

“ Every leadership team in the country could learn something from this book. It's full of clear ideas and practical solutions to the challenges that leadership teams face. ”

--STEPHANIE DOUGLAS-NEAL, GM, PHD Media



UNLOCK

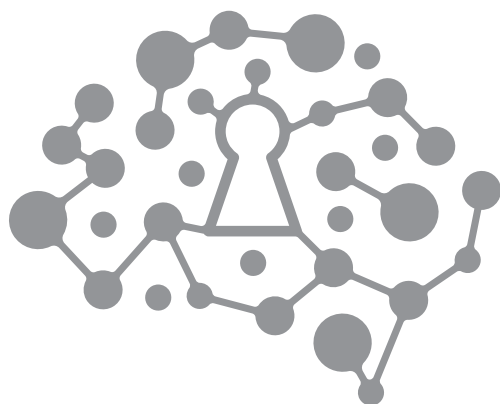
LEVERAGING THE HIDDEN
INTELLIGENCE
IN YOUR LEADERSHIP TEAM

ROB PYNE

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PART III

**CREATIVE-ANALYTICAL
INTELLIGENCE**

INTRODUCING THREE-DIMENSIONAL PROBLEM-SOLVING AND TEAM IQ

We were one hour into a leadership team discussion on marketing. The debate was locked into whether we should have a YouTube channel, Twitter account, or LinkedIn page for our business. Then someone asked, 'What exactly is the problem we're trying to solve?'

We all looked at each other. Oops. We were carried away discussing answers, without knowing the question. We had wasted an hour of discussion on the merits of LinkedIn versus Twitter.

Once we'd been brought back down to earth, we were able to define the underlying question: 'How can we generate more new business leads among clients we haven't met?'

This problem has a wider range of solutions than Twitter, LinkedIn and YouTube. Other options could include PR, events, white papers – even writing a book.

This story, from a leadership team I worked in, illustrates some of the challenges of bringing a group of smart individuals together to solve problems.

I like to think of problems as having three dimensions, and the challenges for leadership teams often stem from not addressing all three dimensions. First, let me outline these three dimensions of problems:

- They have a *depth*, which requires you to get under the surface to understand what the real issue is.
- They have a *width*, which means you need to consider a wide range of potential solutions.
- And they have a *length*, and this time span, heading into the future, asks you to think further ahead than this week or this quarter.

That means the creative and analytical thinking required to solve problems is quite expansive. And yet leadership teams don't always think expansively: their thinking can be shallow, narrow and short term.

.....
Often, we don't identify the real problem. I call this *shallow thinking*. We come up with a small range of options. I call this *narrow thinking*. And we tend to think only about this week or this quarter. I call this *short-term thinking*.
.....

To counteract these tendencies, in the chapters in this part, I investigate three ways to stretch your team's creative and analytical intelligence – their collective IQ.

In chapter 6, we go deeper and explore how to think more deeply about the root causes of problems.

In chapter 7, we go wider to help your team generate more options.

In chapter 8, we go further to help you think further ahead and longer term.

Without doubt, today's leadership teams need to be highly skilled at strategic thinking, critical thinking, analytical thinking and creative problem-solving.

As already highlighted through this book, an increasing research effort from the MIT Centre for Collective Intelligence – and others – reveals that teams have a mind of their own. A team's intelligence depends more on the team's dynamics than on the intelligence of individual team members.

Creating an environment where your team can collectively go deeper, think wider, and plan further ahead allows you to unlock your team's true potential.

6

Think deeper to crack problems

SEARCHING FOR THE LOST BALL

A strange thing happens to golfers when they lose a ball in the long grass while playing. To search for it, they adopt a strategy I call the 'random walk'. Instead of organising themselves and combing the area in straight lines, they stay close together and make rough circles and zig-zags like a fly making loops and laps in your kitchen. This random walk is also how many leadership teams attempt to work through unfamiliar terrain and find answers.

When groups of people discuss a problem, they fall prey to specific errors, as behavioural psychologists Cass Sunstein and Reid Hastie show in their book *Wiser: Getting Beyond Groupthink to Make Groups Smarter*.

They spend too much time circling one part of the puzzle.

They stay in the 'shorter grass', or the areas that are more familiar and comfortable.

They cluster together around the loudest people.

In short, their approach is a higgledy-piggledy random walk.

In this chapter, I explore how your team can work through a problem to understand the issues more deeply and ensure a shared understanding of cause and effect. In other words, I help your team navigate through the 'long grass' and find the ball.

I call this going deeper, and so I also explore three ways to unlock the intelligence you need to go deeper:

1. looking at the situation from different perspectives
2. shining the light on what you don't know
3. considering how all the parts of the system affect each other.

These approaches sound straightforward, but it's surprising how rarely leadership teams deploy them. Instead, they stay in the short grass.

LOOKING AT THE SITUATION FROM DIFFERENT PERSPECTIVES

In *Which Two Heads Are Better than One?*, Deloitte executive Juliet Bourke identifies six different perspectives leadership team members can take on an issue. These are focused on:

- Options – what can we do?
- Outcomes – what does success look like?
- Risk – what might go wrong?
- People – how might this affect our people?
- Process – are we following the process?
- Evidence – do we have enough data and evidence?

Bourke also demonstrated that 75 per cent of senior leaders spend too much time on options or outcomes – the two areas many feel are most useful for making decisions.

She called this 'too much time' because research showed that when teams went through all six perspectives – not just options and outcomes – they made more effective decisions. Bourke notes:

University of Michigan Professors Hong and Page calculated a 30 per cent error rate when problems are solved via the application of one dominant approach – and conversely a 100 per cent accuracy rate when five different approaches are applied.

Integrating these different perspectives is one of the fundamental reasons to put problems in front of teams. The team can listen and build on the different perspectives to create a deeper understanding of a problem.

However, team leaders don't always facilitate this well, often paying too much attention to the loud and powerful voices.

