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The Fourth, Fifth and Sixth Practices – Deepen Sensemaking, Engage Creativity and Reality Check

'Even though we can never know reality directly, to survive and flourish we must always strive to make interpretations that are as close to reality as possible.'

Dorothy Rowe, *A Guide To Life*

One of the greatest sources of blind spots lies in our limited capacity to map and understand the full complexity of the problems facing us. Complexity challenges one of our most primal needs – the need for control. If we cannot see or understand the causal links between events, we do not know what we need to do in order to control them. If we cannot control something, it has the potential to control us.

In our rationalist, activist culture, we are used to defining problems, allocating resources to them and solving them. We want our leaders to define problems in ways we agree with and then solve them in ways that relieve us of the need to worry about them. Leaders who present us with the problems and all the complexities associated with them – leaders who make us think and worry – are rarely tolerated. Von Foerster, scientist, philosopher and key figure in the field of cybernetics, recognized people's intolerance of complexity:

'The more complex the problem that is being ignored, the greater are the chances for fame and success.'[1]

In other words, leaders who ignore the complex are those who are most rewarded. Many politicians know that the biggest problems facing our society are highly complex and simply not resolvable by one party sitting through one or even two terms of government. Many complex problems require a timetable of decades to sort out. However, it is taboo to say this. Politicians are not encouraged to talk about the intricacy and complexity of the problems facing us. When being interviewed in the media, they are given little time to present their answers, they are interrupted and any inconsistency, paradox or dilemma is exploited ruthlessly. As a result, politicians themselves feel pressurized to come up with a solution rather than spending time understanding the complexity of the problem. This has ramifications throughout the system. Civil servants working with politicians often complain that politicians are not interested in the complexities of the issues they are dealing with, they just want solutions. Complexity implies that solutions will be difficult, long term, painful to implement and uncertain in their outcomes. But, often, politicians do not want to hear this. Attempts to draw attention to the difficulties involved with policy are regarded as attempts to hinder progress, and individuals are dismissed as obstacles and troublemakers. In the end, it is not unusual for civil servants to agree to implement a policy that they know will not work.

This traditional, 'just do it' approach to problem solving no longer works. Our societies, communities and organizations have become *extremely* complex. In a *Fortune* magazine article, CEO of Hewlett Packard, Mark Hurd, refers to the global span of control generating huge complexity in his job.[2] Lowell Bryan, a top partner at McKinsey and Co. is quoted in another *Fortune* article claiming that we simply do not know how to work in the new complex reality of the

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[1] Von Foerster, H. (1972) 'Responsibilities of Competence'. *Journal of Cybernetics*, **2**, 1–6 (quoted in Mitroff, I. I. and Linstone, H. A. (1993) *The Unbounded Mind: breaking the chains of traditional business thinking*. New York: Oxford University Press.

[2] 'Mark Hurd Takes His First Swing at HP'. *Fortune*, August 8th, 2005, p. 19.

21st Century.[3] The article quotes him as saying that the scope and complexity of business have grown tremendously. He claims that jobs have been created that are literally impossible to manage. The costs in terms of organizational effectiveness, personal wellbeing and social cohesiveness are profound.

There is a growing trend for companies to recruit two senior executives for one role. NewsCorp appointed two Presidents of 20th Century Fox Television. *LA Times* editor, Dean Baquet, split his previous Managing Editor job into three, Baquet cites the growing complexity of major newspapers, claiming that the job was too big for one person. With such 'gigantic' jobs, it was inevitable that important issues would simply be ignored.[4]

In Australia, Mattel appointed two CEOs to replace their previous one.

It is becoming increasingly difficult for one person to lead some of the massive, multinational corporations that span the globe. Nor is this simply a commercial problem. In individual countries, health, education, environmental and energy problems are intertwined with complex social, political, technical and international economic systems. As a result, our actions have unintended, often chaotic, consequences.

In a complex world, the role of decision making is vital. Perhaps the most important function that leaders play is to make decisions, though this function is rarely analysed in great depth. The quality of our decisions is influenced by many factors. We have already seen how emotional factors affect our decisions. Another important influence lies in the fit between our living knowledge and the reality it represents. We all have a notion of how the 'world out there' works, and our decisions reflect those views. Of course, whilst acknowledging Sterman's warning that 'all decisions are based on models and all models are wrong', most people would recognize that some mental models *are* more effective at reflecting reality than others. If our living

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[3] 'Get A Life!' *Fortune*, November 28th, 2005, p. 42.
[4] 'Get A Life!' *Fortune*, November 28th, 2005, p. 42.

knowledge is seriously outdated or full of blind spots, our decisions will be flawed. We will be making decisions based on a faulty understanding of reality. The outcomes we anticipate will not emerge; others will. Complex systems will interact, generating a series of seemingly chaotic events. Decision makers will not be able to understand what is happening, because they will not have the right mental models in place to see the links between cause and effect. Hence, they feel powerless to effect any control. But as their role *is* to exercise control, they attempt to control the chaos in the grip of anxiety, anger or frustration. So now their decision making is affected by blind spots caused by negative emotions as well as impoverished living knowledge! The only hope they have is to continually and rapidly update and reorganize their living knowledge based on the feedback they collect from the outcomes of their decisions. And, as we have seen, this requires discipline, self control and a little humility.

