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Complex Adaptive Leadership

Embracing Paradox and Uncertainty

NICK OBOLENSKY

GOWER

CHAPTER

4

*Finita La Comedia –
Stop Playing Charades*

A THOUGHT EXPERIMENT TO OPEN UP YOUR MIND TO WHAT MANY ARE FACING

Research looked at organisations which had achieved ‘step-change’.¹ These changes were sweeping and included strategy, culture and re-organisation, and delivered great results. Such changes do not happen overnight and the typical period of time to achieve such change would be between two to five years. So we are talking about big organisational changes, and a myriad of solutions achieved the changes.

The study looked at organisations that had gone through large changes. The original research was backed up by some action research of some 1,500 executives from over 30 different countries and hundreds of different organisations. They went through the exercise you are about to do. What was studied was where the actual *solutions* came from that made the changes happen. The original research looked at the solutions that made a difference on the ground (the actual action) and then backtracked these solutions over time to who had actually first thought of them – some solutions came from the top of the organisation (the top being the top levels rather than the very top), some came from middle management and some came from the bottom.

Of 100 per cent of the *solutions* that actually make specific changes happen on the ground to get positive results, what percentage of solutions do you think originally come from/are first thought of at the top?

¹ The original study was done by the Dale Carnegie organisation in the USA with the award-winning Milliken carpet company. This was followed up by action research by the author by taking some 1,000 executives (see footnote 1, Chapter 2) through this exercise. The numbers scored were remarkably consistent throughout the world and thus seems to reflect a global trend.

**Of 100 per cent of solutions,
what percentage come from the top?**

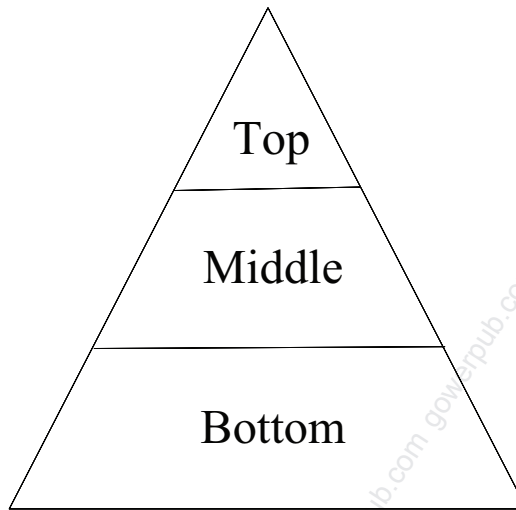


Figure 4.1 Where do the solutions come from? (part 1)

So Where Are the Solutions...?

The number you choose for the percentage of solutions from the top can also reflect both the background/context within which you operate and also the assumptions you have about leadership. In very general terms:

- The *higher* the number is, the more formal and traditional you may see leadership. In general terms the more junior and inexperienced the person is, the higher the number will be (*except* for the very old/retired who often have a traditional view). The higher number owes more to the traditions of the past than the realities of the present and trend of the future.
- The *lower* the number is, the more informal and also perhaps more senior the person is. In general terms senior executives will give a low number as they live the bitter reality. They also realise their job is not about knowing and disseminating solutions, but creating the context where solutions can flow naturally.

So the number you give will depend in some ways on the mix of age, culture and experience you have. However, some general trends exist:

- The more formal and structured organisations tended to give a higher number, but the assignation of higher numbers was not so much done by senior management but more often done by middle management. This always engendered a good debate about what roles and responsibilities were.
- There were some cultural trends – more formal European countries (such as Italy and Germany) tended to give a higher number than the more informal countries (such as Denmark and the UK).

- There were some age differences – in general terms the more junior the level, the higher the number, and the more senior the executives the lower the number. In fact one main board all gave a figure of 0 per cent – the CEO explained ‘We all understand that is not our job any longer.’ It is worth noting that the organisation was in a transitional phase from matrix towards CAS (see previous chapter).

The average figure has *always* fallen below 15 per cent. In other words, it is universally agreed that those at the top of the organisations only know a fraction of the solutions needed to overcome the problems faced by the organisations that they lead.

