Adaptive Leadership

Working smart while being agile

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About this paper

When the mud hits the fan we move from our current leadership style into crisis leadership and work our way back to our original leadership style as fast as possible. This time, it's different. The fan continues to spin while the mud continues being slung into it. Returning to traditional leadership styles will not serve well enough.

The Uncertainty Paradox, where 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 approaches will help you now. However, my aim with this paper is to put those strategies, tools and techniques into perspective and demonstrate how and why they work best. The paper concludes with guidance on how to use them now to benefit you and your organisation.

To be clear, what you are doing right now is Adaptive Leadership. A term coined by Ronald Heifetz, Alexander Grashow and Marty Linsky in their Harvard Business Review article published in the midst of the GFC in 2009 titled Leadership in a (Permanent) Crisis. All are co- authors of a book on the topic, The Practice of Adaptive Leadership published in 2011.

> **You have coping strategies, tools and techniques that have got you through tough times.**
>
> **This paper will unpack:**
> - **The types of LEADERSHIP styles you moved through as you navigated this crisis**
> - **The three steps you should be taking now to grow your ADAPTIVE LEADERSHIP**

What on earth just happened?

Before I go into solutions, let's appreciate the before, then and now of our situation. This will help crystallise how your various strategies, tools and techniques served you in different circumstances and how they must serve you now. Please look at Figure 1 which shows seven stages of the COVID-19 crisis.
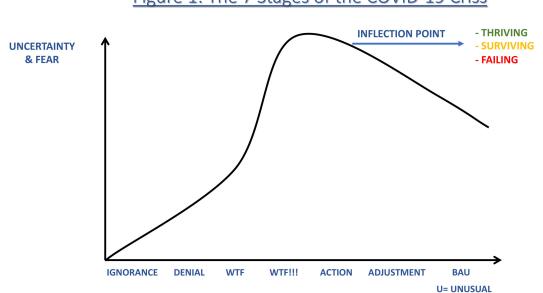
Figure 1: The 7 Stages of the COVID-19 Criss

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. We soon entered a state of denial which set us up for our 'WTF' moment. We then went one past 'WTF' to 'WTF!!!' and the uncertainty and fear hit its peak.

The result was an immense increase in uncertainty and fear. And we all took action. Government, businesses, families and individuals.

As we took action we started to move into a phase of adjustment. And eventually we hit BAU – Business as Unusual. And BAU has been continuing to evolve ever since.

The inflection point

At the point where we took action and entered a phase of adjustment, an inflection point at which our fortunes diverged occurred. We were either thriving, surviving or failing. 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

Before the crisis hit Phase I was managing uncertainty with standard risk management processes. We were demonstrating Risk Leadership. Refer to **Figure 2**. Phase II we entered Crisis Leadership mode and until we shifted to Phase III, Adaptive Leadership.

Let me explain the approaches that were the focus of the Risk Leadership and the Crisis Leadership phases and then explore what great Adaptive Leadership looks like.
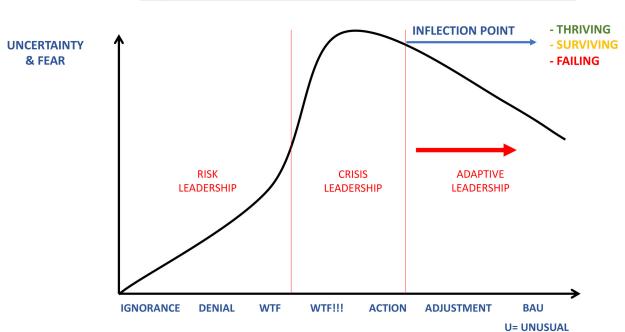
Figure 2: Three Leadership Phases of the Crisis

Risk Leadership

Risk Leadership is the term I use for the leadership I see in organisations that have learned to manage uncertainty well. 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.
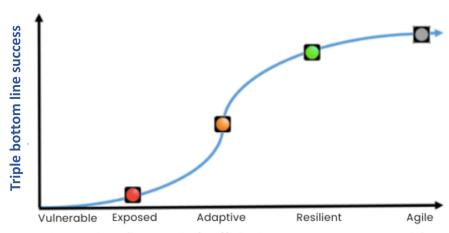
The growth of most organisations is a story of grow, consolidate and grow again. The growth of risk management maturity is different. It is one continual S-Curve (see **Figure 3**).