An example of leaders attempting to exercise control employing inadequate mental models is found in the UK. In the year 2000, the UK government announced a ten-year strategy for modernizing the country's National Health Service, supported with an initial £20 bn of government money. The UK's National Health Service is a highly complex system where the budget is equivalent in size to the GDP of a small country. There was some success in controlling the system – many waiting lists were reduced according to targets set by government. However, many more problems ensued, leaving political commentators and journalists questioning whether anything had been achieved with the money. Frank Blackler, Professor of Organizational Behaviour at Lancaster University's Management School, conducted research into what went on during the period. He claims that the government, naturally concerned about efficiency and return on investment, attempted to exert control over a highly complex system by imposing targets and robbing Chief Executives and front line staff of discretion. However, this simply distorted the system, skewed local priorities, wasted resources and prevented people from responding to patient and hospital needs. He states:

> '*current approaches to managing complex institutions from the centre provide no more than an illusion of control; what is*

needed . . . is an approach based on the notion of continuous learning.[5]

However, it is easy to criticize. We have to recognize complexity is also embodied in the dilemma facing the government. In effect, the government *has* to attempt to exercise some control, because demand for health services is limitless and resources are not. The question is – what kind of control can the government effectively exercise, and how should it do it?

These attempts to centralize the control of complex systems remind us of Hyman's description of the government's attempts to manage education from the centre. He described visionary, but blinkered, politicians and advisors dreaming up policy, dismissing those with knowledge and experience as 'whingers' and 'blockers of change', and he pleaded for more of a partnership between those on the ground and those at the centre.

In both situations, the attempts to manage a complex system from the centre provided heads of government with 'an illusion of control' – so they continued, despite the fact that their living knowledge was not, and never could be, up to the job. Their mental models were impoverished and inadequate reflections of the reality they were trying to control.

In an increasingly complex world, this is an important source of blind spots in leaders. When leaders oversimplify complex situations (in order to rationalize their desire to act), others suffer. It is well known that both Bush and Blair dismissed those who warned them about the complexities associated with managing the aftermath of the Iraq war. There were many people around to inform both leaders of the potential consequences of their actions, but neither wanted their goals to be hindered by complexity – so the arguments were ignored.

Our need for psychological comfort, our need to feel in control, tempts us to dismiss, deny or devalue complexity. This is under-

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[5] Blackler, F. (2006) 'Chief Executives and the Modernization of the English National Health Service'. *Leadership*, **2**(1), 5–30.

standable. If we acknowledge complexity, we have to engage in dialogue with different and potentially conflicting communities. We have to acknowledge that *human and organizational change will not comply with our deadlines*, and, worst of all, we have to acknowledge that we might not be *right*.

The temptation to deny complexity is at direct odds with our need to understand the increasingly complex world in which we live, in order to make high quality decisions. Since psychological comfort is one of the great drivers of our learning, this is an important tension. As soon as a problem begins to get so complex that it is (a) difficult to understand and (b) difficult to resolve (especially in political, moral and psychological terms), blind spots are triggered and problems are simplified. Of course, different people will reach this complexity barrier at different stages of the problem appreciation. Some people have a low tolerance of complexity and ambiguity, others have a much higher tolerance. Some people will simply not have the understanding or skills necessary to cope with the complexity, and those that do are often not listened to.

There are many reasons why those with a greater understanding of complexity are dismissed. We have already explored some of the emotional issues – complexity gets in the way of us achieving our goals, so, when it is evoked, it generates anxiety and frustration, which, in turn, causes us to dismiss it. Another reason why we ignore complexity is that those with a less complex mental model of the world do not 'see' what those with more complex models 'see'. Hence, they think those with more complex mental models are wrong. This is a problem recognized by one-time Shell strategist and scenario planner, Arie de Geus. He talks about the problems involved in transmitting all the learning that they, as strategists, had acquired over a considerable period of time:

> *'we had spent nearly 15 man-years preparing a set of scenarios which we then transmitted in a condensed version in 2½ hours. Could we really have believed that our audience would understand all we were talking about?'*[6]

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[6] De Geus, A. (1988) 'Planning as Learning'. *Harvard Business Review*, March–April.

Clearly, they did not, and this was a problem for the planners and strategists at Shell – how could they 'change the microcosm, the mental models that these decision makers carry in their heads'?

A similar problem was faced by Bush's and Blair's expert advisors almost 20 years later – how to get the key decision makers to understand the huge complexity of managing the aftermath of an Iraq war. Those without the complex mental models don't see or understand the complexities, hence they have a strong tendency to dismiss advisors as being overly pessimistic or difficult.

So, how do we ensure that our mental models are the most effective they can be? How can we develop a cognitive map that more accurately reflects the complexity inherent in the environment?

It would appear that it is easier to develop more complex living knowledge if our cognitive maps are:[7]

- highly differentiated and integrated;
- flexible and responsive to change;
- capable of spanning many paradigms;
- open to new constructs and beliefs.

We can see what this might look like if we take a look at the mental models of the owners of two small, independent food retailers in a medium-sized town.

George's mental model of the food retailing market is shown in Figure 8.1. George is quite happy with the state of things as they are. He feels that there is plenty of room in the market and that his business is doing well.

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[7] Much of this thinking is taken from Kelly, G. A. (1955) *The Psychology of Personal Constructs*. New York: Norton.

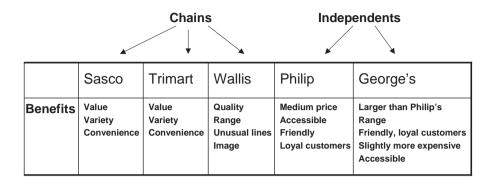|	Sasco	Trimart	Wallis	Philip	George's
	Chains			**Independents**	
Benefits	Value Variety Convenience	Value Variety Convenience	Quality Range Unusual lines Image	Medium price Accessible Friendly Loyal customers	Larger than Philip's Range Friendly, loyal customers Slightly more expensive Accessible

Figure 8.1   The market: George's mental model.

