

ADAPTIVE LEADERSHIP PAPER

WORKING SMART WHILE
BEING AGILE

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WRITTEN BY
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ABOUT THIS PAPER

When the proverbial hits the fan we move from our current leadership style into crisis leadership. This time, it's different. The fan continues to spin while the s#t continues being slung into it. Returning to our old leadership style will not serve you well enough.

The Uncertainty Paradox, that the only certainty is uncertainty, rings in my ears louder than ever before. Fortunately, every one of us has been living with various levels of uncertainty throughout our lives. You have coping strategies, tools and techniques that have got you through. And many of those same things will help you now. However, my aim with this paper is to put those strategies, tools and techniques into perspective on how and why they best work. Finishing with how to use them now to benefit you and your organisation. And I am calling it Adaptive Leadership. I am putting a name to what you are doing right now and I am going to help you do it better.

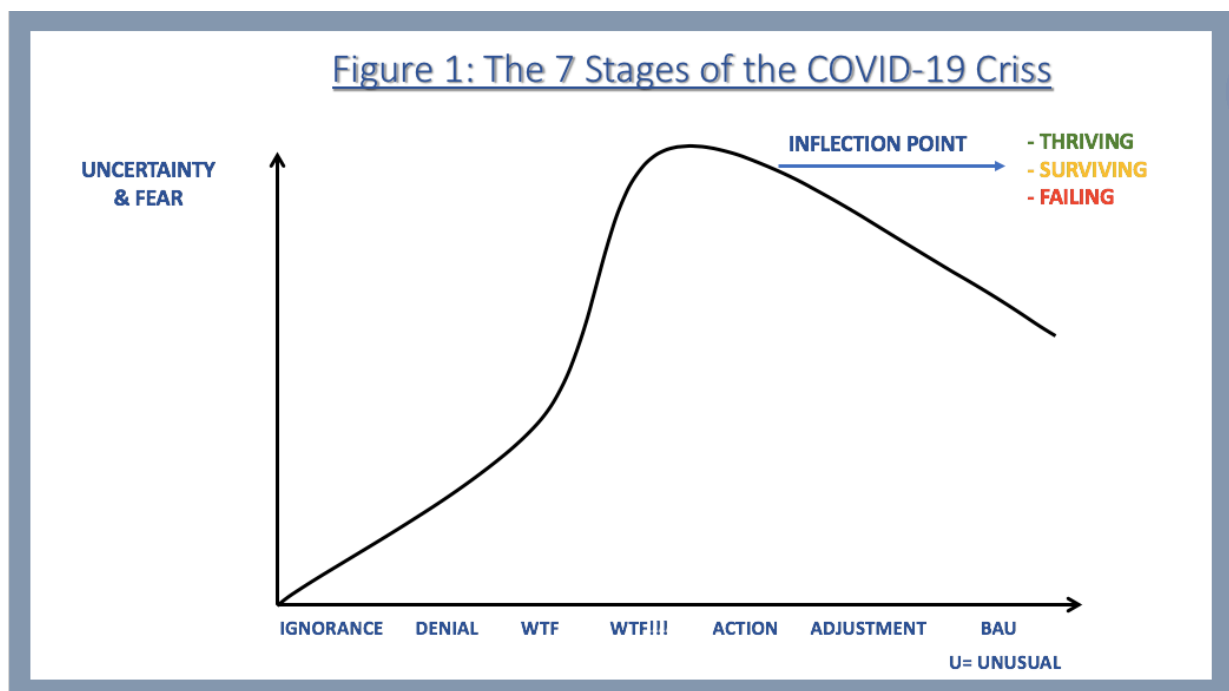
Adaptive Leadership is not my original thought bubble. It comes from a Harvard Business Review article published in the midst of the GFC in 2009 titled Leadership in a (Permanent) Crisis and authored by Ronald Heifetz, Alexander Grashow and Marty Linsky. All are co-authors of a book on the topic, The Practice of Adaptive Leadership.

You have coping strategies, tools and techniques that have got you through. This paper will unpack:

- The types of LEADERSHIP you move through as you navigate this crisis
- The clear actions you should be taking now to ADAPT TO THIS CHANGE (adaptive leadership)
- The SCENARIO ANALYSIS tool to help you prepare now for the next 1,3,6 and 12 months

WHAT THE FU[] JUST HAPPENED?

