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# INTEGRAL SUSTAINABILITY OR HOW EVOLUTIONARY FORCES ARE DRIVING INVESTORS' TRUST AND THE INTEGRATION OF PEOPLE, PLANET, AND PROFIT[1]

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## Abstract

*The missing investors' trust in the stability of economic development could be one of the main reasons for the current investment gap in developing countries. This paper contends that investing is driven also by emotional intelligence, which depends upon the levels of consciousness of participating agents. Research performed on 136 global investors is presented and the hypothesis that vertical development could influence investors' confidence is subsequently tested. The paper asserts, furthermore, that investors' trust could be enhanced and cultivated through the integration of appropriate metrics for people, planet, and profit. The Theta Model, a de-risking tool based on Ken Wilber's Integral Theory, is thenceforward introduced as a framework for the integration of people, planet, and profit in early stage investing. The paper concludes by sharing some lessons learned from positive and negative investment examples over the past two decades and highlights how stakeholders could benefit from such de-risking, integral sustainability measurements.*

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## Introduction

Researchers argue that most reforms implemented thus far at national and European Union level have failed to impact economic development in a positive manner (Fichtner, & Fratzscher, & Gorning, 2014). Moreover, without massive private investments, Europe is in danger of falling into an economic stagnation similar to that of Japan in the 1990s. According to Fichtner et al. (2014) the *"persisting climate of distrust in the stability of economic development"* (p. 635) could be addressed by closing the existing investment gap. Further research shows that "*current investment in the Eurozone remains markedly below the level corresponding to macroeconomic conditions. When measured against this baseline, there was an underinvestment of around two percent on average in relation to gross domestic product between 2010 and 2012*" (Baldi, G., & Fichtner, F., & Michelsen, C., & Rieth, M., 2014, July 2, p. 651). To address the investment gap, Fichtner et al. (2014) recommended (1) an efficient competitive landscape that should become more attractive for private investment capital; (2) an investment friendly tax policy; and (3) a three digits Billion Euros EU-Investment Fund that would complement the current European Investment Fund (EIF), which is dedicated to Venture Capital and is rather moderate (p. 633-634). While the authors refer to the overall decreasing investment landscape including infrastructure, the same is true for seed and early stage investing.

In the United States, "the activity level of the US venture capital industry [in 2013] is roughly half of what it was at the 2000-era peak. For example, in 2000, 1050 firms each invested $5 million or more during the year. In 2013, the count was roughly half that at 548." (Thomson Reuters, 2014, p. 9) Within the European Union, we can witness a similar downward trend. The aggregate data on Venture Capital investments shows "relative weakening of the UK at 0.013% of GDP (down from 0.028% in 2011), Denmark (0.01% against 0.029% in 2011), and Sweden (0.029%, down from 0.031% in 2011)" (European Commission, n. d.). This tendency can be seen also in more stable economies like Germany, France, Italy but also in Spain and "it is increasingly clear that the market is not providing the scale of investment that firms need" (European Commission, n. d.). The smaller investment market, namely that of business angels, also represents a cause of concern for policymakers, which address it through government-backed venture schemes and tax breaks for angel investors in various countries. Moreover, the 2012 European Private Equity and Venture Capital Association (EVCA) data (European Commission, n. d) suggest that the later stage Venture Capital market also suffered from the systemic weaknesses and the 2013 EVCA report (2014) shows only modest increases in most areas compared with 2012. However, despite the economic downturn of the past decade, European Small and Medium Enterprises (SMEs) "have retained their position as the backbone of the European economy, with some 20.7 million firms accounting for more than 98 per cent of all enterprises, of which the lion's share (92.2 percent) are firms with fewer than ten employees." (Wymenga, & Spanikova, & Barker, & Konings, & Canton, 2012, p. 9). At the same time, the funding for this type of essential innovation and creativity, upon which our future depends, has either diminished or is growing too slowly to have a significant impact.

Hence, in the light of current financial, economic, and environmental crises (Randers, 2012), the growing inequality (Stieglitz, 2011), and the resulting geo-political radicalization (Becerra et al., 2010; Boeckler, 2009; Hughes & Church, 2010; Maloney & Schumer, 2010; Tachibanaki, 2009), the obvious question remains: *How can the trust of private investors be* *increased and the gap between the demand side and the availability of capital be closed?* The answer is multifaceted and just as complex as the problem, of course. One potential answer and a solution could provide the € 315 billion investment plan presented by of the European Commission president Jean-Claude Junkers on November 26th, 2014 (Junker, 2014, November 26). In his initiation speech, president Junkers confirmed, "*despite the huge liquidity in the world's money markets and corporate bank accounts, investment in Europe is not rebounding*" and argued that "*investors' lack confidence, credibility and trust*" could be built through this investment plan. The future will show whether it will work or not and we can only hope that it does for our future depends on it. This paper attempts to contribute to these efforts by corroborating that *trust* is a *feeling* that when positive it could lead to the much-needed transformation. The paper shows two pathways on how investors' trust could be increased. The first pathway shares research results on investors who have presumably reached higher levels of intrinsic trust through vertical personal development. The second pathway introduces a few de-risking tools based on integral theory (Wilber, 2000) that (a) expand and go beyond traditional financial and legal due diligence; (b) include Environmental, Social, and Governance (ESG) measurements; (c) add cultural, behavioral, and consciousness metrics; and (d) are embedded in Ken Wilber's Integral Theory (1998; 2000; 2000a; 2000b, 2006) as the underlying theoretical foundation.

## Part 1: Building Trust Through Vertical Growth

Part one of this paper focuses on the hidden determinants that led the researched investors to an investment behavior based on more trust through personal growth and vertical development. It elucidates the profound motivations behind the inner transformation, change of mind, attitude, and behavior of the researched high net-worth and ultra high net-worth investors. It proposes, furthermore, that the current crises in economy, finance, ecology, climate, water, health care, education, food, security, energy, natural resources, poverty, and bio-diversity could also be in part condensed to and addressed by one common denominator, namely a consciousness crisis (Bozesan, 2010; Mackey & Sisodia, 2013; Scharmer, 2013). This consciousness crisis appears to be tackled by different investors—private or institutional—from their own cultural, social and environmental perspectives as well as their own level of interior human development. Preliminary research (Bozesan, 2010, 2013a, 2013b; Kelly, 2011) supports this view and shows that a few but growing number of leading wealth owners seem to have awakened to later stages of consciousness called *integral* (Wilber, 2000, 2000a, 2000b), *second tier*, *yellow meme* (Beck & Cowan, 1996), or *postpostconvetional* (Cook-Greuter, 2000, 2005).

The motivation for the current transformation of these leading-edge money owners is indisputably diverse. Triggered by personal crises but also driven by the major emergencies of our time, a certain percentage of high and ultra-high net-worth individuals have, however, begun to act more boldly (Balandina Jaquier, 2011; Bozesan, 2010; Giving Pledge, 2010; Godeke & Pomares & Bruno & Guerra & Kleissner & Shefrin, 2009; Soros, 2008; Strong, 2009). They ask and try to answer fundamental questions (Gardner, 2004) that have preoccupied humanity all along. Such questions are, *Why am I here? What is the meaning of my life? How am I fulfilling my life's purpose in the face of global crises?* The investors' individual response to these questions appears to influence their investment behavior, culture, environment, and portfolios in a significant way. As a result, a new paradigm in investing, philanthropy, business, and leadership is emerging as (1) organizations such as the Social Venture Network (2012), Investors' Circle (2012), TBLI Group (2012); and (2) ultra high net worth individuals such as Warren Buffett (Kelly, 2011), Bill Gates (Giving Pledge, 2010), Al Gore (Gore, 1992, 2006, 2011), or George Soros (Soros, 2008) use investing apparently as a self-actualizing and a legacy-building vehicle.

