

Embracing Stewardship: An Interview with Peter Block

by Ray A. Hemachandra

Peter Block is a partner in Designed Learning, a training and consulting company that offers workshops based on the vision, values, and concepts outlined in his books. He has received numerous national awards for his contributions in the field of training and development. Block lives in Cincinnati, where he serves on the board of directors of Cincinnati Classical Public Radio and acts as an advisor to the City of Hope and Hip Hop Center.

Ray A. Hemachandra: How would you describe the core of your work?

Peter Block: The core of the work is to help people build or create habitable institutions. Most of our organizations — our schools, our businesses — are designed to be rather uninhabitable. Underneath the idea of making them habitable is giving people more choice and freedom in their lives and demonstrating that you can claim your freedom and make a living at the same time. These are issues I have struggled with in my own life.

Hemachandra: Tell me about your background.

Block: I grew up in the Midwest. I was a dependable boy. Mrs. Shea, in the third grade, said, “Peter was a very dependable boy.” I took that as a message from God. I went to the University of Kansas, and I studied engineering and finance. I was looking for a safe pass — one in which I could make a living. To be economically self-sufficient meant the world to me, because I had not had that. Then, in graduate school and beyond, I got distracted and became interested in personal development, in group process, and in group dynamics. I participated in different kinds of self-development groups, and the ideas captured me. And they have owned me ever since.

I worked for Exxon for six years, and then, with my boss, I started a consulting firm in 1970. Since then, I have kind of been on my own — consulting, talking, writing. I didn’t start writing until I was 40. Then the books took on a life of their own, because they touched a cord in me. I realized I had a thought that might be useful. I recently moved to Cincinnati. I was living in the country in eastern Connecticut, and I just felt I wanted to be in a big city. There were people I knew here who mattered to me, and so I decided it was time to start again in some sense, despite my advancing years.

Hemachandra: Let’s get into the work. What is stewardship? How does it differ from leadership, or at least from traditional notions of leadership?

Block: Leadership is about creating a place for accountability by centralizing power. Leadership is about making a center and a top — the owner of a store, for example, who is kind of the hub of the wheel. The leader creates the vision. The leader decides how an organization is going to operate and basically tries to get people to support that end. Leadership can be done very compassionately, but it still has to control, in its mind.

Stewardship is trying to create accountability in the world through the dispersion of power. Distributing power means giving people on the edge as much choice as possible about how to serve a customer and how to serve a business.

Leadership culture is a patriarchal culture. In some ways, the New Age movement — the Aquarian movement — I think is trying to create an alternative to this model of patriarchal leadership.

Hemachandra: What are some ways retailers can encourage their staff members to view the business as partners would — through the lens of shared interest?

Block: First, decide to do that. Most business owners haven't decided to do that. They want to be good to their people, but they still think they own their people. They haven't decided the business is a partnership.

There is a great opportunity for small businesses to become learning laboratories. Part of the work of a small-business owner is to teach all who pass through the business what it takes to run and sustain a small business.

Small businesses can't compete on salary, benefits, promotion, or any of the normal incentives that the culture thinks it wants. But small businesses can give people learning opportunities they just can't get anywhere else. As a retailer, I would give enormous attention to that aspect of the business.

There is a small business called Highland Hardware in Atlanta. When I was in contact with them, they were trying to teach each person to do all the jobs in the store. Everyone would learn how to write copy for the catalog. Everyone would learn how to merchandise the ends of the aisles. They would learn how to do purchasing. They would learn how to handle the front end and the cash wrap. I thought it was a great concept. The business got more committed, smarter employees from having that mentality, rather than the mindset that the people I can afford to hire simply are going to pass through this place.

Hemachandra: What shifts in mindset do retailers themselves need to make to actualize workplaces based on interdependence?

Block: First, they have to care about the kind of culture they are creating. Most small-business owners are so worried about survival that they are not very conscious about the fact they are creating a workplace at the center of a lot of people's lives, whether they have three employees or 20. It matters that they invest energy, attention, and time in the training and development of their own people.

