capability rather than actually building their ability to think more systemically. That is one of the major pillars that I saw, so that you don't have – I mean, even in Apple, going back down, but they still have some of this quality in them: there's no department of innovation. Innovation was seen as embedded in everything and everyone. So if you keep breaking it up, so you had a marketing department, a sales department, you can't get there.

Well in Google, the story that I tell there is about Michiel Bakker, who is a phenomenal systems thinker. He was very worried – this will surprise you at Google, but about how food is being thought about on the planet. Because at



Google, everybody can work 20% of their time on what it is they think is really important, he felt that it was really, really important to think about food and the food experience. He created an Innovation Lab that creates this sense of the reciprocity.

So he brought together – and I’m a part of that Innovation Lab; it’s very exciting to be a part of – where it’s lasting over years and years. It is not a little “come have one meeting.” It is an event where you have businesspeople, scientists, education people, and policy people who are working on growing nutrition and how it affects the climate and the planet. And they are organized into communities of practice that cross over all of those things and create projects which bring about change.

But a part of it is changing the fundamental education and thinking, and I’ve been very blessed that they’re using my first book and the work from it, *The Responsible Business*, as a way to shift the more systemic look at how you work across all of those systems. So you’ll be able to see that and see the story of Michiel, plus Annalie Killian, who did some amazing work in South Africa as well as in Australia. Her story is there.

The fourth archetype, the Regenerative archetype, has a Headman and a Headwoman story in it. The Regenerative archetype male is the story of B Lab. I don’t know whether your listeners will know about them, but they decided – and you’ll see this in the pillars – that one of the things you may have to change is actually the structure through which you work to live out your constitutional agreement. We all know about C Corps and S Corps and LLCs; they created something called a B Corporation, and the B Corporation is now in I think 26 states. It keeps changing every week.

What’s really amazing is how it got started. Had to do with Arnold Schwarzenegger putting restraint in, and we tell the story about how Arnold Schwarzenegger actually helped bring it into existence – a Republican governor in California who is very much a capitalist – but this entire idea they had was taking us back to what capitalism really is, where it’s about personal agency. It’s about innovation. It’s about working in a way that everything gets healthy.

The whole idea was that capitalism would pick and make what was going to work show up. But of course, we've made a few damaging inroads into the way capitalism could be fit. So this group, B Lab, a laboratory, figured out how to create a whole different structuring system that goes us back – therefore the Regeneration – back to the DNA of capitalism. And it is growing faster than any other business framework because it was such a shift in the kind of pillars that they use. Their idea is that you really can transform the way we govern. In fact, by the way, this works in marriage also. You can go back to the “What did we agree to when we got married?” and use it to regenerate.

There's also a story of a woman who founded a company called Roshan in Afghanistan, she and her husband and a team of people, and the entire idea was how do you, in Afghanistan, give people the ability to become self-governing? So again, there's the idea of governance where the governing in Afghanistan is falling apart. But do it with business. You'll notice I have not been talking about not-for-profits; I've been talking about corporations or businesses inside of corporations.

What they did there is create a telecommunication company called Roshan, and it makes franchises available for people who can actually own their own small business using phone systems, which means they can create banking systems. It means they can create communication across a very broad scale and be able to sell time. But the big thing was that it was able to really have them feel they were in charge of their own lives again, where so much of Afghanistan has not felt that way, and to do it in a for-profit business structure that could really bring about the changes that are possible.

So there's the four archetypes, which are the core of the book. And then again, the last summary – and by the way, in the very first part, I didn't mention I tell the story of the founding of Botswana or the regeneration of Botswana and how they used these four archetypes very plainly. I was blessed to work with Colgate-palmolive in southeastern Africa, including the transition in South Africa, and there's big stories about that in my first book, *The Responsible Business*.

But this book is more about and includes the story of how it is you use these archetypes to really regenerate a tribe, a nation, a business, and how each of these four archetypes can change a nation or you can change a social system or you change a cultural paradigm or you change actually the governing agreements. And the last chapter is putting that all together and showing how it all works as one.

So I think that gives people a bit of a summary. Did that make any sense?

WADE: That was perfect. That was excellent. That's what makes the next question I think so difficult, because it sounds like your book is full of phenomenal information, but if the reader could only take one concept, principle, or action item out of your entire book, what would you choose that to be?