Before I go into solutions, I want you to appreciate the before, then and now of our situation. This will help you see how your various strategies, tools and techniques served you in different circumstances and how they must serve you now.



As I mentioned, uncertainty has taken a massive leap forward and stopped right in front of our faces. And uncertainty often brings fear. Fear for your health, for the health of others, for your livelihood, for the livelihood of others.

Please take a look at Figure 1 which shows seven stages of the COVID-19 crisis.

Early in the piece when the World Health Organisation (WHO) was first getting notifications from China on strange cases of pneumonia, we started off quite ignorant of the potential threat. When reports of a contagion spreading throughout Wuhan with a rising death toll, many of us were in denial. It's just China, it won't be any worse than the SARS outbreak in 2003. And then we went into a phase where we went 'WTF'. This was when reports of cases were appearing in countries across the world, including in our home country. We then went one past 'WTF' to 'WTF!!!' and the uncertainty and fear hit its peak. The Italian health system was collapsing. Case numbers across Europe were sky-rocketing and the picture in the US was getting dire. My country, Australia, also started seeing a massive rise in cases and the rise became exponential.

The result was a massive increase in uncertainty and fear. And we all took action. The government introduced stricter and stricter isolation, quarantine and social distancing requirements. And for businesses that could, sent their workers to work from home. Less fortunate businesses simply shut their doors and laid off staff. Some of the lucky ones, saw a surge in demand for their products. From food to toilet paper (will we as the human race ever live that down?).

As we took action we started to move into a phase of adjustment. And eventually we'll hit BAU – Business as Unusual. A place where we are facing a new normal way of operating for some period of time.

THE INFLECTION POINT

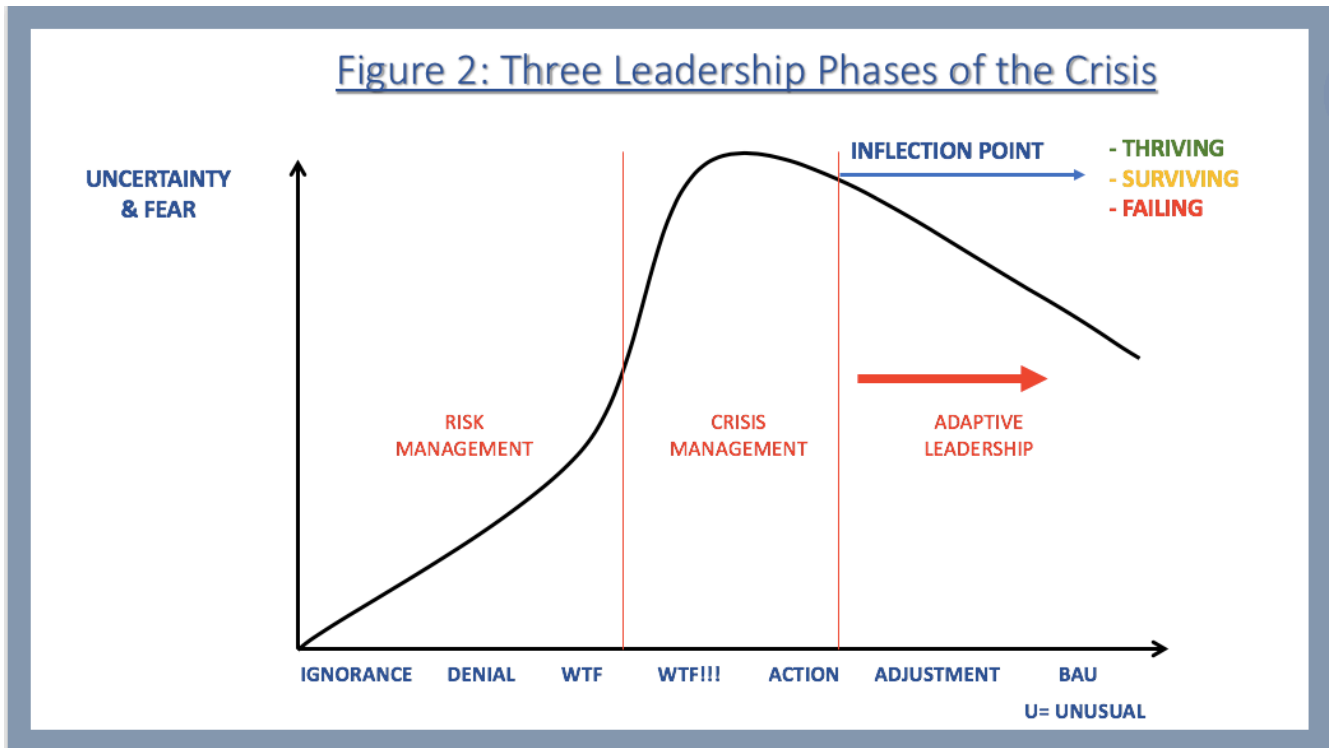
At the point where we took action and just as we entered into a phase of adjustment, there is an inflection point at which our fortunes diverged. We are either thriving, surviving or failing. Those who thrive are grocery providers, medical suppliers etc. Those who fail include hospitality and a range of businesses supplying that industry. And the rest are surviving. They include government agencies, the finance sector, and the oil and gas sector.