## Literature Review, Hypothesis, and Research Questions

There is a rather significant amount of information and research that focuses on transformation in investing (Bugg-Levine, & Emerson, 2011; Faust & Scholz (Eds.) 2014; Freireich & Fulton, 2009; Robeco & Booz & Co., 2009), finance (Panwar & Blinch, 2012; Spinkart & Gottwald, 2013), economics (Arnsperger, 2010; Lietaer & Arnsperger & Goerner & Brunnhuber, 2012), leadership (Randers, 2012; Scharmer, 2013), and business (Mackey & Sisodia, 2013). From the perspective of integral theory (Wilber's, 2000), which is the foundation of the presented research, however, it could be argued that many studies address some aspects and neglect others. For instance, the exterior transformations in investing that led to new investment forms and paradigms such as impact investing, mission related investing, sustainable and responsible investing (Bugg-Levine, & Emerson, 2011; Freireich & Fulton, 2009; Robeco & Booz & Co., 2009) seem more attractive and easier to replicate than the interior transformation of the participating agents who initiated these transformations (Bozesan, 2010; Bryce, J., & Drexler, M., & Noble, A., 2013; Kelly, 2011; Porras & Emery & Thompson, 2007). Moreover, the developmental lines (Wilber, 2006, pp. 23-25) along which the inner transformation of the participating agents took place, and the questions on *how*, *when*, and *why* they reached their new understanding, still need to be researched in more depth. Such a line of development is cognition, but morals, psychology, and emotional intelligence (Goleman et al., 2002) are also important or maybe even more important. Although increased vertical development appears to have become a megatrend (Aburdene, 2005), the phenomenological investigation on the interior transformation of the participating agents is relatively rare but is increasing (Adams, 2005; Boyatzis & McKee, 2005; Cook-Greuter, 2004; Goleman et al., 2002; Hendricks & Ludeman, 1996; Jaworski, 1996; Kelly, 2011; Lietaer, 2001; Marques et al., 2007; Mitroff & Denton, 1999; Pauchant, 2002; Paulson, 2002; Ray & Myers, 1989; Ray & Anderson, 2000; Ray & Rinzler, 1993; Renesch, 2002; Rooke & Torbert, 1998, 2005; Senge et al., 2005; Taylor, 2005). Thus, the hypothesis of this research is that *vertical growth could lead to an increased sense of inherent trust.*

Therefore, the main question for this phenomenological research was: What were the most significant cognitive, emotional, physical, spiritual, or other experiences that characterized the interior transformation of an investor leading toward building more intrinsic trust? Secondary questions included: (1) How do people become the integral change agents required to change current investment practices from for-profit only investment metrics toward the integration of people, planet, and profit measurements? (2) What facilitated their change of mind? (3) How do they keep high levels of awareness and consciousness in a hostile environment dominated by less conscious investors and shareholders in a litigation friendly environment? (4) How do they close the gap between the soul of wealth and the wealth of their souls? (5) What triggered their personal growth that lead to more trust causing more peak experiences (Grof, 2006; Maslow et al., 1998; White, 1998); flow feelings (Csikszentmihalyi, 1990; Kjaer & Bertelsen & Piccini & Brooks & Alving & Lou, 2002); and states and stage development (Wilber, 2003).

## Research Method and Data Collection

This research has been performed over a period of more than seven years and still continues. The research method used is called *heuristic structuralism* and is a qualitative, pluralistic mode of inquiry in which each point of view is respected as a potential source of insight. It is a combination of Moustakas' (1990) in-depth heuristic method and Wilber's (2006) Integral Methodological Pluralism, which contains "*at least eight fundamental and apparently irreducible methodologies, injunctions, or paradigms for gaining reproducible knowledge or verifiable repeatable experiences*" (p. 33). A quantitative evaluation of data will not be performed in this paper.

The data collection occurred from 136 interviews performed with global early stage investors personally known to the researcher between the age of 30 and 70. They are located all over the world including the United States of America, Western Europe, India, China, Bali/Indonesia, Singapore, and Thailand. They are independently wealthy individuals who are active as Venture Capitalists or angel investors, presidents of Fortune 100 or Fortune 500 companies, serial entrepreneurs, Wall Street financiers, lawyers, musicians, artists, medical doctors, or pertain to the entertainment business. All research participants are active investors and venture philanthropists who have earned top academic degrees including doctorate degrees, MBAs, or other Master's degrees from some of the most reputable global universities. To these universities belong MIT, KIT (Karlsruhe Institute of Technology in Germany), LMU (Ludwig Maximilian University in Munich), IIT (Indian Institute of Technology), Sorbonne/Paris, London School of Economics, INSEAD/France, Stanford, Yale, or Harvard. The current research focused on identifying, researching, and analyzing the transformational experiences of individual high net-worth individuals prior, during, and after the 2008 financial crisis. The following descriptions are based on real quotes given by research participants during the interviews performed over several years. In order to allow for an easy understanding and reading flow, the dates, interview numbers, and other data pertaining to these quotes are not included each time. For more details, the reader is invited to refer to Bozesan (2010) where the largest amount of data has been described, analyzed, and synthesized.

## Data Analysis and Composite Synthesis

This phenomenological study indicated that the interior evolution toward later stages of consciousness occurs along multiple intelligences (Gardner, 1993), also called lines of human development, which include the cognitive, moral, value, physical, emotional, and psycho-spiritual lines of evolution (Wilber, 2000b). Bozesan (2010) illustrated the evolutionary journey (Figure 1) of the research participants toward later stages of consciousness in detail using Joseph Campbell's *Hero's Journey* (Campbell, 1949/1968).

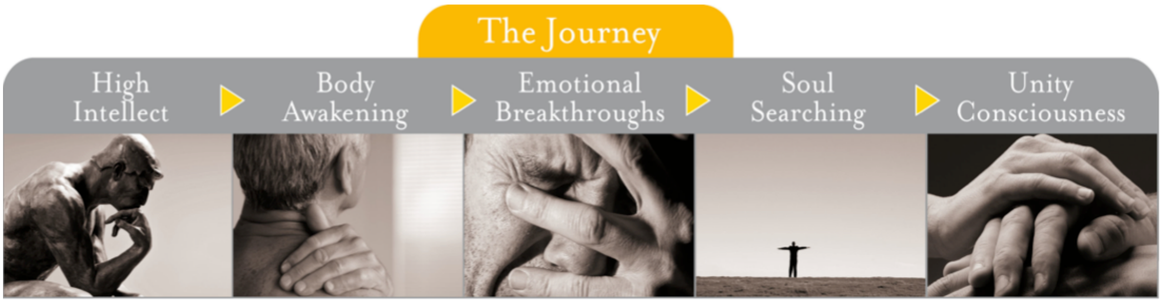


*Figure 1:* The Interior Journey Toward more Trust and Unity Consciousness (Bozesan, 2010).

The reason for choosing Campbell's *Hero's Journey* (Campbell, 1949/1968) as a demonstration vehicle over more advanced evolutionary models such as Graves' (Beck & Cowan, 1998), Gilligan's (1982/1993), Cook-Greuter's (2005), Kegan's (1982), Kohlberg's (Kohlberg & Ryncarz, 1990), or Wilber's (2000a) has to do with Campbell's (1949/1968) familiarity to a much larger audience other than academia. Campbell's *Hero's Journey* (Campbell, 1949/1968) is rather well known due to its application in various legends, tales, myths, cultures, and in Hollywood movies such as *Star Wars,* the *Matrix Trilogy*, or *Lion King*. This paper, however, will only summarize the results within the context of their implications with respect to early stage investing and leadership development.