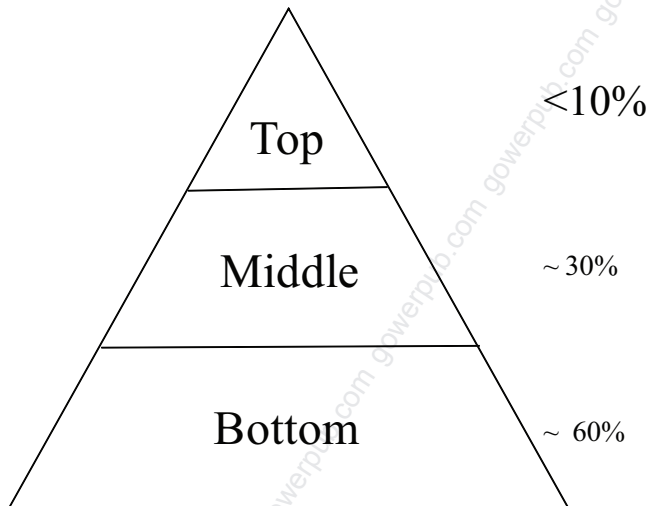


Figure 4.2 Where do the solutions come from? (part 2)

So the fact is those at the top do not know the solutions to the problems faced by the organisations they lead. And generally speaking they *know* that they do not know. However, they cannot *say* that they do not know. When was the last AGM or Senior Management Workshop/meeting you went to where the CEO stood up and said ‘Beats me – any suggestions?’ This is because there is an expectation (both by themselves and others) that they *should* know. So they often pretend to know. It is a charade and those at the top get stuck like the Red Queen – running hard to keep informed because they feel they should know when in fact they realise they do not. Leaders are more stressed, challenged and confused today than they have ever been before. Our research showed that the top few layers of a company typically know less than 10 per cent of the solutions to the problems facing the company. In the old days they turned to God – in more modern times they turn to Management Consultants. And what do the consultants actually do? Amongst other things, they go to the people who know (those closest to the action) and ask them. It seems that the boom of strategy and general management consulting has more to do with top leadership’s inability to say to subordinates ‘*I don’t know – what do you think?*’ than perhaps anything else...²

² Between the mid-1990s and 2000 the size of the global consulting market has more than doubled to more than US \$110 billion in total revenues (Kennedy Information 2001: 35).

Meanwhile those at the bottom of the organisation are just as culpable. They know the solutions (or most of them). They also intuitively know that the people at the top do not know. And they often know that the people at the top know that they do not know! But they still *expect* the top to know – they too seem trapped by the old oligarchic assumption of what leadership is about.³ In the old days the top *did* know the solutions – but not anymore. And it is far more convenient for those at the bottom to expect people at the top to know as it absolves those at the bottom of any culpability for the unsolved ills of the organisation. After all, they say, it is job of the people at the top to know! So the bottom complain around the water coolers: ‘*Management should...*’, ‘*The company should...*’. Having complained they feel absolved of responsibility, and go back to work.

The charade is complete – those at the top pretend to know, those at the bottom pretend not to know, and the organisation waltzes inexorably towards its death. Meanwhile those stuck in the middle have nothing to do except pull their hair out. In reality they do their best to hold the organisation together as they see top managers becoming ever distant and cut out from the reality at the bottom, and the bottom becoming ever distant and uncaring about the strategic issues facing the organisation.⁴

Such a sad state of affairs may explain the typical feeling when top management do a ‘road show’ to an organisation facing the need for change. Imagine the scene: the top team arrive and show the workers a great ‘son et lumiere’ PowerPoint slide show – ‘*Problem this...*’, ‘*Strategy that...*’, ‘*Solution this...*’ etc. etc. etc. And what is the general reaction from the serried ranks of workers, often expressed during the coffee break? ‘*Bull****!*’ is a typical comment. The conversations in the coffee breaks are often more realistic than the charade played out in the plenary sessions.

