
“I would say the root cause is market fundamentalism. I think in the end we started to believe that the market is not a tool anymore but a way of life in itself... Now with all this **Maya of finance gone, we are able again to ask what really matters?”**

Peter Blom

**Triodos Bank, Chairman of the Executive Board
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C. Otto Scharmer: *What are two or three important experiences in your life journey that have brought you to where you currently are and to the work you're engaged in?*

Peter Blom: When Triodos Bank was founded in 1980, **I was really in deeply uncertain about whether to become a philosopher-anarchist on the one side or a successful entrepreneur on the other side.** And I always felt I had to make a choice. And then suddenly I found Triodos. I thought, this is a synergy of both on a higher level. It's a bank that is absolutely not mainstream. **This bank serves social initiatives and at the same time it makes room for entrepreneurial development.** It was very important for me to see that I could combine the two.

Another important moment for me is even more personal. I was asked to become a managing director of the bank when I was only 32. And I realized then that that was a moment when I could say no and travel out into the world to do other things or a long-term commitment to Triodos.

I felt this is really the thing I wanted to do and I have to do and like to do. So it's one of these moments where you ask, what choice do I make? **I strongly sensed that this was about destiny** not just the starting point of a career in banking.

COS: So it was your calling that is what life called you to do?

Peter Blom: Yes. And I was 32. I was the youngest statutory director in the Dutch banking industry. I was really wondering, can I ever become a real banker? I think I had to find out for myself what that would mean, to be a banker.

My career started with a strong entrepreneurial phase, at the time we started the bank. That felt quite natural. Then, when I became managing director, I had to learn how to actually manage a

bank. I was not a natural-born manager and only for the last five to ten years do I feel more that there is a broader leadership role as well.

It was important for me to realize that I went through these stages—the entrepreneurial phase, then the process of learning how to manage, and then from there toward leadership. **I think leadership is not something you can fight for, you can learn; you have to earn it, and you have to wait until it comes to you. It chooses you, not the other way around.**

KK: So that leads us to the second question. *How does the current economic crisis show up in your personal experience?*

Peter Blom: Well, it's very interesting. I always felt that we were in a sort of crisis in our economic thinking. But it was not visible yet. **The whole idea behind Triodos Bank is that there needs to be another way of dealing with money, more consciously based on transparency. But we also need to answer what the nature of money is. It only exists in a human society, it is man made. It is about trust and we have to come to an agreement on how we use it. It's not something that exists without people,** like nature. Money is therefore different from a physical product or a service. And yet banks have been treated as a normal business.

And now the financial crisis has shown very rapidly, in a very short time, that conventional banking is not sustainable. Now we are back on the ground to see that what we thought was going on in the financial world is not really what was happening.

For me the financial crisis is a sort of proof. Also in a certain way **there is a common recognition that we really have to do things differently.** So for me, the crisis has a very positive side, as well.

It confirms, I would say, that Triodos is on the right track. And that in itself creates a lot of energy. Something we want to share with others to bring about change.

COS: Now, we hear a lot about symptoms when we switch on the TV or read the newspapers, but *what are the root causes of the current situation, of the financial-economic crisis?* What do you consider the most important root causes underlying it?

Peter Blom: **I would say the root cause is market fundamentalism. I think in the end we started to believe that the market is not a tool anymore but a way of life in itself.** Everything has to be benchmarked for a market price. Everything has a price. And product or service had only value when it has a price in the market. That sort of thinking is so deeply held in our belief system and has become so deeply embedded in our thinking that we find it very hard to distance ourselves from it and to realize that it is only one way of looking at reality.

So our accounting system, our way of making annual reports, our way of dealing with Social Security, with all sorts of questions—all are based on market prices. **Something has value when it has a price in the market. The one-sidedness of this kind of thinking is actually the fundamental problem behind the whole crisis.** It makes it possible to separate us from a **real need** people have and from the services and products that we really would like to offer. **If you only think about markets in the end, markets start to become their own life. They not longer serve us, we serve them.**

That has happened in the market for mortgages, for example. As soon as you start to package mortgages and bring this package into a market, you move it away from real human-economic relationships. The market takes over. **You think you are richer when the price of your package of mortgages goes up, and now we all believe we are poorer because it went down.**

So I think that's really the primary disease of the system.