Everything starts with a decision and a possibility. An owner says, "Part of why I started this business is to create a place where people are going to be touched and can learn a lot from working here." This mindset really fits with your leaders — retailers who sell spiritual products — who often are biased toward learning, discovery, and the creative and spiritual sides of life. So, why not create a small business that is an example of everything that lies beneath what people are purchasing from you?

Hemachandra: What you propose is a fairly radical cultural shift from the standard American business model, even for many New Age retailers, isn't it?

Block: Unfortunately.

Hemachandra: What do empowerment and interdependence mean in terms of decision-making structures in a store?

Block: They mean you meet every once in a while to discuss basic decisions.

As an owner, you constantly are worrying about merchandising. You constantly are deciding about how to sustain the business; what to offer customers; and what kind of customer experience you are trying to create. You are trying to read the market and determine what is going to be hot, because you are making decisions months ahead of time about what to sell.

Why not make these things conversations you have with everybody in the business, instead of it being about a singular kind of wisdom or genius that you, the owner, supposedly brings?

Figure out the four or five critical things you worry about most. Then say, "Let's make them topics we all talk about." It doesn't mean you are totally giving up control. It still is your business. But you are trying to engage people in decisions about merchandising, buying, and finance as if they are owners. You want them

to act while they are there — even if they only are working there for five minutes — as if they own your store emotionally, spiritually, and operationally.

How does this apply to finance? Well, how transparent do you want to be with your people? Most people who work in small businesses have no idea about the economics of the business. They don't know what the margins are, so they cannot make good decisions about how to make exceptions for customers, for example. Financially, this work means being transparent. You don't have to tell your employees everything, but you want them to see what the economics of the business are, so they can see what creates success and failure — how fragile success is and what it hinges on.

Hemachandra: So they gain a greater sense of partnership in the business?

Block: A sense of partnership, yes, but also so they can make better decisions. Anybody who works in a business makes small decisions minute by minute that have enormous impact over time on the business. You want to help them make good decisions, balancing what the customer wants — because the customer always wants more and wants this and that — and what the business needs to sustain itself.

Hemachandra: In the book *The Answer to How Is Yes*, you suggest confronting people with their freedom. What does this mean for store owners with their employees?

Block: Retailers confront people with their freedom by giving people choice; by not making promises of caretaking they can't deliver on; and by having adult-to-adult or partner-to-partner conversations. All the things I am talking about are intended to create a culture of accountability by treating employees as if they are capable of acting as equals of ours, even though an employee may be 18 years old and never have had a job before.

It also means if your employees treat you as a parent, you say no. If employees want you to take care of them, and they complain, "I'm sorry, I just couldn't get here on time," you say, "That's not good enough. I need someone who is going to show up. You have to be here a half-hour before the store opens, and that's it. If you don't want to do that, then you don't have a job here."

When we control people, we think we have to take care of them in a thousand ways. But when you confront people with their freedom, you stop colluding with people in their sense of entitlement. When employees say, "What's in it for me?" you say, "I don't know. The answer to that question is something you have to figure out."

If an employee is depressed every day, it is not a problem you have to solve. All you have to do is say, "Hey, look. Your despair is affecting all of us. Cheer up!" So there's a hard part to this, too. What do you say to your partner if your partner is moody and pouting? You say, "Stop being so moody and pouty." That's a great conversation to have. The person may still be moody and pouty, but now you can get on with your day.

Hemachandra: You write about service guarantees in *Stewardship*. What is an example of a service guarantee for an independent retail store?

Block: It depends: What is the promise you are willing to make to your customers? If they don't like a product, they can bring it back? I don't know, but it's a wonderful thing to think about. In a lot of small businesses the guarantee isn't as strong as it is in large businesses, because large businesses can better absorb the costs of things they can't resell. In a small business, because you feel vulnerable, service tends to be a little more hard-nosed and stringent.