It is at the inflection point that Adaptive Leadership kicks in. But first, let us consider the leadership required of us before the crisis, and through the peak of the crisis.

THREE PHASES OF LEADERSHIP

Working backwards. We are now in times requiring Adaptive Leadership. After our WTF moment we went into Crisis Leadership. Before that, we were in BAU and we were managing uncertainty with BAU processes. We were demonstrating Risk Leadership. Refer to Figure 2.

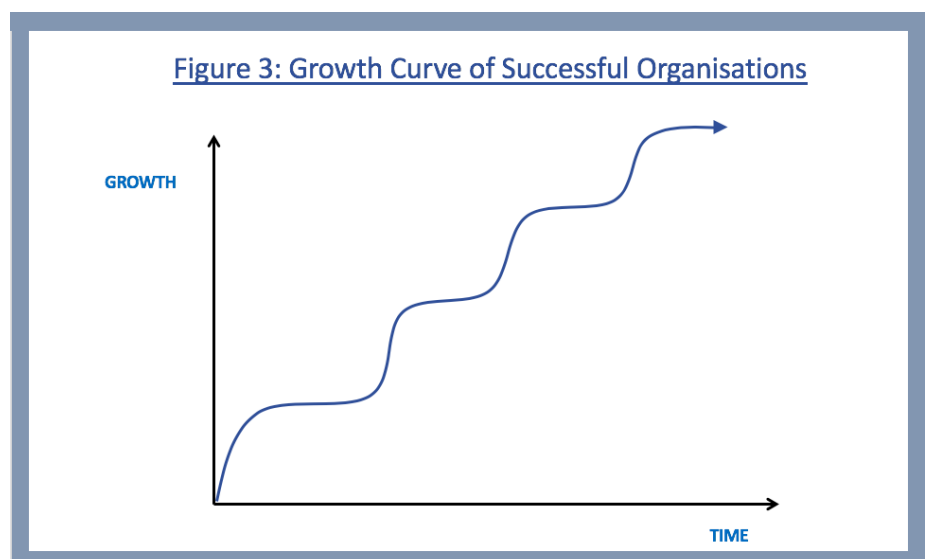
Let me explain the approaches that were the focus of the Risk Leadership and the Crisis Leadership phases before I go on to exploring what great Adaptive Leadership looks like.



Risk Leadership

Risk Leadership is the term I use for the leadership I see in organisations that have learned to manage uncertainty very well. They have developed a maturity to how they manage ongoing uncertainty. They are taking risks, eyes wide open. They are scaling up the risk they take where their capability and desire to do so are aligned and scaling back risk-taking where the opposite is true.

If you think about the growth in maturity of an organisation it would look like a series of S-Curves (Figure 3). That is, grow and consolidate, grow and consolidate, grow and consolidate and so on. A typical example is Microsoft, starting in a garage to where they are today. Of course, some organisations overstretch themselves or meet unexpected headwinds and they dip and some go out of business altogether.