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. Finally, it approaches the end game, 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 and change initiatives little progress is made towards a goal at first. You then get some traction and accelerate quickly. It then gets harder and takes longer to get to the peak of your performance goal. The law of diminishing returns kicks-in. Here is where I was spending my time with clients, helping them progress through the resilience state and into an agile state where better decisions are made faster, within the organisation's appetite for risk.

Figure 3: Risk Management Maturity Curve

Increasing alignment of sufficient resources to manage risk

Then COVID-19 hit.

Crisis Leadership

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

This phase was all about implementing plans to facilitate decision making in unusual circumstances. The usual process of information papers for decision and then communication of the decision in an orderly fashion. In times of crisis, 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.
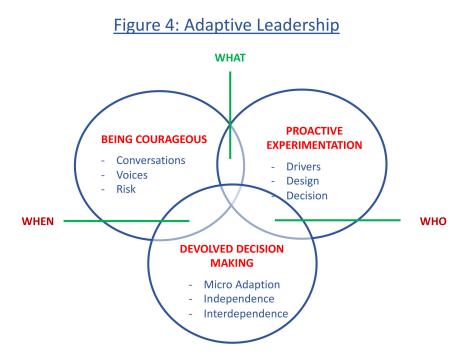
Adaptive Leadership

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. A continual adaptive evolutionary phase if you will. This phase typically continues until you reach the new normal of business as unusual and then further adaptation occurs as you finally return to the old normal with some likely massive shifts in the way we work and play. The key point here is that very few business plans and strategies have to date considered this state of flux.

To give you a head start in practicing or accelerating your own Adaptive Leadership, I have distilled this style of leadership to three concepts and three questions (Figure 4). The three concepts are:

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

Let me take you through each of them in turn.

Figure 4: Adaptive Leadership

WHAT

BEING COURAGEOUS
- Conversations
- Voices
- Risk

PROACTIVE EXPERIMENTATION
- Drivers
- Design
- Decision

WHEN

WHO

DEVOLVED DECISION MAKING
- Micro Adaption
- Independence
- Interdependence

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 continues the news is full of examples of courageous decision making by leaders. From manufacturers retooling to supply medical devices to fine-dining restaurants designing new take-away food experiences.

For most of us operating in unchartered waters, there is no set of tried and tested rules on how to be courageous. So, let me share with you these three tips:

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.

PROACTIVE EXPERIMENTATION

It is wondrous how adaptive we are. Which means you can stretch you and your teams through experimentation.

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.

Drivers. The purpose of your experimentation will naturally be driven by current challenges. Yours will likely be either deciding how to pursue your original strategy in our new world or finding a new strategy by which to thrive. No matter your drivers, be very clear on the purpose of your experimentation.

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.

Decision. For this, I can't go past my MCI Decision Model which was 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?

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 in lots of ways and often. This needs to occur at the level of the business unit, team and individual.

You also need to acknowledge the independence of your people. and trust them to find paths forward to deliver on whichever strategy you adopt to thrive. They have proven their worth through COVID-19 while home schooling, caring for the elderly or disabled or dealing with troubles that arose from home isolation.

While giving 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 … reconsider it in the context of the challenges currently being faced. 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 and individuals to be courageous in their own right and undertake experiments. The answer is always sooner than later.

ADAPTIVE LEADERSHIP IN ACTION

In this interview on Skynews, Stephen Judd, CEO of HammondCare explains to host, Kieran Gilbert, how HammondCare has tried to get the balance right in their aged care facilities. As he commenced his explanation, Judd was quick to point out that no aged care provider deserves criticism for their response when compared to any other provider as each is operating with a different set of circumstances.

Irrespective, as you can imagine, the easiest way to keep aged residents safe and to avoid criticism is to lockdown facilities to visitors and only allow staff and necessary contractors. HammondCare took a different approach.

They "actively experimented" via survey of those in their care and via consultation with their representative groups. They found overwhelming support for the continuation of visits. Next, they empowered their teams to make each facility as safe as practically possible within the legal requirements set by the Federal Government. Via a little thoughtful creativity, they introduced the concept of a concierge. Their job at each facility is to politely screen every visitor, staff member or contractor with questions and temperature checks. And they applied and reinforced all the rules around social distancing during visits, with intent.

At the time of the interview, HammondCare did not have any cases of COVID-19 in any of their facilities. But even if cases arose since, they managed the risk with eyes-wide-open having had the conversation with their most important stakeholders. The aged residents under their care.

Three steps to enhance adaptive leadership

The three steps to enhance Adaptive Leadership are not new. They are simply more valuable more during heightened levels of uncertainty. They are:

1.   Scenario Planning
2.   Assumption Testing
3.   Design Thinking

1. Scenario Planning

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 Planning is a tool that requires us to imagine a range of situations in the future which leads us to make decisions today in preparation for a wide range of variants of the future.