**Physical and Emotional Pain as Transformation Triggers**

All research participants are high-achievers and can be characterized through exceptional levels of intelligence, post-graduate education, massive drive, determination, hard work, outcome-orientation, and competitiveness. The yearning to reach their maximum human potential was fueled by their innate inquisitiveness, creativity, and impulse to work hard. Their unique ability to manifest extraordinary material and financial wealth confirmed their self-reinforcing "*outside-in mentality*" (Bozesan, 2010, p. 63). This individualistic, egocentric, mentality seemed to confirm that their actions were the unique source of happiness and success in the world. It helped them achieve remarkable social status, accumulate extraordinary wealth, build strong egos, and attain the conviction that one is in control of life. The rising spiral of success seemed secure until it was not. As a result, the research participants decided to leave their old world along with their egocentric model of the world occurred when they were afflicted by terrible pain that apparently took control away from them as individuals. The source of pain was initially physical in nature. It showed up in the beginning as relatively simple "*back problems*," "*heart hurting," "migraines," "colds and sore throats*," weight gain, or food allergies (Bozesan, 2010). Some other times, the pain was of emotional nature and was caused by a *"horrible divorce*," death of "*mother*," being "*fired*" from a prestigious position, or by not getting the desired job. The emotional pain was perceived as "*high-degree of anxiety," "worry and fear," "heartbreak*," tension between "*fear and desire," "grief,"* the *"need*" to be accepted by the outside world, and frustration. It was powered by "*unhappiness*," lack of fulfillment, "*deep sadness and almost shame," lack of "love," "unrest,"* lack of trust, and lack of *"joy*." In the beginning, most participants tried to address their agony by using their cognitive abilities and the same skills that made them outstanding achievers. One of these skills was their ability to control people and outcomes. Initially, they became "*a control freak*" and "*closed down*" their hearts to "*never*" be emotionally available again or they were "*wearing a coat of armor*" and dealt "*with the* *symptoms*" of their physical and emotional pain by studying books or consulting with experts (Bozesan, 2010). They took better care of their bodies through exercises, massages, and better nutrition. As soon as the pain subsided, they went back to the old behavior until the next painful challenge showed up.

**Facing the Worst Nightmares – Shadow Work**

However, over time the pain increased significantly and more resources were needed to hold it under control. Thus, the research participants decided to spend more money, to hire better "*teachers*," to attend more "*seminars*," to get better "*counseling,*" and even to receive psychotherapy. In the end, the pain became unbearable and they were all forced to face their "*worst nightmares*," namely their own shadows (Bozesan, 2010). The tipping point that eventually led to interior transformation was triggered by their courage and conscious decision to face straight on their shadows and the challenges at hand. This process took several years and was different for each individual research participant. It included (a) the decision to experience the "*dark night of the soul*" (Bozesan, 2010, p. 120) through holotropic breathwork (Grof, 2006), (b) the willingness to face the "*worst [emotional] pain*" after "*chopping wood*" for several hours, and (Bozesan, 2010, p. 67); (c) various types of "*meditation*" or "*vision quests*." They *all* began asking essential questions regarding the true meaning of life. The results of the shadow work led in all cases to significant human experiences and are known as Maslow's *transcendent* or *peak experiences* (Maslow, 1968/1999), *meditative experiences* (Alexander, & Davies, & Dixon, & Dillbeck, & Drucker, & Oetzel, 1990), *contemplative experiences* (Beauregard & O'Leary, 2007), *near-death experiences*, *out of body experiences* (Alvarado, 2000), *exceptional human experiences* (White, 1998), and other *states of unity consciousness* and *awe* (Vaughan, 2000, 2005). Research indicated that such exceptional human experiences could move humans beyond duality, the good and the bad, the beautiful and the ugly, and toward later stages of consciousness (Alexander et al., 1990; Beauregard & O'Leary, 2007; Commons & Richards, & Armon, 1984; Commons, & Armon, & Kohlberg, & Richards, & Grotzer, (Eds.), 1990; Cook-Greuter, 2005, 2008; Loevinger, 1977; Pauchant, 2002; Torbert, & Cook-Greuter, & Fisher, & Foldy, & Gauthier, & Keeley, 2004; Torbert, & Livne-Tarandach, & Herdman-Barker, & Nicolaides, & McCallum, 2008).

The research participants described these experiences as a "*lightning bolt [that] moved through*" the body and caused a feeling "*so powerfully strong that it was almost to the point where you couldn't walk*" (Bozesan, 2010). Or as a "*mystical experience*," "*divine light*," or "*divine intelligence*" (Bozesan, 2010). In some cases, it was a feeling in which the "*heart was exploding with love*" and in which the "*body turned into an intense beam of light*" that opened the heart. They "*could feel every bird and insect*" as being part of them. These "*grand openings*" enabled the perception of "*an energy that's greater than we are*" (Bozesan, 2010).

**Not Religion, but Spirituality**

When relating to these extraordinary human experiences within the context of investing or business, it is important to note that, without exception, the researched asset owners are non-religious people who enjoyed high academic, scientific, and/or business educations and possessed extremely successful careers. At that time, many of them did not have any framework or the proper language to explain or make sense of the extraordinary experiences they were having. The old worldview was shattered as soon as the research participant gave up control and surrendered to their shadows, the unknown, and to the "*unbearable fear*" and pain. Their "*spiritual*" experiences caused a "*major shift*" and a "*quantum leap in consciousness*" (Bozesan, 2010) and their lives would never be the same again. Neuroscientific research indicates that such extraordinary human experiences can contribute to achieving higher levels of personal integration and/or move the participant to later stages of ego development (Beauregard & O'Leary, 2007; Newberg & Lee, 2005; McCraty, 2001) and developmental investigations (Alexander et al., 1990; Commons et al., 1990; Cook-Greuter, 2005, 2008; Damasio, 2006; Goleman, 2000, 2003: Goleman & Boyatzis & MvKee, 2003; Kegan, & Lahey, & Souvaine, 1990; Koplowitz, 1984, 1990; Wilber, 2000b).

**The Closet Mystic Existence**

Driven by these extraordinary human experiences that gave them a taste of the hidden and much more comprehensive dimensions of a greater reality, the research participants pursued their shadow work and inner growth with the same dedication with which they had developed their careers. However, for a while, they lived the life of a "*closet mystic*" (Bozesan, 2010, p. 224) and practiced certain meditative rituals for longer periods of time, sometimes for several decades. A notable fact shared by all research participants was their inner yearning for a common sense spirituality that elucidated their mystical experiences and transcended traditional religious norms, which *all* of them rejected. Originally, their extraordinary experiences conflicted also with their scientific education, which had neither room nor the proper language to explain them. Yet, their ability to experience these peak states on an ongoing basis paired with the enormous amount of research data available in this field permitted them to come to terms with their new insights. One investor described this phase of his life like "*going through a college program, which is a rapid introduction to something and exposure to something—Like turning on a fire hose. This was like drinking out of a fire hose. In this area, MIT and Stanford Business School were like drinking out of a fire hose for academic and business issues. This was like drinking out of a fire hose for emotional, spiritual and consciousness issues. We need both"* (Bozesan, 2010, p. 168).

**Gaining a Deeper Understanding of Reality**

Their "*unitive experiences*" transformed the research participants in significant ways. They (a) learned how to "*reconnect to that authentic self*"; (b) realized that we are all "*part of oneness, a greater whole*"; (c) developed the ability to understand their "*own consciousness*," the "*collective consciousness*" and how we "*are part of that greater human consciousness and then beyond*"; (d) understood the "*dimensions and interconnectedness of body, mind, and spirit*"; (e) became more "*rounded* [and] *balanced*"; and (f) received "*structure and specific knowledge*" on how to continue to grow on the path to self-actualization. In short, the research participants moved from previous orientation toward the exterior dimensions of life toward a deep interior transformation only to integrate these later on.

**More Trust through Fear Transcendence**

One of the most significant outcomes of this transformation was related to *fear transcendence*, which then led to *intrinsic trust*. For example, after having an deep spiritual experience, one research participant, who has a Ph.D. in distributed computer systems and was a co-founder of a major Silicon Valley company, realized that he has “*absolutely no fear of death*.” Thus, he sees death as a “*great opportunity to move forward*” on his path through life. To various degrees, all research participants have transcended their fear of failure because they realized that (a) “*nobody can take*” from them who they are, (b) “*fear of failure is not sustainable*,” and (c) they are no longer “*afraid to*” face fear. Facing their “*worst nightmares*” trained them how to “*listen to [the] inner voice*” and how to connect with their “*divine nature*” to access their “*unlimited potentials*” (Bozesan, 2010). Fear turned into deep trust.