So, you have to think carefully: What is a customer worth?

To get a new customer costs a huge amount of effort and money. Customers are unbelievably valuable. What kind of strategy do you have for keeping customers? You need to ask, “What’s our recovery strategy when we make a mistake?” Or think about what the strategy is when a customer blows it, because customers make mistakes half the time, anyway. Business owners should be conscious about these choices.

If you own a service business, what is the promise? If people buy New Age gifts and books and music and knowledge, they really are looking for their own transformation. How are you supporting their wish to change their lives? Even when someone gives New Age gifts to another person, they are thinking, “Maybe if they get it together, I’ll get it together.”

So you ask, “How do we work with customers to support what they have in mind when they purchase from us?” They are entering your New Age store wishing for transformation, and you need to be thinking about what kind of service supports that transformation. Maybe if customers are taking advantage of you, just telling them they are doing that would be the greatest gift you could give them. Give them their money back and say, “Hey, look, what are you doing this for? I thought you came here to find the New Age, but you are acting like you are stuck in the Old Age, which is about competition and dominance.”

Hemachandra: Many of our retailers feel a strong sense of mission when they open their stores, but some struggle to walk their talk — to reconcile their spiritual beliefs with the day-to-day realities of owning a retail business. You are offering a model more in tune with many retailers’ personal belief systems, but still in conflict with much modern-day common wisdom about how to be successful at business. Is a leap of faith required here?

Block: First of all, nobody walks their talk. So, let’s just get real for a moment. You can’t accuse anyone of not walking their talk, because you’re not walking yours. This is life work, to walk your talk, so you have to forgive yourself.

The key thing is not to let your anxiety distract you from why you started the business in the first place. Let’s say a purpose of the business is to create a new or alternative model of how commerce can be conducted. Usually you still will revert to patriarchal, high-control, alienated, entitled ways of being when you get scared. How can you manage your anxiety in a way that doesn’t distract you?

You say, “I want this business to make a lot of money, and I am going to prove to the world it can make a lot of money doing things in a way consistent with my vision and my values.” Sometimes you have to take a hit economically in order to protect that.

Most New Age retailers know that what they are working on is their own consciousness; their own faith; and the capacity of their employees and customers to be committed to the success of the business. And most customers of New Age businesses want them to be successful. This is an enormous advantage. So, maybe you should start treating customers as if they are part of the employee or membership circle.

Have meetings with your customers and say, “We want your help in figuring out how to make this a better business.” Why are they going to be willing to waste their time helping your business? Because they want you to be successful. People drawn to New Age businesses want every business to operate according to an Aquarian, New Age instinct.

Until you start looking for ways to think and act in partnership, of course it is a leap of faith. Anytime you imagine a possibility of something that doesn’t exist now, your faith is confronted every step of the way. The fact you don’t walk your talk is no reason to lose faith. All you do is say, “God, I’m a human being, after all. On I go.”

Hemachandra: Is stewardship something you do to enhance employee performance or something you do for its own sake?

Block: You don't have to choose. Now, good work done for its own sake is powerful in the world and can be economically successful. But you don't want to be self-indulgent — as if you are entitled. This work is not about doing what feels good. It's about doing what aligns with your purpose. It's about doing things on purpose — being intentional about the kind of employees you want and the customer experience.

I think sometimes that gets misinterpreted as doing your own thing and having a ball, which can get you away from your intention. Your intention is to create something in the world.

All the evidence we have says that the nature of high-performing groups and teams is aligned with a deep sense of accountability, commitment, and ownership. It's not aligned with high control.

Hemachandra: Do most businesses over-emphasize compensation as a motivator for employees, using pay as a reward-punishment system?

Block: The whole issue of compensation and benefits is one of equity and justice. It has nothing to do with motivation. People have been studying the impact of compensation on performance for years and can find no relationship. So, the idea that you can't expect much from people if you can't pay them much is a fool's stance. What you can expect from people has nothing to do with the level of your ability to pay them.

