



**LAO
TZU**

**THE
ART
OF
LEADERSHIP**

Interpreted
and
Compiled
by
Erik
Schön

Purpose
and
Integrity
for
Sustainable
Success

*A beautifully deep exploration of **leadership**
based on a modern interpretation
of my favourite Chinese classic,
the **Tao Te Ching**
by **Lao Tzu**.*

ROD LEAVERTON, strategist

*This is powerful,
this is for practical people
struggling with **business** goals.*

GORAN SKUGOR, competence manager

*I love this interpretation of **Lao Tzu's Tao Te Ching**.
The insights go beyond what I could possibly imagine.
After leading a tech company for more than 26 years there is still so much to learn and study.
Thank you, Erik, for bringing these more than wise words to our attention.*

JØRN LARSEN, founder and CEO, Trifork

Tao Te Ching by *Lao Tzu* is the most lovable of all the great texts:

funny, keen, kind, modest, indestructibly outrageous, and inexhaustibly refreshing.

*Of all the deep springs, this is the purest *water*. To me, it is also the deepest spring.*

URSULA K. LE GUIN, novelist

Lao Tzu's Tao Te Ching is the one book I've read every single day;

it has transformed my life many times in many different ways.

SIMON WARDLEY, *strategist* and inventor of *Wardley Mapping*

*If you do not know the philosophy of *Tao Te Ching*, you have no chance of success.*

JACK MA, founder, Alibaba Group

*I'm not just sitting and talking about the *Tao*, but starting and doing it.*

ZHANG RUIMIN, founder, Haier Group

Lao Tzu itself is an *agile* manifesto.

PETER MEREL, *agilist*, author of *the agile way*

Purpose is a surer path to productivity than pressure.

Pressure keeps knocking you off the path.

Purpose keeps bringing you back onto the path.

KENT BECK, programmer and creator of Extreme Programming

Lao Tzu

THE ART OF LEADERSHIP

Purpose and Integrity for Sustainable Success



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Introduction

What is leadership?

Why is this important?

How do you lead successfully?

THE ART OF LEADERSHIP provides timeless answers to these eternal questions. It is a modern reading of Lao Tzu's *Tao Te Ching* (On Purpose and Integrity) – a guide for leaders – using the glasses of the *Antimatter Principle*: Attend to folks' needs;¹ *Nonviolent Communication* (NVC)² and Sun Tzu's classic *The Art of War* that both influenced and was influenced by Lao Tzu.³

It is part of a trilogy – *The Art of Leadership*, *The Art of Change*⁴ and *The Art of Strategy*⁵ – exploring timeless patterns for sustainable success in turbulent times, helping you to think and act from first principles while being mindful of context.

This interpretation gently transforms *Tao Te Ching* – written around 500 BCE in what is now called China and one of the world's most translated and influential texts – into modern, crisp English. It also includes helpful comments to clarify Lao Tzu's terse, poetic text, turning it into a conversation through the ages. Additionally, an extensive *Glossary* is provided since many Chinese concepts are purposefully abstract and ambiguous. I have tried to keep the text as simple as possible but not simpler and I recommend reading the sections slowly, in small doses, to give time for reflection.

You will discover new perspectives on the world, people and their behaviours, get actionable advice on how to lead strategically and effectively, and, learn how to make a difference using purpose and integrity instead of pressure and control.

You will also improve your understanding of China, Chinese ways of leading and strategising since the *Tao Te Ching* is deeply ingrained in Chinese thinking, decision-making and actions.

