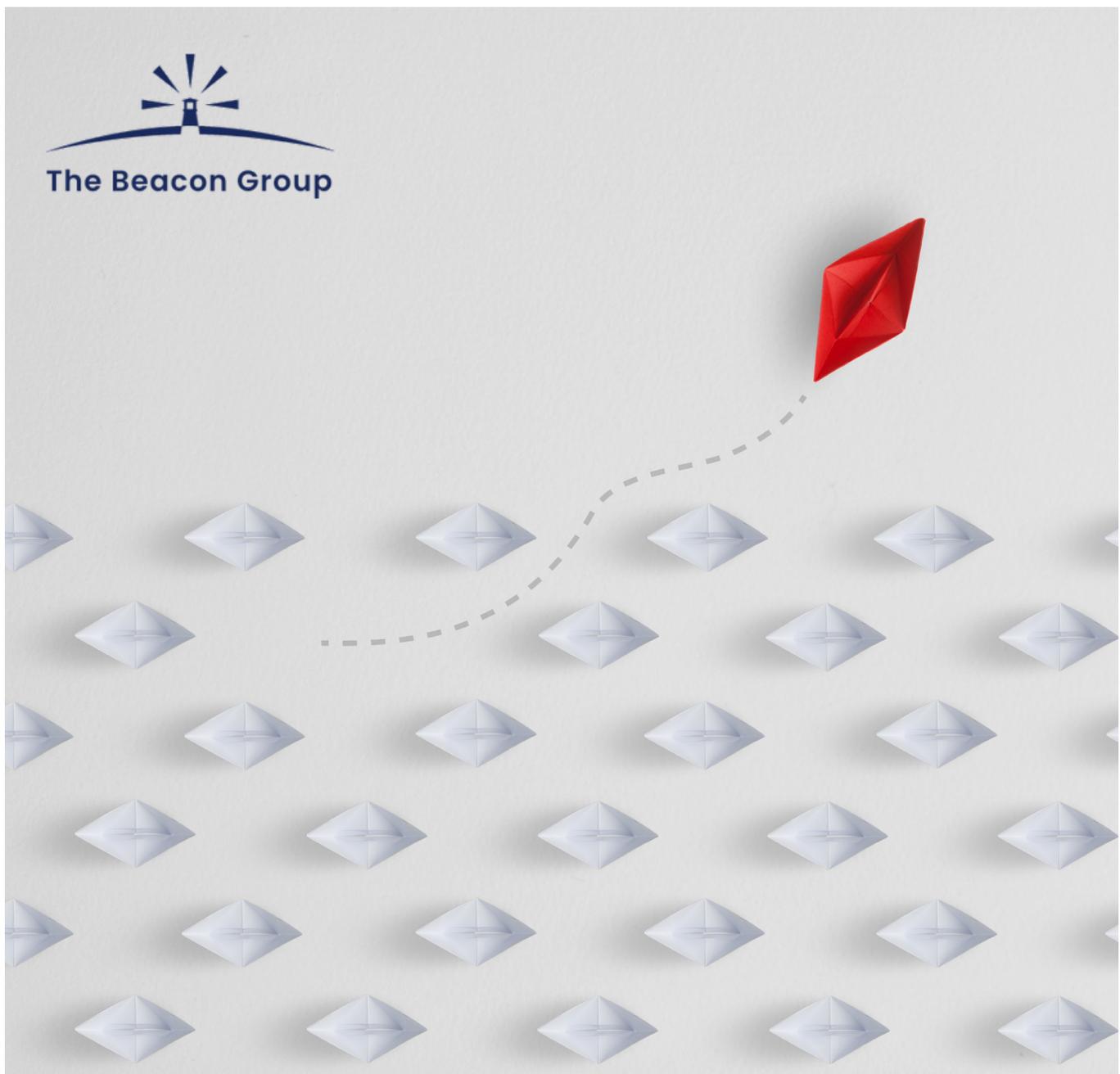


Think Better to Perform Better



In Our View

Times have changed.

It's an obvious statement, so obvious in fact you might wonder why we bother to even repeat it. Well, this may shock you, but there are a couple of lingering perspectives worth sharing:

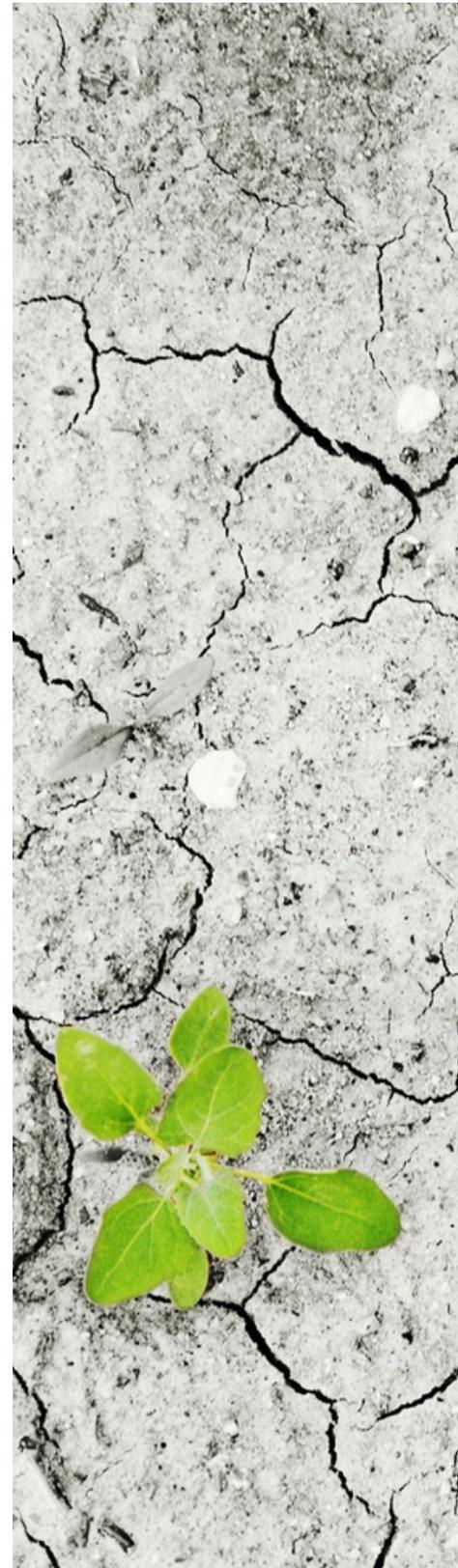
- There are actually some organizations out there that stubbornly refuse to change with the times.
- There are even some leaders who don't see the need for change, or its big sister, transformation.

The fact is, change is not easy at the best of times. It becomes absolutely terrifying, though, when you have let the clock run down, you are out of options and you simply can't hang on anymore. In that case, you have made it doubly difficult for yourself and you have left little room to navigate. There has to be a better way!

We believe the better way is to not accept the orthodoxy of convention and, instead, go boldly into the future by changing the way you think before you begin to change anything else. It's a mental game.

It is a game not of yesterday's logic, but of tomorrow's imagination. Old tired patterns of thought and behaviour have neither the muscle nor the dexterity required to do the heavy lifting of change in the rugged world we find ourselves in today.

We need new thinking, and it begins with you.



Second Order Thinking

We have seen a number of exciting, fresh, unconventional business thinkers emerge in recent years. From our standpoint, we still find Thinkers 50 (www.thinkers50.com) to be the best source available for identifying the most original thinkers of our time. It remains our go-to place when we need to refresh and reinvigorate our own thinking.

The Thinkers 50 list is eclectic and wide ranging. As diverse as they are, however, the top thinkers in the world all share one common trait - they are what is called “Second Order” thinkers. This phrase was first attributed to Howard Marks, the CEO of Oaktree Capital, a Financial Services company with over \$100 billion in assets under management. We have come to believe it is this particular mental attribute that allows the Top Thinkers to press the boundaries of popular thought, and carry us into a new world where original thinking offers new answers to difficult and perplexing questions.

In our view, it is possible to take this model of second order thinking and apply it directly to the way we run our businesses. In fact, we believe leaders who practice second order thinking have a marked advantage over those who don't.

Simply put - first order thinking is simplistic and superficial. Its objective is to come to the quickest, most digestible, best tasting option possible. Trouble is, it is usually the same answer as any other lazy thinker would come up with. It's a common answer.

Second order thinking, on the other hand, takes more effort and may taste a little bitter because it is both uncomfortable and unfamiliar. It's an uncommon answer. This is exactly what second order thinking is all about - the goal is not who can make the perfect decision, but who can make better decisions than average. Second order thinkers push harder and don't accept the first, easy decision. They have the fortitude and the will to push through the wall.

Extraordinary performance comes from being different. If you allow your thoughts and behaviour to be conventional, you're likely to get conventional results, and conventional results won't cut it in today's world.



Change By Design

The way in which organizational change is conceived and implemented is like everything else today – it has changed. It's new and it's different and it's twice as tough.

The Fact is – Organizations need to change the way they think, if they want to survive.

The Problem is – Too many organizations believe the answer lies in their ability to do the same old stuff, just faster and cheaper.

The Outcome is – Organizations losing ground to more innovative competitors who apply the principles of design thinking.

The Solution is – To understand the future, and see that you need to blend the art of the new with the science of the possible. That's the power of design thinking.