Google's extensive research into what makes teams effective, codenamed Project Aristotle, found 'psychological safety' was a significant predictor of team results. Within this, they found good teams had equality of conversational turn-taking, and not-so-good teams had unequal turn-taking, with certain people taking most of the airtime. (For more on working with loud and quiet people, refer to chapter 4.)

The team leader speaking first will also generally reduce the diversity of perspectives, because people tend to fall in line with the 'hippo' – the highest-paid person's opinion.

To quote Wharton professor Adam Grant,

The most dangerous voice in a meeting is the HIPPO: The Highest Paid Person's Opinion. Status disparities can fuel conformity and groupthink. When you need diversity of thought, ask everyone else to share their views before turning to the HIPPO.

If the discussion isn't structured with different perspectives considered, it will go round in circles or leap around between disconnected issues.

.....
**If the loud people are left unchecked, the quietest people's
perspectives will go unheard.**
.....

Two approaches to broaden your perspective

The following sections outline two approaches to look at problems from multiple perspectives. Both create a deeper understanding of a problem.

Equal airtime

The first approach is to take advantage of the naturally diverse perspectives in the room. As I like to say, 'Everyone has a piece of the puzzle,' so you should create the environment where everyone can share their perspective, and then you can put all these pieces together and see the bigger picture.

Further evidence for the benefits of equality of airtime comes from the MIT Centre for Collective Intelligence. As researchers from MIT (and other universities) outline in 'Evidence for a collective intelligence factor in the performance of human groups', a significant predictor of a team's problem-solving ability is 'the equality of conversational turn-taking'.

Simply put, groups in the study were less effective at solving a range of complex problems when a small number of voices dominated their discussion.

And yet it sounds tiresome to let each team member provide input into every issue facing the leadership team. Shouldn't we give more airtime as required to subject matter experts?

The answer is yes. But that is different from allowing the loud people to dominate.

To build a range of perspectives and equality of airtime, follow this three-step approach:

1. Gather perspectives from the subject matter experts in your team (and, if necessary, invite in other subject matter experts from your organisation).
2. Ask the other group members to contribute additional perspectives (even contradictory ones) or ask clarifying questions.
3. Ensure the leader speaks last to add their perspective. I call this the 'leader speaks last' rule. It's a good challenge for the many leaders who are passionate about their business and whose natural tendency is to suggest solutions quickly. If you're the leader, remember that speaking first will not serve the overall success of the team. (Unless your ideas *are* always the best, of course!)

Perspective tours

The second approach allows you to move beyond the naturally occurring diversity in the room, and involves encouraging the whole team to shift through a range of perspectives simultaneously – a bit like going on a tour together.

You can even choose between different tours.

The first could be based on Bourke's six perspectives (outlined earlier in this chapter). In this case, you could make sure the group moves through multiple perspectives such as evidence, risk, people and process – as well as the more common outcomes and options.

The secret to any perspective 'tour' is to stay together as a group. Having everyone discuss the evidence at once is more useful than one person talking about the process, and another talking about the evidence.

The most famous version of the perspective tour is Edward de Bono's Six Hat Thinking. De Bono's breakthrough idea was to name six styles of thinking, and then encourage teams to work through them one at a time. He called this 'parallel thinking', and it's a forerunner to Bourke's six perspectives. The six hats are a little more attitudinal (about how you think) and a little less functional (what you think about).

Here's my summary of the hats:

- The white hat focuses on the facts.
- The red hat asks about your gut feel.
- The yellow hat looks at the positives of an idea.
- The black hat considers the risks and negatives.
- The green hat opens up new possibilities – what if, what else?
- The blue hat guides the process – which hat shall we use next?
How much time do we have left?

In a real-life case outlined by de Bono in *Six Thinking Hats*, Statoil in Norway had a problem with an oil rig that was costing \$100,000 a day. By applying the six hats method, they solved the problem in 12 minutes.

Practical application of perspective-taking

You've seen the evidence that diversity of perspective can lead to better outcomes. I have also alluded to the idea that it is quicker, which might appear counterintuitive.

While it may sound convoluted to ask everyone's opinion or go on a perspective tour, it can actually be quicker, as it was in de Bono's Statoil case study. That's because when groups engage in unstructured discussions about issues, they tend to go on many low-value tangents and spend too much time on the areas people already know well and agree on.

.....
A structured approach to perspective-taking means each contribution in the conversation adds value, and you can curtail the tangents that torture many leadership teams.
.....

Again in *Six Thinking Hats*, de Bono showed that his technique can reduce meeting duration by up to 75 per cent – for example, from 4 hours to 45 minutes in one instance for an Optus management team in Australia.

And research conducted by Erik Larson, founder of decision-making collaboration software Cloverpop, showed that teams that follow an inclusive process make decisions two times faster with half the number of meetings.

When you don't want more perspectives

At times when you're leading a meeting you will realise more perspectives are not needed. Typically, this might happen when you have a large leadership team – say, 11 people or more – and you are discussing a low-value issue.

In this instance, you can flip the focus and ask for questions instead of opinions. Instead of asking for the next person's opinion, flip to, 'What questions do the rest of the group have to clarify the situation before we make a decision?'

If people are not experts in the subject at hand – for example, the HR leader is commenting on the CFO's area or vice versa – you can leverage their respective brainpower by encouraging them to use

smart questions that help the subject matter experts consider different perspectives.

Here are some example questions:

- *Big picture questions:* How does this connect to our business strategy? Who needs to make this decision?
- *Detail questions:* What other evidence could help us decide? When do we need to decide by?
- *Future questions:* What does success look like? What might the consequences be?
- *Past questions:* What can we learn from the past? Have we done anything similar before?

Don't be golfers, be detectives

If you take a structured approach to understanding the situation, your leadership team will act less like a bunch of amateur golfers searching for a lost ball.

In fact, you might end up feeling more like a group of professional police searchers combing the long grass for a clue, working together systematically to cover critical areas one at a time. And you'll be much more likely to create a shared understanding, be closer to the truth and nearer to finding an answer.

