



The New Rules of the Game

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Over the past several years, we've worked with hundreds of managers as they've wrestled with difficult challenges. Sometimes, those challenges have taken the form of a particularly wicked dilemma that defies resolution, a business objective that seems out of reach, environments that are turbulent and unpredictable, and systems that are unstable or going out of control. Meeting these challenges requires managing in new ways.

The conventional approaches to managing assume a simple, orderly, stable, predictable, and therefore controllable environment. They just don't work in environments that are turbulent, complex, and unpredictable. This is a whole new ballgame, and this game has new rules. But what are they? Here's what we've been able to discern from our own experience.

- **Learn by doing, not training.** There's no substitute for experience. Managers need to learn their way into and through the challenges they face, developing a deeper understanding of the dynamics of their team, the business, and the market as they go. There's no way to figure it all out in advance. At the same time, it takes a lot of courage to set foot into the unknown. What seems to make the biggest difference is whether the team takes the time to "think together" regularly about where they're heading and what's getting in the way, approaching their work as a series of experiments designed to check their assumptions and fine-tune their thinking. After a while, people tend to get a

“feel” of the dynamics in the system. It takes time to develop the habits of mind and behavior that are at the heart of this approach. Training is a poor substitute for actual experience. Managing complex and dynamic systems is a “performing art.” People learn it only through the discipline of practice, just like learning to play a sport or a musical instrument. Out of the crucible of experience will come the leaders needed to take the business forward.

- **Grow new leaders, not anoint them.** Leaders are the people who voluntarily step up to new challenges and assume responsibility for making things happen. Often, the people who do so aren't the ones in the positions of formal authority or next in line in the official succession plan. They just show up, moving into the lead like birds do when they sense that the one at the head of the flock is losing steam. Growing leaders is a dynamic process that involves paying constant attention to who is stepping forward and who is stepping back, not to static organizational charts. These changes are natural and inevitable. The process can't be easily engineered, and the results are unpredictable. What works best is to create the conditions for people to face into new challenges, give them the encouragement they need to step into the unknown, and provide the support they need to succeed. The interests of the business are best served by recognizing wisdom, experience, energy, courage, and initiative, rather than longevity.
- **Focus on results, not process.** Ultimately, the game of business is all about results. That's why it's important to track what's actually happening in the business, to make that information widely available, and to make sense of it collectively. That's how knowledge and wisdom are generated. At the same time, I've found that results don't always show up right away or in the form that people expect, because the process is nonlinear. Sometimes, if a dilemma is particularly complex or the environment is particularly turbulent, the best outcome a team can hope for in the short run may be to just get unstuck enough to move forward. In these situations, breakthroughs tend to show up like avalanches, in unpredictable places at unexpected times. Since we still don't know a lot about the science of why this happens, performance measurement needs to be a tool for learning about what works and why, rather than a tool for judging whether individuals are doing what they've been told to do.
- **Look for natural openings, don't force things.** Instead of trying to engineer the business to move along a straight path from point “A” to point “B,” managers need to discern where the business is heading naturally, and what

obstacles are getting in the way. The future (or vision) isn't "out there" somewhere, in some dream state or vague platitudes, but already emerging within the organization in a nascent form. As a result, breakthroughs in performance come not by applying massive force to impose a new order and to overcome organizational resistance, but by amplifying what is emerging and removing whatever is blocking the system's natural energy for moving forward. Using this approach, small efforts can have a major impact on the performance of the overall system. What works best seems to be a more "experimental" or "hot house" approach that allows natural interest in impressive results in one area to create pull from other areas. Managers can help by identifying natural openings for such experimentation, giving them support, then sharing the lessons broadly across the organization. The focus needs to be on doing existing work in new ways, not layering on new work – releasing energy, not overburdening people and shutting them down.

- **Seek engagement, not compliance.** I often ask people to describe what really energizes them in their work. The responses are almost always the same. People say that they need to see the big picture of where the business is headed, and have a clear understanding of how they can personally contribute to its success. They need an environment of openness and trust – and relationships based on authenticity, integrity, and mutual respect. They need both clear direction and appropriate autonomy to deliver results in ways that allow for individual creativity and initiative. They need recognition for their contributions and expertise. And they need opportunities for continual growth and development. What works best is when managers set a general direction for the business, engage employees in a two-way and ongoing conversation about that direction, set high expectations for performance, then manage loosely to promote flexibility and initiative. The goal is to engage people's hearts, as well as their heads and bodies – to get better results by giving people the freedom to experiment with new ways of doing things within broad guidelines.

A New Approach

These lessons suggest a new, more partnered approach to consulting work that is grounded in people's real work and focused on making a breakthrough in their results. It requires helping them think together in a more disciplined and systemic way about where they're trying to go and what's getting in the way, particularly how their own mindset and behaviors are holding them back. It requires looking for where people seem to be bogged down, then wading into the muck with them

to help them get moving forward again, paying attention to what they're bumping up against in the larger system, because that's often where the problem lies. It focuses on both the strategic and the cultural dynamics in the business, and on their interaction. It requires constantly scanning for people who are taking initiative and demonstrating leadership, and finding ways to actively encourage and support them.

This is a more dynamic and customized approach to consulting work than the conventional model. It relies on the skilled and experienced application of appropriate principles and tools to the unique circumstances of each situation, rather than the roll out of one-size-fits-all solutions. It is also a more streamlined approach. It doesn't require a lot of new infrastructure to be put in place. Nor does it require a lot of time spent on giving people training that they can't figure out how to use. It operates in the mainstream of the business and focuses on directly and immediately improving business results.

Our experience is that this new model of consulting is better suited to the new rules of the game.