CAROL: I do something called "making promises beyond ableness." That's what you might say the summary of this book is about. It's a triangulation of making promises beyond ableness, which means you have to grow and learn, but you promise to do something that you can see that if you don't do it, it might not happen. And you know you can learn to do it.

So there's beyond ableness, coupled with your personal agency being more enlivened, more awake, your personal essence, who you are uniquely, and connecting that with the third leg of the stool, which is what my grandmother called "external considering." She'd say, when I was a nasty little girl sometimes, she would say "Don't you ever think about anyone but yourself?"

It's that triangulation of finding your own personal agency, what needs to be considered to be done, and making a promise to go after that, even though you may not know how to do it now. And all of the 10 stories I tell in this book show you how that is possible in every person alive.

WADE: Excellent. This next question, Carol, I want to give you a chance to brag on yourself. Do you have a favorite quote from your book? Not that you quoted from an Oprah or Steve Jobs, but something that you wrote that you said, "Wow, that's actually kind of deep or profound"?

CAROL: I can tell you what people say back to me. I had a huge number of endorsers – because this book also is for impact investors, and I had a large number of them looking at it and saying, “Oh my, I’ve been waiting for this because I know how to invest in the regular side; I don’t know the social return.”

So here’s two things that they told me. For startup folks, they kept telling me “Entrepreneurism isn’t for a rare few who are born with it; it is a fire waiting to be lit in all of us.” I thought, “Yeah, I said that.” And then for people who – this works for everybody, but the people who were at a growth stage came back to me and said “I love this quote.” They said “If you want to operate from a place of creative freedom, you have to take on defining the game itself and changing the rules for everyone.”

WADE: Wow, those are powerful. Very good. Our last question that we’re going to ask you today is if there was only one book – and it could have nothing to do with entrepreneurship or business in general – but if there was only one book you could recommend to our listeners that created a paradigm shift for you, what would that be?

CAROL: Whoa, created a paradigm shift for me. That one threw me, because it actually gave me a way to explain – and I regularly put suggested reader books up on my website, but the one I recommend most often because I think it helps you see what it means to think as a living system is one that’s been around for about 10, 12 years now, *The Starfish and the Spider: The Unstoppable Power of Leaderless Organizations*, and it’s by Brafman and Beckstrom.

I recommend it because it’s understanding how self-organizing systems work. Because one of the crippers – and I have a whole set of things that are not in this book, but are available as part of a free workbook I give people who buy five or more copies – one of the major things is when you create hierarchies that stop all of this capacity happening. So it’s a book I love, I go back to it, I recommend it, and the stories in it make it possible to see a way to do something without thinking you’re turning the asylum over to the inmate.



WADE: Very good. Carol, before we depart, can you recommend the best way for our listeners to get more information on you and on your book, *The Responsible Entrepreneur*?

CAROL: It will be releasing to me, so that I can get them to people, in a couple of weeks. I would love for people to come to carolsanford.com, and in the upper right hand corner you'll see a little button that says "Pre-sale." If you click there, you can get it sooner than anywhere else, same price as if you went to Amazon. Plus I donate a percentage to people who work with kids, a group called Young Women Empowered, [Name, sp] and is the other one who I give 1% to.

You also can get this workbook – I've got two different workbooks. If you're buying more than I think it's five copies, you get a workbook that shows you how to apply this in your organization with teams, or if you're an impact investor or want to know how you're going to be evaluated by impact investors, I give you a free workbook. These are each \$145. They're several hundred pages of worksheets that you can use.

The other thing is people might really be interested, if they want to see me talk about this in 13 minutes, I did a TEDx Berkeley talk with 2,000 people in the auditorium, and you can get a link to that off my website. That was in February.

I also suggest you go get *The Responsible Business*, because these two work together. *The responsible Business* tells you how to build a business where your financial effectiveness is interwoven with how it is that you build a responsible business. This has been great fun. Thank you so much.

WADE: Yes, thank you for coming on. We really appreciate it. Thanks again for listening in today. If you would like to get your hands on *The Responsible Entrepreneur* or any of the other resources mentioned by Carol, just look at the show notes at TheELPodcast.com.

Looking for your next book idea? Head over to TheELPodcast.com, where Wade shares his amazing resource, "The Top 10 Business Books Recommended by Over 500 Entrepreneurs," with you for free. That's TheELPodcast.com. Till the next time, keep it on the EL.



LINKS AND RESOURCES MENTIONED IN THIS EPISODE:

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