SHINING THE LIGHT ON WHAT YOU DON'T KNOW

The idea of gathering all the perspectives of the team is built on two assumptions. First, the assumption of diverse expertise: the idea that gathering the different aspects of what everyone knows is useful. Second, the assumption of diverse experience: that people's life experience lends them different ways of exploring a problem.

In a business world built on innovation, we can't always rely on experience and expertise to solve problems. Often unknowns will pop up that are beyond the team's existing knowledge.

It turns out these unknowns can be your friend – they can even be a source of competitive advantage. This comes through turning

known unknowns to known knowns, and by turning unknown unknowns to known unknowns.

Unknown unknowns

become

Known unknowns

become

Known knowns

(With a hat-tip to Donald Rumsfeld.)

Acknowledging the unknowns in a business situation can lead to better decisions. In 'The case for behavioural strategy' Dan Lovallo and Oliver Sibony tracked 1048 real-life business decisions. They found the 'explicit exploration of major uncertainties [and] inclusion of perspectives that contradict the senior leader's point of view' were significant predictors of the long-term outcome of decisions.

.....
**Discussing what you don't know
helps teams make better decisions.**
.....

Looking into the negative space

To deal with what you don't know, you first need to acknowledge your knowledge gaps – something that is sometimes easier said than done. It's not that leadership teams think they are omniscient. It's just they tend to gloss over the gaps and ignore the holes.

A useful metaphor is the artistic concept of negative space. Imagine a picture of a tree's branches. The shapes of each branch, from the outline inwards, are the positive space. Our attention is drawn to the positive space. The area between and around the branches is the negative space. And it's quite hard to notice the negative space if you're looking at the branches.

Negative spaces are the gaps between things. They are the unknown unknowns, the unspoken wisdom in a meeting, the periphery of our view.

Evidence is increasingly highlighting that paying attention to the edges – the opposites, the negative space – is good for business.

The positives of negative space

One example of this evidence first looks at the way humans tend to focus on confirming what we want to be true. This is known as ‘confirmation bias’.

People who believe vaccines are dangerous, for example, will interpret any new information about vaccines as support for their pre-existing view, or discount the information altogether. This is a robust, well-replicated finding.

And confirmation bias is one reason leadership teams tend to gravitate towards a comfortable, familiar – and shallow – understanding of a situation.

.....
**To go deeper, shine your light into the negative space.
That’s where you can move beyond the common
knowledge and find uncommon wisdom – a deeper
understanding of your consumer or competitor,
clearer priorities, and unforeseen risks.**
.....

Turning unknown unknowns into known knowns

If you have already listened to your team’s perspectives on an issue and taken a perspective tour, you have already created a good map of the ‘problem space’ – the areas of your business relevant to this discussion.

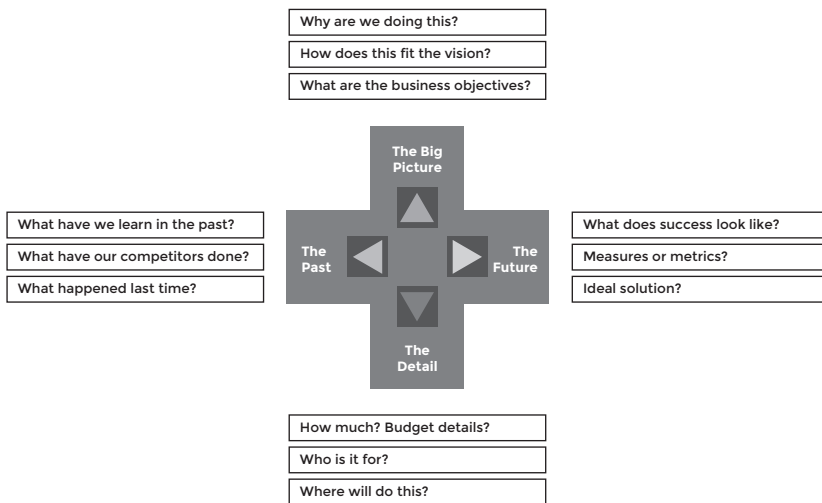
To look into the gaps in your map, you need to ask a specific series of questions. (You have probably noticed that sometimes the smartest people don’t have all the answers, but they often ask the best questions.)

To make sure you create a deeper understanding of the problem – or an even better map of the problem space – I recommend moving in four directions to stretch your perspective. Think of stretching in these four directions as being similar to the moves available using a joystick:

1. First, think bigger by moving the joystick UP. Ask questions that get you and your team thinking up in the bigger picture, such as why you're doing this and whether it fits with your overall strategy.
2. Second, explore the detail by moving the joystick DOWN. Ask questions that dig down into the details of when, how, what and how much?
3. Third, dig into the past by moving the joystick LEFT. Ask questions that call on previous projects and previous knowledge.
4. Fourth, head into a future perspective by moving the joystick RIGHT. Ask questions that play out the consequences and imagine future success and failure.

This joystick model, and the kinds of questions to be asking when stretching in each direction, is shown in figure 6.1.

Figure 6.1: The joystick model of questioning



Note that these are the same four types of questions I discussed earlier in this chapter, in the section ‘When you don’t want more perspectives’, which help you get the best out of people who are not experts in the topic-at-hand.

You can use these non-subject matter experts to ask great questions that stretch the perspective of the experts in the room and help the group explore the negative space.

.....
**Good questioning is the art of organising our thinking
around what we don't know. Good questioning is a mark of
an intelligent team.**
.....

Being wrong is good

It's almost a cliché to praise the importance of failure these days. 'Fail fast,' they say. If you're not failing, you're not trying hard enough.

It's also vital for leaders and leadership teams to not just get things wrong, but also to admit to *being wrong*.

In *Being Wrong*, Kathryn Schulz explores our human attachment to being right:

We all know everybody in this room makes mistakes. The human species, in general, is fallible – okay, fine. But when it comes down to me, right now, to all the beliefs I hold, here in the present tense, suddenly all of this abstract appreciation of fallibility goes out the window – and I can't actually think of anything I'm wrong about.