¹ Bob Marshall. The Antimatter Principle. <https://flowchainsensei.wordpress.com/2013/10/12/the-antimatter-principle/>, October 2013

² Increasing empathy and improving the quality of life, see

Marshall B. Rosenberg. *Nonviolent Communication. A Language of Life. Life-Changing Tools for Healthy Relationships*. PuddleDancer Press, 3rd edition, 2015

³ Derek M. C. Yuen. *Deciphering Sun Tzu. How to Read The Art of War*. Oxford University Press, 2014; and Scott A. Boorman. *Three Faces of Sun Tzu. Analyzing Sun Tzu's Art of War, A Manual on Strategy*. Cambridge University Press, 2024. With the collaboration of Sun Jianyuan

⁴ Erik Schön. *The Art of Change. Patterns for Success. A Modern Interpretation of the I Ching*. Yokoso Press, 2024. URL <http://yokosopress.se>

⁵ Sun Tzu, John Boyd and Simon Wardley. *The Art of Strategy. Steps Towards Business Agility. Interpreted and Compiled by Erik Schön*. Yokoso Press, 2024. URL <http://yokosopress.se>

THE FOLLOWING is a summary and visualisation of THE ART OF LEADERSHIP according to Lao Tzu.

Move beyond individual goals towards purpose:

a higher meaning that keeps people united,
supporting each other without fear
through success and failure.

Move beyond efficiency towards effectiveness:

maximising outcomes while minimising efforts – using purpose.

Move beyond pressure and control

towards purposeful success – together.

Move beyond fixed labels and quick judgements

towards seeing with fresh eyes.

Move beyond separating heart and mind

towards integrating thoughts and feelings.

Move beyond individual wants and intents

towards attending to people's and nature's needs.

Move beyond resolving paradoxes and trade-offs

towards integrating opposite and complementary perspectives.

Complement the uniqueness and importance of everyone

with the interdependence of people and environment.

Move beyond optimising parts

towards harmonising wholes.

Move beyond leadership as pressure and control

towards leadership for self-organisation.

Move beyond leadership as a role

towards leadership-as-a-service⁶ – by everyone.

Move beyond trying to control turbulence

towards learning how to raft – together.

Move beyond finding your purpose, following your path.

towards purpose-making and path-walking – together.

What is beyond was already here

2,500 years ago.

THE ART OF LEADERSHIP is

securing harmony among people and nature,

through purpose and integrity

and evolving our capabilities to see, think, feel and adapt.

⁶ Peter Merel. Leadership as a Service. <https://www.linkedin.com/pulse/leadership-service-peter-merel/>, September 2017

THIS TEXT is more similar to the hypertext of the internet than linear texts such as books. It is an entangled web of connections rather than a single thread of thought.

Move beyond words and sentences
towards seeing how [stakeholders’ needs](#), [capabilities](#) and sections connect:

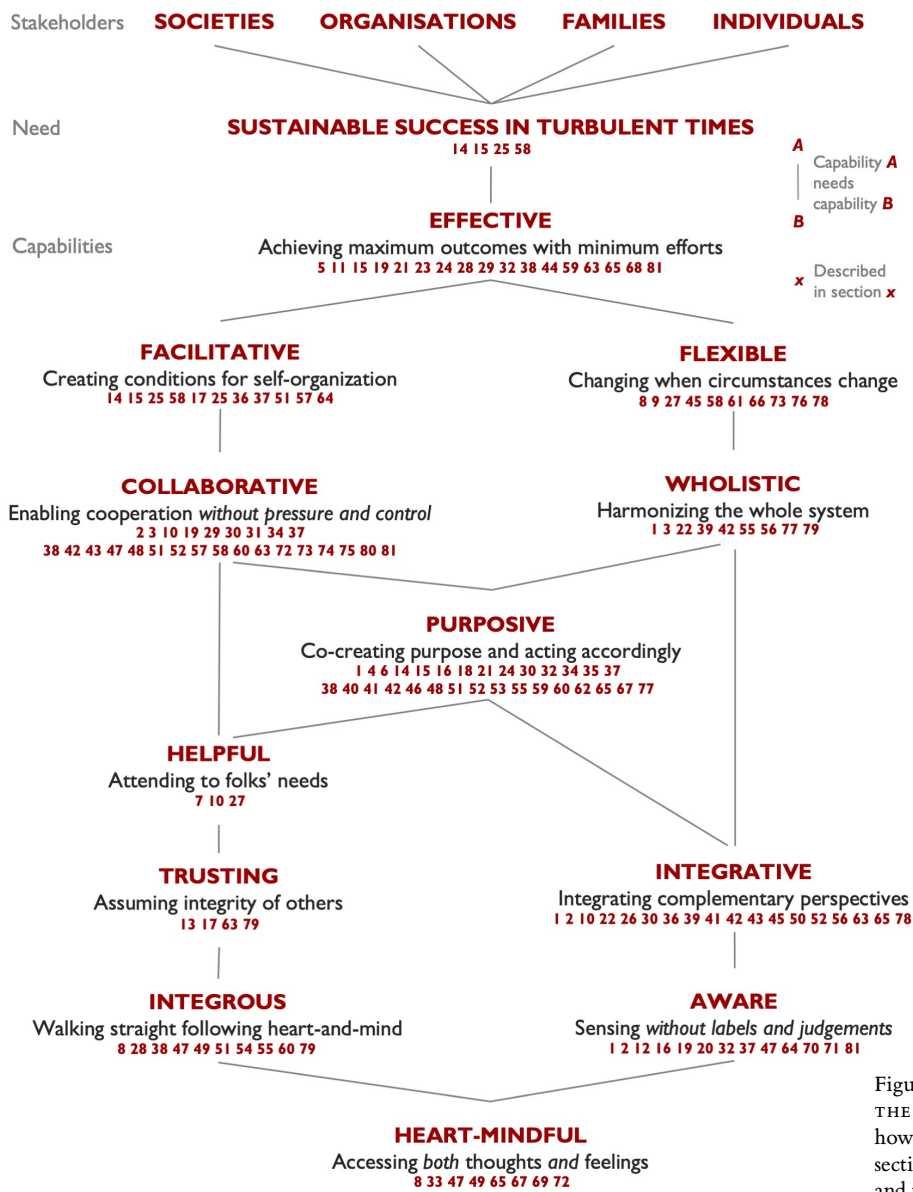


Figure 2: A reader’s guide to THE ART OF LEADERSHIP: how key [capabilities](#) and sections relate to each other and to [stakeholders’ needs](#)

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⁷ See *Sources* for references to the translations of Lao Tzu's *Tao Te Ching* used as a starting point for this interpretation

⁸ Bob Marshall. The Antimatter Principle. <https://flowchainsensei.wordpress.com/2013/10/12/the-antimatter-principle/>, October 2013

⁹ Chester W. Richards. All by Ourselves. <https://fasttransients.files.wordpress.com/2010/03/allbyourselvesv2.pdf>, December 2015

¹⁰ "Lao Tzu will repay serious study and contemplation, but don't take it too seriously. For one thing, compare two translations and you'll wonder if they're working from the same ancient manuscript. And for another, embrace the notion that once you think 'this is it', then it isn't it (another ancient idea to ponder)." in

¹¹ Chester W. Richards. The Best Books for Upsetting Your Orientation. <https://shepherd.com/best-books/for-upsetting-your-orientation>, May 2022

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¹² Bernhard Karlgren. Notes on Lao-Tse. *Bulletin of the Museum of Far Eastern Antiquities*, 47-48:1-18, 1975

¹³ Kent Beck. Twitter. <https://twitter.com/kentbeck/status/1392608298268983300>, May 2021

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Part I: Purpose

1. GUIDE TO THE ESSENCE

Lao Tzu

PURPOSE¹⁴ is a guide rather than a fixed target;

labels help when they are temporary.

The world began without labels;

labeling everything was the starting point.

Move beyond labels and fixed mental patterns

to see the whole;

use labels and fixed mental patterns

to see the parts.

Correlative pairs form unities

although the parts look to be opposing.

Such unities are profound;

profound guides to the essence of everything.

Chris Fraser

A widely shared aim in early Chinese thought was to guide personal, social and political life by identifying a purpose that is *cháng* (常), consistently or always applicable. Lao Tzu famously rejects the idea that any explicitly articulated purpose can be *cháng* and that nothing is *cháng* except the ongoing flow of events and of our integrity-guided activity.