Alice's mental model of the market is shown in Figure 8.2. To Alice, the market does not look at all settled. She knows from her conversations with Will at Trimart that they are planning to set up a new metro store which will supplement their big, out-of town site. She also knows that the petrol retailers plan to expand their retail operations. Looking at her depiction of the market, Alice's store does not look as if it's in a strong position. She is relying on the convenience of her site and the friendliness of her staff to attract custom. However, there is a large contingent of buyers who simply do not have time to have a chat, who do not care about friendliness and who simply want to get in and out as quickly as they can. Alice sees that her store looks increasingly out of date and out of step with the market. She has to make a decision as to what to do next. Although she recognizes that her business is not as profitable as she would like, she knows it is more profitable than her local competitors in the sector. This she senses by going round and visiting their stores, observing their prices and staffing levels. She also owns her property freehold and so is not so subject to large hikes in rent. She decides to introduce a loyalty card of her own, and even thinks about talking to some of the niche stores to see if they are interested in sharing a loyalty scheme. She decides that she is going to spend some money on smartening the store up, and wonders, too, whether the bakery in the next village would be interested in selling some of its produce in her store.

This is a highly simplified example of course, but we can see how Alice's mental model of her market is more complex than George's,

The Market and Their Needs

•Retirees – cheap, friendly, convenient
•Mums at home – friendly, somewhere to have coffee
•Working mums – convenient, quick, range of healthy, pre-prepared food
•Young, working population – novelty, pre-prepared, quality
•Older working population – quick, variety, fresh, quality
•Young single men – convenience foods, variety of beers, lagers, wine

| National/global players | | | | | Local independent players | | | | | Mix |

| National chains | | Petrol retailers | | | Niche stores | | Local stores | | | Off licences |

	Sasco	Trimart	Wallis	BB	Mex	Deli	PP	Alice	George	Phil	Groves	Astor
Contact	**Ann**	**Will**		**Tom**		**Pam**	**Dave**	**Gill**			**Guy**	
Benefits	Price Convenience Brand Discounts Loyalty cards Internet/home delivery Responds to change		All these plus Image, Range, Quality	Convenience Brand Loyalty cards Open late		Quality The buying experience! Leisure Reputation Brand Friendliness		Friendly Accessible to locals Long-standing, loyal customers Alice's: helpful staff, home delivery, good management, innovation			Accessible Open late Specialized Expertise Quality Range	
Profitability	High		High	High		Medium		Low	Low	Low	Medium	

Figure 8.2 The market: Alice's mental model.

and this affects how she thinks about her business. In fact, what is noticeable about Alice's mental model is that it:

- Is more integrated – all her constructs flow from her concept of 'the market'. All of these constructs – the market and all the individual categories within the market – are connected and are part of a system. Hence, she realizes that changes in one part of the system imply changes in other parts, many of which will affect her.

- Is more differentiated – she has more constructs, categories and levels in relation to how she sees her competition. This makes her able to notice small changes in parts of the system and understand their implications for the whole. It also means that she can adjust small parts of her mental model without having to reorganize the whole system. This means she can adjust her mental model (or 'learn') without having to re-think everything she believes, which is something that we are highly resistant to doing.[8]

- Includes people – the source of her information about what is happening in each category.

- Is more dynamic and responsive to change – people are a source of dynamism and change in her mental models, because they bring in goals, plans and aspirations for the future. Because she knows the plans of some of her competitors, she has a sense of the trends. She understands that this picture is simply a reflection of a particular time and a particular place; tomorrow things may change.

- Has more constructs, such as 'the buying experience' at the delicatessen. Alice realizes that, for many people, shopping is not only a functional activity, it is also a leisure activity. She has also included 'loyalty' cards and 'brand' as important constructs in determining buyer behaviour.

- Contains more 'abstract' constructs than George's. Abstract constructs tend to have more explanatory power. For example, her notion of 'the market' incorporates a wide array of potential

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8 Kelly, G. A. (1955) *The Psychology of Personal Constructs*. New York: Norton.

buyers, classified according to their lifestyles and ages. This enables her to distinguish more sources of competitive advantage than George (e.g. 'the buying experience'; 'innovation'). George does not really have an explicit notion of the market as such; he has a construct called 'buyers,' which is a description of the people he actually sees and knows about – the people who come into his shop. His construct is concrete, based on his experience. Alice's is more abstract, based on a combination of experience and theory.

- Is more receptive to new constructs, as she has more categories than George. So, when Trimart open a new metro store, Alice already has a category within which to fit that event. George probably won't even notice it, because he doesn't have a category in his mind into which it will fit.

- Reflects more paradigms. Alice is consciously aware of her customers and what motivates them (customer paradigm); she is aware of the competition and knows some of them personally (competition paradigm); she also considers the financial structures of the market (financial paradigm); and she is very focused on her staff – how to motivate them and generate a positive buying experience (staff paradigm).

Alice's living knowledge is far more comprehensive, complex, flexible and powerful than George's. Alice may not be feeling quite as complacent and comfortable as George, but she is in touch, learning, growing, developing her living knowledge and, in two years' time, will still be in business. George's discomfort will come later – when it is too late to do anything about it.