Other research outlined in 'How leader humility helps teams to be humbler, psychologically stronger, and more effective' highlights that leadership teams benefit from the intellectual humility of considering their beliefs might be wrong, right now.

In *The Fifth Discipline*, Peter Senge emphasises the difference between discussion and dialogue.

Discussion is where opposing views are surfaced and debated. Linking in with the discussion of debate versus dialogue I outline in chapter 4, this kind of discussion involves competitive thinking, where robust debate ends up in a winning and losing argument. It is a zero-sum game, with the focus on being right and winning – not learning.

On the other hand, dialogue is where each team member contributes their knowledge, and the team searches out a deeper understanding of the situation. The focus is on collective learning, not on individually being right.

Exploring the unknowns

In one of the first team decision-making workshops I ever ran, the team in question had a key client who had given them a client review score of 6 out of 10, which was deemed a problem. The team had begun to discuss why this had happened and what to do.

'Tell me about the 6 out of 10,' I said. 'How do you know that?'

'We sent a survey, and 6 was the average score.'

'How many on the client team answered the survey?'

'Five people.'

'How many people are in the client team?'

'The team has 23 members.'

'So only five out of 23 completed the survey. And did the most senior clients fill in the survey?'

'No, only some of the less senior ones.'

As a result of this short discussion, the focus of the team dialogue changed to one of exploring the unknowns. How could they understand how the whole client team felt, especially the more senior ones?

This story illustrates the need to identify the quality of your knowledge, and the opportunity to explicitly separate the facts from the assumptions from the unknowns.

It reveals the opportunity to go deeper and ask questions about the unknowns – to again shine your light into the negative space.

To get to right, you have to go through wrong

We humans spend far too much time and effort defending and reinforcing our positions and our ideas.

One of the benefits of having a leadership team should be to help you shine a light on what you don't know and help you work out where you're getting things wrong.

.....
By developing an environment of intellectual humility, curiosity and exploration – perspective stretching, even – your team will deepen their understanding of your business.
.....

The temptation to stick with what you know

You might be concerned that the exploration of unknowns can be long-winded and fruitless. Or you may worry that being wrong will feel bad. Isn't it better to stick with what you know?

If I were a leader 50 years ago, I might have agreed. Back then, if you found a good business model, you could develop strategies with five-year horizons. Business was incremental. Change was slow. Competition wasn't global.

These days, one of the significant components of long-term survival is not 'What's your strategy for the next five years?', but 'How can you speed up how quickly your organisation learns?'

Two great ways of increasing your speed of learning are to explore unknowns and to question your assumptions.

CONSIDERING HOW ALL THE PARTS AFFECT EACH OTHER

Why did Donald Trump beat Hilary Clinton in the 2016 US presidential election? You can find plenty of articles that attempt to find the cause that explains the effect.

Some of them point at a singular cause – for example, FBI Director James Comey's announcement in the week before election day that they were investigating Hilary's emails. Others look deeper, trying to work out how a number of underlying causes came together.

If you look over most news articles on any given day, you'll generally be looking at an article trying to describe a news event and identify a singular cause.

We humans are cause-and-effect-analysis machines. But we have some flaws in our software.

We focus on the specific details in the system (how the James Comey announcement affected the election outcome, or the effect of Clinton calling Trump supporters ‘deplorables’), and we neglect the relationships between them (how the people offended by Clinton then reacted to the Comey announcement).

Thinking about the interactions and relationships between parts of the system is called, rather unimaginatively, ‘systems thinking’.

A proper investigation of systems thinking is beyond the scope of this book. However, you can use practical tools to gain a deeper understanding of the system (that is, market sector) you’re in and how its different parts affect each other.

The following sections outline some of these tools and models.

The Business Model Canvas

In 2005, business theorist and entrepreneur Alex Osterwalder embarked on a challenge – to find the best way to represent a business model.

In the past, people had created business plans, but these were often long documents detailing everything about a business and its future direction.

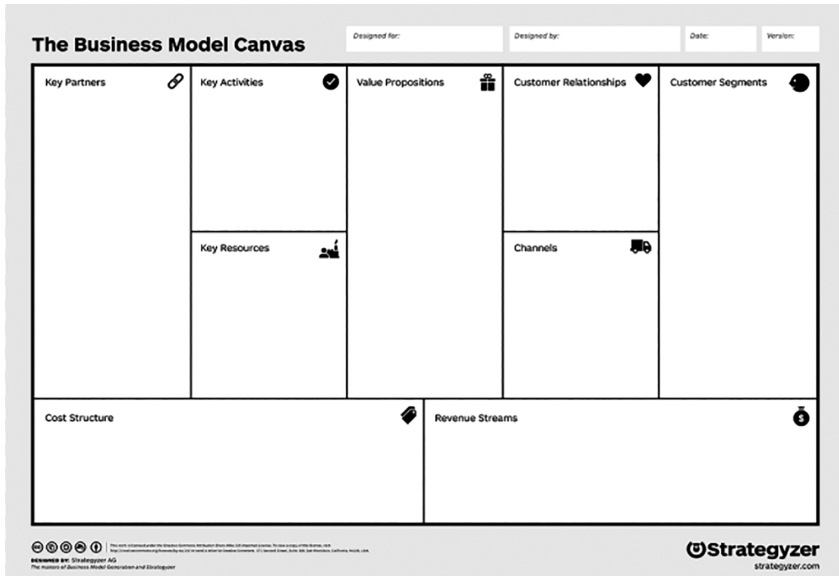
Osterwalder’s innovation, along with several hundred collaborators, was to create a way to describe any organisation’s business model using nine building blocks and then arrange those building blocks onto a one-page diagram where the relationships between them became apparent. In doing so, Osterwalder had visually represented the business as a system.

Osterwalder calls this the Business Model Canvas, shown in figure 6.2.

The Business Model Canvas helps business owners and strategists – and leadership teams – to think about their business using a simplified version of the systems-thinking approach:

- If I change my ideal customer (top-right of the model), do I also need to change the value proposition (middle) and cost structure (bottom-left)?

