



Leading organisations successfully through complex problems

Professor Chris Bones; Oliver Mack
A Leadership Paper

As the 21st century progresses so the thinking on the central nature of the leadership challenge has also developed. The changing nature of society and social norms and their impact on the workplace and the impact of digital technology on markets and customers are probably two of the most significant drivers of change. The impact on leaders has been profound. In the 20th century leadership success came from knowing the answer. Experience, knowledge and critical analysis were prized above all over skills. In the 21st century leadership success will come from knowing how to get to the answer: indeed your experience and what you know could be a significant barrier. This paper looks at the big ideas behind why the challenge of leadership is changing and offers some emerging solutions to what leaders should be doing to maintain their effectiveness in a changing world.

Some quick background

There have been several significant developments in leadership thinking over the past 25 years.

In the 1990s the Harvard Business Review published a paper by Ronald A Heifetz and Donald L Laurie that introduced the idea of adaptive challenges¹. They defined these as murky systemic problems with no easy answers whose answers do not reside in the executive suite. Solving them requires the involvement of people throughout the organisation. They argued adaptive work was counter-intuitive for leaders as rather than providing solutions they had to ask tough questions and leverage the collective intelligence of the organisation and their teams. Fundamentally it required leaders to challenge the way 'we do business'.

In 2005 Professor Keith Grint developed work done in the 1970s to suggest that we faced three types of problems, each of which required different strategies to resolve them: tame, critical and wicked². Grint defined a wicked problem as complex, rather than just complicated, it is often intractable, there is no obvious solution, moreover, there is no 'stopping' point, it is novel, any apparent 'solution' often generates other 'problems', and there is no 'right' or 'wrong' answer, but there are better or worse alternatives. In other words, there is a huge degree of uncertainty involved and thus it is associated with Leadership. The leader's role with a Wicked Problem is to ask the right questions rather than provide the right answers because the answers may not be self-evident and will require a collaborative process to make any kind of progress.

¹ Heifetz R, Laurie D, The Work of Leadership (1997), in the Harvard Business Review January 1997.

² Grint K, Problems, problems, problems: The social construction of 'leadership' (2005), the Tavistock Institute, London

Concurrently with the articles above, insights were published from those interested in the context in which leaders were being asked to perform successfully. Professor Eddie Obeng presented a picture of a new world where just about everything you ever thought was right, was in fact wrong³. His observations were of organisations running into serial failure by ‘doing what they have always done’ and his conclusions were that organisations needed to develop new ways of approaching both old problems and new ones – primarily starting with key stakeholders (consumers and customers) and using insights into their actions and behaviours to generate solutions where the implementation strategy was ‘test and learn’ as opposed to the ‘big bang’ thinking that dominated Engineering, IT and other project dominated functions.

Finally work done by Professor Chris Bones and James Hammersley introduced the importance of shifting the organisation paradigm from leadership driven by theses to leadership driven by hypotheses.⁴ They take the work done by Heifetz and Obeng in particular and argue that in a ‘world that is changing faster than we can learn’ where problems are adaptive rather than technical, organisation leaders have to build the capability to understand the difference between a thesis and an hypothesis before building the processes and skills to develop hypotheses collaboratively with their customers.

A thesis is a theory put forward as a premise to be maintained or proved whilst an hypothesis is a proposed explanation made on the basis of limited evidence as a starting point for further investigation. Bones and Hammersley suggest that the ‘old world’ model of arguing a thesis to justify investment is no longer tenable given that there are no longer right answers that are clear and obvious. They argue that if test and learn is the best way forward then organisations have to be able to test against hypotheses that are informed by ‘deep data’ about customers and the market.

These can then be used to test solutions that can then be rapidly ‘mainstreamed’ should they be successful. Organisations who continue to look for theses where all the data and thinking is aimed at justifying a single (and often costly) solution are far less likely to succeed.