Developing cognitive complexity is a discipline, and one that is easy to let slip. It involves always seeking out the new, listening to others, never assuming one has the final picture of reality. Most of all, we have to realize that just because we don't 'see' something, that doesn't mean that it does not exist! Often, our inability to see something says more about the comprehensiveness, flexibility and complexity of our own mental models than it does about the truth of any 'reality' out there.

The temptation to dismiss other versions of reality is great once you get to the top. This is a trap that seems to have ensnared Carly

Fiorina, ex CEO of HP. Carly engaged in a highly risky strategy of buying Compaq. In doing so, she fought a battle with Walter Hewlett (son of HP founder, Bill Hewlett), who resisted the move into the 'achingly competitive, heavily commoditized computer world'.[9] There is nothing wrong with this, of course. Business leaders stand up and fight for their strategies all the time. However, perhaps one of Carly's failings was to dismiss her rival's claims and doubts. She became certain that she was right and that her rival's view was 'wrong'. She seems to have suffered from the attitude that often entraps the unwary visionary leader. She shut out the voices of intelligent people with views that were rooted in a valid 'take' on reality. In a *Fortune* magazine article exploring the problems at HP, one of her colleagues says that she cannot admit to her mistakes and learn from them.[10] In fact, Fiorina is depicted as someone trapped in her own denial, rationalizing the profit disappointments and setbacks and claiming to be greatly satisfied with the performance of the company.[11] What's more, the article noted that there was a huge 'brain drain' under Fiorina, whilst at the same time observing that the CEO's job at HP is so complex that is it perhaps beyond the ability of any one person to handle well.[12]

Many leaders find it difficult to tolerate other great minds with diverse views. This appears to have happened at HP. The brain drain was in part initiated by Carly (through firings and redundancies), and in part the brains departed of their own initiative – going to where they were better utilized.

Whilst acknowledging that we know little of what *really* happened at HP, we might hazard a guess that perhaps Carly would have done better to beat her rivals by absorbing and filtering their views and, hence, developing a more complex mental model of her environment. Every time we dismiss someone, we dismiss the potential to add richness to our living knowledge. In the past, it

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[9] 'Why Carly's Big Bet is Failing'. *Fortune*, February 7th, 2005, pp. 40–51.
[10] 'Why Carly's Big Bet is Failing'. *Fortune*, February 7th, 2005, pp. 40–51.
[11] 'Why Carly's Big Bet is Failing'. *Fortune*, February 7th, 2005, pp. 40–51.
[12] 'Why Carly's Big Bet is Failing'. *Fortune*, February 7th, 2005, pp. 40–51.

might have been possible to dismiss rivals' views; now it is wiser to absorb them.

Psychologically it is difficult to absorb the views of people whom you dislike, fear, mistrust, scorn and dismiss. The problem is that we often 'judge' others according to criteria that have nothing to do with the problem. We dismiss the 'geeky' computer guy, because he's not financially savvy; we scorn the HR department, because they are 'touchy-feely'; we fear and mistrust our peer in marketing, because we feel threatened by them. So, we end up dismissing the views, insights, ideas and living knowledge of people who are clever, switched on and who know something that we could learn from. Why? Because it makes us feel good!

So how do we go about developing our living knowledge? How do we give ourselves time to think? How do we filter and absorb important perspectives, even if we don't agree with them? How do we manage the conflict between the need to achieve our goals quickly and the need to embrace complexity?

This is where our three cognitive disciplines come in: deepen sensemaking; engage creativity; reality check.

Deepen Sensemaking

This discipline entails creating more integrated, differentiated and flexible mental models of our environment, rather like Alice's version of the marketplace as opposed to George's. However, Alice's mental model was a static representation of the world out there. We also develop what psychologists call *scripts* of how we can best operate, both on and in that world. Much of our sensemaking is driven by the need to understand what works out there. This comprises two sets of understandings – what does 'out there' consist of? How do I act in it in order to meet my needs – 'what works?' Obviously, as we all have different needs, we will all develop different ideas of what works. A person who has strong needs for harmony and prefers to avoid conflict will develop a different strategy for operating in the world to someone who has strong needs for achievement. Both will

have an idea of 'what works' in the world and both will be quite different.

Hence, our mental models and scripts will be infused with our personal needs, as well as our subjective and objective experience.

So, how do you develop more integrated, differentiated and flexible mental models? Quite simply by listening to a huge variety of other people and opening yourself to their constructs and their understanding of 'what works'.

This is where something that appears to be quite dry and 'intellectual' becomes quite challenging and emotional, because in order to do this properly, we need to venture outside our comfort zones. We have to talk to, mix with, listen to, tolerate and respect people who are different from us, and who our instincts may tell us to dismiss. We have talked about the emotional dynamics of this in previous chapters. Here, what we will do is look at *how* to listen to others.

Let's imagine an MD is trying to convince his senior manager to move a member of her team to another unit. Their discussion goes as follows:

Brad: *You've got to get rid of her. She's not up to the task. If we don't get this completed by December we're in real trouble.*

Gill: *She **is** up to the task. She's worked with me for over six months, I know what she can do. She's just been a victim of circumstances recently. It wasn't her fault that they missed that last deadline – they were affected by computer problems, which were nothing to do with her.*

Brad: *You're always defending her, Gill. You know it doesn't look good with other members of the board. You can be seen as being too soft on staff. It's absolutely vital we deliver to the customer on time – you know that we start incurring penalties if we don't.*

Gill: *Yes, I know, I know. But it's just not fair to start blaming people when its much more complicated than that. You always do that, Brad. It's just easier to do that than to look at the real problems, which, if you'd listen to me, you'd realize were more to do with how our work is evaluated and the whole measurement system. It means that people don't take responsibility for problems if they are not directly affected by them and . . .*