Conversely, setting up complicated incentive schemes of compensation doesn't get much back for you. Don't waste your money setting up elaborate pay schemes or intricate profit-sharing schemes, because pay and performance are relatively unrelated.

There has to be some equitable framework— some justice — to pay. You have to make sure people feel they are being paid as fairly as the business will support. That's why going over the economics of the business is very helpful to people. They often are naive about what it takes. Some of them can't even read an income statement or a balance sheet. Unfortunately, some owners don't pay much attention to that, either. I ran a business for years and never had a budget until we lost money one year, and then we got interested.

Hemachandra: What about performance appraisals? How should retailers conduct personnel reviews?

Block: Hopefully, most independent retail stores do not do performance appraisals, because they are demeaning. Performance appraisals formalize the experience of, "They own the place, and I don't."

You instead should be having a conversation about commitments, a conversation in which you and the employee say, "Look, let's talk about what promises we want to make to each other about the next three months — what commitments we want to make to try to build this business." And then every few months you sit down and talk about how things are going.

But to formalize reviews with, "I am your boss, and I am going to develop you with the following comments," creates children out of us all. Performance appraisals aren't objective, anyway. They all are subjective.

Hemachandra: Do conversations about commitments take place one-on-one; in an all-inclusive group; or both?

Block: I think a group conversation — "How are we doing?" — is great. It's great to have peers sit down and have a conversation with each other about what they want from each other and how they are getting along.

Most of the work is done through peer-to-peer relationships. The better you can create a team environment, the better it is for your business. Let people take two hours a month when they sit down and talk about how things are going and what they want from each other.

But whether one-on-one or in a group, don't call them appraisals or evaluations. As soon as you use these terms, it activates all our family anxieties. People get nervous and don't hear most of what is said. All they do is feel bad.

Hemachandra: In a company based on empowerment, without appraisals or evaluations, how are people fired?

Block: If people don't deliver on their promises, you tell them they are in trouble. You've got a certain protocol — a just, fair protocol. You let people know when you feel they are not delivering on their commitments or they are not serving customers well or treating each other well or caring for the business. You just tell them, "Look, you have six months. Let's keep talking about this." But if it doesn't change after six months, you say, "I can't afford to carry you any longer."

There is nothing about empowerment or stewardship that argues against firing people. Stewardship does argue for more authentic and honest conversation.

Hemachandra: How does stewardship affect the hiring process?

Block: Who can make the best decision about who to bring into the business? Is it the boss — the owner? Is it the employees? Is it some combination?

I would tell people you are thinking of hiring, "I want you to talk to the people who are here now, so you know what you are getting into, and so I can listen to them about whether we think you would fit here." Take that conversation quite seriously — give it at least an hour. Take advantage of the wisdom of everyone in the business as to whether they think the person is a good fit. You don't have to take the advice, but you know more that way. You have a more complete picture.

The question of fit is not about whether the person is any good or not, but this approach recognizes that the relationships among peers are really important.

Hemachandra: Do you find resistance to your work based in the old hierarchal, patriarchal mentality, even among fellow business writers and publishers?

Block: Most businesses are very patriarchal — dominated by that mentality — and they are successful despite their efforts. It's funny about the resistance to my ideas. Nobody ever argues with me and says the ideas are wrong. They just accuse me of idealism. They say, "Your ideas make sense, but we're not ready for them," even though most patriarchal systems have a lot of pockets of stewardship in-side them to help them work better.

Hemachandra: Does your work have greater resonance with women or men?

Block: In every conference, every work-shop, and every store I've been to, the women always are working on themselves and the men always are working on not working on themselves.

Although not its specific intention, my work supports the feminine principle in the world. It's about circle. It's about cooperation. It's about communion and connection. So, it speaks to the feminine.