So, if we summarise these themes:

- We are living through a time of where social and economic changes are combining with a step change in technology to create an environment that is highly volatile and where it is difficult if not impossible to keep pace with markets and customers.
- This volatility makes more issues complex and ambiguous compared to those faced by previous generations of leaders and has also made the challenge of resolving complex and ambiguous issues even more difficult.
- Management and leadership practice has not caught up with this change – in particular we are likely to impose project structures that are best suited to technical (or tame) problems to try and address adaptive (or wicked) problems. The result is inevitably failure, or at least limited success.
- Technical approaches are based around ‘management by theses’ where we look to justify one solution over all others. Adaptive approaches encourage us to adopt ‘management by hypotheses’ where we look to explore options, collaborate across

³ Obeng E, (1997) *New Rules for the New World: Cautionary tales for the new world manager*, Wiley, Oxford

⁴ Bones C, Hammersley J (2015), *Leading Digital Strategy*, Kogan Page, London

the organisation and then test and learn from experimenting with and adjusting our solutions.

- Organisations find working in adaptive ways much more challenging than technical ones. They amplify uncertainty and ambiguity; require leaders to orchestrate many resources and to keep everyone abreast of developments as things change around them.
- Leaders to be willing to challenge both performance and behaviour to ensure that they cut through.

We conclude two things from this: first, that the role of the leader has shifted significantly in a generation from one who knows the answer to one who knows how to get the right resources, financial and human, in the right place at the right time to get to the answer; and secondly that the pace of change is such that we can no longer talk about being an effective leader of change but rather how to be an effective leader in change.

So what does this mean for leadership?

There is no one thing that has to change: as in our environment, there are many changes that need to be made. It is the process of working through these changes, maintaining momentum and a focus on the overall outcomes that can lead to transformation. We believe these process can be summarised in the framework shown in Figure 1.

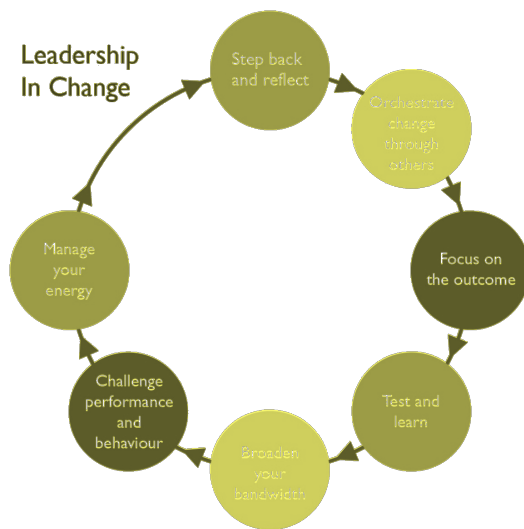


Figure 1 – Leadership in Change

Briefly this suggests that effective leadership in a changing world is built on the capability to:

Step back and reflect	Reflect and identify the key challenges; plan how to engage others before acting
Orchestrate change through others	Set a compelling vision and collaborate to engage everyone’s talent in your approach
Focus on the outcome	Keep the end outcome clear and adapt to find new ways of achieving it using failure as positive learning

Test and learn	Uses hypotheses to surface assumptions and experiments to find the best way forward
Broaden bandwidth	Champion the importance of a diversity of voices and ideas in looking for options that may resolve key issues
Challenge performance and behaviour	Stand firm on values as well as on performance outcomes and address conflicts as they arise
Manage energy	Appreciate the time and energy it will take, maintain the patience and stamina to see it through

There are obvious implications from this framework in terms of individual skills and behaviours. To succeed will need strong communication skills, the ability to engage and mobilise people, and the courage to stand firm on values and address conflicts. There are also implications for being able to work across a diverse range of people (cultural, gender, ethnicity, sexual orientation etc.) and for understanding how to ensure the organisation builds the capability to manage from hypotheses rather than theses. Finally there are implications for self-management: finding time to think about the issues and yourself and being able to manage your well-being so that you keep healthy, mentally as well as physically.

