

(*Cynefin Definition Excerpts*)

A Leader's Framework for Decision Making

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... All too often, managers rely on common leadership approaches that work well in one set of circumstances but fall short in others. Why do these approaches fail even when logic indicates they should prevail? The answer lies in a fundamental assumption of organizational theory and practice: that a certain level of predictability and order exists in the world. This assumption, grounded in the Newtonian science that underlies scientific management, encourages simplifications that are useful in ordered circumstances. Circumstances change, however, and as they become more complex, the simplifications can fail. Good leadership is not a one-size fits-all proposition.

We believe the time has come to broaden the traditional approach to leadership and decision making and form a new perspective based on complexity science. Over the past ten years, we have applied the principles of that science to governments and a broad range of industries. Working with other contributors, we developed the *Cynefin framework*, which allows executives to see things from new viewpoints, assimilate complex concepts, and address real-world problems and opportunities. (*Cynefin*, pronounced *ku-nev-in*, is a Welsh word that signifies the multiple factors in our environment and our experience that influence us in ways we can never understand.) Using this approach, leaders learn to define the framework with examples from their own organization's history and scenarios of its possible future. This enhances communication and helps executives rapidly understand the context in which they are operating.

...The framework sorts the issues facing leaders into five contexts defined by the nature of the relationship between cause and effect. Four of these—*simple, complicated, complex, and chaotic*—require leaders to diagnose situations and to act in contextually appropriate ways. The fifth—*disorder*—applies when it is unclear which of the other four contexts is predominant.

Using the Cynefin framework can help executives sense which context they are in so that they can not only make better decisions but also avoid the problems that arise when their preferred management style causes them to make mistakes. ... Leaders who understand that the world is often irrational and unpredictable will find the Cynefin framework particularly useful.

Simple Contexts: The Domain of Best Practice

Simple contexts are characterized by stability and clear cause-and-effect relationships that are easily discernible by everyone. Often, the right answer is self-evident and undisputed. In this realm of "known knowns," decisions are unquestioned because all parties share an understanding. ... Simple contexts, properly assessed, require straightforward management and monitoring. Here, leaders *sense, categorize, and respond*. That is, they assess the facts of the situation, categorize them, and then base their response on established practice. ... Since both managers and employees have access to the information necessary for dealing with the situation in this domain, a command-and-control style for setting parameters works best. Directives are straightforward, decisions can be easily delegated, and functions are automated. Adhering to best practices or process reengineering makes sense. Exhaustive communication among managers and employees is not usually required because disagreement about what needs to be done is rare.

Nevertheless, problems can arise in simple contexts. First, issues may be incorrectly classified within this domain because they have been **oversimplified**. Leaders who constantly ask for condensed information, regardless of the complexity of the situation, particularly run this risk.

Second, leaders are susceptible to **entrained thinking**, a conditioned response that occurs when people are blinded to new ways of thinking by the perspectives they acquired through past experience, training, and success.

Third, when things appear to be going smoothly, leaders often become **complacent**. If the context changes at that point, a leader is likely to miss what is happening and react too late. (Note that in) "The Cynefin Framework," the simple domain lies adjacent to the chaotic—and for good reason. The most frequent collapses into chaos occur because success has bred complacency. This shift can bring about catastrophic failure—think of the many previously dominant technologies that were suddenly disrupted by more dynamic alternatives.

Leaders need to avoid micromanaging and stay connected to what is happening in order to spot a change in context. By and large, line workers in a simple situation are more than capable of independently handling any issues that may arise. Indeed, those with years of experience also have deep insight into how the work should be done. Leaders should create a communication channel—an anonymous one, if necessary—that allows dissenters to provide early warnings about complacency.

Finally, it's important to remember that best practice is, by definition, past practice. Using best practices is common, and often appropriate, in simple contexts. Difficulties arise, however, if staff members are discouraged from bucking the process even when it's not working anymore. Since hindsight no longer leads to foresight after a shift in context, a corresponding change in management style may be called for.

Complicated Contexts: The Domain of Experts

Complicated contexts, unlike simple ones, may contain multiple right answers, and though there is a clear relationship between cause and effect, not everyone can see it. This is the realm of “known unknowns.” While leaders in a simple context must sense, categorize, and respond to a situation, those in a complicated context must ***sense, analyze, and respond***. This approach is not easy and often requires expertise: A motorist may know that something is wrong with his car because the engine is knocking, but he has to take it to a mechanic to diagnose the problem.

Because the complicated context calls for investigating several options—many of which may be excellent—good practice, as opposed to best practice, is more appropriate. ...

Entrained thinking is a danger in complicated contexts, too, but it is the experts (rather than the leaders) who are prone to it, and they tend to dominate the domain. When this problem occurs, innovative suggestions by non-experts may be overlooked or dismissed, resulting in lost opportunities. The experts have, after all, invested in building their knowledge, and they are unlikely to tolerate controversial ideas. If the context has shifted, however, the leader may need access to those maverick concepts. To get around this issue, a leader must listen to the experts while simultaneously welcoming novel thoughts and solutions from others. ...

Another potential obstacle is “**analysis paralysis**,” where a group of experts hits a stalemate, unable to agree on any answers because of each individual's entrained thinking—or ego.

Working in unfamiliar environments can help leaders and experts approach decision making more creatively. ...