Kimura Kyūho

— Everything written symbols can say has already passed by. They are like tracks left by animals. That is why the masters of meditation refuse to accept that writings are final. The aim is to reach true being by means of those tracks, those letters, those signs – but reality itself is not a sign, and it leaves no tracks. It doesn't come to us by way of letters or words. We can go towards it, by following those words and letters back to what they came from. But so long as we are preoccupied with symbols, theories and opinions, we will fail to reach the principle.

— But when we give up symbols and opinions, aren't we left in the utter nothingness of being?

— Yes.

¹⁴ *Purpose*: the Chinese character 道 (dào) is constructed from the elements 止 (shǐ) “foot” and 首 (shǒu) “head” or “to give direction”, so combined, “to give direction to your steps”, hence “purpose”.

Ames & Hall

Naming with fixed references is a way of making distinctions in order to function **effectively** that can distort the way in which we understand the world by institutionalising and enforce an overly static vision of the world, and in doing so, deprive both language and life of their creative possibilities.

We try to be precise in denoting the events that make up our experience, new associations are constantly arising that challenge our terms of reference. Process insists that these events and their meanings for us be ever **fluid** and changing.

Derek M.C. Yuen

Chinese dialectics is based on **correlative pairs** and uses contradictions to understand relations between objects or events, to transcend or integrate apparent oppositions, or even to embrace clashing but instructive viewpoints. Not only is the Chinese dialectical **system** far less prone to the cognitive deadlock that results from paradox, but it also provides a powerful tool to arrive at a better understanding of certain situations.

As **correlative pairs** are at once interconnected, interpenetrating, and interdependent in an uninterrupted manner, the polarity of the situation essentially rests in them (or the **correlative pair** continuum). In the same way, in warfare, the polarity of the situation stems from the antagonism between the forces involved. Far from being two irreducible or even mutually exclusive states, the constituents are two consecutive stages that are produced by the deployment of reality.

It can be a mistake to reject conclusions because they seem formally contradictory; such conclusions are merely reflections of things, and it can sometimes be more sensible to admit that an apparent contradiction exists than to insist that either one state of affairs or its opposite is the true one.

François Jullien

Instead of excluding each other, **correlative pairs** mutually **condition** each other, and this constitutes the logic from which skilled **leaders** derive their **strategy**. For, instead of seeing no farther than the opposed aspects of things, as common sense pictures them, and keeping them isolated, skilled **leaders** are able to discern their interdependence and to profit from it. This is what they exploit.

2. BEYOND LABELS AND OPPOSITES

Lao Tzu

WHAT is labeled “pretty”
 may also be labeled “ugly”;
 what is labeled “good”
 may also be labeled “bad”.

Hidden and visible form each other;
 tricky and easy cause each other;
 long and short shape each other;
 high and low cap each other;
 sound and silence match each other;
 before and after chase each other.¹⁵

Such **correlative pairs** form profound unities of opposites.

Therefore, skilled leaders¹⁶
 act without pressure and control;
 teach beyond words and labels;¹⁷
 facilitate without initiating;
 serve without interfering;
 succeed without taking credit.

Without taking credit, success endures.

John Boyd

If you want to understand something, take it to the extremes or examine its opposites.¹⁸

Chuang Tzu

Everything can be looked at this way or that way. One person sees things differently from others. One can only know things through one’s perspective. “That” becomes “this” and “this” follows from “that”. It is the parallel birth of “this” and “that”. If they are possible in one way, they are impossible in another. If they are right in one way, they are wrong in another. Skilled **leaders** avoid this confusion and see things in their natural light: “this” is also “that”; “that” is also “this”; “that” can be right or wrong; “this” can be right or wrong. That “that” and “this” cease to be opposites is the essence. It is a constant axis at the centre of a circle responding to endless change: “right” is an endless change; “wrong” is an endless change. Use the light of reason at the centre to move beyond “right” and “wrong”.¹⁹

¹⁵ A point on a ring is both before and after any other point depending on the arbitrary choice of reference point.

¹⁶ *Leader*: The Chinese character 聖 (shèng) is constructed from two characters: 耳 (ěr) which means “ear” or “to listen” and the character 口 (kǒu) which means “mouth” or “to speak”, hence a person who takes others’ perspectives into account while co-creating and conveying purpose.