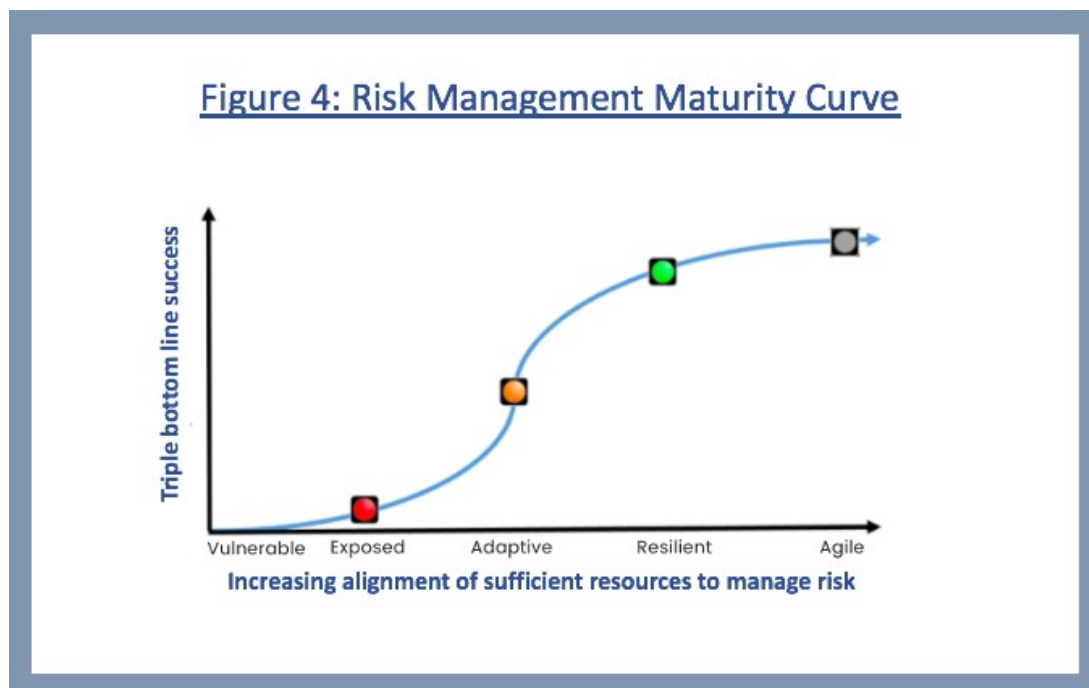


The journey of risk management is different. Because of the Uncertainty Paradox. It is one continual S-Curve (see Figure 4). The uncertainty never goes away. And instead of a simple journey over time, it is actually a change in state.

Organisations start in a state of vulnerability if they do little or no formal risk management. As they start thinking about risk more formally, many feel immediately exposed and begin to take more action. Soon they become adaptive. As the organisation grows its balance sheet and its capability to manage uncertainty, it builds resilience.

I used to say to people that resilience was the aim of risk management. But ask yourself 'What makes a small business resilience?'. The answer is their ability to move fast. They are more agile than big organisations. So instead of finishing with resilience, the end game is agility. To regain the agility that made the organisation great in the first place.

Now consider the nature of the famous S-Curve.



S-Curves show that for most projects or change initiatives you show little progress towards a goal at first. You then get some traction and accelerate quickly. It then gets harder and slower to get to the peak of your performance goal. The law of diminishing returns kick-in. Given that many organisations by now have been maturing their risk management for some time, what I find myself doing for many organisations is helping them move up the last one-third of the curve. To help them move through the resilience state and into an agile state where better decisions are made faster within the organisation's appetite for risk.

Then COVID-19 hit.

Crisis Leadership

Prior to the 'WTF' moment we were in the risk leadership phase and the more mature organisations in this phase prepared Business Continuity Plans (BCP) and Pandemic Plans. As we hit the 'WTF' we activated those plans and we entered a phase of crisis leadership.

This phase was all about implementing our plans. For some it was creating plans, for others it was discovering their plans were not very good and they needed to adjust them, if not throw them away and start again. If you had to adjust your plan, I can guarantee you there's been plenty of adjustment of crisis management across the globe.

The aim during a period of crisis leadership is to facilitate decision making in unusual circumstances. The usual process is: information in a paper to the sub-committee; then to the executive or board for decision and then communication of the decision in an orderly fashion.

In times of crisis, the same is needed in terms of information to decision makers to make a decision that is then communicated to those that need to know about it. The difference is that layers of decision makers are either stripped out or are given the authority to decide for themselves. Decisions are made with less certainty and so are being reviewed constantly. And decisions are being communicated as best they can when systems are not working as per normal. However, communicate we must.

