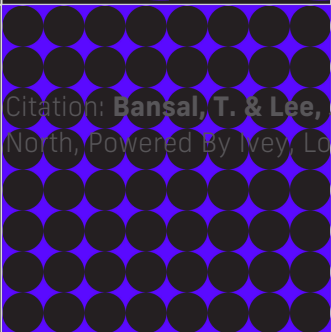
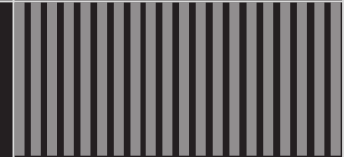
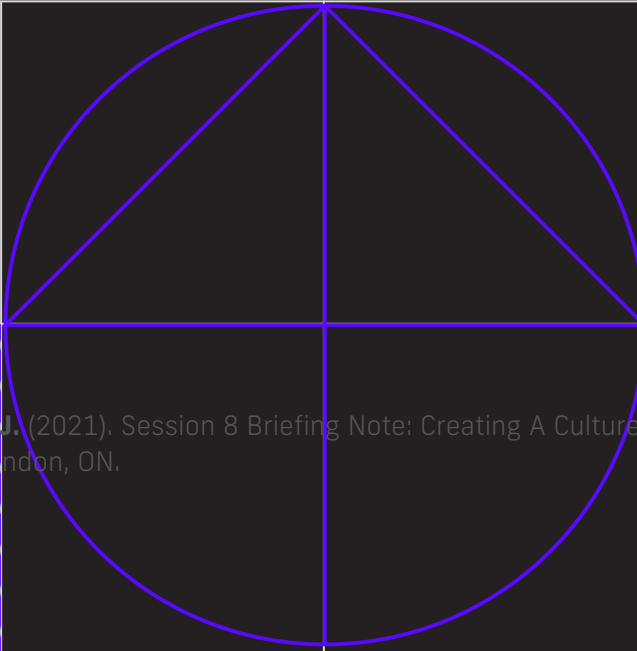
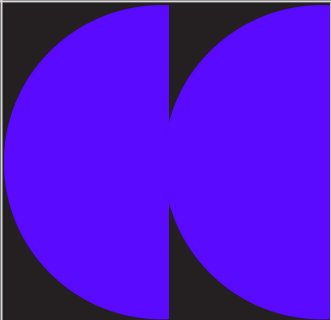


INNOVATION NORTH



Session 13 Briefing Note:

LEADING IN COMPLEX TIMES



Citation: **Bansal, T. & Lee, J.** (2021), Session 8 Briefing Note: Creating A Culture of Creativity, Innovation, North, Powered by Ivey, London, ON.



Lydia, the head of innovation at a major corporation, has been frustrated by colleagues' efforts to oversimplify the complex issues confronting the business. She says that "instead of experimenting, senior management has retreated into safe bets. We've lost our ability to innovate, take risks, and learn from failures. It's a catch-22. The more we need to change, the less our ability to do so."

Major global issues, like climate change, cyber security, and geopolitical forces, have elicited fear from many executives. In response, they tend to avoid risks and seek safe bets. They look for best practices to tackle the complexity they face – at a time when no one has any clear answers.

There's the paradox. At times of greatest change, executives need to be most willing to innovate and adapt, yet these are the times that they are least willing to take risks.

Early on in the Lab, we learned about complex and chaotic environments that call for emergent or new practices. In this session, we will engage with the topic of unlocking complexity to lead in complex times. To do so, we will review briefly why systems are so hard to change and how to do so.

Why Are Systems So Hard To Change?

In Session 1, we described a system as "a set of related components that work together....to achieve an objective". Your body is a system of physiological, interacting elements. So is a team, your organization, or the industry, health and financial systems in which your company is embedded. There are several reasons why systems are hard to change.

The Parts Of The System Are Sometimes Invisible And Siloed

Organizations are often made up of functional units, such as Finance, Marketing, Human Resources, R&D, etc. This design makes sense, as it allows like-minded people to work together efficiently for a clear purpose.

However, barriers can be inadvertently or intentionally erected between departments. Whereas marketing people want to sell more stuff quickly, R&D people want to design products with long timelines. What's more, the Human Resources department may be designing incentive systems for 'one size fits all', when the marketing people should be measured on sales and the R&D folks need to be measured on creativity.

We also learned from Banny Bannerjee in Session 12 and from Terry Irwin in Session 4 that the environment is full of macro challenges, many of which are deeply connected. Yet, the connections are often invisible. We often don't even see the connections until we introduce a new product or engage in a new marketing activity that fails to succeed or creates unintended consequences.

People Become Stuck In Mindtraps

Jennifer Garvey Berger will tackle the issue of mindtraps. She says that people take cognitive and emotional shortcuts, which are done automatically and unconsciously. Such mindtraps are more pervasive than people realize. When people try to see complexity, they fail to do so. She identifies 5 mindtraps, some of which we will cover in the session.