¹⁷ Using visualisations and **correlative pairs** to convey unprincipled knowledge.

¹⁸ Robert Coram. *Boyd. The Fighter Pilot Who Changed the Art of War*. Back Bay Books, 2004

¹⁹ Hans Granqvist. *Filosofi i Kina. De stora filosoferna, folktron och spådomsböckerna*. Svenska Förlaget, 2000

Hans Granqvist

In other words, “this” and “that”, in their mutual opposing positions as right and wrong, are like a constantly spinning circle. But the person seeing things from the perspective of the **whole** stands metaphorically in the centre of the circle. She understands everything going on in the circle’s movements without participating in the movements. This is not due to her passiveness or resignation but rather to her moving beyond the limitations and seeing things from the perspective of the whole **system**. From this perspective, everything is just the way it is: “Everything is something which is good for something.” Everything and all that happens is the same in that they are part of the whole **system**.

Ursula K. Le Guin

Values and beliefs are not only culturally constructed but also part of the interplay of **Yin** and **Yang**, the great reversals that maintain the living **balance** of the world. To believe that our beliefs are permanent truths which encompass reality is a sad arrogance. To let go of that belief is to find safety.

Ames & Hall

To favour one distinction over another – for example the beautiful over the ugly – would make it exclusive and thus impoverishing. These categories are correlative and mutually entailing. Not only do you not get one without the other but, simply put, every constituent is necessary for every other constituent to be what it is.

Chen Guying

All things, and their names, concepts and evaluations emerge in the context of the relationship to opposition. Since this relationship is regularly in flux, all things and their names, concepts and evaluations are also in constant flux. All things show their mutual generative function within the relationship of opposition: **they oppose each other but also depend on and complement each other**. All concepts and values in the human realm are established by humans and permeated by subjective attachments and arbitrary judgements, thus giving rise to unrelenting arguments and disputes.

Skilled **leaders** are one step ahead in terms of actual conscious **action**. In handling affairs, they **abide by natural regularities and do not take forceful or reckless action**. They assist from the sidelines, **allowing things to develop their full character**.

3. SELF-GOVERNANCE

Lao Tzu

BOOST heroes
 and people will strive;
 hoard treasures
 and people will steal;
 show delights
 and people will rage.

Therefore, skilled leaders:²⁰
 fill bellies and open **hearts**;
 build flexibility and resilience;
 share **unprincipled knowledge** and cause content;
 act without pressure and control;
 and people will govern themselves.

Ames & Hall

The people, encouraged to be free from assumptions and inclusive of alternatives, develop a tolerance and accommodation that immunises them from purveyors of malignant prejudices. It is only empathy and openness that can inspire the community to go beyond the mediocrity of unilaterally legislated values.

Unprincipled knowledge is knowledge without the assumption that there is an unchanging reality behind appearance, i.e. knowledge without fixed principles, categories and **labels**. The acceptance of the world on its own terms without recourse to rules of discrimination that separate one sort of thing from another. This type of knowledge gives the ability to **mirror** the world at each moment in a way that is undetermined by the shape of a world that has passed away, or by anticipations of a world yet to come.

Nonaka & Zhu

Harmony incorporates specific personal goals, in the plural, in the making. **Strategy** is about adjusting and coordinating such personal goals into a shared common good appropriate to particular situations. Since situations are ever-changing in unrepeated and unpredictable ways, the more diverse the community's capacities to **act**, the more chances it will have to sense, seize and realise emerging opportunities.

²⁰ *Leader*: The Chinese character 聖 (shèng) is constructed from two characters: 耳 (ěr) which means “ear” or “to listen” and the character 口 (kǒu) which means “mouth” or “to speak”, hence a person who takes others’ perspectives into account while co-creating and conveying **purpose**.

4. PURPOSE

Lao Tzu

PURPOSE²¹ is unfinished, yet useful;
fills vessels with endless supply;
a source of potential.

Purpose:

makes connections;
unravels tangles;
harmonises perspectives;
blends with life.