As plans are implemented and decisions made, everyone starts to adjust and each organisation hits the inflection point I spoke of earlier and is either thriving, surviving or failing. No matter the state you may find yourself in, you are now in adaptation mode and Adaptive Leadership must be your best friend.

Adaptive Leadership

As I mentioned Adaptive Leadership is not a new idea. It was introduced by Ronald Heifetz, Alexander Grashow and Marty Linsky in 2009. As they say in their HBR paper, you can hunker down or you can "reset" your team and your organisation. To hunker down is to do what we might normally do when faced with deteriorating conditions. Cut costs, lay off staff, bring control closer to the key decision makers. As Heifetz et al argue, this is the wrong thing to do. The cause of this calamity is not usual and your response should not be usual.

You must think long term and you must adapt and adapt and adapt some more. Until you reach the new normal of business as unusual and then adapt some more as you finally return to the old normal with some likely massive shifts in the way we work and play.

To give you a head start in practicing or accelerating your own Adaptive Leadership, I have boiled this style of leadership to three concepts and three questions (Figure 5). The three concepts are:

1. Being Courageous
2. Proactive Experimentation
3. Devolved Decision Making

Let me take you through each of them in turn:

BEING COURAGEOUS

Being courageous with your decision making is key because it is turning away from the easy things to do and doing what I like to call the hard-smart work.

As this crisis unfolds the news is full of examples of courageous decision making by leaders. Take the manufacturers turning to supply plastic face masks for health care workers with 3D printers. Or the family company turning from making

paper bags for fast food companies to surgical masks and respirators. The same for a food packaging company in South Australia. They are practicing adaptive leadership, putting trust in their people to come up with the answers through experimentation and hard work. The risk is they may fail, making a potentially bad situation worse. The opportunity is significant. They can help save lives, and they may be saving their business along with countless jobs.

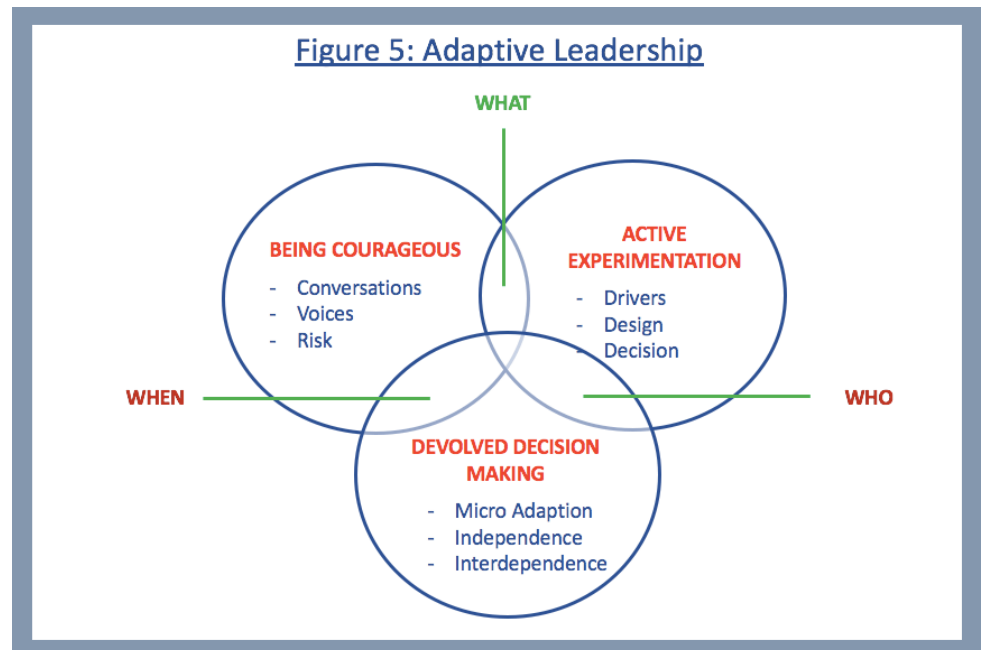
Courage is easy to see when people like members of our defence force or emergency services put their lives on the line for us. Fortunately, they are trained to make courageous decisions in a fast paced and often chaotic environment. They are given a simple set of rules based on years and years of experience.

For the rest of us, operating in uncharted waters, we don't have a set of tried and tested rules. So, let me share with you these three tips on courageous decision making:

Conversations – You must have the difficult conversations now. Don't put them off. Whether they be about pay cuts for staff or about managers giving up control.