In the case of COVID-19, start by asking yourself these three questions. Then ask them again a day, week or month later depending on how things are moving:

1.   What do you think is most likely to happen?
2.   What is a better situation than that?
3.   What is a much worse situation than that?

Don't get too hung up on them, just describe them well. See **Figure 4** as one example of what may occur over the rest of 2020. It is what I call an Optimistic Timeline Scenario.

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

> **"Never Mistake Motion for Action" - Ernest Hemingway**
>
> **The one thing you need to do NOW is plan for different scenarios**

Now look for interdependencies and adjust for new scenarios. While the number of scenarios are limitless, apply time and human resources and do as many as you can in a designated time frame.
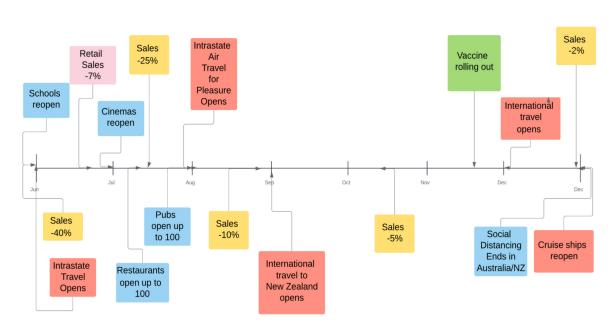
Figure 4: Optimistic Timeline Scenario

2. Assumption Testing

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

Early in the COVID-19 crisis I reached out to some of my clients who I knew would be responding on behalf of all of us. Health, emergency services and the like. I offered to help with scenario planning. They took up my offer.

One of the key assumptions I worked with was, if Italy could get as bad as it had, so could Australia. A reasonable assumption given the amount of media commentary issuing similar warnings.

However, the message from Australia's Chief Medical Officer, Brendan Murphy, was different. Our testing regime would make the difference. So, I went looking for evidence. And sure enough, our rate of testing per head of population was way higher than most other countries. Even more importantly, our % of positive tests per 100 tests was way lower than other countries. We were near to 1% whereas other countries like the US and Canada were closer to 15%. Meaning, the virus had spread much further in those countries than it had in ours. Consequently the outcomes for Australia have been markedly different to Canada and the US.

Testing assumptions is critical to any assessment. No more so than in highly uncertain times.

3. Design Testing

Laid out in front of you are a range of scenarios as to how the coming months might play out. They may present what seem like intractable problems. The more intractable, the more essential it is for you to get creative in your response. Whilst there are many ways of finding creative solutions, my go to is Design Thinking. A process that can be used for anything from identifying how to re-tool your manufacturing process to how you can re-shape your business model.

The five stage process I use when facilitating Design Thinking for clients is the five-phase model of the Hasso-Plattner Institute of Design at Stanford University:

• Empathise – with stakeholders.
• Define – their needs, problems and insights you have about them.
• Ideate – challenge your assumptions to create innovative solutions.
• Prototype – to start creating solutions.
• Test – solutions.

In applying this in my own business I empathised with my clients. One of their biggest challenges was keeping staff engaged while working from home. I defined this challenge further in that, day after day of online meetings, doing BAU would become tiresome. I ideated that online development would provide a welcome distraction for staff while providing direct benefit to them. I developed online content and offered it to clients. The first was a test and was very successful. I went on to explain the challenge, benefits and outcomes to more clients and a successful channel for my business grew.

What you should do next

Stop discussing future scenarios and start planning for them. Next, make decisions that you have to make now. Pause on decisions that can wait until you have completed your experiments. And, gather your team to prioritise intractable problems and apply some design thinking.

Devolve your decision making and ask each business unit or team to do the same.

Following these simple steps will provide you a pathway to rebuild resilience quickly and to reform your agility in a measured way.

And if you need help, I have some more examples of scenarios developed in LucidChart that I can share with you. Feel free to reach out to me at bryan@bryanwhitefield.com.

Stay safe. Stay agile.
Bryan

For more of Bryan's papers and resources click here

Follow Bryan on LinkedIn

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 150 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; **Persuasive Advising: 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; and **Risky Business: How Successful Organisations Embrace Uncertainty (#1 Amazon Best Seller)** that is a guide to the most successful way to design and embed an effective risk framework.

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 delivers the Risk Management Institute of Australasia's flagship Enterprise Risk course since 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.