KK: What is the blind spot in our contemporary thinking?

Peter Blom: **The blind spot is exactly that we cannot see the core issue in an economy, which is that somebody has a need and somebody else has something to offer, a skill, potential to take care of the need, to fulfill it with a real answer.**

For a bank, the **core business is to help build the relationship between borrowers and depositors.** That is really what banks are about. And markets are a way of measuring of the temperature of one aspect of that basic transaction. That's the blind spot in our thinking. **We develop all the measurement techniques and think that the measurements are the reality, not the underlying transaction.**

COS: Very interesting. So given the forces and the rapid pace of change around us, what is your prediction for the next three to five years? How will the current situation unfold? What will the world look like in 2012, '13, and '14?

Peter Blom: I still think it can go two ways. There is one scenario where **there is a real opportunity now that people are starting to realize that the financial crisis is only the first sign of a much deeper crisis in how we relate to each other and to the Earth, to the people and the planet. Now with all this Maya of finance gone, we are able again to ask what really matters?** That is one possibility.

When we are not overwhelmed by fear of what could happen, then there is a very high possibility of **finding a new balance, a new balance between, well, people-planet-profit, or in more traditional economic terms, between nature, capital, and labor.** How can we create a more

balanced economy where those factors are again related to each other? Where capital serves the possibility of the division of labor, where labor is freed from just being a means of production.

The other alternative, the other scenario that could happen, is that people start to believe that the crisis is over. There are already some signs that people are saying, well, we are already in an upturn, we're moving up again. **Then we will not have learned from the crisis, and we will have a next crisis, I would say in two or three years, and I would then expect to see financial-economic crises happening more frequently, with shorter intervals between them.**

The last one was early 2000, 2001, 2002. We didn't learn from that one, so it's coming back now again, and the next one will be back rather sooner than later, I believe. We could end up in a permanent state of crisis. And that would push us backwards, toward becoming a society where there is a **fight for minerals, a fight for oil, a fight for water, for everything. And a diminishing quality of life**

So we can make either a step forward or a step backwards. But it will not stay the same as it is now. It's really a matter of choice. **Either we become more addicted to a model of growth and more material wealth, or we free ourselves.** But it's certainly not stable.

KK: And in order to succeed in taking this step forward, what strategy would you suggest? *What transformation strategy could address these root issues* that you outlined?

Peter Blom: I believe that we have to work on the micro and the macro level at the same time. **On the micro level there are more and more businesses that are not just a business, but integrate a number of functions.** One of the areas where I see a high potential is **multifunctional agriculture. Agriculture is no longer just producing food, but producing health, producing all sorts of value for people.** And this form of agriculture would develop a new kind of entity by acting together. And it would also generate new ideas, new ways of organizing our economy.

On the macro level, especially in the financial sector, but also in other sectors, I see that **the isolation of one specific sector will be less and less an option.** There will be more **regulation** of financial institutions. These regulations will make visible that financial institutions have to serve the society as a whole and cannot be just businesses working for shareholders. I expect the **stakeholder model** will be more the model for big corporations as it is already for many smaller companies and organizations.

But these changes will be slow. This is a step-by-step process. There will be relatively small, innovative initiatives that demonstrate the ideal for the future. They are prototypes for a future society and new economic order. They will proof the success of a **stakeholder approach instead of a one-dimensional shareholder approach.**

So I think that's the way, that's the strategy I can see for society.

COS: If you were to advise Barack Obama—and we could also include the EU government today—what three action steps would you suggest they take?

Peter Blom: My first recommendation would be to invest intensively in securing healthy food, water, and renewable energy. I strongly believe that these are the three basics that we will need more and more, and I believe investing in those areas *without* the traditional business case approach, without requiring a return on our money in two or three years, but with a long-term perspective, is crucial. Because I'm quite sure this investment will pay for itself.

