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The End of Magical Thinking: Leadership in the “New Normal”

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Clinging to tried and true strategies, best practices, or short term fix prescriptions like across the board cuts and restructuring as a way to hang tight till things “return to normal” ignores the new reality we face in the post-recession economy. And while hunkering down may have stabilized companies in deep crisis, it also put them at significant risk for irrelevance. As soon as things get moving again, companies that decided to do nothing while waiting it out will return to their old ways once the crisis has passed. More nimble competitors, on the other hand, did their share of retrenching but used the crisis as an opportunity to figure out how to adapt and thrive with uncertainty. As a result, they’ll be much better positioned to face whatever comes next.

What business needs now is leadership that rises to the demands of the “new” normal – where people are forced to operate at the fringes of their competencies, perpetually develop new skills, experiment with new models, and place more trust in bottom up vs. top down strategic approaches.

People who practice **adaptive leadership**, as Ronald Heifetz, Alexander Grashow, and Marty Linsky point out in “**Leadership in a (Permanent) Crisis**,” (*Harvard Business Review*, July-August, 2009), respond to the leadership challenges by changing the rules of the game, reshaping parts of their organization, and redefining the work people do. The dual goal of adaptive leadership, as Heifetz, et al see it, is to fearlessly tackle current challenges while swimming in the chaos of economic uncertainty and constant change. I’ve summarized below the adaptive leadership characteristics they indicate are necessary for surviving and thriving in the post recession economy:

Foster adaptation. Help people to develop the “next practices” that will enable the organization to progress in this brave new world, while continuing with the best practices that helped build and still contribute to its current success.

- Confront loyalty to legacy patterns and understand that your desire to change will make you a target of attack
- Distinguish the essential from the expendable
- Run numerous experiments, many of which will likely fail. The way forward will be characterized by constant mid-course corrections, and will lead to the discovery of better products and processes.

Embrace disequilibrium. Keep your team “in a state that creates enough discomfort to induce change, but not so much that they fight, flee, or freeze.”

- Maintain a fine balance between keeping things cool enough to work effectively , but not so comfortable that you risk a slide back into complacency and old ways - and raising the heat so much that the pressure cooker you create eventually explodes
- Depersonalize conflict, focus the disagreement on the issues, not the parties
- Act politely as well as analytically
- Look beyond the merits of an issue to understand the interests, fears, aspirations and loyalties that have formed around it
- Create a culture of courageous conversations, and demand that the most difficult topics be discussed openly.

Generate leadership. Give people at all levels of the organization the opportunity to lead experiments that will keep it adaptable in changing times.

- Distribute leadership responsibility more broadly, replacing hierarchy and formal authority with organizational bandwidth, which draws on collective intelligence.
- Mobilize everyone to generate solutions, allow people to make independent decisions and share what they learn from innovative efforts
- Leverage diversity or risk operating without a clear picture of the shifting realities facing the business internally and externally.

Heifetz, Grashow and Linsky make what is perhaps the most important comment about adaptive leadership in the closing paragraphs of their excellent article. Mindful of the extraordinary physical and emotional stress leaders are dealing with right now, they advise us to be sure and take extra good care of ourselves. You can't maintain a positive, optimistic outlook, keep yourself mentally sharp enough to deal with constant change, and have the energy required to lead an organization through a major reinvention if you are not in peak condition. Rely on your friends and confidants to act as your sounding board and keep you sane. Exercise more to blow off steam and get rid of stress. Eat better and sleep more.

From the ashes of this wrecked economy, you have a chance to create something better than you ever imagined. If you can roll with the changes, you're bound to succeed.

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