Brad: *You keep on going on about this Gill, but there's nothing we can do about it and it doesn't address the problem about*

> *getting this all done by December. Look, what are you going*
> *to do about Anna – are you going to put your own reputation*
> *on the line here?*
>
> **Gill:** *Brad, you're not being fair. How do I respond to that?*
> **Brad:** *You've got to decide Gill. You've got to decide whether*
> *you're tough enough to lead at this level.*

This conversation is absolutely packed with constructs, values, goals, mental models and scripts/strategies. But neither speaker is learning or listening to the other. Let's look at the basic building blocks of their mental models – their constructs (or concepts):

	Brad	**Gill**
Main constructs	1. 'Up to the task' 2. (Anna is not) competent 3. (Gill is) soft on staff 4. Perceptions of board 5. (Gill is) too soft 6. Board critical of Gill 7. Client deadline 8. Penalties 9. Powerless (to change) 10. Laying reputation on line 11. Tough enough to lead	1. 'Up to the task' 2. (Anna is) a victim of circumstance 3. (Anna is) competent 4. Computer problems not her fault 5. Blaming people vs understanding complexities 6. (Brad is) a blamer 7. (Brad) avoids complexities 8. Real problems 9. Measurement system 10. Taking responsibility for problems 11. Fairness
Minor constructs – those that are not valued or given much weight	1. Measurement system 2. Junior staff	1. Client deadline 2. The board
Values	1. Tough decision making 2. Client first 3. Managing perceptions upwards	1. Fairness 2. Looking at the complete picture 3. Taking responsibility

Brad and Gill are communicating, but they are not communicating and learning, they are communicating and fighting. They are trying to impose their own versions of reality onto each other. What is also clear is that they both have different values, and these values are leading them to concentrate on different paradigms. Brad's main paradigms are the client, commercial and power paradigms. Gill's are the staff, psychology and systems paradigms. This is a recipe for deeply flawed communication – because they do not value each other's paradigms. Moreover, by not valuing these paradigms (all of which are valid and have something to add), their cognitive maps are oversimplified and they cannot appreciate the full complexity of the situation they are dealing with.

In a learning dialogue, each of them would take time to unravel each other's constructs, really attempt to incorporate them into their own understanding and, as a result, increase the complexity of their own map of reality. This would take time and commitment to achieve. An example of a learning conversation might look as follows (though in reality it would take a lot longer). The text in square brackets beneath the dialogue comments on the thinking and technique involved in developing the learning element of the conversation:

Brad: *You've got to get rid of her. She's not up to the task. If we don't get this completed by December we're in real trouble.*

Gill: *She **is** up to the task. She's worked with me for over six months, I know what she can do. She's just been a victim of circumstances recently. It wasn't her fault that they missed that last deadline – they were affected by computer problems, which were nothing to do with her.*

Brad: *OK, look, we're not communicating here. We clearly have different understandings of the situation. Why don't we take turns explaining our views of the situation?*

[Instead of carrying on arguing, Brad recognizes that they need to have a learning conversation. He disciplines himself, managing his frustration and makes the first move.]

Gill: *OK. You go first then.*

Brad: *This is a **really important** client. This job is a sort of test to see whether we're up to doing something bigger. If we can get this job done to their satisfaction, they will probably give us something much bigger. If we do this well, the future of*

the company will be much more secure. I feel frustrated when other people don't seem to appreciate the urgency of this task. It seems to me sometimes that the staff feel as if the company is here to serve them!

[Brad expresses his feelings in an assertive way – using 'I' language and explaining what he feels and why he feels it. This enables people to talk about their feelings in a calm and constructive way. He elaborates his mental model more, showing why he thinks as he does.]

Gill:　*Well, I didn't realize quite how important the job was, I'll admit that. But what I see is that we are always getting ourselves into a mess around client deadlines, because we don't plan things properly and we seem to thrive as a company on deadlines and last minute panics. Our systems are not being used as efficiently as they could be, but no-one seems to have the time or inclination to sort them out. It's almost as if everyone loves the stress and the chaos. It's also easier to blame individuals than to spend time understanding the underlying systems that generate the damaging behaviour in the first place.*

[Gill acknowledges the limitations in her own living knowledge. In doing this, she acknowledges that she has absorbed Brad's constructs.]

Brad:　*Well, I don't really know what you're talking about Gill, I'll admit that, too. It sounds a bit woolly to me, but maybe we need to sit down and explore this in more detail. But it also seems to me that we have different priorities – mine is the customer and yours is staff and systems.*

[Brad reciprocates. Although he doesn't see Gill's point, he is ready to credit her with a valid take on reality. He agrees to suspend his disbelief and make an effort to understand her view. Brad grasps the important fact that they are prioritizing different paradigms.]

Gill:　*Well, I care about the customer too Brad, but I get a bit fed up when everyone and everything is sacrificed in the name of the customer. We use the concept of customer to justify a lot of unacceptable work practices. But that's not relevant now. What I'm hearing is that we have a bit of a crisis on our hands – the December deadline.*

[Gill is now expressing her feelings. However, she is sensitive to the time element of the conversation. She acknowledges Brad's mental model and agrees to incorporate it into her living knowledge.]

Brad: *Yes, we have. If you can sort this out for me, I promise we will sit down and get to grips with these system issues, Gill. I'm still not sure about Anna though . . .*

[Brad reciprocates – even though he still doesn't understand or even agree with Gill.]