**Asking Essential Questions – Who Am I?**

Furthermore, their transformative experiences lead the investors to asking essential questions such as “Who am I? “Why am I here?” “Is this it?” and “Why do I let the mob psychology [of Wall Street to] tell me whether I was having a good day or not?” Their transformation induced significant doubt regarding their old worldviews. This, more integrated, lifestyle encouraged them to question more deeply the status quo of their own lives and that of the world as a whole. Eventually, they noticed the “*collective insanity*” of the “*money game*” and decided that the “*standard operating procedure*” for a “*successful*” person was no longer the game they wanted to play (Bozesan, 2010). Furthermore, they realized that (a) they were not “*manifesting*” their true mission in life, (b) the values they had “*adopted*” were not “*self-selected*” but imposed by society, and (c) they were “*following a script that was not authored*” by them. As they “*looked into the future*” and saw the “*endless stream of closing quarters*” that are the essential driving force in the financial and business worlds, they detected the “*almost mind numbingly impossible monotony around the trajectory*” on which they were operating (Bozesan, 2010). They understood that the rewards “*were running out*,” the next “*gold ring*” was no longer tempting, that there were “*fewer [attractive] jobs left*” in the world, and that “*maximizing shareholder value*” was no longer the only goal in life (Bozesan, 2010). As a result, their value system shifted from the need to control the future to being present now (Senge, & Scharmer, & Jaworsky, & Flowers, 2005).

**Transitioning from an Egocentric View to a World centric View of the World**

Without exception, all research participants moved over time from an egocentric view of the world to a world centric view of the world in which they decided to be of service to a greater good (Bozesan, 2010). One investor, for example, described his transformational shift from the egocentric to the world-centric level of consciousness “*me*” to “*we*” in the following way “*[initially], it was me, me, me and my fabulous career and how do I help create more money for the company, so I can create more money for me and more success for me and more power for me? . . . but suddenly when I was rewired, it felt like the smallest game in the universe. When you really make that shift and you start playing for an idea bigger than yourself and you start sensing into what is that divine creative impulse that’s seated within me that is my gift to the* *planet? Within that surrendering was recognizing that there's something unique within me that I was born to become and that by surrendering to that, by paying attention to that, by allowing that to emerge within myself, that I could play a much bigger game, a much more fulfilling game, a much more meaningful game in terms of being able to create from that space in service to a much deeper and broader concept*" (Bozesan, 2010, p. 200).

**Values Shift**

The tremendous transformation resulted also in new and "*self-selected*," values (Figure 2), which, as a consequence, had to be tightly connected with their current raison d'étre in the world (Bozesan, 2010).

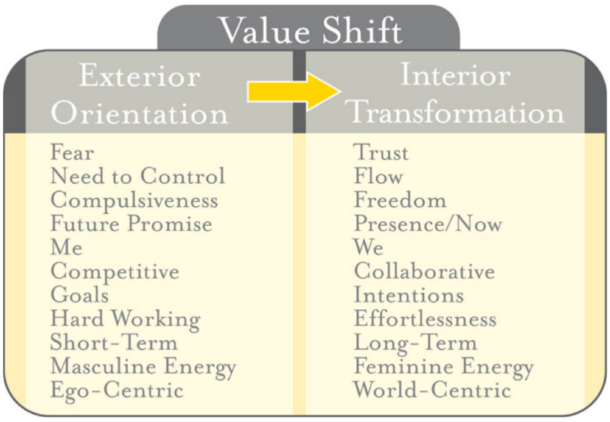


*Figure 2*: The Interior Transformation Resulted in Exterior Values Shift (Bozesan, 2010).

These new values are integrity, authenticity, truth, truthfulness, honesty, humility, and unity consciousness. With the support of these high moral standards they can today (a) "stick" their "neck" out to fight for what they believe in without fear, (b) perform "*social justice*," and (c) "*do the right thing whether it's popular or not.*" Along with this new sense of identity, their self-confidence also increased. They grew beyond being "*ego-driven*" to being more self-confident and feeling "*more comfortable*" in their own skin. This includes (a) trusting their intuition, (b) an increased sense of awareness, as well as (c) being willing to "*take the risk*," and (d) declaring "*more fully*" what they want (Bozesan, 2010).

**Letting Go of Control**

After many years of trials, tribulations, the research participants arrived at the realization that they can achieve much more when they let go of "*efforting*" and by having intentions rather than outcomes (Bozesan, 2010). As a result, they have learned to "*get rid of*" their "*outcomes*," "*life plan*," or even "*personal career*." As they set intentions instead of outcomes, they became more open and were able to "*see [more] opportunities*" than before. If they "*simply get out of the way*," "*the universe constantly positively surprises*" them "*with its potential*." The more they were willing to let go of control, the more success they had, and the more accepting they became of themselves and life in general. As they began meeting "*people where they are*" at instead of where they wanted them to be, the greater was their sense of "*relief*."

**Meaning versus Money**

Without exception, all researched participants are now "*less concerned with material things*" as they were before (Bozesan, 2010). They do not seem to "*need as many things as*" they "*used to need*." In fact, "*things sometimes get in the way*" of what they are "*trying to do*." Furthermore, they seem to not "*care about showing off*" or "*accumulating things*" anymore. Through their transformation, they also "*saw the hollowness*" of money-only and material-only orientation. They realized there are "*a lot of problems that money doesn't solve*," and that "*it's not all about the money*" but also about "*freedom of expression and creativity*" (Bozesan, 2010).

**Cultivating Presence**

Another significant structural change of which the participants in the current study were cognizant is their ability to have intrinsic trust through their newly gained ability to stay *present* within the stressful environment in which they live (Scharmer, 2013; Senge, P., Scharmer, C. O., Jaworski, J., & Flowers, B. S. (2005). Cultivating *presence* and "*being the observer*" has become a key transformative practice in the their lives because it helps them "*stay sane*" (Bozesan, 2010). By being *present* they can now get "*down into the basic elements of life*," connect with the people in their lives at a much deeper level, and be more efficient and effective. Presence helps them "quiet" their minds and in doing that they "feel absolutely grateful and joyful to be alive in this moment." Cultivating presence has become part of their daily integral life practice, which some even declared publicly through an action or event that "*felt*" like a "*coming out party*."

**Leaving the Old World**

In all cases, the research participants quit their old and unsupportive environment to pursue a more integrated life. While preserving their old façades, they followed their transformative paths using their "*creative side that was always crying to emerge*" (Bozesan, 2010, p. 224) to make movies, write books, or start new and more socially and environmentally oriented organizations and businesses. There was "*no going back*" to their old ways and "*change became unavoidable*." Being outstanding leaders in their field of investing, finance, and economics, the research participants felt the responsibility to follow their higher calling and have a greater impact in the world. Their calling was in all cases driven by "*the realization of what a purposeful life actually means*" and they needed to leverage their "*talents to make a meaningful and impactful contribution to the sustainability of the planet*" (Bozesan, 2010).

**Changing the Old Paradigm**

Following their major transformation, the research participants began viewing their new life purpose in bringing "consciousness" into the domain of investing, economics, philanthropy, and business "*in a way that creates sustainable change relative to the human beings on the planet and ultimately bringing spirit into manifestation*" (Bozesan, 2010, p. 76). One of them expressed this succinctly as follows: The new purpose is "*not so blatantly devoid of my personal own* *interests. But I think I've become much more decentralized in my thinking to where it's much easier for me to have other people have certain things and not worry about myself . . . I'm about mission and I'm about helping*" (Bozesan, 2010, p. 229).

Through their changed behaviors and actions, the researched investors were determined to have an even "*bigger impact*" in the finance and business world than before and in a much more integrated way. They saw investing, economics, and business as an "*incredible laboratory of consciousness*" (Bozesan, 2010, p. 228) in which the integration of the interior and exterior dimensions of life is of outmost significance. The research participants realized that "*everything is either moving towards that state of expanded consciousness or is retarding it*" (Bozesan, 2010, p. 80). Their newly gained capabilities enabled them also to impact both their own culture and social environments. They became better relationship people because they are able to build a bridge between the mind and the heart, between the inner and the outer, between having an "*enjoyable business as well as make[ing] money.*" They became venture philanthropists parallel to or alternative to investing. They now view "*business as a service*" to humanity. Over time, they became involved with the creation of sustainable investing, economic, and business models (a) by promoting long-term thinking through the realization that it "*was not necessarily the shorter term end state you are working towards but the greater good, the greater end state*;" (b) by "*creating social enterprises and different financing mechanisms that are behind that*;" (c) by ceasing to support the "*ideology*" of "*rampant consumerism*;" and (d) by creating social justice and seeking a more integral "*political leadership*." Through their evolutionary process, they have developed more trust, self-esteem, and a deeper understanding of "*interconnectedness*" between people, planet and profit as well as their own life's purpose and their passion (Bozesan, 2010). In an unassuming way, their mission in life has become more important to them than personal achievement and outer success.