This state of affairs is one that is common and natural as it shows there is a deeper flow towards polyarchy. What we witness are the stresses and strains of the tensions between an organisation clinging onto the certainties and comforts of oligarchy and certainty, whilst the uncomfortable realities of polyarchy and complexity are fast emerging. This may explain why Collins concludes: ‘*Leading from Good to Great does not mean coming up with the answers and then motivating everyone to follow your messianic vision. It means having the humility to grasp the fact that you do not yet understand enough to have the answers and then to ask the right questions...*’⁵ This is remarkably similar to the research done a few years earlier by Hirschhorn and Gilmore from Wharton who concluded: ‘*Subordinates need to challenge in order to follow, and superiors must listen in order to lead.*’⁶

How can one start to get around this? The complexity of the situation should not be underestimated. Behaviour breeds behaviour. Frequently this state of uncertainty drives

3 The bottom generally expects the top to know the solutions to the organisation’s problems. Even further than this, they still in some countries expect leaders to know the details of their own jobs better than they do themselves. Research done by Andre Laurent asked workers in various countries to what extent they agreed with the notion: ‘It is important for a manager to have at hand the precise answers to most of the questions that subordinates may raise about their work.’ The survey was done in the late 1970s and again in the late 1990s. There was a difference between the surveys (overall a drop of agreement), and also by country with (in Europe) the highest level of agreement being Italy (over 50 per cent) and the lowest being Sweden (under 10 per cent). This also highlights the differences in various countries.

4 See Q.N. Huy, ‘In Praise of Middle Managers’.

5 J. Collins, *Good to Great*, p. 75. The study looked at great companies and what common features that they had. These companies had existed for a long time, and were seen by their peers as truly great. It built on the *Built to Last* study by Collins and Porras. And note the word ‘yet’ – even Collins seems trapped by the notion that the leader should know!

6 L. Hirschhorn and T. Gilmore, ‘The New Boundaries of the “Boundaryless” Company’. Such a cultural norm would be typical of a polyarchy.

executives into ever increasing fixation with details in a vain attempt to stay ahead. This in itself becomes damaging, as employees become more hesitant and wait to see what is expected next. An executive of a large multi-national company was heard to complain:

'It's a real pain when the CEO and his staff comes and visits. My whole operation almost grinds to a halt as the managers scurry around to make sure they understand all what is going on because they know that if the CEO asks a question to which they do not know the answer, they are in big trouble. I do not need to know the details – that's what we pay our people at the coal face to do. But when the CEO walks in and points to one of the many trains loading in the siding and asks me "Where is that shipment going to?" he expects me to know. So I waste a huge amount of time on the details and it causes frustration and demoralisation....'

In many respects it is a tragic comedy – and it is best stopped.

How to 'Finita la Comedia'

To change such behaviour takes time and is not done by dictating.⁷ In Chapter 10 we look at some strategies and processes which can be put in place to enable polyarchy to flourish and get results. But this also needs a fundamental change of *attitude* to succeed. The charades described above need to be pointed out and stopped at the individual behavioural level. There are a variety of things that one can do to change such behaviours. Here are three effective possibilities which can begin to 'finita la comedia':

1. The 'I do not know' approach.
2. The challenge and support approach.
3. The dynamic approach to Question and Answer (Q&A).

Let's have a look at each in a little detail.

1. Breaking the Charade – The 'I Do Not Know' Approach

If a question is asked to which one does not know the answer, saying 'I don't know' is a good display of honesty.⁸ It is also very brave if one operates in a culture of fear and reprisal, and in such a case needs to be done with finesse. There is also a whole cultural element – for example such a bland statement in China by a leader would be taken to mean something else! So such a bland statement should of course be followed up by another statement. For example, agreeing one should know and will find out is one

⁷ A good example of this is R. Stayer's article 'How I Learned to Let My Workers Lead' – he wasted 2½ years and half his management team trying to get people to take the lead by telling them to do so before he finally realised the mistake he was making.