The very best organizations choose to reinvent themselves. They apply the principle of design thinking, an approach used by designers, engineers, and creative agencies for years. It focuses on the problem in a way that unshackles the burden of current thinking and leads to truly new outcomes. It all begins with redesigning your thinking process.

Design thinking is a systems approach that looks at things holistically. Design thinkers are different. The best design thinkers are “T- shaped”. They are both technically savvy across a broad spectrum of topics (the horizontal axis), and bring a tremendous amount of experience to the table (the vertical axis). By seeking people who have great aptitude on both of these axes, your ability to excel at design thinking, and then implement the change, will be far more successful.

Anticipating Turbulence

Organizations everywhere are trying to figure out how to cope with the continuing metaphorical economic tornado. Many organizations have been battered beyond repair, while others are recovering, and others still are just holding on. A few, on the other hand, were well prepared.

The Fact is - While the news is dominated by organizations who have failed or are struggling, some are actually just fine.

The Problem is - For those companies that weren't prepared ahead of time, there is only one good time to rebound - now.

The Outcome is - A number of companies that have made tough choices about how they are going to succeed in the coming years. And many others that haven't.

The Solution is - To understand what's broken, what can be changed, and what is needed to thrive in today's environment.

The key is to understand what vulnerabilities allowed you to be sucked down into the mess in the first place, and address them once and for all. Face it, your people are tired, scared, and unsure of the future. As a leader, it is your obligation to rise from the valley and get the organization back on track.

It all depends on how you view the situation, and the only choice is to see it as an opportunity. History shows that great organizations rise from moments of challenge, while others take the greater risk of waiting for the storm to pass. **Don't Wait.**



Lighting Fires



Your company may have all the right initiatives in the pipeline. As a senior executive, many of them may very well be your own ideas. That doesn't mean they're actually being executed, let alone fast enough.

The Fact is - Managers are often fighting an uphill battle to push change through an organization.

The Problem is - Many of your people don't have a clue how to prioritize all the activities.

The Outcome is - A leadership team that throws around catch phrases and empty strategies for innovation and adaptability, which people don't buy into.

The Solution is - To develop a sense of urgency, go after the best ideas and get them done.

It's not easy to be working hard, to think you are doing your best, and to then have someone tell you it's not really making a difference.

Many people see themselves as heroes, jumping from meeting to meeting, drowning in a flood of paperwork and overwhelmed with the number of decisions required on a daily basis. Their world feels like a frenzied circus show - but does anything really get done?

Stop it. It's called the seduction of sweat, and it's dangerous. There's a good chance your organization feels like it has a sense of urgency and purpose but, in reality, you are simply engaging in a frantic spectacle of achieving nothing. You'll burn out if you keep it up. There's no time to regroup or rest, no time to recharge your batteries for the next push. It's time to focus, decide, act and execute.

Managing Brilliance

When it comes to talent, what are businesses looking for today? Clever people. As a leader, you have an obligation to recruit and retain as many of these prized commodities as you can before your competitors take them.

The Fact is - Recruitment and development programs have focused on IQ alone as a predictor of future success.

The Problem is - Many “smart” people think along linear paths, and use proven models to come to their conclusions.

The Outcome is - Organization after organization full of linear thinkers running tired out-dated programs into the ground.

The Solution is - To find people who challenge the status quo, and have the ability to think in new ways. The solution is to hire clever people.



Being clever isn't the same as being smart.

Clever people are impatient, driven and even prickly, always on the lookout for new and exciting things. They are self-motivated and intolerant. What Clever people need to do their best work is a clever environment and a clever boss. Organizations have to understand Clever people respond to expertise, not hierarchy. Therefore, position alone isn't going to get you anywhere with the Clever people.

You need to think about how to build a Clever-friendly culture.

Creating Followers

Leaders are often aiming for the benefits, stature and glamour of being a "real" leader - the person who calls the shots and creates and executes a visionary plan. How can you blame them? It's all they've ever read about. Who would want to be a follower when they can be a leader?

The Fact is - Leadership, as we define it today, is about guiding the sheep.

The Problem is - This idea of leadership leaves out the contributions of many others.

The Outcome is - A company that becomes dependent on the ideas, values and direction of a single person or small group of powerful leaders.

The Solution is - To consider the less glamorous role of Followers in your organization, and assess whether they will actually follow when it matters most?



One of the central roles of leadership is to build other leaders. However, leaders are often so focused on themselves, and their vision for the organization, they forget how to grow upcoming talent. The people you're leading play vital roles in organizing smaller projects, smaller groups and smaller ideas. They can mobilize components of your vision, or they can be ignored and become isolated and detached. Just because they don't stand out, doesn't mean they should be disregarded or disrespected.

You know exactly who these people are. They are the implementers. They sit quietly in meetings, gather all the information, and spring into action when the plan is set. They are everywhere and they are mission critical.