## Part 2: Discussion and Implications in Early Stage Investing

Through their major shift in consciousness, the research participants, called here integrally acting investors, realized that their new investing approach must be based on the integration or parity of people, planet and profit rather than preferring one aspect at the expense of the other two. They saw that without a full understanding of the problem, no sustainable solution is possible. Through their transformation, these investors noticed how crucial the interior aspects of the individual and the collective are in determining a full-spectrum investing philosophy and portfolios. They saw that collectively, we do not only have ecological, financial, inequality, water, or poverty crises, we also have interior human crises that must be taken into consideration equally. They realized that their action in the world must be grounded in the quintessence of life as a whole with its interior as well exterior reality.

Part 2 of this paper, shows how (1) vertical growth is at work in the above transformations of consciousness; (2) these developmental dimensions are co-arising weather we are aware of it or not; and (3) Wilber's (2006) integral theory could provide a workable framework for the future of investing. The Theta Model is then briefly introduced as an investing process in early stage investing that includes, transcends, and reflects such a transformation. It shows how the integration of people, planet, and profit measurements could increase trust in the investment process through more comprehensive de-risking tools.

## **Vertical Growth as the Driving Force Behind the Scene**

The desired changes toward integral sustainability occur within a very complex context. That includes what is obvious to the eye from the outside, namely the environmental, financial, economic, and social structures, as well as individual behavior. However, it includes also what cannot be seen from the outside namely the interiors—emotions, psychology, cognition—of participating agents, both the individual as well as collective players. What Krugman (2012) called "*obsolete doctrines that clutter the minds of men*" (p. 191) are actually socio-political and inter-objective contexts, rules, systems, and regulations. But they also contain cultural inter-subjective and deeply ingrained norms, such as ethics and morals that influence our individual and collective behaviors (Baier 1994/1996; Gilligan, 1993; Kohlberg & Ryncarz, 1990).

These collective behaviors have evolved over thousands of years of human evolution (Wilber, 2000a, 2000b) and have been represented by Maslow (Maslow & Stephens & Heil, 1998) in his pyramid of needs. According to Maslow (12998), humans apparently evolve during their lifetime along his pyramid. The model contains consecutive stages of development starting with (a) *survival/physiological needs* for air food water, sex, sleep; to (b) *safety/security needs* for health and property needs; to (c) *social needs for love* to (d) *ego/self-esteem needs* for confidence and achievement; (e) *to self-actualization needs* for high morals and creativity with lack of prejudice and acceptance of facts; to (f) *self- transcendence needs* (Maslow et al., 1998, Maslow, 1999). As individuals are able to fulfill their basic needs, they are able to grow into the next stages. On the moral line of development, Gilligan (1923) names these stages (1) *selfish/preconventional* stages, (2) *care/conventional* stages, (3) *universal care/postconventional*. As humans grow to later stages, they apparently begin to take a more global view on life and adapt higher moral standards (Commons & Armon & Richards (Eds.), 1984; Commons & Armon & Kohlberg & Richards & Grotzer (Eds.), 1990; Gardner, 1993, 2004; Gebser, 1984; Gilligan, 1993; Cook-Greuter, 2004, 2005, 2008; Kohlberg & Ryncarz, 1990; Wilber, 2000a, 2000b). In other words, only at later stages of personal development, people appear to be in a position to fulfill higher ethical requests. That could mean that commandments and regulations can only be fulfilled if people are at later stages of interior development and their basic needs are satisfied and people have higher ethical standards. This could explain why a LIBOR and a subprime crisis had to occur despite SEC and other regulations (Lewis, 2014). Ensuring that the participating agents in such key positions are at later stages of human and moral development could provide additional certainty and avoid similar disasters in the future. In other words, individuals at later stages of development and of higher ethical standards (Baier, 1994/1996; Blackburn, 2001; Dalai Lama, 1999) might be in a much better position to apply Kant's categorical imperative (Kant 1949/1993).

However, what also resulted from this research is that vertical, interior transformation occurs over many years, it is rather painful, elaborate, and not guaranteed. This may also explain in part why mandating through legislation that people behave in an ethical manner, does not guarantee that they will. Most world-religions have tried to cultivate higher ethics for millennia with modest success (Armstrong, 1993).

## **Current Transformations in Investing**

From an investing perspective, there is a lot of reason for hope. The current transformative developments in the investing industry today appear to be occurring through investors such as the ones researched. Such investors seem to be changing the current investment paradigm through various initiatives and activities that attempt to reestablish trust in our economy, financial systems, the environment, and geo-political systems by showing various paths toward "integral sustainability" (Brown, 2007, p. 1; Esbjörn-Hargens & Zimmermann, 2009, p. 245).

One such initiative is the Natural Capital Declaration (The Natural Capital Declaration, n. d.) emitted by 37 banks, investment funds, and insurance companies, which aimed at integrating natural capital criteria such as soil, air, water, flora, and fauna in their products and services.

Another is the Sustainable Stock Exchanges Initiative (Panwar & Blinch, 2012), a commitment made by five major stock exchanges that collectively list more than 4,600 companies, with the intention to promote sustainable investments through a global call for sustainability disclosure and performance by the companies listed on their trade floors. The *Giving Pledge*, launched on August 4th, 2010, is another initiative through which some "*of the wealthiest families and individuals in the United States* [and the rest of the world] *have committed to returning the majority of their wealth to charitable causes*" (Giving Pledge, 2010).

The AVIVA (2011) coalition, an alliance of more than 40 like-minded private and institutional investors managing collectively approximately US $2 trillion, is yet another alliance of investors who have agreed to promote the long-term sustainability of their investees through more reliable information and more robust measurement criteria that could drive more sustainable performance and demonstrate reliably the value of non-financial information including Social, Environmental, Governance criteria (Tomorrow's Capital Markets, 2012).

Moreover, the Global Alliance for Banking on Values provides hope through an independent network of more than 24 of the world's leading sustainable banks. Their report (GABV, 2012) assessed the performance of banks over ten years from 2002 to 2011 and demonstrated how they are (a) eliminating the myth about lower returns through sustainability, (b) showing that sustainable banks have higher returns on assets than regular banks, (c) indicating significantly higher levels of growth in loans and deposits than traditional banks, (d) exhibiting higher and better quality capital inflows; and (e) revealing that sustainable banks are both investing more successfully in a greener and fairer society while having more robust and resilient business models than traditional banks. Furthermore, the International Integrated Reporting Council (IIRC) is a "*global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs . . . that share the view that communication about businesses' value creation should be the next step in the evolution of corporate reporting*" (The IIRC, 2013).

And last but not least, the Global Sustainable Investments study (GSIA, 2015) showed that investments using some kind of Environmental, Social, and Governance (ESG) criteria reached an invested amount of US$ 21.4 trillion equivalent to 30.2 percent of total AuM worldwide in 2014.

## Moving Beyond Both Traditional Investing and Impact Investing

On one hand, there is traditional investing that is profit oriented and thus challenges investors to earn superior financial returns consistently. On the other hand, it has become obvious over the past decades that an increasing number of investors began integrating their values within their investment decisions by looking for more responsible investment opportunities that make a profit in addition to having a social and/or an environmental impact (GSIA, 2015). The mindset transformation of the participating agents paved the way toward the development of Impact

Investing in 1985, which is considered to be its birth year (Robeco et al., 2009). As a result, Impact Investing appears to have become a separate asset class according to the same source. Similar forms of investing with comparable criteria are also known as Social Responsible Investing (SRI), Program Related Investing (PRI), Mission Related (MRI), or Triple Bottom Line Investing (TBLI).