⁸ Collins illustrates this in *Good to Great* by the story of Alan Wurtzel who took over from his father as CEO of a failing family business – his key answer when people asked where he wanted to take the company was 'I don't know'. Instead of providing answers he led by questions to engender dialogue, and enable a process for the solutions to emerge. This approach seems to echo Richard Leider's 'Land of I don't knows' (R. Leider and D. Schapiro, *Repacking Your Bags*, quoted in R.P. White, P. Hodgson and S. Crainer, *The Future of Leadership*).

option (e.g. 'Does anyone here have the answer?'). Or throwing the question back to explore how a resolution can be found is another (e.g. 'What would you or your colleagues suggest?'). Clarifying why the answer is needed and what the interlocutor would actually *do* with the answer is also a good tactic to open debate and dialogue. (e.g. 'If you knew the answer to that what could you do with it?'). There are some times when one *should* know the answer – again saying 'I do not know but I should' is honest. Saying 'I will find out and get back to you', and actually doing that, gains far more respect than trying to answer the question when one does not actually know the answer! Another powerful strategy can be to say 'I don't know – what do you think?' This often works well when you suspect (as is so often the case) that the person thinks they know the answer and is seeking senior management affirmation. So the strategy employed will differ depending on the context in terms of the task in hand, the cultural situation and the nature of the relationship between the person asking and the person answering. But whatever the context, it is a good strategy to begin to break the oligarchic assumptions which are frequently endemic. In his *Good to Great* study, Collins discovered a 'new' type of leadership which he called 'Level 5 leadership' – a leader having humility and fierce resolve at the same time.⁹ To say 'I don't know' does take some humility, but when one understands the nature of the underlying charade and emergence of polyarchy, saying 'I don't know' is perhaps not so much a question of humility as common sense. And it shows a certain comfort with uncertainty. The 'I don't know' approach and follow up question/comment is part of a wider strategy of the challenge/support approach which comes next.

Breaking the Charade – The Challenge and Support Approach

Breaking out of the charade of pretending to know, and helping others to break out, takes a brave heart. However, it is not as terrifying or difficult as one thinks, despite the complexities involved. It takes a mix of challenge and support. There are four broad options as shown by the example below in Figure 4.3. This looks at what a leader might be able to do when asked a question to which he does not know the answer. The response will depend on what the needs are. For example if the question could give rise to a good dialogue, but is difficult, high challenge and support would be appropriate. If on the other hand the question is too specific and is of little interest to others then the straight 'I am sorry, I do not know' may be more appropriate. There is no detailed determinism here, it is a matter of fine judgement. Again the task in hand, cultural setting and relationship will need to be taken into account. The key rule is honesty rather than bluff. Embracing and using uncertainty is more positive and useful than trying to discount and avoid it. It does take judgement and can be difficult – in fact seeing the complexity may explain why

⁹ Collins' 'Level 5 leadership' is in his book *Good to Great* – Level 5 leadership = 'Executive – Builds enduring greatness through a paradoxical blend of personal humility and professional will'. Collins' research finds that leaders of great companies are not the charismatic types one would expect to find. This paper and the emergence of polyarchy explains why this is so. The other levels of Collins' model are: Level 1 = 'Highly Capable Individual – Makes productive contributions through talent, knowledge, skills and good work habits'; Level 2 = 'Contributing Team Member – Contributes individual capabilities to the achievement of group objectives and works effectively with others in a group setting'; Level 3 = 'Competent Manager – Organises people and resources toward the effective and efficient pursuit of pre-determined objectives'; Level 4 = 'Effective Leader – Catalyses commitment to and vigorous pursuit of a clear and compelling vision, stimulating higher performance standards'.

it is easier to pretend to know! But the ensuing dialogue and honesty gets better results. It is similar to Collins' recommendation for brutal honesty, which he found thriving in great companies.