Voices – You must listen to the voices from outside your trusted inner circle. Your inner circle has never been through something quite like this. They may not have the right answers. Listen to the dissenters and work out how you can experiment and test their views against the views of your inner circle.

Risks – You must take calculated risks. The same rules apply as always. You never bite off more than you can chew, unless you have no other choice. And a bad risk assessment is worse than no risk assessment as our intuitive judgement is better. So do your risk assessment with the right people, with the best available information and take the time to get it right.





PROACTIVE EXPERIMENTATION

It is wonderful how adaptive we are. Now I know we are all experimenting at the moment, one way or another, just to get by. However, with our incredible ability to adapt, you and your teams are adjusting at a pace that many will be surprised by. So, now that much of the mad scramble to adjust to new ways of working has happened, you need to start thinking about experimenting to stretch you and your teams.

There are three key components to experimentation:

- Drivers – The goal(s) you are seeking.
- Design – The well-established principles of sound experimentation.
- Decision – The interpretation of the results and the action you take.

First are your drivers. The purpose of your experimentation will naturally be driven by your challenges right now. You have challenges of ensuring your teams are safe and well, that they are re-planning their delivery of your strategy and that they are productive. Whether it is all of these or just one of them, be very clear on the purpose of your experimentation. Then get moving, get productive and set up to collaborate for the experiment.

Second is design. The purest and most successful form of experimentation is the scientific method. It maximises the utility of the experiment by minimising the chance the results are misleading. It requires some effort, however, these are times to lean in, not shy away. In essence, your experiments need to test one independent variable at a time. If you try and test more than one thing at a time, you risk drawing the wrong conclusion.

For example, you might try three different methods to keep your teams emotionally connected. Now that's fine if you have the time for all three. However, if you want the feeling of connection while maximising productivity, then experiment one by one and use the best. Pretty easy to do when you think about it.

Finally, there is decision. For this, I can't go past my MCI Decision Model which I introduced to the world in 2015 to help you here. M is for motivation, C is for clarification and I is for implementation. In short. Don't go straight to implementation. Clarify the approach you are planning. What are the obstacles to overcome and what are the potential unintended consequences? And finally, just check that the motivation is right. Are you answering the right question?

If you have done a fine job with step one, confirming the drivers that determines the purpose of your experimentation, you should be able to answer yes to this question. For more information on the MCI model, you can access a short paper on it [here](#).

DEVOLVED DECISION MAKING

At its core, devolved decision making is about recognising that you and your trusted inner circle of advisers don't have all the answers and so you must trust your people to come up with the answers.

To coin another phrase from Heifetz et al, it's about "micro adaptation". It's lots of people adapting lots of ways and often. This needs to occur at the level of the individual, team and business unit level.

You also need to acknowledge the independence of your people in their homes right now. And allow them that independence and give them the trust to do the right thing, while they are home schooling, caring for the elderly or disabled or dealing with the troubles that will arise from home isolation with others.

While you are giving your teams their independence, it is vitally important that you also consider the interdependence that exists across your organisation. While an individual or a team or business unit may be given the authority to experiment and make decisions, who do they need to communicate that decision to? Who might be affected? Who could benefit if only they knew?

This leads on nicely to the three questions of Adaptive Leadership:

1. What?
2. Who?
3. When?

The first question is 'what are the things we need to be courageous about and experiment on?' What are the sacred cows we are going to challenge? Whatever you think was a line you couldn't cross before ... re-think the need for it or re-think how you can cross the line without any unwanted collateral damage.

The next question is who are you going to devolve responsibility to in terms of experimentation? Team leaders, individuals?

And lastly when? When are you going to allow your teams to be courageous in their own right and do the experiments that you know can make a difference in these tough times.

STRATEGIES, TOOLS & TECHNIQUES AVAILABLE

If you page back and have a look at Figure 4 again, you will see that the middle state of the risk management maturity curve is labelled Adaptive. It is the state we are in before we become resilient and eventually agile. For many of us we are not feeling so wonderfully resilient right now. Although people are talking about being agile, they are not referring to the agility of a stable organisation operating with a strong level of risk management maturity. Agile in this sense means risk is being taken, with eyes wide open, within parameters that everyone understands. Overall however, there is much less understanding by everyone concerned at the moment.