Impact Investing appears to be rather promising because it is driven by the investors' *intention* to make a difference (Bugg-Levine, & Emerson, 2011) and is measured through financial criteria alongside Environmental, Social, and Governance (ESG) criteria (Freireich & Fulton, 2009; Robeco & Booz & Co., 2009). Unfortunately, according to Randall Kempner, Executive Director, of Aspen Network of Development Entrepreneurs, Aspen Institute "*Impact Investing is currently growing linearly. In order for it to grow exponentially, we need to find a way to incorporate mainstream investors into the mix*" (Bryce, Drexler, & Noble, 2013). In order for this industry to grow exponentially, Impact Investing must become mainstream through better-integrated and more easily measurable criteria for mainstream investors (Bryce, Drexler, & Noble, 2013). What appears to impede Impact Investing, however, from becoming mainstream are not only the missing critical mass of world-centric-oriented investors discussed above, but also the outdated current incentive structures. These incentive structures are the result of the old for-profit only investment paradigm that is predominantly influenced by short-term financial performance, market indices, benchmarks, market share, personal security, success, and reputation, as well as regulatory compliance, few of which contain long-term sustainability aspects, which are currently tagged as externalities (Tomorrow's Capital Markets, 2012). New compensation structures should aim at discouraging unsustainable behaviors in the participating agents that in the past led to goal misalignment, cultures of fear, growing self-interest, communication gaps, and high-levels of remuneration that were linked to short-term profits.

**Building Trust Through Integral Investing**

Investors are the custodians of financial capital, natural capital, but also human capital—including interior values such as purpose, joy, and happiness. In order to ensure the accurate integration of these significant factors in investing, i.e. the financial sustainability metrics of traditional investing with the Environmental, Social, and Governance criteria of Impact Investing, as well as the cultural and individual metrics, the application of Wilber's (2000) Integral Theory represented in Figure 3 is herewith proposed.


*Figure 3*: Integral Investing provides the Integration between Traditional Investing and Impact Investing (Bozesan, 2014).

Wilber's (2000) theory informs the investment thesis of Integral Investing with the Theta Model at its center provides a post-post-modern framework that is based on *theory of evolution* while integrating humanity's indivisible value spheres described by Plato as the True/science, the Good/morals, and the Beautiful/art (Plato, 1938/1961). Wilber's (2000a) Integral Theory is based not only on Plato's (1961/1938) irreducible value spheres, it also includes Kant's (1949/1993) *Big Three* critiques; the *Critique of Pure Reason* (the True, "IT" or objective rationality), *Critique of Practical Reason* (the Good, "WE," or morals), and *Critique of Judgment* (Beauty, "I," or subjective reality. It is, furthermore, rooted in Habermas' (1992) indivisible three Worlds, the objective, the subjective, and the cultural. Integral Investing contributes (a) to honoring the truth in all there is including people, planet, and profit; (b) to appreciating diversity in culture and society; and (3) to seeing reality as an indivisible whole. In this reality, every exterior, such as the social, political, and geographical context, has an interior, such as culture and ethical norms that influence it.

For example, an average entrepreneur who lives in a post-modern society such as Western Europe will, most likely, have a different view of the world and therefore another behavior and leadership skills than an entrepreneur from an emerging economy such as the BRIC states (Brazil, Russia, India, China). Thus, the application of Wilber's (2000) integral theory enables the development of a rather powerful de-risking tool. Within the context of early stage investing, it provides with a differentiated view of investees and a reality that is made of a complex web of interrelated and intra-connected *ecological* structures, *social* systems, and *cultural* determinants, all of which are subject to *evolution.* From a collective perspective, the evolution of social systems and/or cultural structures can be categorized either (a) according to the infrastructural and techno-economic base of the society, which includes evolutionary periods such as the foraging, horticultural, agrarian, industrial, informational stages of development (Beck & Cowan, 1996); or (b) according to the predominant worldview of the culture such as archaic, magic, mythic, scientific-rational, pluralistic, integral (Gebser, 1949/1984) or simply pre-modern, modern and postmodern. The cultural worldviews are intimately correlated with the social techno-economic structures because they occurred together and are influencing each other. They are different facets of the same coin. Therefore, understanding and acknowledging the fact that the multitude of societies and cultures on earth are at different levels of evolution and apparently at different levels of consciousness, is key for building investors' trust. This understanding, helps invest much more sustainably and compassionately by meeting people at their own levels of consciousness and not our own. It helps acknowledge, honor, and celebrate the fact that humanity, as a whole is completely heterogeneous. This is true at large and within the context of a start-up company.

From the investing perspective in early stage companies, it is important that the integration of people, planet, and profit occur along the entire value creation. This investment thesis must be included in the deal screening, in the due diligence process, but also be part of the investment execution, as well as during the start-up monitoring and development up to the investment exit. The stages of value creation from deal screening, to due diligence, to investment execution, monitoring, and wealth actualization through the investment exit, are shown in Figure 4 below.

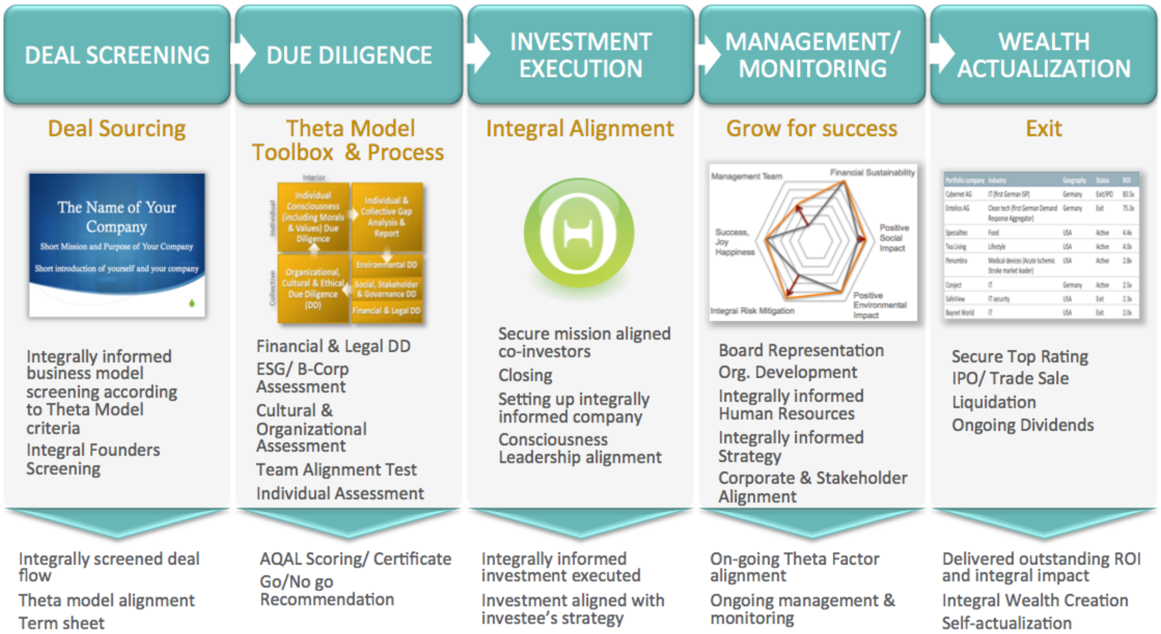


*Figure 4:* The Value Creation Process in Early Stage Investing Using Integral Theory (Bozesan, 2014).

The due diligence procedure, step 2 in Figure 4 is discussed in more detail in the following paragraphs in order to provide a better understanding on the role of trust in investing and how it can be increased through a more thorough de-risking process.

**Trust is an Emotion: Why Better De-risking Tools Could Deliver More Investors' Trust**

Trust is an emotion and emotional intelligence (Goleman, 1995) plays an important role not only in our every day, mundane, life but more so in the context of any type of investing as well as with the "global casino" (Henderson, 2013) on Wall Street, for example. At 1:08 PM on April 23rd, 2013 a fake tweet from a hacked Associated Press account asserted that explosions at the

White House had injured Barack Obama. Stock prices immediately dropped, wiping more than $130 billion off the value of the S&P 500. This number actually understates the severity of the episode because in several cases liquidity simply disappeared altogether (The Economist, 2013, April 23). Therefore, the inclusion of emotional intelligence (Goleman, 1995) along with other human intelligences (Gardner, 1993) such as cognition, intra-personal, and interpersonal intelligences in the due diligence process has been shown to provide better informed investment decisions leading to greater success (Bozesan, 2013a; Kelly, 2011; Rooke & Torbert, 1998; 2005, April; Torbert, & Livne-Tarandach, & Herdman-Barker, & Nicolaides, & McCallum, 2008).