Gill: *Well, you're right, Anna doesn't have the same level of experience that some of the others have, so she is a bit slower – but that's because she's younger. It's not through lack of competence. I'll put someone else on the job to help Anna, and I'll promise you to meet the December deadline. But you've got to trust me.*

[Gill now brings in her more complex mental model of Anna – one that did not get aired before, as Gill felt the need to defend Anna.]

Brad: *Fine Gill, but I do need to be kept informed. The board is prioritizing this – all eyes are on your operation you know!*

Gill: *Really? I didn't think about the board being so involved.*

[Gill's lack of power paradigm is manifesting itself. She is beginning to understand its importance.]

Brad: *Well, if this goes well, we might get your systems stuff on the board agenda too. Anyway, we'll think about it after December.*

[Brad links the power paradigm to Gill's system paradigm – showing her the importance and relevance of the power paradigm to her own agenda.]

Gill: *OK, thanks Brad.*

It is important to note that 'listening' like this – i.e. in a way that leads to greater cognitive complexity for both participants – is *not* just a skills issue. It stems from a philosophy, an attitude of mind and a discipline.

The *philosophy* concerns your assumptions around the nature of knowledge – what scientists refer to as *epistemology*. We all have an epistemology – whether we realize it or not! The epistemology we are promoting here maintains that, in many areas of life (particularly

when it comes to organizations) it is not possible to 'know' anything for certain. In other words, our knowledge is socially constructed or co-created – each community constructs its own truth. 'Truth' reflects the biases, values, experiences, priorities and needs of the community that constructed it. Our personal 'truths' are also constructions – reflecting our personal values, needs, experience, goals, culture, background, etc. If this is the case, my truth will always be incomplete, and in order to gain a more valid picture of 'reality', I need to supplement my truth constantly with insights from other people's truths. If this is your epistemology, you will find it much easier and more natural to listen to people. However, if your epistemology is based upon the assumption that it is possible to know the truth of reality out there, and you believe that your take on truth is always better than other people's, you will not be able to listen easily to the views and opinions of other people.

The *attitude of mind* is best summed up with one word – 'humility'. Jim Collins refers to 'level 5 leaders' who can transform their good or mediocre organizations into outstanding leaders in their field. These level 5 leaders have two qualities – absolute determination and humility. But, in our culture, humility has connotations of weakness, deference, yielding to others and powerlessness. Why? Because in a culture that values winning, power, fame, opinions and conspicuous consumption, humility has no place. It is seen as the opposite of everything that is valuable. We tend to prefer arrogance to humility – and arrogance is the enemy of learning. Humility, on the other hand, is a virtue that helps us recognize our limitations as well as our strengths; it helps us acknowledge that we do not and cannot know everything, and that others, with different values, have something to offer. Those with humility are ready to listen, to learn, to grow, to experiment and to observe what works, rather than dismiss ideas from the perspective of their own limited mental models. Those with humility find it easy and natural to listen; those with a more arrogant attitude find it impossible.

Finally, there is *discipline*. This refers to the behavioural element of listening. We tend to be a society of immediate gratification; we experience desire and we want to satiate it – immediately. We experience anger, frustration, fear and we respond by noticing those emotions and either expressing them externally or focusing on them

internally. What we do not tend to do is learn to discipline them. But if we are going to learn from our conversations, we will have to get used to handling a wide array of emotions and not responding to them as soon as we feel them. As soon as someone says something we disagree with, the natural response is either to challenge them or simply to dismiss what they are saying in our heads – turning off and not listening. However, if we are really to engage in a learning conversation, we have to learn to discipline this natural response – to open ourselves up to what the other person is saying, when instinctively we want to close ourselves off.

This is just an introduction to how we can deepen our sensemaking. Fundamentally, it is all about constantly updating our living knowledge, primarily by listening to others – particularly those who we might prefer to ignore. But it is also based upon a particular epistemology concerning truth and knowledge – greater humility and greater personal discipline.

Engage Creativity

Much has already been said about creativity, and it is not the intention of this book to explore this huge subject area. However, we will explore the notion of creativity from the vantage point of how we can use creativity to expand our cognitive, emotional and behavioural complexity (and vice versa). We see an example in the following conversation:

Mark: *Look, the opportunity is there right now. We have got to grasp it. We can work out the details later, but this is a time for action – not your typical 'analysis-paralysis'.*

Richard: *I can see the opportunity is there right now – and it's an opportunity that could kill us if we're not careful. If we go into partnership with a relatively unknown company, in a part of the world that is not overly stable, we could be jeopardizing our reputation for financial prudence. It's highly risky, and I am not happy about the level of research that has been done to evaluate and assess the risk.*

Mark: *If we wait and do a full risk analysis, the opportunity will have been handed on a plate to our competitors.*

> *We'll then be on a back foot in Asia. This is a fantastic*
> *opportunity Richard. We'd be mad to turn it down.*
> **Richard:** *Sorry, Mark, I can't support you on this.*

This conversation is, in effect, a clash of values – often in itself a rich source of creativity and insight. However, instead of 'fighting', the two colleagues need to recognize the creative tension involved in the opposition of their two ideas.

The point about creativity is that it is often bypassed due to the desire to resolve (or avoid) the emotional stress or tension associated with the need for a decision or action. If, in a management meeting, it is discovered that there is a conflict between two ideas, there is often a desire to resolve the conflict as quickly as possible, make the decision and move on. It is this desire to settle and close down issues that is so inimical to creativity.