Spotting adaptive challenges

If leaders have one key role in this new world it is to ensure that they spot adaptive challenges and guide their organisations into responding to them effectively. Here is a quick checklist:

Technical Challenge	Adaptive Challenge
Easy to identify	Difficult to identify (and easy to deny)
Often lend themselves to quick and easy solutions	Require a change in organisation values, beliefs or approach
Can often be solved by an authority or expert	People with the problem are needed in solving it
Require change in just one or a few places	Change required in many places often across boundaries
People generally receptive to technical solutions	People often resist even acknowledging the problems exist
Solutions can often be implemented quickly	Solutions require experiments and new discoveries

Dialogue as a driver of success

At the heart of all the thinking is a proposition that collaboration and dialogue will drive better solutions than a top down ‘follow me’ or a well-argued thesis from one particular perspective.

We choose the word dialogue deliberately here. This isn’t about ‘selling’ an idea or making a ‘pitch’. It’s about ensuring there is a genuine exploration and the building of a shared understanding such that you can create greater insight from which to act or greater certainty of how to respond.

At the heart of effective dialogue is a leadership understanding of both advocacy and inquiry. The importance of understanding the difference between advocacy and inquiry and how they can help leaders reframe ‘mindsets’ and mental models was developed by Peter Senge in his work on learning organisations⁵. Leaders need to be able to work effectively in both modes and just as importantly understand when to use them and be conscious of how they do so. In the past the dominant element in communication in leadership was advocacy. Today, if we are to co-create and collaborate to find solutions in a fast changing and uncertain world the dominant communication strategy needs to be inquiry.

Simply put, inquiry is the way we extract data, information and analysis from other people whilst advocacy is the proposition and defending of our analysis and opinion. Both play a key role in dialogue but for a leader looking to ensure a real diversity of view and to build real and deep customer insight spending time on inquiry early on and being careful about their own advocacy is critical to success. The following checklist is a useful reminder about what to do to support organisations to shift from a thesis to an hypothesis mindset.

Effective Inquiry	Effective Advocacy
Asking questions that are very open to start a conversation or are clearly linked to what you have just heard	Speak up for your beliefs and say what you think
Listen and show you are listening actively by summarising and checking your understanding	Share assumptions that sit behind your analysis and opinions
Go and find new opinions – look for extremes and alternatives as well as for views closer to your own	Tell people what you feel as well as what you think – that helps them understand where you are coming from
Test assumptions by vocalising them and getting others to challenge them	Give examples and use hypotheses as a way of sharing your view – that way people will push back if they disagree and it stops you being defensive
Ask people to explain why they are saying what they say	Ask others for their opinions on what you are saying and remain open to challenge
Don’t interrogate, explore and engage	Share where you are unsure or lack clarity, that helps others build and engage with what you are saying

⁵ Senge P, The Fifth Discipline (1990), Doubleday, New York

Conclusion

Whilst there are many factors that can influence the effectiveness of leadership in change and some key personal skills that will make a leader more likely to succeed there are three things that leaders should ensure their organisations can do that will drive competitive advantage in an uncertain, fast changing world:

- Differentiate between adaptive and technical issues and choose the right approach to resolve them
- Engage and collaborate internally and with key external stakeholders through developing common purpose, and effective dialogue
- Make the right call between working on 'what' and working on 'how' and then apply effective insight and experiments that enable the right decisions to be made on where to focus resources and time.

Oliver Mack is Managing Director of Change & Transformation, Senior Associate and Programme Director for Good Growth Ltd and a Programme Director for Alliance Manchester Business School. He is an experienced international leadership programme designer and facilitator. He has designed and delivered senior leadership development programmes for Bentley Motors, Morrisons, Dentsu Aegis Network, Local Government and Major UK Charities.

Professor Chris Bones is Joint Managing Director of Good Growth Ltd and Professor of Creativity and Leadership at the Alliance Manchester Business School, Dean Emeritus of Henley Business School and a winner of the UK's Management Book of the Year prize for his book 'The Cult of The Leader'. Prior to this Chris worked in Shell, Diageo and Cadbury Schweppes where he was Global Organisation Effectiveness and Development Director.