Moreover, the scientific community, from economics, finance, behavioral finance, to neuroscience and psychology (Camerer & Loewenstein, 2004; Yazdipour, 2011) appears to be united in the fact that behavior is influenced by our psyche "in-here" rather than "out there." These various dimensions of consciousness are permanently co-arising and are deeply influencing our decisions whether we consider them or not (Beauregard & O'Leary, 2007; Kahneman & Tversky, 1982; Newberg & Lee, 2005; McCraty, 2001, Wilber, 2000b).

The decision to include most significant de-risking dimensions including those for people, the planet, alongside profit using integral theory (Wilber, 2000), led 15 years ago to the development of the Theta Model in my own investment practice. With respect to measurement criteria discussed in more detail below, the Theta Model implements (a) the integration between traditional, profit-oriented, investing criteria (financial and legal due diligence tools); (b) impact investing measurements with their Social, Environmental, and Governance (ESG (UN PRI, 2013) metrics; and (c) behavioral, cultural, and consciousness criteria as defined in Wilber's (2000) integral framework. Moreover, the Theta Model is an accelerator for screening and decision-making as well as a vehicle for the speedy creation of successful and sustainable companies from the very beginning.

**The Theta Model**

The Theta Model provides a de-risking framework, which integrates traditional due diligence, that is shown in Step 2 in the previous Figure 4, with integral impact investment performance measurements. The five steps of the Theta Model are represented in Figure 5 and will be briefly discussed below.

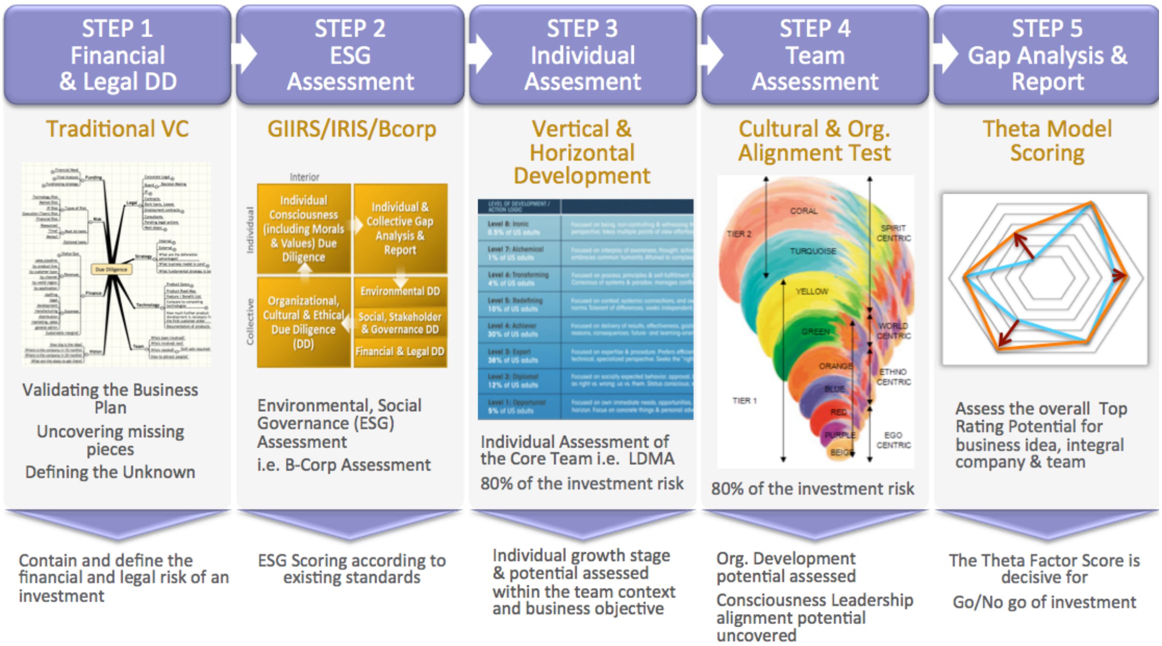


*Figure 5:* The Theta Model: De-risking Steps of the Due Diligence Process (Bozesan, 2014).

*Step 1: Financial and Legal Due Diligence*

In Step 1 of Figure 5, the Theta Model addresses traditional financial and legal due diligence components that try to identify the unknown by validating the business plan, uncovering missing pieces, defining the financial and legal risk, as well as other risks associated with the market, competition, and intellectual property (IP).

*Step 2: Environmental, Social, and Governance Assessment*

In Step 2, the Theta Model implements Environmental, Social, and Governance criteria and thus helps fulfill Brundtland's (World Commission on Environment and Development, 1987/2009) request for integral sustainability by meeting "*the need of the present without compromising the ability of future generations to meet their own needs*" (p. 43). The adoption of Environmental, Social, and Governance (ESG) metrics of the United Nations (UN PRI, 2013) helps (1) reduce risk, (2) create sustainable and responsible companies from the very beginning, (3) produce more transparency (IIRC, 2013), and generate compliance with the International Stock Exchange Initiative to receive a good rating in case an initial public offering (IPO) will occur (Panwar & Blinch, 2012). There are several tools that can be applied to accomplish the goals in Step 2. The GIIRS-based (Global Impact Investing Rating System) self-assessment offered by B Corp (2015) is highly recommended.

*Step 3: Individual Assessment*

Any good real estate agent would agree that "location, location, and location" are the three most important attributes of a successful real estate investment. In a similar way, any experienced high-risk/VC investor would agree that investing in a high-quality management is arguably the litmus test not only for the success of the start-up, but more importantly for the success of the partnership between investor, entrepreneurs, community, suppliers, and other stakeholders. In our experience, more than 80 percent of the investment risk can be addressed by performing an integral due diligence on the team.

Most due diligence tools used by investors to assess individuals and the team of a start-up are frequently limited to assessing exterior factors such as the ones described by social scientists as (a) *mental characteristics* such as "the need for achievement, need for power, belief that one is control of one's own destiny, and risk preferences"; (b) behavioral characteristics that include "*determination, resourcefulness, a sense of urgency to get things done, and a realistic approach to facts*"; (c) physical characteristics such as "*energy level, a better than average ability to speak and communicate, and mental stamina*"; and (d) moral characteristics such as "*honesty, partnership orientation, and a desire for fair play*" (Gladstone & Gladstone, 2004). The traditional VC assessment process includes individual and team interviews, background checks, personal history assessments, and observing of body language during personal interactions. Some venture capital firms "*resort to personality or psychology tests, but this is not frequently done*" (Wong, 2005). This is unfortunate for both the start-up and the investor side.

Given the fact that both parties are actually looking for a mutually fruitful relationship, the results of these tests would help cement the potential relationship and lead it to success. According to research by renowned Harvard scholar Susanne Cook-Greuter, (2004) only 10 to 20 percent of adults demonstrate high ethics and high levels of ego development. Identifying those in a start-up setting would help ensure that what is being promised on the outside is authentically true on the inside. According to CEO-oriented research (Rooke & Torbert, 1998; 2005, April; Torbert, & Livne-Tarandach, & Herdman-Barker, & Nicolaides, & McCallum, 2008, August 9), performed on 10 organizations over four years by Action Inquiry experts Rooke and Torbert (2005, April), there appears to be a direct correlation between the levels of consciousness of the CEO and the survival of the business. In this research, all five organizations lead by CEOs rated at high ethics levels were transformed into successful businesses; financially and otherwise. Only two of the organizations that were lead by CEOs assessed at conventional levels of consciousness were still around while the others went out of business. Additional research performed on financial service advisors at American Express by leading Stanford researcher and forgiveness expert, Fred Luskin, (Luskin et al., 2009) "*demonstrated a 50-400 percent improvement in productivity over their peers, which led to an average increase in sales of 25 percent. This was coupled with a marked decrease in stress and a large improvement in life satisfaction*."