However, there are many simple creativity techniques that can help trigger creative responses in situations like this. Recognizing that the emerging conflict concerns values is a good start. We can then express affirmation of both sets of values – 'entrepreneurialism' and 'risk management'. We can then ask a simple 'both . . . and' question.

> **Helen:** *Look guys, you both seem to have a point. The question is, then, how can we take advantage of the opportunity whilst at the same time minimizing the risks?*
> **Richard:** *Yes, that's a good way of looking at it.*
> **Mark:** *I agree with that, except that we have to act fast. Sometimes you just have to take risks; you can't avoid them.*
> **Helen:** *But if you could take advantage of the opportunity at a lesser risk, would you be happy?*
> **Mark:** *Of course I would.*
> **Helen:** *So, how can we minimize the risk without losing the opportunity?*
> **Richard:** *I know people I could call. There's a load of work already done in this area. I also know someone who's working out there in our field. It wouldn't take long – perhaps two days – to put together a report highlighting top level (not detailed) risks. We have been doing some work on this ourselves – in anticipation of this request.*

Mark: *You never told me that!*

Richard: *I was not going to encourage you! Look, it won't be enough to do a full risk analysis but what it will do is pinpoint the main areas of risk that we could go into further detail with if necessary. The question is, would this be too long for you Mark?*

Mark: *Well, if I can get back to them today just to say we are actively considering the opportunity, I'm sure I can hold them for a while. It's better than a blanket 'no', which is where I thought we were heading.*

This is a simple example, but purposely so. The point is that creativity is a state of mind – one which feels open, generative and positive rather than closed and combative. It is a state of mind where people become open to expanding their constructs (e.g. absorbing the other person's point), expanding their emotional complexity (restraining frustration, disciplining oneself not to judge) and expanding their behavioural complexity (cooperating rather than competing and undermining when one's values are under threat). It is a state of mind we can choose to be in at any moment in time. It is also a state of mind that we can help others to engage in by asking simple 'both . . . and' questions. As soon as Helen asked her 'both . . . and' question, the atmosphere changed and people became more cooperative as they felt their ideas were being given serious consideration. In fact, creativity is another kind of learning state. Unlike the visionary, adaptive or dissonant learning states, the creative learning state is relaxed, playful and fun-loving. The type of learning that emerges from this state of mind does not arise when people are highly focused on meeting deadlines and completing tasks. The creative frame of mind – open, playful, curious, experimental and receptive to possibilities – is referred to as the *generative* learning state.

Asking the right questions is vital to creative thinking. Examples include:

- How can we build *both* commercialism into the culture *and*, at the same time, respect values around risk avoidance?

- How are problems a, b and c connected?

- How many ways can we find to . . . ?

- How many options can we generate . . . ?

- What would happen if (we did the opposite of what we were thinking or if we didn't do anything right now)?

- If I had the power to change anything I liked, what would I change?

Creativity arises from exploring connections, possibilities and options and riding the tension associated with that. Creativity is often associated with complex problems but can be stifled by the frustration that builds in the desire for a quick solution. The key is to stay with the frustration for a bit, without feeling the need to resolve it by making a hasty decision.

We spend too much time in organizations closing issues down rather than exploring them and truly understanding them. It is not too much to ask that, occasionally, people are asked to explore issues with no expectation that they will have to come to a conclusion if they do not feel ready. It is possible to run creativity sessions around key issues in the business or organization without pressuring people to come up with premature solutions. Regular creativity exercises operate as 'learning workouts' – they loosen up our thinking patterns, opening us up to new patterns of thought and feeling and behaving. They help team building, boost morale and stimulate creative problem-solving throughout the organization. If people go into the session curious and wondering whether anything of interest will emerge, they are far more likely to learn and develop useful ideas than if they adopt a critical evaluative frame of mind, judging the session according to how many effective ideas are generated.

Whilst it may feel like 'wasting time', all learning involves taking steps back and out of the chaos. Sometimes this entails deep reflection, but sometimes it entails quite simply having fun. Both are important ways of accelerating our learning. Companies such as Google seem to embrace fun, creativity and chaos as integral parts of their business models. According to *Fortune* magazine,[13] it appears that these more 'chaotic' business models are proving to be the most successful in today's business environment. The

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[13] *Fortune*, September 2006.

companies that truly embrace creativity appear to be the business role models of the 21st century.

Reality Check

Our last practice involves 'reality checking'. There is nothing much to say about this practice other than – 'do it'. Everything we have said so far stresses the impossibility of accurately mapping reality. At the same time, we have stressed the importance of constantly striving to do so. Reality checking is the practice that unites this paradox. You can never map reality accurately, so you have to check your maps to ensure they are as accurate as you can make them. The importance of this practice cannot be overestimated. The following are some examples of what happens when it is not taken seriously enough:

A senior manager took on a regional role responsible for four local offices. When she started, everything seemed to be functioning smoothly and the offices were in great shape. She saw her role as supportive and let the individual office managers run their own shows. However, 12 months into the role, one of her office heads resigned and went to a competitor. When she visited the office, the staff informed her that they had been worried about how various items and sales were being accounted for. When she looked into the matter in detail, she discovered that widespread fraud had been taking place, and the office was going to have to suffer a huge blow to its bottom line in order to recover.

A senior politician took over a government department. All seemed fine and he got on well with the civil servant running the department. She seemed intelligent, efficient and friendly. However, 18 months into his office, an embarrassing scandal emerged from the department. As the politician in charge, he was blamed for it, despite the fact that he only knew of the problem when it emerged in the press. Nevertheless, the press discovered that it had been bubbling away inside the department for years. Many civil servants knew about the problem and had raised it with their managers – but apparently the culture was characterized by bullying and denial. The senior civil servant in charge was arrogant and intimidating. Many of her direct reports did not dare to raise their concerns, and those that did were ignored.