So, it is time to slide back down the maturity curve to revisit your youth as an organisation. You need to return to the adaptive state and work out how to re-build resilience and recapture the agility you so desire.

So what were the strategies, tools and techniques you were using in your adaptive state and would they work for you now?

Typically the ones you were using were good old fashioned risk assessment and risk reporting, integrated into business performance reporting, with a focus on developing the culture of risk taking you desire. And they are exactly the strategies, tools and techniques you should turn to now.

However, I'll end off by highlighting the importance of one risk management technique that is even more valuable now, given we have shifted into the Adaptive Leadership phase of this crisis, and that is Scenario Analysis.



SCENARIO ANALYSIS

No one can predict the future, but we can imagine it. While it would have been extremely difficult to imagine our upturned world sitting in our lounge room a few months ago, many aspects of it were not impossible to predict. It is because of our ability to imagine that epidemiologists (and picked up by the World Economic Forum) warned us of global pandemics. It is why there was a national stockpile of much needed medical equipment. The irony is that the antivirals don't work on COVID-19 but we already knew that from SARS.

Scenario analysis is a tool that requires us to imagine a range of scenarios in the future which leads us to make decisions today in preparation for as many variants of the future as your imagination uncovers.

In the case of COVID-19, start by asking yourself these three questions:

1. What do you think is most likely to happen?
2. What is a much worse situation than that?
3. What is your worst-case estimate?

Don't get too hung up on them, just describe them well.

Next, ask yourself what impact each scenario has on each key area of your business. For example: staff; customers; systems and so on.

The one thing you need to do NOW is move from discussing scenarios, to planning them with INTENT.

Now look for interdependencies and describe new scenarios. While the number of scenarios are limitless, choose an amount of time and human resources and do as many as you can in that time frame.

Next, identify the key uncertainties in your assumptions and identify how you can reduce the uncertainties through research and experimentation.

Make decisions that you have to make now. Pause on decisions that can wait until you have completed the research or the experiments.

Following these simple steps will give you the best possible chance of rebuilding your resilience quickly and reforming your agility once again.

And if you need help, I have examples of Scenario Analysis that I can share with you. Feel free to reach out to me at bryan@bryanwhitefield.com.

Stay safe. Stay agile.

Bryan

ABOUT BRYAN

Bryan is a management consultant operating since 2001. He is a specialist in risk-based decision making, strategic leadership and strategic planning born from his more than twenty years of facilitating executive and board workshops. Bryan's experience as a risk practitioner includes the design and implementation of risk management programs for more than 100 organisations across the public, private and not-for-profit sectors. Bryan is the author of **DECIDE: How to Manage the Risk in Your Decision Making**, a book for strategic leaders who wish to minimise the time taken to get to the right decision and **Winning Conversations: How to turn red tape into blue ribbon** that teaches you practical methods to cut through with your advice and make the impact you want to make.

Bryan also authored the Australian Government's Risk Management Benchmarking Survey for more than 120 Government agencies from 2002–2005, lectured in the Principles of Risk Transfer in the Masters in Risk Management program of Monash University from 2002 – 2006 and designed and delivered the Risk Management Institute of Australasia flagship Enterprise Risk Course from 2019.

Bryan has assisted clients across all sectors including:

- Australian Government agencies such as the Departments of Foreign Affairs, Environment, Finance, Industry, Defence, Health and Social Services.

- State Government Agencies Fire and Rescue NSW, NSW Police, NSW Health local health districts, TAFE and the Victorian Department of Health and Human Services.
- Not-for-Profit organisations such as AWI, Cancer Council Australia, CBM, Cerebral Palsy Alliance, HCF, IRT, QSuper, Ronald McDonald House Charities, Uniting Care and Unitywater.

Private Sector organisations such as

- Brisbane Airport, Brookfield Multiplex, Employers Mutual, FM Global, Downer, G&S, McConnell Dowell, Navitas, Pro Pac, QBE, Santos, Suncorp, Symbion, Weir Minerals and Xstrata.

Bryan was President and Chair of the Board of the Risk Management Institute of Australasia (RMIA) from 2013 through 2015, and is licensed by RMIA as a Certified Chief Risk Officer (CCRO).

Bryan's **Consultant Profile** is attached. To hear first hand what Bryan's clients say about him, please check out this [video](#).