Beginning with Step 3, the Theta Model goes, therefore, well beyond traditional investing, sustainable and responsible investing, or impact investing criteria. It includes additional aspects of reality—such as interior, evolutionary, behavioral, inter-objective, and inter-subjective—that are constantly co-arising and which affect us whether we are aware of them or not (Wilber, 2000). The detailed explanation of Wilber's integral theory and its application in early stage investing is not within the scope of this paper. For more details, please refer to Bozesan (2010, 2011a, 2011b, 2012, 2013a, 2013b, 2014). The underlying premise of this application is that leaders can be developed through vertical learning (Brown, 2014). Vertical learning is considered the number one future trend in leader development (Petrie, 2011) and is thus very important especially in the success of early stage companies. Vertical Learning occurs naturally, yet can be accelerated by three to five times under the right conditions (Brown, 2014). Applied correctly, it appears to broaden our worldview and to heighten our awareness. Leaders with greater vertical development are perceived as more effective and more capable of addressing complex challenges (Brown, 2014). Research indicates that vertical learning can have the following impact: (1) Vertical learning helps transform how people think and behave, not just what they know. It literally alters brain functioning and recreates a leader's worldview; (2) Studies of CEOs of industry-leading public companies, mid-market executives, military cadets, and consultants all show that vertical learning creates a new operating system – a more complex mindset – that makes leaders considerably more effective than their counterparts (3) Leaders with mature vertical development not only appear to see and feel situations and people differently, but they seem to see and feel *more* than other leaders.

With vertical development, leaders seem to perform better across a host of mission-critical domains: (a) Inspiring vision and leading transformational change; (b) Strategic, systemic, and contextual thinking; (c) Building relationships, collaborating, and resolving conflicts; (d) Decision-making, reframing challenges, and creating innovative solutions; (e) Developing themselves and others; and (f) Tolerating ambiguity and navigating complexity (Nicolaides, 2008). There are various tools that can be applied within Step 3 of the Theta Model. Within the context of this paper, LDMA (Leadership/Lectical Decision Making Assesement) will be mentioned (Stein & Dawson & Fischer, 2009). LDMA "is a learning tool that supports the development of leaders' decision-making skills" that focuses on three aspects of decision making (1) *collaborative capacity:* the ability to bring together diverse perspectives to develop inclusive, innovative, and effective solutions, (2) *contextual thinking:* the ability to consider problems in terms of the broader systems and contexts in which they are embedded, and (3) *cognitive complexity:* the ability to think well about complex issues" (Lectica, 2014). The tool is based on work performed at Harvard University Graduate School of Education. It was initiated by Prof. Kurt W. Fisher and later enhanced by Stein & Dawson & Fischer (2009).

*Step 4: Team Assessment*

In support of team assessment and development, Brown (2014) stated, "*high performing teams exhibit a ratio of positive interactions (support, encouragement, appreciation) to negative interactions (disapproval, sarcasm, cynicism) of between 3:1 and 11:1. Such teams also balance advocacy with inquiry and balance a focus on self and others. In layman's terms, they care about one another and work well together. These behaviors enable the teams to operate in a dynamic flow-like state a bit like a championship basketball team. Medium and low performing teams exhibit lower ratios of positive to negative interactions, favor advocacy over inquiry, and participants focus more on themselves than on each other*." (Brown, 2014).

Possessing this type of data on the entrepreneurs in whom one invested could significantly increase the trust, the likelihood of success, and reduce the investment risk related to the team. Here too, there are a myriad of tools that can be applied to team assessment. *The Five Dysfunctions of a Team* is such a tool and process that is based on the book with the same title by Patrick Lencioni (2002). The Five Dysfunctions of a Team are (1) Absence of Trust (2) Fear of

Conflict, (3) Lack of Commitment, (4) Avoidance of Accountability, and (5) Inattention to Results.

*Step 5: Gap Analysis and Report*

Step five contains the summary of the integral due diligence process contained in the Theta Model. It offers a gap analysis and report und makes the final recommendation for the investment based on the Theta Factor, which will not be discussed further in this paper. In short, the Theta Factor is a number that results from the summary of each due diligence step. A positive investment decision will be made only if more than 80 percent of all requirements have been fulfilled in order of importance.

**Conclusion**

Through the application of the Theta Model in early stage investing, an investor has the opportunity to not only decrease the investment risk but also increase his/her own trust in the success of his/her investment because of the utilization of a much more elaborated and more thorough de-risking process and tools. The premise is that his/her portfolio companies must (1) solve real customer problems; (2) implement innovative business ideas; (2) have a specific sector focus such as transformative technology, climate change, lifestyle, cultural innovation, and/or megatrends; and must (3) have the ability to massively scale into a worldwide marketplace. The Theta Model ensures that the portfolio companies are (1) lead by dedicated, resilient, and integrally acting management teams; (2) committed to integral sustainability criteria including, financial, environmental, social, and governance measurements; (3) displaying ethical behavior; (4) creating a corporate culture based on higher values and levels of consciousness; and (5) support transparent reporting.

At the same time, the following mistakes can to be avoided: (1) failure to identify early enough the lack of team alignment and missing common values; (2) the companies must be easily accessible and geographically and culturally close to the immediate circle of influence through the investor and other stakeholders; (3) the technology must not be too early that it takes too much capital and time to materialize; (4) do not neglect the importance of a regulated market; (5) the main founder(s) must want to provide some kind of exit in order for the investment to be retrieved within a reasonable period of time; (6) do not be too hands-off; (7) allocate enough capital so you can continue investing in the company's growth to avoid unnecessary dilution; (8) do not invested against your intuition and gut feeling; (9) do not trust the entrepreneurs at face value; always use proper scientific tools to assess the levels of moral and ethics: do not underestimate the importance of proper legal advice; (10) being fast is key to success in order to avoid being eliminated by faster and hungrier competition; (11) not be well prepared for crises; Early stage investing is risky business but if the homework if comprehensively done there should be no regret.

When the Theta Model is applied in full, it could be argued that the main key to success is the team including all stakeholders such as investors, suppliers, start-up team, and other contributors. The intention of the Theta Model is the cultivation of a stakeholder culture based on trust, interdependency, integrity, transparency, caring, passion, and fun in addition to the desire to be financially and otherwise sustainable. The result could be not only happier employees, and higher customer stickiness, but also significantly higher returns of integral impact investments.

More research would have to be performed to achieve higher data granularity, but it appears that by adding multiple worldviews and perspectives within the Wilberian (2000) quadrants, the investment risk could be significantly reduced and a better integral impact achieved (Bozesan, 2013b, 2014; Rooke & Torbert, 1998; 2005, April; Torbert, & Livne-Tarandach, & Herdman-Barker, & Nicolaides, & McCallum, 2008).

## Summary

This paper argued that the lack of investors' trust in the stability of economic development could be one of the main reasons for the current global stagnation. It contended that investing is driven by emotional intelligence that depends upon the levels of consciousness of the participating agents. The research performed on 136 global investors was presented and the hypothesis that intrinsic trust in the future could be achieved through personal growth and vertical development was tested. The paper asserted, furthermore, that more trust in investing could be cultivated through the external integration of appropriate measurements for people, planet, and profit. The Theta Model was subsequently introduced as an evolution-based, de-risking tool grounded in Ken Wilber's Integral Theory. Much more research will have to be performed to make the Theta Model applicable at large scale in early stage investing. As technological innovation will continue to grow at historical rates, this model could provide an enhanced de-risking tool toward integral sustainability. It could make sure that the available capital is integrally de-risked to address further resource degradation, increasing pollution, massive climate change, growing inequity, substantial social unrest, and geo-political conflict. The Theta Model could provide the necessary de-risking tools and due diligence processes required during the transition from a fossil-fueled economy toward an integrally sustainable economy rooted in well being for all human kind and our blue planet. From the research shared on vertical development in adults one could gain additional hope in the intelligence and resilience of the human species and in our collective ability to turn crises into opportunities.

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