A middle manager applied for a promotion. He was pretty sure he would get the job and was dismayed to find that he was not even considered. This was due to his people management skills. He protested, saying he had excellent people management skills, that his team was in good shape and everyone worked well together. His department had achieved profits above target and his team had performed extremely well. However, in a subsequent session with a coach, he discovered that his team was terrified of him. His regular outbreaks of anger, his moodiness and his direct way of talking about problems intimidated others. He had no idea, and was astonished to learn that the team that he had believed was so cohesive and happy was, in fact, terribly unhappy with his leadership.

Most organizational reality exists inside people's heads. Perception is everything – especially as you get further up the hierarchy. In an organization, you are nothing more than the combination of people's perceptions of you, so it is important to check how you are perceived.

However, there are also 'real', as opposed to merely 'perceived', problems. These real problems or 'landmines' lie under the surface waiting to explode. Whilst they may be difficult to spot, people working in the area will know about them, and there will always be some indications of their existence. The challenge is to find these problems out before they explode publicly. This means mixing with people on the ground and actively expanding one's living knowledge by talking to a range of people at all levels in the organization, constantly probing for facts.

One way of doing this is to ask certain types of questions.

Sensing Problems

- Where are problems likely to emerge from?
- What's the worst that could happen?
- What scenarios could develop that could threaten the organization and/or my leadership?
- Where is there conflict or tension in the organization?

- What must go right for me to succeed in this post? How much do I know about what is going on in these areas?

- What signs should I look for that might indicate problems or areas of concern?

- How do I know that my answers to these questions are accurate?

Sensing Opportunities

- Where are opportunities likely to develop?

- What's the best that could happen?

- What scenarios could develop that could boost my organization and/or my leadership?

- Where is there excitement in the organization?

- What is going on in these areas on the ground?

- Do I have some bright people who have a lot to offer but who are ignored?

- Can we develop a process that spots and focuses attention on potential opportunities?

- How do I know that my answers to these questions are accurate?

The answers to these questions lie in the heads of the people all around you. Therefore:

- Host regular informal lunches/breakfasts/meetings with client-facing staff or people on the ground.

- Tour sites and have regular sessions where people can gather and talk openly.

- Conduct regular problem/opportunity sensing surveys.

- Host web pages where people can log their ideas and/or feedback.

- Build an informal network throughout the organization.

- Use systems and measures to gather 'hard' data, against which to test your perceptions.

Some people are sensitive about talking to people on the ground for fear of alienating the direct managers – going through them to get to their staff as it were. Often, the direct manager can feel exposed by a senior manager talking to his or her staff. This can be handled sensitively but it must *never* get in the way of the intelligence gathering that is part of a leader's job. You can make it clear that you see your role as one of intelligence gathering, mixing with staff at all levels and problem/opportunity sensing. Whilst you do this, constantly check your perceptions – of yourself, your team, your organization, your key performance indicators (how are those figures compiled?) and your competitors, and encourage your direct reports to do likewise.

The one area we have not stressed as much as we might have is the importance of spending time off the job to make sense of all the data you gather. If you spend time constantly gathering data but not taking time to make sense of it, you will end up overloaded – stressed and out of control. It takes time to put all the pieces together and evaluate them. There are two good ways of taking time out – hiring a coach or going on a leadership retreat.

President Roosevelt was responsible for the first modern-day retreat. In 1942, just as America entered World War II, he had his own retreat built for him just outside Washington. It was here that he took time to reflect, relax and explore complex issues, both with his staff and other world leaders, in an environment of natural beauty and peace. This retreat is now known as Camp David.

A leadership retreat is a venue, normally in the country, which is simple, not occupied by other business people or conferences, and where the main commodity on offer is peace. Retreats can be taken alone or alongside a coach or mentor, who is there to help you clarify your thoughts. It is also possible to go on guided retreats, where people provide you with structured exercises to help clarify your thinking in a particular area.

The important point about retreats is that they should be places of beauty and calm. The environment of a retreat nurtures a reflective and generative state of mind that is highly receptive to learning. Hence, retreats are not taken within plush but busy hotels with easily accessible business centres and multiple means of contact with the outside world. Some people take their retreats in monasteries or convents, where there are no distractions and there may be someone to talk to who has no stake at all in the issues you are engaging with. Retreats are places to reflect, wonder, play around with ideas and come to considered conclusions. Leadership retreats are becoming increasingly popular, and should probably be considered a critical part of any 21st century manager's toolbox.

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This chapter started by describing the complexity of the world we live in today, and stressing the importance of developing greater cognitive complexity in order to better survive in that world. The three practices outlined here – *deepen sensemaking*, *engage creativity* and *reality check* – will help in this process. But we also showed that even more important than these were the underlying philosophy, attitude of mind and personal discipline required to take full advantage of the practices. We outlined an epistemology that stresses how we 'construct' our living knowledge from personal values, experience and preferences. Our own living knowledge is simply a personal construction that will always benefit from further development and refinement. We described an attitude of mind that stresses humility – the discipline of listening to those who we may find difficult, frustrating, unimportant or even threatening. Finally, we looked at the importance of personal discipline – a commitment to constructively managing our responses to our emotions and desires, rather than simply expressing or repressing them. All of these practices, attitudes and disciplines will serve anyone well when dealing with the complexity facing us in the 21st century.