Games, too, can encourage novel thinking. ... Playing a metaphorical game increases managers' willingness to experiment, allows them to resolve issues or problems more easily and creatively, and broadens the range of options in their decision-making processes. The goal of such games is to get as many perspectives as possible to promote unfettered analysis.

Reaching decisions in the complicated domain can often take a lot of time, and there is always a trade-off between finding the right answer and simply making a decision. When the right answer is elusive, however, and you must base your decision on incomplete data, your situation is probably complex rather than complicated.

Complex Contexts: The Domain of Emergence

In a complicated context, at least one right answer exists. In a complex context, however, right answers can't be ferreted out. ... This is the realm of “unknown unknowns.” ...

... In this domain, we can understand why things happen only in retrospect. Instructive patterns, however, can emerge if the leader conducts experiments that are safe to fail. That is why, instead of attempting to impose a course of action, leaders must patiently allow the path forward to reveal itself. They need to ***probe first, then sense, and then respond***.

There is a scene in the film *Apollo 13* when the astronauts encounter a crisis (“Houston, we have a problem”) that moves the situation into a complex domain. A group of experts is put in a room with a mishmash of materials— bits of plastic and odds and ends that mirror the resources available to the astronauts in flight. Leaders tell the team: This is what you have; find a solution or the astronauts will die. None of those experts knew a priori what would work. Instead, they had to let a solution emerge from the materials at hand. And they succeeded. (Conditions of scarcity often produce more creative results than conditions of abundance.)

... As in the other contexts, leaders face several challenges in the complex domain. Of primary concern is the temptation to fall back

into traditional command-and-control management styles—to demand fail-safe business plans with defined outcomes. Leaders who don't recognize that a complex domain requires a more experimental mode of management may become impatient when they don't seem to be achieving the results they were aiming for. They may also find it difficult to tolerate failure, which is an essential aspect of experimental understanding. If they try to over-control the organization, they will preempt the opportunity for informative patterns to emerge. Leaders who try to impose order in a complex context will fail, but those who set the stage, step back a bit, allow patterns to emerge, and determine which ones are desirable will succeed. They will discern many opportunities for innovation, creativity, and new business models.

Chaotic Contexts: The Domain of Rapid Response

In a chaotic context, searching for right answers would be pointless: The relationships between cause and effect are impossible to determine because they shift constantly and no manageable patterns exist—only turbulence. This is the realm of unknowables. The events of September 11, 2001, fall into this category.

In the chaotic domain, a leader's immediate job is not to discover patterns but to stanch the bleeding. **A leader must first act to establish order, then sense where stability is present and from where it is absent, and then respond by working to transform the situation from chaos to complexity**, where the identification of emerging patterns can both help prevent future crises and discern new opportunities. Communication of the most direct top-down or broadcast kind is imperative; there's simply no time to ask for input. Unfortunately, most leadership "recipes" arise from examples of good crisis management. This is a mistake, and not only because chaotic situations are mercifully rare. Though the events of September 11 were not immediately comprehensible, the crisis demanded decisive action. New York's mayor at the time, Rudy Giuliani, demonstrated exceptional effectiveness under chaotic conditions by issuing directives and taking action to reestablish order. However, in his role as mayor—certainly one of the most complex jobs in the world—he was widely criticized for the same top-down leadership style that proved so enormously effective during the catastrophe. He was also criticized afterward for suggesting that elections be postponed so he could maintain order and stability. Indeed, a specific danger for leaders following a crisis is that some of them become less successful when the context shifts because they are not able to switch styles to match it. ...

Yet the chaotic domain is nearly always the best place for leaders to impel innovation. People are more open to novelty and directive leadership in these situations than they would be in other contexts. One excellent technique is to manage chaos and innovation in parallel: The minute you encounter a crisis, appoint a reliable manager or crisis management team to resolve the issue. At the same time, pick out a separate team and focus its members on the opportunities for doing things differently. If you wait until the crisis is over, the chance will be gone.

Leadership Across Contexts

Good leadership requires openness to change on an individual level. Truly adept leaders will know not only how to identify the context they're working in at any given time but also how to change their behavior and their decisions to match that context. They also prepare their organization to understand the different contexts and the conditions for transition between them. Many leaders lead effectively — though usually in only one or two domains (not in all of them) and few, if any, prepare their organizations for diverse contexts.

... Business schools and organizations equip leaders to operate in ordered domains (simple and complicated), but most leaders usually must rely on their natural capabilities when operating in unordered contexts (complex and chaotic). In the face of greater complexity today, however, intuition, intellect, and charisma are no longer enough. Leaders need tools and approaches to guide their firms through less familiar waters.

In the complex environment of the current business world, leaders often will be called upon to act against their instincts. They will need to know when to share power and when to wield it alone, when to look to the wisdom of the group and when to take their own counsel. A deep understanding of context, the ability to embrace complexity and paradox, and a willingness to flexibly change leadership style will be required for leaders who want to make things happen in a time of increasing uncertainty.

Reading the complete article is highly recommended and can be found at these sites:

<http://hbr.org/2007/11/a-leaders-framework-for-decision-making/ar/1>

<http://www.mpiweb.org/CMS/uploadedFiles/Article%20for%20Marketing%20-%20Mary%20Boone.pdf>

<http://www.mpiweb.org/CMS/uploadedFiles/Article%20for%20Marketing%20-%20Mary%20Boone.pdf>