Figure 6.2: The Business Model Canvas



Source: Osterwalder, A & Peigner, Y (2010), *Business Model Generation*; reprinted with permission of the publisher.

- Are my key activities (left) consistent with my ideal customers, or with my value proposition?

In other words, the team can now consider the impact of a change to one of the nine blocks on the other eight.

The nine blocks in the Business Model Canvas can also be used to help you generate a business dashboard – for example, through picking the key result areas from among the nine boxes. (For more on goal setting and dashboards, see chapter 9.)

Building your own mental models

Creating a deeper understanding of a situation, a problem or a whole business rarely means finding the absolute truth of how everything works. Instead, it means making a better mental model.

The Business Model Canvas is, as its name suggests, a tool to help you build a mental model of your whole business, not just its separate functions.

It sounds frivolous until you realise many leadership team members don't have a working mental model of their whole business. And that means they may be contributing to whole-of-business decisions while only considering a narrow slice of the issue.

In the following sections, I look at this limitation, and discuss creating shared mental models with your leadership team.

Incomplete mental models

Working with a senior and experienced leadership team, I facilitated a strategy development process over a series of workshops. In workshop one, we looked at product-market fit – what were their buyers' needs and how well did their current products deliver? Around half of the team did not have a solid understanding of the company's product mix. The Group CEO decided to add a series of educational sessions for the leadership team to get up to speed.

Visible, shared mental models

Mike Maples is a venture capitalist at Floodgate Venture Capital. Maples makes money by assessing companies for investment potential. During an interview with Shane Parrish, Mike discussed how his competitive advantage comes from developing better shared mental models on what makes a good company to invest in. His team has taken to writing down and refining these mental models over time. They use them as a series of rules – for example:

Most of the great start-ups come from a great insight, and a great insight usually occurs when someone is living in the future, and they notice something that's missing.

The most important mental models

This book is full of mental models I have created or borrowed to help people better understand the systems they work in. Among the most useful in my experience are the:

- Business Model Canvas (see earlier in this chapter)
- visible project roadmap (see chapter 9)

- strategic business dashboard (see chapter 10)
- strategy house (see chapter 13).

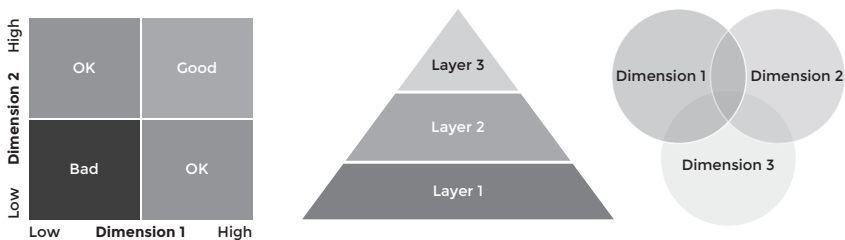
Each of these models is designed to create shared understanding of what's important and how things affect each other. Where they add even more value is when they go beyond the leadership team and become known by the wider team. For example:

- A successful leader of a \$250-million business makes sure everyone in the organisation knows the business vision and top four goals this quarter.
- Another leadership team creates a strategy house and launches it at a two-day all-staff offsite to make sure everyone understands where they fit and what they need to do.
- A leadership team in a non-profit uses a version of the Business Model Canvas to check whether their business model is viable and receive input from the wider team.

Whenever you're dealing with a complex problem, finding a model that helps explain it is always helpful.

Another option is to create one yourself by outlining the dimensions of the problem using one of three classic models: a quadrant chart, pyramid or Venn diagram. (Examples of these are shown in figure 6.3.)

Figure 6.3: Three basic models that can help you understand a problem, and share your understanding with others



REPEATING THE PROCESS

This chapter focuses on going deeper to understand cause and effect better. But it's important to remember the process is not only about going deeper once.

Let's say you've had a good leadership team meeting where you discussed an issue, gathered everyone's perspective and developed more insight.

Now you need to consolidate this new level of depth, and you need to make sure it's shared, make sure it's visible, and make sure you continue to gain an even deeper understanding moving forward.

Chapter summary

As a leadership team, you need to go deeper into problems to understand the causes and effects more fully. This involves looking at issues from multiple perspectives, and trying to turn unknown unknowns into known unknowns and then known knowns.

It also involves getting comfortable with being wrong, and using mental models to develop a better understanding of how different parts of your business work together as a system

Importantly, any insights that come through these discussions and processes need to be communicated with everyone in the business.

Take action

Go deeper on problems through the following:

- Use your team's diverse experience and expertise to unlock a deeper understanding of a situation. Take a perspective tour.
- Shine the light on the unknowns by asking better questions. Use the joystick framework to pick from four types of questions.

- Consider a problem as a system of interconnected parts by drawing a mental model of the elements and considering how they affect each other. The Business Model Canvas is one model you can use to understand your business, set goals, and look at how strategies may play out.

Next

Once you've gained a deeper understanding of a problem, it's time to consider how to solve it by widening your team's thinking – the topic of the next chapter.

7

Think wider to unlock your team's best ideas

FIGHTING FIRES

A fire engine comes screeching to a halt outside a burning house. The fire-fighters leap out. Where's the fire coming from? How bad is it? Are there people in there? How will they fight it?

Gary Klein is a research psychologist specialising in naturalistic – that is, real-world – decision-making. He has interviewed and observed many fire teams in action. How do they answer these questions, and how do they make decisions?

Here's what they don't do:

- They don't call a meeting.
- They don't have a long discussion about the situation.
- They don't consider everyone's opinion.
- And they definitely don't make a spreadsheet comparing the benefits of different approaches.

Instead, Klein's observations of fire-fighters in action revealed a pattern he called 'recognition-primed decision-making'. Here's how it works.

The most experienced fire-fighter is in charge.

When they look at the fire, they subconsciously compare it to all the previous fires they've attended it. (This is the 'recognition' piece of the process.)