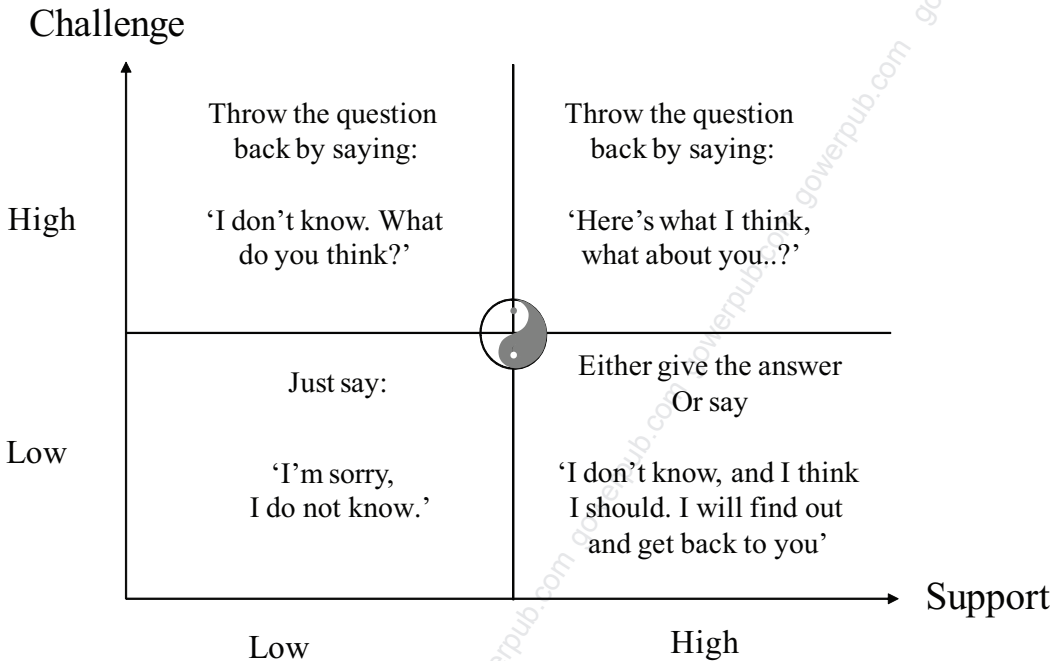


Figure 4.3 Breaking the charade via challenge and support

The two complementary approaches of challenge and support in some way reflect the Yang (Challenge) and the Yin (Support) of Taoism (see Chapter 1, Figure 1.2). Like in all of the approaches in this book, there is a degree of finesse which can be exercised – for example, one might wish to use this approach even if you *do* know the answer if only to gain engagement and (if the answer is obvious) full ownership. Wu wei can be exercised in an effective way.

Breaking the Charade – A More Dynamic Q&A Session

One immediate change that can begin to help the organisation to evolve is for leaders to look at how they run typical Question and Answer (Q&A) sessions. In the traditional sense leaders stand and take questions from the followers. The assumption (which was fair enough 100 years ago) was that the leader actually knew the answers! As we have seen this is becoming a strained assumption. So, traditionally, questions would flow *up* and answers would flow *down*. A more dynamic approach would be for questions to flow down and answers flow up *as well* – in other words there could be a two-way

intercourse and dialogue rather than just one way.¹⁰ This is *not* proposing that a leader should just stand there and ask questions – that would still be one way, albeit the other way around. And for some it may seem more of an interrogation than a discussion. It is suggesting that the leader should ask questions in a spirit of genuine enquiry and desire for dialogue whilst fielding questions as well. This is a more *dynamic* approach. It is also a lot more honest, an honesty which is invariably appreciated by an audience. And those leaders who ask for questions for such sessions to be submitted in writing in advance should begin to think about retirement (yes, believe it or not, some still do!).