Whether the work appeals more to men or women isn't up to me, but it does have a more feminine energy. Whether that gets expressed in audience gender really doesn't matter. With any one person, you never

know: Some men have a very well-developed feminine side, especially if they are in the New Age business.

If you look at customers in the average

New Age store, 70 percent must be women.

In the New Age culture, the feminine side gets honored and rewarded, and a lot of what I am talking about is the feminine use of power. The experience you have in a New Age store is designed to be an experience of the feminine: Customers feel at home when they walk into a New Age shop.

Hemachandra: Peter, many retailers struggle to maintain balance between their personal and business lives. They confuse the two, with their personal lives often becoming subsumed by the business.

Block: That's the way it is. Forget about fixing it. Don't even try to be balanced in your life. Don't kill yourself, but my response is that your life also is lived at work. Creating your business means something. Your business needs your attention and creative energy.

To start up and run a small business is to create something out of nothing. It is an enormous act of commitment and creation. You work very hard. To want to do that 9 to 5 without bringing the work home at night — well, it just doesn't occur that way.

I never have heard of any person who created something out of nothing who slept through the night. You are supposed to wake up in the middle of the night: 2:30 a.m. to 4:15 a.m. is when you are supposed to wake up and worry about things over which you have no control. This means you have chosen adventure in your life. You say to yourself, "This is the price I am paying for my own freedom and my own sense of purpose." It is costly.

Hemachandra: You write in Stewardship that "What do we want to create together?" is the partnership question. What are some questions retailers can ask themselves to get started along the stewardship path?

Block: They first really have to ask, "Who is the 'we'?" The "we" is customers, employees, themselves, and their family. So, it is not so much the owner casting a shadow over the institution, which is how most people think of the entrepreneur. You say, "What shadow do we as a group want to cast over this community?"

What is the meaning of your store at this point in time? What do you as a group want to create in your store? What kind of experience? What kind of look? What kind of service? What role does your store play in the larger community?

To run a business is to be part of a larger community. You say, "What's the conversation I want to initiate?" Part of that conversation is between employees and customers, and part is with the larger community. It is in the interest of small-business owners to find other small-business owners to create successful support networks, even with the competitive businesses around them. You want the whole neighborhood to be successful. So you ask, "What do we in this neighborhood create together?" rather than thinking, "It's all on me. I have got to do it."

Hemachandra: Peter, where is your work taking you? What's on the horizon?

Block: I am mostly worried about community — the well-being of the whole. I am deeply troubled by the punitive and almost resigned and angry nature of the conversation we have in this culture.

Most people are withdrawing from their communities right now. We are inside most of the time watching modern technology. So, mostly I am trying to think, “OK, what would civic engagement look like today?” How can I give voice to the possibility of a highly engaged citizen who cares not only about the family and the business but also this block, this environment, this school?

Hemachandra: Any final thoughts for independent retailers?

Block: I want to say a lot of these ideas become specific through the kind of conversations you initiate. To help people get practical, you think, “What are the conversations we now are having together? If I can change the conversations, I can change the way we’re working this business.” Then you say, “What’s the conversation we can have about what is possible for this business? What’s the conversation we can have together about what commitments we are making with this business? What’s the honest conversation about what we aren’t able to talk about?”

Asking those questions always is a very fruitful thing. People always have ideas and thoughts they want to share. How do you use your job as owner to be a conversation initiator? Implied in that role is listening very care-fully to your customers and community and what people are saying.

A final thought: This culture desperately needs the small-business community. Corporate, global, national, and chain elements of commerce are taking over every aspect of our lives. It’s not even just about business. The political domain is run by corporations, and all of our thoughts about environment are influenced by them. We are exporting this mentality to the world, too. The economic stance we take toward the world is that we want you as a consumer.

And so, God bless the small-business owner, our last, best hope of a democratic society in the economic realm. The small-business owner represents the possibility of economic self-sufficiency, where someone doesn’t have to be commercialized and corporatized in order to build a decent life.

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