They surface one potential solution based on their previous experiences. (They are 'primed' with an initial idea.)

They mentally 'play forward' what might happen if they apply that solution. (Okay, so it looks like the fire is coming from the basement, it's already spread to the ground floor, which means we need to go in via ladders to the top floor ... let's play that out, does it feel like it will work here?)

If it seems like the solution will work when they play it forward, they go with it. There's no time to waste comparing multiple options.

They get immediate feedback on whether their plan worked or not, so they can calibrate their decisions. In situation A, they know that action B reliably works.

This system generally works for fire-fighters. Why?

- It's based on their experience – recognising the patterns from fires they've seen in the past.
- It's quick, with most of the mental work happening subconsciously. That requires less conscious effort.
- It provides fast and clear feedback on whether the plan worked, so decision-making becomes more reliable over time.

The process has limitations, as well. It fails when the nature of the fire in front of you has been misdiagnosed – the fire has already reached the top floor, perhaps, without them realising.

And it fails when the fire is unusual, and the lead fire-fighter doesn't have the relevant experience to draw on – the house in question is a new type of eco-friendly carbon-fibre-framed house, perhaps, which they don't have any experience with.

Assuming you are not a senior team leader fighting actual fires, how is this relevant to you?

Evidence suggests that, in business, we often make decisions like these fire-fighters. We generate one option. Often it comes from the leader. The option is based on previous experience. We play

out the option to see if it will work. If it does, we stop thinking and go with it.

If you're making urgent life-and-death decisions in your business, I recommend you get good at recognition-primed decision-making. You can do this by increasing your bank of experience, and making sure you learn what works and what doesn't from your previous decisions.

But perhaps your decisions aren't life and death?

Perhaps you have at least a few hours to think it through?

Perhaps it's not 100 per cent clear if your previous decisions were right?

Perhaps you're dealing with novel situations no-one has seen before?

In these cases, you will be better to draw breath, widen your focus, and generate more options – and that's what this chapter is all about. To help you take this breath and widen your focus, I look at different ways of thinking – such as divergent and diamond-shaped thinking – before converging on a solution.

HAVING MORE THAN ONE OPTION: FIGHTING FIRES VERSUS STARTING FIRES

The decisions and problems you face with your leadership team can be broadly divided into two types: fire-fighting and fire-starting:

- *Fire-fighting decisions:* These are made when you want to solve a problem quickly. It's reactive, and based on experience. You and the team generate a good-enough option and then move on.
- *Fire-starting decisions:* These are made when you are trying to start something. You see a potential opportunity – perhaps a gap in the market. It's a novel situation. You generate several options and compare them, and then you try one approach. You can always change tack.

In leadership teams, it is useful to frame discussions and decisions around these differences. Is this a fire-fighting situation, or a fire-starting situation?

Do you want a quick, good-enough fix to a small issue?

Or do you want to run an extensive search for a way forward?

The benefits of extra options

Professor Paul Nutt, author of *Why Decisions Fail*, investigated 168 real business decisions. In 71 per cent of these cases, the organisations only had one new alternative on the table. The following are examples of a choice between the status quo and one new alternative:

- Should we launch this product?
- Should we acquire this business?
- Should we enter this new market?

Nutt went on to track long-term outcomes of these decisions. When organisations had only one new alternative, their choice failed 52 per cent of the time. When they generated at least two new alternatives, the failure rate reduced to 32 per cent.

Examples of decisions with two new alternatives include the following:

- Should we launch this new product, or invest the money in improving our existing product?
- Should we acquire this business, or run a share buyback?
- Should we enter this new market, or add a new distribution partner in a current market?

Having one extra option creates a substantial impact. The likelihood of your long-term success rises from 48 per cent (less than even) to 68 per cent (more than two-thirds right).

Avoiding analysis paralysis

Whether you are fire-fighting or fire-starting, you may perceive a risk here. Perhaps generating more options will slow your decision-making down, or even lead to analysis paralysis?

You can avoid these risks if your problem is clearly defined. Decisions can slow down when the multiple options reflect an underlying challenge: that the exact nature of the problem is not

clear to everyone. Then the solutions that get put on the table are solving different problems – which means it’s hard to compare them. And it means it may feel too early to decide because you need to go back a step and define the problem more clearly.

If the problem itself is clear, evidence suggests having multiple options leads to a *quicker* decision. That’s because we can gain confidence from picking the best from a series of options – compared to being uncertain if we only have one option.

In ‘Strategic decision-making in high-velocity environments’, researchers Kevin Clark and Christopher Collins found that simultaneously assessing multiple options was one way to speed up decisions – along with having real-time data on business performance and linking individual decisions to the broader strategy.

And in *Decisive*, brothers Chip and Dan Heath specifically consider whether having multiple options leads to analysis paralysis. After reviewing all available literature, they argue, ‘The best evidence ... is that decision paralysis is not likely to occur until the number of options moves past six’.

.....
Having more options reduces the risk of failure and helps teams make decisions faster.
.....

How should leadership teams generate more options? Divergent thinking is one place to start.

USING DIVERGENT THINKING TO UNLOCK YOUR TEAM’S BEST IDEAS

Groups use two basic styles of thinking:

- *Convergent thinking*: When a group is employing convergent thinking, they are trying to reach an agreement. They are making a decision, choosing an option, prioritising, aligning and agreeing. This is a process of narrowing and reaching consensus.
- *Divergent thinking*: In this mode, the team is exploring, trying to find different options. They are brainstorming, coming up with options and thinking out of the box. This is a process of widening the view, broadening the discussion.

The inherent conflict between convergent and divergent thinking

In Sam Kaner's excellent book *The Facilitator's Guide to Participatory Decision-Making*, he highlights a conflict within convergent and divergent thinking styles.

Let's say you're half an hour into a discussion. You're trying to decide whether to enter a new market now, or wait. At this point in the meeting, some of the team are ready to make a decision. They feel that enough facts and options have been tabled; it's time to make a call and move on. Time to converge.