Purpose:

provides depth;
preserves integrity;²²
emerges from diversity;
builds over time.

Kent Beck

Purpose is a surer path to productivity than pressure. Pressure keeps knocking you off the path. Purpose keeps bringing you back onto the path.

Steve Jobs

If you are working on something exciting that you really care about, you don't have to be pushed. The vision pulls you.²³

Ames & Hall

The idea of inexhaustible novelty is applied linguistically with the notion of “goblet words” (zhīyán, 卮言).²⁴ “Goblet” words are words that are renewed with each use because when they are filled up with meaning, they tip themselves out, only to be filled again. Such language is appropriate to the fluidity and irreversibility of experience.

François Jullien

Whereas that which is full is always limited, for one can see where it ends, emptiness is inexhaustible, a bottomless source. Since emptiness is not confrontational, never opposes anything, it can never provoke any resistance, and so it can never be exhausted. Images that represent emptiness, images that express the possibility of things passing through: a valley, a door or gateway and a bellows.

²¹ *Purpose*: the Chinese character 道 (dào) is constructed from the elements 阝 (shū) “foot” and 首 (shǒu) “head” or “to give direction”, so combined, “to give direction to your steps”, hence “purpose”.

²² *Integrity*: the Chinese character 德 (dé) is constructed from the elements for 彳 (chì) “step”; 直 (zhí) “straight” and 心 (xīn) “heart and mind”, so combined “walking straight following your heart and mind”, hence “integrity”.

²³ Steve Jobs. *Motivating Thoughts of Steve Jobs*. Edited by Prabhat Prakashan. Kindle Digital Publishing, 2016

²⁴ “Goblet” speech could also be called “tip-over” speech. It is named after a trick goblet that stands straight when half full but tips over when full. The tipping goblet is a metaphor for “pouring out” speech wholly in response to the circumstances, not by deliberately initiating action but as a matter of our inherent workings responding to what is “poured” into us, see

Chris Fraser. *Zhuangzi. The Complete Writings. With an Introduction and Notes by Chris Fraser*. Oxford University Press, 2024

17. WE DID IT OURSELVES

Lao Tzu

THE most skilled leaders⁴⁶ are barely noticed;
 next: loved and praised;
 then: feared;
 last: hated.

Give trust to get trust.

Avoid pressure and control.

With everything accomplished,
 people say: we did it ourselves.

Arthur Waley

It is by not believing others, by not trusting them that you turn them into liars. Similarly it is the “lack” of a quality in *leaders* which creates in the people every other fault and crime.

Ursula K. Le Guin

The invisible *leader*, who gets things done in such a way that people think they did it themselves, isn’t one who manipulates others from behind the scenes; just the opposite. Again, it’s a matter of “doing without doing”: uncompetitive, unworried, trustful accomplishment, power that is not force. An example or analogy might be a very good teacher, or the truest voice in a group of singers.

Nonaka & Zhu

Making one’s way in the world, not withdrawing from it is a virtue. *Leaders* engage in this-worldly affairs, doing so wisely, *without coercion*. As a *leader*, you need to bring all the pragmatic spirits *together* and put them into *action*. Your job is to *strive* for “everything accomplished” not to withdraw from them.

Zhang Ruimin

My role as a *leader* is to create opportunities for my people, provide resources and support, and constantly to enlighten employees to use their own intellect to realise their own infinite potential.⁴⁷

⁴⁶ *Leader*: The Chinese character 聖 (shèng) is constructed from two characters: 耳 (ěr) which means “ear” or “to listen” and the character 口 (kǒu) which means “mouth” or “to speak”, hence a person who takes others’ perspectives into account while co-creating and conveying purpose.

⁴⁷ Danah Zohar. *Zero Distance. Management in the Quantum Age*. Palgrave Macmillan, 2022

John Heider

Imagine that you are a midwife; you are assisting at someone else’s birth.

81. THE EVOLVED WAY

Lao Tzu

SINCERE words may be ugly;
beautiful words are rarely sincere.