It is essential how we feed ourselves. **This is not just a quantitative, but also a qualitative question.** I personally believe that water will be an even more important challenge in the coming years than energy.

And last, but certainly not least, there is the challenge of renewable energy. So, I would focus on these three industries and create the pre-conditions that would allow corporations to successfully invest in these fields.

My second recommendation would be to work on a legal framework that would support a stakeholder approach—not only a shareholder approach—and would allow the stakeholder approach to become the norm. Maybe the stakeholder approach can be the new way of doing business, how we create a business. I believe we need more innovations in that field. Governments would need to support this new business model instead of business models that are entirely focused on the shareholder.

And **the third thing I would recommend is to look at education**, because I believe that education develops the consciousness and awareness of the next generations. **The main issue in education is moving from our natural tendency to want quantity toward quality.** I strongly believe that quality is in the end something that allows children and future citizens to understand that have fewer material goods does not always mean less welfare. So you really have to invest in education and promote much more the non-material, more qualitative dimensions of life and provide a rich education for the future. Otherwise, the next generations will still long for more energy, more this, and more that. A transformation to a new thinking and way of living has to take place.

So those are the three headlines I would look at.

***KK: How does the core or the essence of your work address what we can do in order to move forward?** Maybe you could give some examples?*

Peter Blom: I think that Triodos Bank is now recognized as not only a good bank that supports good causes like renewable energy and organic farming, but also a bank that provides an interesting model. And I believe that for Triodos Bank it's very important to further develop its model in a way that other banks can use and learn from.

About a year ago, we were still seen as the bank that was supporting good causes. But now we are also seen as part of a future solution for banking. And that has very much to do with the fact that, to give you one example, **our governance model is fundamentally a stakeholder model.** The Dutch Association of Banks came out with a report supporting this model even for listed banks. It's model that's not only about shareholders. So that's one example.

Another example is that **Triodos focuses on the real economy. We ask what is a sustainable business in the real economy when we invest.** So our know-how, as well our focus on making loans and other investments, is on the concrete work in the real economy, which is a healthy basis for doing banking.

I strongly feel we now have to prove that we can **be an example for other banks**, which might mean that we are creating our own competition, in a way, but I think it's great for a pioneer to do that.

And it's really our time. I can feel it. We have been working for 29 years to arrive here, and now we are able to say that because we have three decades of experience, and even a decade more if you include all the preparation work, now we have to show our presence and what is in the Triodos model that is available to the rest of the world.

It's not an easy question, because there are the day-to-day business aspects to take care of as well, but I very much feel that we have a much broader role to play than we had one or two years ago.

COS: This notion of what you said, that *this is our time*, is true for Triodos. But it's also true in many ways for a whole generation, which is why that same sentiment articulated by Barack Obama has resonated so widely around the world.

As you think about this larger transformation that we are all a part of and all co-creating, *what are some of the most important questions for future research that we should focus on?*

Peter Blom: I think **we have to transform our thinking about the economy.** That would include not thinking about isolated economic questions, and moving toward an integrated, sustainability approach.

As a contemporary citizen **I know very well how the idea of maximizing profit works. That's a model I'm used to and I know how to do that. But can what about a model where you deal with maximizing sustainability? A theory that combines ecological-economic-social dimensions, that does not separate ecological questions from social questions and from economic questions,** but integrates them on a higher level? And

come up with models that work and that can be used by our next-generation managers in running businesses.

So this integrated notion, that it's not just about working in a market where you realize your maximum profit and believe that everybody will benefit because of the 'law', the belief in the market, is crucial. You can take it one step further and conduct research to prove that an integrated approach, a more sustainability-maximizing or total-value approach—not only in a financial sense—is actually the way to run businesses. I think we are still dealing with old thinking there. And **we desperately need new thinking, also in universities. We need new generations of managers for whom this new thinking comes naturally.**

COS: Thank you, Peter!