Simultaneously, some of the team have only just got going. They don't think any of the existing discussion or options have illuminated the way forward. They want the thinking to keep diverging.

Kaner refers to this as the 'groan zone' where people start to get frustrated. Half the team think you're moving too slowly and going round in circles, while the other half think it's going too fast.

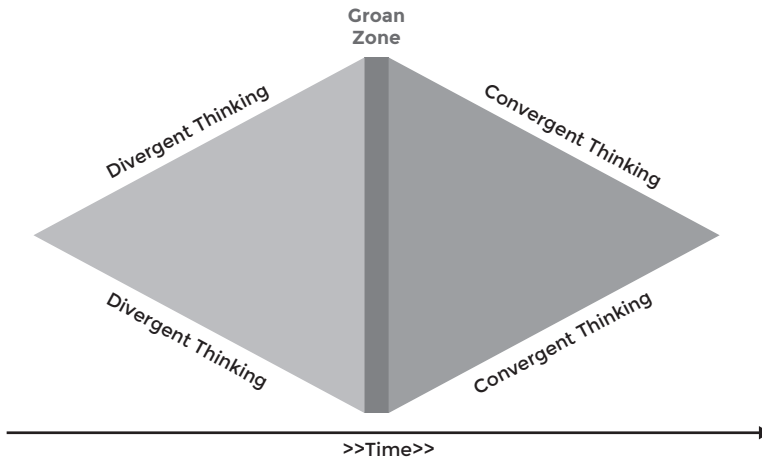
USING DIAMOND-SHAPED THINKING INSTEAD

The solution to this inherent conflict between convergent and divergent thinking is to employ what I call *diamond-shaped thinking* to run your discussions. The way this combines convergent and divergent thinking is shown in figure 7.1.

Let's say you have an hour to discuss the timing of market entry. You start by clearly laying out the problem. Then you explicitly allocate half the meeting to divergent thinking. Let's explore, ask everyone's perspective, and develop at least two to three viable options. That takes you to half past the hour.

At that point, you shift to convergent thinking (avoiding the groan zone) and move to make a decision. This provides a sense of the best two options and allows everyone time to compare them. By the end of the hour, you should try to reach a consensus decision. If that is not possible, the leader or critical decision-maker makes a call – or defers a decision to gather more information.

Figure 7.1: Diamond-shaped thinking



The keys to diamond-shaped thinking are:

- Have a clear problem definition at the start of the meeting.
- Allocate specific time constraints for divergent and convergent thinking.
- Actively manage the conversation – otherwise, you’ll find people wanting to add new ideas at the last minute, or people wanting to make a decision or rule out an option before you reach halfway.
- Define the rules for how you’ll make a final decision.

CREATE DIVERGENT OPTIONS

At the heart of divergent thinking are two ideas.

First, you use the team’s cognitive diversity. Their experience and expertise and styles should naturally surface different potential solutions. The team can then build on these diverse options. As Alison Reynolds and David Lewis showed in their *Harvard Business Review* article, teams solve problems faster when they’re more cognitively diverse.

To leverage cognitive diversity, you merely need to hold the group in the divergent thinking space and ask for more options. Canvas each person’s perspective. If you have created the right emotionally

intelligent foundations and behaviours (refer to the chapters in part II), ideas should flow. You'll get more options, and you'll get the immediate uplift which Professor Nutt described: as soon as you have a second viable option, your chance of long-term success increases from 48 per cent to 68 per cent.

Second, you use creative thinking techniques to develop novel solutions. Many approaches are possible here – in the following sections I outline the three I have used successfully with leadership teams.

Related worlds (easy)

A relatively easy exercise is to think outside your industry to find useful parallels. You can use related worlds to start thinking about possible options with the following steps:

1. Clearly state the problem you're trying to solve.
2. With the group, create a list of other people, industries or situations where a similar problem has been solved before.
3. Examine their solutions and identify what you can bring back to your industry and your problem.
4. Work these ideas up into one or more viable solutions.

Assumption challenge (moderate difficulty)

Break free from needless conventions and try an assumption challenge by working through the following steps:

1. Clearly state the problem you're trying to solve.
2. With the group, create a list of assumptions and conventions that apply to this problem.
3. Assumption by assumption, see what happens if you break an assumption or convention and do something different or even the opposite. Many of the options that come from this process will be dead-ends, but you'll be surprised how much innovation can come from questioning your ingrained assumptions.
4. Identify one or more viable options, flesh out the details, and state how you might test them.

Random word (advanced technique)

All new ideas come from the collision of two or more existing ideas. Therefore, taking your current situation and colliding with a wide range of other ideas can lead to novel solutions.

Try the following steps:

1. Flick through a dictionary and land your finger on a random word. Let's say you land on the word 'dinosaur'.
2. Write that word in the middle of a whiteboard.
3. Have the group shout out word associations until you have around a dozen words on the board. For example, dinosaur could have the associations old, T-rex, eggs, *Jurassic Park* and so on.
4. Then have the group work independently to solve your business problem by making connections with the words on the board. For example, continuing the dinosaur association:
 - a. 'Old': Can we borrow an old idea to solve our problem? What might that be?
 - b. 'T-Rex': Makes me think of being aggressive; what would a more aggressive approach to our problem look like?
 - c. '*Jurassic Park*': Makes me think of movies; what if the solution was to get a new director? Or develop a content strategy?

I refer to these techniques as *deliberately thinking differently*. They benefit from some common approaches to facilitating the group, which I discuss in the following section.

FACILITATING DIVERGENCE

To encourage divergent thinking in your leadership team, first allow some solo thinking time and small group time – don't just have 'all hands' discussions. Because some people work better on their own, or in pairs, you'll get more divergent solutions if you allow these different spaces. Then bring the team back together to have a dialogue and build out the solutions.

Second, make sure the options you create are drawn up and fleshed out. I recommend putting each idea onto one page, giving it a catchy name, and fleshing out how it works. Otherwise, you

end up with what I call 'braincrumbs' – crumbs of ideas which, when you revisit them a day or two later, no longer make sense.