Skilled people **avoid contending**;
contentious people are unskilled.

Wise people learn **beyond principles**;
learning using only principles is unwise.

Skilled leaders¹⁷¹ avoid hoarding;
the more they give, the more they have;
the more they share, the more is theirs.

Just as nature benefits one without harming others,
skilled **leaders** serve one **without struggling against others**.

Ames & Hall

Given the inseparability of **opposites**, frugality suggests a focused respect for the **integrity** of other things, and allows one to be magnanimous and accommodating in dealing with them. Likewise, modesty in one's language, learning, and abilities does not in any way diminish one's character, and yet opens up a space that facilitates **harmonious** and mutually productive relationships. Given the inseparability of opposites, **acting** on behalf of others is gaining oneself, and giving to others is getting oneself.

Stefan Stenudd

There is much good to say about learning, but it doesn't necessarily bring wisdom. Knowing the facts is not the same as understanding what they represent or prove. Our time is one of rapidly growing **knowledge**. The total of human **knowledge** is said to be doubled every few years. But most of this **knowledge** is in need of processing. It has yet to be used for conclusions. We number things and name them, but that's not to understand them. We're just expanding our catalogues.

Chuang Tzu

The fish trap exists because of the fish. Once you've caught the fish, forget the trap. The rabbit snare exists because of the rabbit. Once you've caught the rabbit, forget the snare. Words exist because of meaning. Once you've caught the meaning, forget the words.

¹⁷¹ *Leader*: The Chinese character 聖 (shèng) is constructed from two characters: 耳 (ěr) which means "ear" or "to listen" and the character 口 (kǒu) which means "mouth" or "to speak", hence a person who takes others' perspectives into account while co-creating and conveying **purpose**.

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Glossary

accord

Adapting to and **shaping** a situation to take full advantage of the current **conditions** and to use the possibilities of the situation to succeed by fulfilling one's **purpose**. This requires **agility** and **foreknowledge**.¹⁷²

Yīn (因) means avail oneself of, to make the best of, to rely upon.
61, 67, 79, 103, 124

action

Wéi (為) means act, to do; change; make; try; practice; reaction; conducting, leading forward; a hand guiding an animal (one of the earliest usages). See also **action–action without pressure and control** and **action without pressure and control**. 9, 21, 22, 25, 26, 30, 36, 44, 47–50, 53, 54, 58, 61, 64, 65, 67, 79, 81, 84, 85, 93, 94, 103, 114, 122, 127, 129, 139–145, 149, 150, 152, 153, 155, 157, 160

action without pressure and control

The doctrine of inaction is usually difficult to understand. Interpreted in the light of science, it means making use of the natural forces to achieve one's object with the greatest economy.¹⁷³

Conscious inaction so we can allow the most natural, effortless **action** to emerge; seek mastery through small, incremental **actions**.¹⁷⁴

Not doing nothing or no-intervention, but doing useful things and intervening wisely so as to allow beneficial outcomes to emerge “naturally”.¹⁷⁵

Doing things non-coercively and effectively in accordance with **purpose**.¹⁷⁶

We should not hurry to act, since most things in the world take care of themselves if left alone. And when we act, we should do so cautiously, or we might destroy more than we solve.¹⁷⁷

Promoted solely in the expectation of tangible benefits purely on the grounds of its effectiveness. It is by refraining from **action** that we can best bring about what we desire.¹⁷⁸

¹⁷² Sun Tzu. *The Art of Warfare. The First English Translation Incorporating the Recently Discovered Yin-Ch'üeh-Shan Texts*. Translated, with an Introduction and Commentary, by Roger T. Ames. Ballantine Books, 1993

¹⁷³ Lin Yutang. *The Wisdom of Lao-tse*. Translated, Edited and with an Introduction and Notes by Lin Yutang. Random House, 1948

¹⁷⁴ Zhen Goh. Cynefin & In Riva Greenberg and Boudewijn Bertsch, editors, *Cynefin. Weaving Sense-Making Into the Fabric of Our World*, pages 77–89. Cognitive Edge, 2021

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What is leadership?

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