Crucible Moments

Do you recall an experience that defines your leadership style today? If so, you have just identified a crucible moment. These moments are important.

The Fact is - You're not born a leader. Your career is littered with crucible experiences that have defined your style and helped you become a better leader over time.

The Problem is - There is no warning bell that goes off just before these crucible experiences that's signals you to pay attention.

The Outcome is - Most leaders don't leverage the full benefits of their experience and the key moments in their career.

The Solution is - For leaders to identify and cultivate crucible moments, as they happen, and use them to push themselves into new territory.

These same crucibles apply to organizations in their ongoing quest to grow and innovate. Whether we're talking about a company that's an industry leader, or a leader within a company, the concept of crucible moments is the same. It could be a moment in which adversity forces a different approach to something, or it could be a moment in which your foray into new territory uncovers new ways of doing things. A crucible moment can be described as a transformation, an ordeal or a test.

Organizations, like people, go through periods of stagnation during which they have the opportunity to reflect and reframe issues. Seize them. Learn from them. Teach to them.



The Value of Execution



Organizations must keep moving forward. There is no space for idle dreamers, at least not right now. Today, the name of the game is execution.

The Fact is – Most senior teams become starry eyed dreamers when the word “strategy” is thrown into the conversation.

The Problem is – While ideation, and wild ideas are required, often times there is no conceivable way an organization can pull them off.

The Outcome is – Organizations hoping to hit homeruns when they don’t even know how to swing a bat.

The Solution is – To see strategy as a team pursuit, wherein different parts of the strategic process are managed differently, and things actually get done.

Strategy is a multi-stage process. There is the development of the strategic intent, the process of strategic thinking, the actual strategic planning, and then the ongoing strategic review. Right in the middle of all of this is the execution process. The meat in the sandwich.

What your organization must do is spend time at the front end of the strategic discussion ensuring that, before heads get firmly planted in the clouds, there is a process of integration with the operational side of the business – enter the Office of Strategy Management.

Once the strategy and the operational capacity have been integrated, it’s time to execute. In other words, too much emphasis is made on the “fun” part of strategy, with nobody willing to do the heavy lifting.

Steps to Take - Actions to Consider

Talk is cheap and actions have always spoken louder than words. It is all fine to have lofty ideas and theories about how to build a truly high performing organization, but we know that leaders have to take action, so we have outlined below some of the things leaders should do based upon the key focus areas outlined in this newsletter.



Promote Design Thinking ...

Balance – Design thinking requires a certain skill set and mindset to pull off. If your organization isn't ready to fully adopt this concept, then at least use it for key programs that need a big thrust.

Get outside – One of the most important parts of design thinking is the research phase. It starts with getting people out of the office to meet with the real “experts”.

Seek diversity – Challenge your HR group to rethink (redesign) the hiring process. Break the current mold if you feel it is not bringing you the right mix of people.

Set Priorities ...

Quick screen – Figure out what matters most right now. Eliminate everything that doesn't help strengthen your most important elements. Don't debate endlessly.

Be Bold – Now is a great time to go big. While you may have been successful in the past by moving incrementally, there is a big chance of being leapfrogged. If you have a game changer in your back pocket, now is the time to use it.

Stay Alert – Challenges are a daily occurrence. Resting on your laurels is no longer an option. Great leaders know how to keep their eyes on the horizon, constantly looking for a roadblock to blast through.

Focus on The Important, not the Urgent ...

Purge - Take time to purge activities that aren't useful, and use the time you free up to deal with more immediate issues. Be relentless.

Don't load up your calendar - Don't flood yourself with meetings all day. Focus on a few small activities, get them done and move to the next thing.

Set the example - Everyone watches the leaders to see how quickly they move on key activities.

Build Followership ...

Identify and Nurture - Look at your people honestly, and categorize your Followers into Isolates, Victims, Bystanders and Activists? Identify what you want from each and develop a plan to move them from one level to the next.

The Flip Side - Different kinds of Followers can challenge a leader's ideas or vision in different ways. Ensure you build a diversity of Followers in every category so you are challenged from a multitude of perspectives.

Building Leaders - Your group of Followers provides an excellent pool for future leadership candidates. They're not all leaders, but by turning them into effective Followers you're already enhancing their potential.

Harvest Teachable Moments ...

Recognize Fear - Fear is a normal element of a crucible moment. An organization must face the fear and ensure that leaders deal with it in a positive manner.

Feedback - Feedback is essential, even if a leader demonstrates excellent performance. It is always a good idea to provide feedback during a memorable moment, good or bad. Your words will be remembered for a long time.

Don't Dismiss Failure - Failure can also be a crucible moment for a leader. Often, these moments are the most memorable ones and they create true change in the way a leader or organization operates.