Creative thinking like this is rare in leadership teams. The expectation of leaders is that they are serious, analytical and considered. The idea of riffing on the word 'dinosaur', for example, to solve an IT-related problem can be uncomfortable.

.....
If you can create an environment where creative thinking is encouraged, you'll find it takes the leadership team to a new level. Leadership team meetings can be energising, innovative, creative. Who knew?
.....

This is just a quick introduction to creative-thinking techniques. The primary route to getting more ideas from your team is to unlock their cognitive diversity. 'Deliberately thinking differently' can be considered your second strategy. For further reading, I recommend *Sticky Wisdom: How to Start a Creative Revolution at Work* by Dave Allan, Matt Kingdon, Kris Murrin and Daz Rudkin.

Compare your options side by side

As outlined earlier in this chapter, fire-fighters think up one option and play it out in their mind. If they think it will work, they go with it. If not, they then select the next option to play out. This is serial decision-making, and it's also common in business.

The alternative is to compare options simultaneously, and I've written about the benefits of having more than one option in this chapter – decisions succeed more often and can be made quicker.

Considering your two (or more) options simultaneously, side by side, is a crucial step you'll need to take to get the benefits.

German researchers Georg Gemünden and Jürgen Hauschildt tracked the detailed records of decision-making in the leadership team of a mid-sized business, publishing their findings in the *European Journal of Operational Research*. They found 83 decisions where they could see how many alternatives were considered. Of these:

- 5 per cent had three new options on the table

- 55 per cent had two new options on the table
- 40 per cent had one new option on the table.

They were able to track the long-term outcomes across these three types. Of the 40 per cent of one-option decisions, only 6 per cent had very good outcomes. Of the 60 per cent of decisions with two or more new options, 40 per cent had very good outcomes. That's a sizeable uplift, which you will want to get your hands on.

BE CLEAR ON YOUR SELECTION PROCESS TO CONVERGE ON A SOLUTION

In most leadership teams, it's not apparent how the team should pick between options. As a team discussion unfolds, people bring in different factors to compare the options. Or they make comments in favour or against specific options. All sorts of hidden incentives, varying perspectives and different approaches are in play when it comes to making the decision. It may even feel like you are 'speaking different languages'.

Many decision-making approaches are available to guide you to decide between two or more options. And yet most leadership teams rely on a process roughly as follows:

1. Let's discuss it until we feel like making a decision.
2. We'll work out the rules as we go.
3. We can introduce new options or criteria at any moment.

Instead of this 'ad hoc' process, I recommend having some clear principles in place to help your leadership team consider the available options and then converge on a solution.

Define your success criteria

If your problem is clearly defined and you have two or more options to consider, then logic dictates you should name some dimensions to compare them on. You can do so using the ICE model. This stands for:

- *Impact*: If we take this approach and it works, what impact will it have?

- **Confidence:** If we take this approach, what is the chance it will work?
- **Ease:** If we take this approach, how easy will it be?

The method requires you to rate each option on the three factors, and then multiply the three ratings together to obtain an expected outcome. You then pick the option with the highest expected outcome.

Make the options concrete and comparable

Whichever criteria you compare your options by, the ideas need to be presented in an easily comparable way. In practice, that means having them well fleshed out, so the details are clear and easy to judge. Depending on your organisation and the importance of the issue, that could mean anything between a one-page sketch and a full business case.

It's even possible to assign a 'red team and a blue team' to work up the two different options and make a case for them.

Consider option one thoroughly and then consider option two

Systems such as de Bono's Six Hat Thinking and venture capital firm Kleiner Perkins' Balance Sheet approach advise leadership teams to consider all the pros and cons of option one before weighing all the pros and cons of option two. (For more information on the Balance Sheet approach, see 'How we do it: Three executives reflect on strategic decision making', in *McKinsey Quarterly*.)

This process is similar to interviewing a candidate for a job. You thoroughly interview option one before interviewing option two. You're still comparing the options side by side (as outlined earlier in this chapter), but you're assessing the first option fully before moving to the second.

In *Thinking, Fast and Slow*, behavioural economist Daniel Kahneman further recommends rating each option on one criterion at a time. If using the ICE model, that would mean discussing the *impact* of option one and rating it out of ten. You would then

review the *confidence* rating, before finally reviewing the ease rating. This approach is designed to offset the 'halo effect', where we give better ratings on all dimensions to the option we subconsciously prefer.

Surface your gut feel

In chapter 5, I drew on De Bono and Kahneman's work to suggest asking your leadership team members to state their gut feel on each option *before* discussing the pros and cons. Kahneman went further than this in his work, suggesting that you ask team members for their gut feel *after* they have rated each option. He found that when this was applied to picking candidates to be army officers, the final gut feel ratings were as accurate as computing their ratings on the criteria.

Chapter summary

Most decisions are made with just one new option on the table – that is, should we stay as we are, or make move x? This can be suboptimal in terms of decision effectiveness, and can also lead to slower decisions, paradoxically.

As the leader, you want to promote divergent thinking. That means unlocking your team's natural cognitive diversity, as well as using creative-thinking approaches, to generate at least two well-defined new options.

Facilitating your discussions using diamond-shaped thinking will help you balance your team's different thinking styles and come to a wise decision in good time.

Take action

Facilitate some divergent thinking with the following:

- Push for one extra alternative before you make a decision. Ella Baché CEO Pippa Hallas encourages her team to come to her with one well-defined problem, three viable

options, and one recommendation. She calls this the 1-3-1 approach.

- Set clear expectations in your meetings: define the problem well, spend the first half generating options and then spend the second half converging on a decision. That's diamond-shaped thinking.
- Use creative-thinking techniques to unlock a new level of productivity and enjoyment in your leadership team, as well as develop more innovative ideas and solutions.

Next

You've developed some powerful options. In the next chapter, we explore how to think further ahead – how might your ideas and decisions play out?