1. Simple Stories: People often are attracted to simple, easy-to-understand stories, and can fail to gather the 'right' parts of the complexity in their pursuit of simplicity.

2. Rightness: People seek the desire to be right, defaulting to feelings and biases, rather than accuracy.

3. Agreement: People tend to surround themselves with like-minded others, in order to validate their ideas, gain easy agreement and create a sense of community, sometimes creating an echo chamber of low-quality ideas.

4. Control: People want to control their environment, and thereby try to limit challenges and novel, yet useful, ideas.

5. Ego: Maybe most importantly, people care about their identity and will try to protect themselves from anything that challenges it. They build walls to protect 'who they are', rather than mold them into 'who they can be'.

People Fail To Pay Attention

Even if people do see connections among elements of a system and are willing to break out of their mindtraps, they are just unable to do so because their day-to-day activities demand all their attention. Whether it's the complexity of managing kids at home, making the finances meet, or just the many day-to-day tasks at the office, people are finding their days increasingly full and difficult to manage. Time and resource constraints are the enemies of complexity.

How To Change Systems

Just because systems are hard to change, doesn't mean they need to be. Based on prior research and our own insights over the last three years of the Lab, we offer the following guidance.

Develop Habits To Escape The Mindtraps

Jennifer Garvey Berger offers several ways that can help people avoid mindtraps, such as: looking for multiple stories, rather than one simple story; listening to learn rather than listening to win or fix the problem; offering ideas to expand potential ideas, rather than shrinking them; and experimenting to learn more about the system. Below, we offer some additional ideas.

Build Awareness Of The Whole System, Not Just Its Parts

People need to see the whole system to see the problem in a new way and also to see the parts of the problem that can or should be changed. It can ensure that the actions that are taken work towards holistic change, not just incremental, pointless change. As well, it can help reveal insights into the system that are not known.

Engage In Activities That Align With The Organization's Purpose

To change systems requires having a clear purpose and staying with the purpose in all actions. In a complex environment, it's easy to fall into the trap of being buffeted around in the chaos. People make superficial changes and chase customers or technologies, rather than staying the course. Executives need to align work structures, job designs, and relational norms taking them closer to their desired purpose and revisiting the purpose often to stay the course.

Involve Key Stakeholders, Especially the Invisible Ones, In the Change Process

It's easy to focus on the stakeholders that influence the company's finances or who are noisy. Yet, the deepest insights are often offered by stakeholders who are invisible – such as community members, Indigenous people, or young people. Involving key stakeholders, not only reveals new insights into the system, it can help enact the desired changes. There are three pieces of advice:

- Ensure the engagement is sincere, and not just ticking boxes. Otherwise, stakeholders will revolt, rather than support the organization. Engaging stakeholders requires companies to consult and collaborate with stakeholders, not pressure or build a coalition.
- Do not involve too many stakeholders simultaneously. Involve different stakeholders in stages, or the engagement process will become intractable.
- Seek the right amount of diversity among stakeholders, as too much diversity can lead to conflict and too little won't yield the desired results.

Emphasize A Desired Future

There is considerable research that shows that people engage in change processes if they buy into the overarching purpose. Creating an organizational purpose that has wide appeal and consistently engaging in activities that move towards that purpose will align everyone's interests and actions. Focusing on fixing past problems, rather than on a desirable future can derail systems change and deplete energy.

Roca Inc. Inspires High-Risk Youth

Molly Baldwin, the founder and CEO of Roca Inc. supports at-risk youth. She believed that the reasons youth experienced trouble was not just the youth themselves, but the attitudes of those around them. She saw that people around such youth lived with an 'us versus them' mindset, claiming to hold a higher moral ground and blaming them for the issues. Many of these youth never had someone they could consistently count on. Baldwin realized that transforming systems requires transforming relationships among people who shape those systems.

To address this, Baldwin adopted the Indigenous practice of peacekeeping circles, which brings all critical players together to sit in a circle. In this case, the group included at-risk youth, police, probation officers, community members, and friends. They would "learn to listen to each other in a deep way in circles. You see that a problem is not just one person's problem, it is all our problem."

In 2013, 89% of the high-risk youth in Roca's program for parolees and ex-convicts had no new arrests, 95% had no technical violations, and 69% remained employed.

Final Words

Executives often approach systems change as something they do to the system. A systems approach recognizes that we are all part of a system, not separate from it. Changing the system, ironically, often begins with changing ourselves. By listening deeply to the system, one can both influence the system and adapt to it.

Citation: **Sharma, K., Mascena, A., & Bansal, T.** (2022). Session 13 Briefing Note: Leading In Complex Times. Innovation North, Powered By Ivey, London, ON.

**INNOVATION
NORTH**

Innovating for a better future.
[innovationnorth.ca](https://www.innovationnorth.ca)