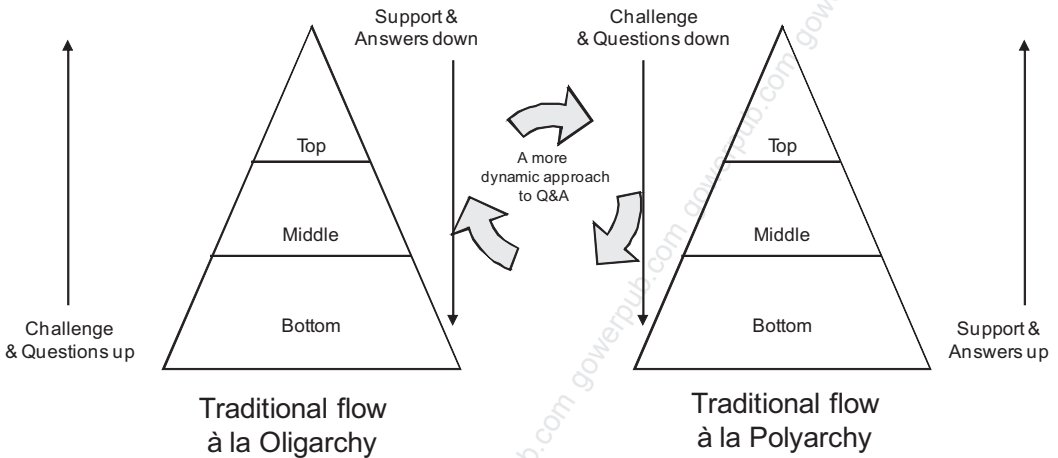


Figure 4.4 A more dynamic Q&A session

The simple suggested approach to changing how a typical Q&A session goes has some deeper consequences, not least when considering the skills that a leader needs. For example, under the traditional oligarchic assumption of leadership the key communication skill was being able to project – public speaking skills were seen as highly desirable. Under polyarchy the key communication skill is to be able to listen. Other examples are shown in Figure 4.5. The implications of such skills needs are considered more in Chapter 10 and Appendix D.

Saying 'I don't know', using challenge and support, and running Q&A sessions more dynamically are just three simple things that can begin to stop the charade. Many other strategies exist. Whatever approach one may try, and one can try a mix of all three, the key thing is to be authentic. This is much easier to say than do, and there will be many slips and bruises on the journey. Such is the way.

¹⁰ See D. Bohm, *On Dialogue* for how dialogue can help unlock meaning and potential.

Oligarchical assumption		Polyarchical assumption	
Questions and issues coming up	Answers and solutions sent down	Questions and issues flowing down	Answers and solutions coming up
Ability to: <ul style="list-style-type: none"> • Analyse • Prioritise • Link to strategy 	Ability to: <ul style="list-style-type: none"> • Talk and project • Simplify • Inspire and persuade 	Ability to: <ul style="list-style-type: none"> • Question • Coach • Challenge • Enquire 	Ability to: <ul style="list-style-type: none"> • Listen • Summarise • Support • Understand

Figure 4.5 Skills needed in polyarchy vs. oligarchy – an example

A Nagging Emergent Issue – and Smart Turkeys

When discussing the issues in this chapter with executives a key paradox often emerges – and that is exemplified by one question asked recently in an INSEAD Executive programme: *‘This is all very well. But would the turkeys vote for Xmas?’*

Why should managers and leaders move to a situation where they are following as much as managing? Surely they would be out of a job? As will be seen later, that is not the case. *But* the question remains, and for the pedant, here are a few turkey facts:

1. Turkeys originate from North America, and are not very suited to the current natural habitat.
2. There were estimated to be 10m wild turkeys in North America in 1800 and 3m domestic turkeys.¹¹
3. By the turn of the century the wild species had become all but extinct, due to the destruction of natural habitat by farming and commerce.
4. The modern US environment is not very conducive to turkeys – for example in the first half of the twentieth century in Maine there were no wild turkeys until the Department of Inland Fisheries and Wild Life released 24 turkeys on Swan Island. They had all died by 1946. Since then a series of releases under careful management has raised the wild turkey population to around 25,000.
5. Since the tradition of having turkey at Thanksgiving and Christmas has become established, the turkey population has thrived and exceeded the level of 200 years ago.

So the bottom line reads – if there was no tradition of eating turkeys for Christmas and Thanksgiving, there would be no turkeys. Given a vote for Christmas or extinction, smart turkeys would vote for Christmas! A paradox, but an understandable one.

11 B. Cambell and E. Lack, *A Dictionary of Birds*.

Chapter Summary

1. Many organisations are stuck in a charade: those at the top know they do not know most of the answers to the problems facing the organisations they lead, but feel they *should* know. So they often pretend to know.
2. Meanwhile those at the bottom know most of the answers, and know the people at the top do not know, yet they *expect* them to know. So they often pretend not to know.
3. This situation is due to the changes discussed in Chapters 2 and 3 and the resultant stress between the oligarchic assumptions which remain endemic, whilst polyarchic realities are fast emerging.
4. There are some simple strategies one can employ to break the charade, and it takes time and patience. Embracing paradox and uncertainty helps.
5. Smart Turkeys vote for Christmas!

Leadership seems to be more complex than it used to be. We appear to be surrounded by more chaos than we had before. And yet, as we will see in the next chapter, recent advances in science and mathematics can help us see that chaos and complexity, paradoxical as it may sound, are actually quite simple. There is an underlying order and flow that one can tap into ...