# PURSUING CLARITY IN AN INCREASINGLY COMPLEX WORLD

SODERQUIST RESEARCH NOTE

WHAT ARE YOU DOING ABOUT COMPLEXITY?

Do you ignore it, obsess over it (at the expense of everything else), or do you dive in it without knowing if you'll sink or swim? Leaders clearly recognize the reality of complexity, but most don't know how to meet the challenge or exploit the opportunity effectively. In recent years, complexity has driven dramatic changes in the organizational environment. Big data, the speed of information and operations, increased customer engagement, and growing globalization all contribute to complexity in organizations. These and other factors have brought about dramatic change in the business environment and have created significant challenges and opportunities for organizations. Are you adequately prepared to respond?

In a recent IBM study[1], global CEOs identified complexity as a primary challenge for them and nearly all of those CEOs polled predicted that complexity will grow in the future. Perhaps more troubling is the fact that more than 50% of the CEOs expressed concern in their ability to manage complexity effectively.

Research conducted among Soderquist Center customers confirms the fact that complexity is a

Greatest Challenges Employees Face at Work
Figure 1
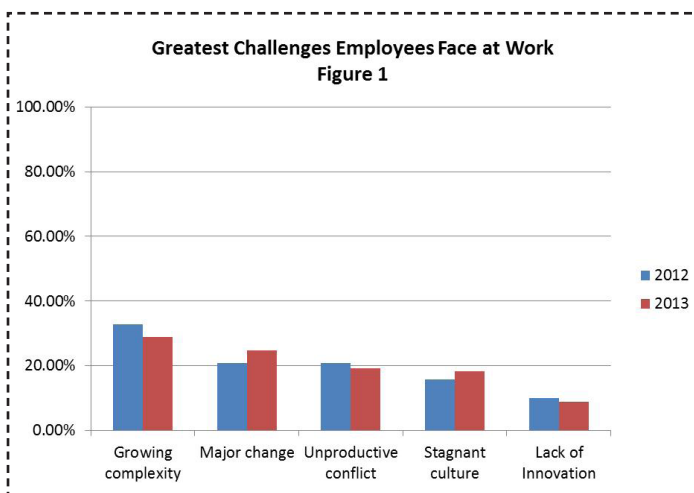
growing issue in the workplace. Comprehensive data from more than 45 Soderquist Center program surveys (figure 1) indicates that leaders view complexity as their biggest business challenge.

A recent Harvard Business Review article[2] claims that complexity is more widespread today than ever before, affecting every organization at some level.   The authors argue that not only is it more widespread, but complexity is more difficult for leaders to predict and, as a result, leadership and business methods of the past may not be as successful in the future. Traditional bureaucratic and administrative approaches that emphasize planning and control linger still in organizations, despite growing evidence that they are not the most effective nor dynamic means to address growing complexity. However, while entrepreneurial approaches are inherently more agile and adaptable to dynamic change, they often lack the ability to sustain momentum and grow in scale and scope to face complexity long-term.

LEADERS MUST CULTIVATE MULTIPLE DIVERSITIES IN THEIR ORGANIZATIONS

In an effort to meet the challenges and embrace the opportunities of complexity, leaders should address three important factors. First, complexity is best understood through the lens of **interdependence**. Complexity demands a greater reliance on others (internal and external to the organization) for important expertise, knowledge and support. Leaders who build interdependent relationships and organizations are better equipped to face complexity. Second, leaders must cultivate **multiple diversities** in their organizations. Leaders who seek out and encourage heterogeneity of backgrounds, expertise, and ideas are better prepared to face change and complexity. Investment strategist and author, Michael J. Mauboussin, describes cognitive diversity as "how people think, their training, their experience, their personalities."[3] Mauboussin suggests that to address complexity, leaders should

[1]360 Magazine. 2011. "Leveraging Complexity in an Interconnected World." Steelcase, Inc.
[2]Sargut, G. & McGrath, R. G. (2011). "Learning to Live with Complexity." Harvard Business Review.
[3]Mauboussin, M. J. (2011). "Embracing Complexity."

hire people who think differently, but also empower their organizations to express opinions and fight to hear multiple voices around the business. Finally, complexity demands a comprehensive and **synthetic approach** to data and information. Leaders must rely on not only past data, but also future projections and unique possibilities to guide planning and strategy that is responsive to complexity. While complexity cannot be mastered, it can be harnessed and shaped and leaders who recognize that complexity is one of many environmental factors are more successful in the long term.

One final, yet very important point about complexity is that it often obscures the key to an organization's future. Sargut and Gunther McGrath argue that an over reliance on lagging data and static core metrics makes it very easy to miss important, game-changing outliers.[4] Very often the enigma, or unexpected occurrence, is buried in complexity, yet has the greatest impact on future events. Anticipating, acknowledging, and even searching for the unexpected among complexity allows organizations to prepare better for the future.

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What are you doing to prepare your organization for complexity?

The Soderquist Center can help.

What can leaders do to better equip themselves in ways that bring greater clarity to the inevitable complexity their organizations face? The Soderquist Center for Leadership and Ethics has real-world solutions and experienced leaders to provide knowledge, expertise and experiences designed for complex, real world leadership. Here are four ways that the Soderquist Center helps leaders and their organizations prepare for complexity:

·**Team Development** programs foster interdependence, interaction, and diversity among team members. Single-day Team Programs are designed to build deep and lasting self and team knowledge and abilities, an essential component of interdependence.

·**Senior Team Alignment** is a data-driven process intended to focus a leadership team on real issues and behaviors that both enable and inhibit high level functioning. This process provides clarity to the norms and rules of engagement that foster performance in a dynamic, complex organizational environment and helps organizations to bridge the gap between adaptive and administrative leadership.

·**Leadership Academy** helps organizations to infuse a broader leadership capability across an entire function or level of the business in a dynamic, cohort-based learning experience. This multi-day program helps leaders make sense of an increasingly complex world through the lens of their own organizational challenges and opportunities. In the final session, "Lead Your Organization," participants wrestle directly with ways to move from "complexity to clarity" in their current roles by removing the noise and focusing on what's truly important for current and future success.

·**Future casting** is an interactive complement to the strategic planning process that helps organizations understand future possibilities (as you know it today) and establish the motivation to address the diverse opportunities and challenges of the future.

[4] Sargut, G. & McGrath, R. G. (2011). "Learning to Live with Complexity." Harvard Business Review.