The 7 Steps to Frontier Leadership

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THE 7 STEPS TO FRONTIER LEADERSHIP

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Nick was the Director of Advocacy at The Work Foundation, where he managed a department of communications, business development, marketing, media and policy specialists. His work included consulting to many leading FTSE 100 companies and large public sector bodies, as well as writing and speaking on a wide range of issues including the economy, health at work, European affairs, the labour market, organisational performance, leadership, welfare reform, finance, corporate governance and CSR.

He is the author or co-author of several reports including 'Greening Work' (2008); The Risk Myth (2006), Life at the Top (2005), Where are the Gaps? (2005), Cracking the Performance Code (2005), The Joy of Work (2004) and Achieving High Performance through CSR (2004); and his books include The Good Work Guide (2010), The Leadership Challenges of the Next Economy (2011), Centre for Leadership Innovation and What Kind of World do we Want? (2015).

Adrian Spurrell and **Freddie Guilmard** are partners in the Red Thread Partnership.

Adrian is a former banker who came to his senses (money is after all just another belief system) and now spends his time engaging with leaders and organisations to help them grow and develop. His clients have included, amongst others, BP, GSK, Atkins plc, HM Revenue and Customs, The Department for Work and Pensions, NHS England and Action on Hearing Loss.

His development experience is extensive and demonstrates his versatility. It includes: working on a one-to-one basis with senior teams/boards; top team coaching and development; facilitating leadership development workshops for senior managers from international matrixed organisations; developing the performance management skills of line managers from both public and private organisations at all grades and from diverse countries; knowledge harvests to create web-based databases of best practice; talent development projects in central and eastern Europe; and broadly based culture change projects.

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Freddie has over twenty five years' experience of strategic board level Communications and Change initiatives focussing on building High Performing Teams (which is his passion), Leadership and Change initiatives and Employee Engagement Strategies.

He has been involved in a number of medium to large scale change programmes for brands such as BUPA, Mercedes-Benz Retail, Nestlé, Robert Horne Group and his ability to focus on both the What and the How makes him a real asset to ensure the successful crafting and implementation of change programmes. With an ability to be both strategic and creative, combined with expertise across a number of sectors and brands, Freddie is able to engage internal stakeholders to enable them to drive effective change and engagement inside organisations.

Freddie started The Red Thread Partnership 6 years ago and his clients have included Kerry Foods, Lexus GB & Europe, Purina, Santander, Panasonic, DWP, Royal Court, Suzuki, Ricoh, Three and Arcadia. He is also a Non-Executive Director of Ashridge Group and the Vice Chair of Delapre Abbey Preservation Trust in Northampton.

Freddie and Adrian together created the caring and inclusive community building free leadership development intervention that is The Red Thread Fellowship.

This is also Freddie's first book.

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INTRODUCTION

Frontier is a word full of mystery. To be at the frontier means being at the edge of the unknown. Our literature and history is full of stories of people being at the frontiers of things: from the British Raj and its North West Frontier in what is now Afghanistan to Conrad's Heart of Darkness to Star Trek's 'space the final frontier'. Being at the frontier is a lonely place to be. It suggests the need for self-reliance; inner knowledge; fortitude, resilience, grit, determination and resolution. It means being prepared to step into the unknown rather than staying put in the comfort of what is known and understood. It can mean embracing change by pushing beyond the frontier.

Our recent research study into how current organisational leaders think, act and operate led to this book. Too many of them were operating far too often in their comfort zones. They were far from the frontier where they needed to be. These were the insights that have driven us to describe the seven steps to Frontier Leadership. Our contention in this book is that modern leaders have little choice but to be at the frontier. Our reasons for believing this to be the case are backed up by evidence and based on an understanding of three core ideas or principles.

The first of these ideas or principles is that technological change is speeding up. If in the last century we had around nine or ten general purpose technologies that included the internal combustion engine; the jet engine; the internet; and nanotechnology to name but four, the 21st century will see double that number. That means twice the rate of technologically driven change, whether we like it or not. Being at the frontier of such change is the job of the organisational leader. Understanding the implications; developing the scenarios and building adaptability are the routes to ensuring organisational survival and growth.

The second core idea or principle is that organisations, economies and societies are becoming more inter-dependent as ideas and innovation flow more quickly and freely around and across the world. The internet and the access to information means no one can sustain competitive advantage for long. Ideas can be transformed into innovative solutions more quickly than ever. No technology stays secret for long. This means value needs to be created in other, possibly more complex, ways. Ways that require the willing commitment of workforces and customers to embrace change and work 'smarter'.

The final idea or principle is that this means understanding organisations as organisms and not as machines. In this view organisations are fully human systems that conform to principles such as fairness, procedural justice and equity. This means old ways of managing and leading are fully redundant. It means seeing people, not just as human resources, but as a complex network of individuals who collectively are the core driver of performance, long-term profitability and sustainability.

For Frontier Leaders this means that there are three areas that they need to master:

- The first is to understand the complexity of their operating environment as accurately as they can. Each organisation is part of an operating environment that is itself constantly changing. In order to navigate the future, leaders must understand their present.
- The second area is to understand the belief system from which the organisation operates. What is the organisation's 'reason-to-be'? What distinguishes this type of organisation from others operating in the same field? Why should anyone use, buy or contract with you and your organisation rather than any other? Understanding this foundation is critical to strategy and all that follows.
- Finally, what are the behaviours and values that will reinforce those core beliefs? Organisational dissonance is created by leaders saying one thing and doing another. Often this is because those very same leaders do not fully understand (and are therefore incapable of grasping) what it is they truly believe. Or it is the case that their belief is mis-aligned. Understanding that values are meaningful only when they reflect actions is the task of the frontier leader.

So understanding complexity, understanding the organisation's 'reason to be' and understanding how to be and act are the three key requirements for Frontier Leadership. This book will help any leader in any organisation to become a Frontier Leader. It describes the seven steps to mastering Frontier Leadership and it will show through relevant case studies and other evidence the seven steps to going from being a good leader to becoming a Frontier Leader.

The purpose of mastering Frontier Leadership is to enable organisational resilience, to allow individuals to flourish and to deliver high performance. The modern organisation is now more like a living system. It is porous, open to influence, highly motile and combustible, exposed to market forces as never before and with few hiding places. This environment, a truly global environment, has been enabled through digitisation. Employees are now connected to others through social media and the flow of ideas and influences cannot be controlled through the normal hierarchical instruments still deployed by many organisations in the fond belief they will still work. Discretion is everywhere, compliance is optional.

As this book will demonstrate operationalising Frontier Leadership is ultimately all about releasing discretion. It will describe the three areas to focus on in terms of releasing discretionary effort, each one linked to the other. In summary these areas are all about maximising sovereignty or control for the individual. It is about creating a real sense of ownership over the what, where and how of work. These areas cover concepts such as Fairness, Personal Growth and Recognition; the three sovereignties of task, time and place; and enablers such as transparency (communication) and access to resources.

In summary, Frontier Leadership is the key to unlocking sustainable success for you, your organisation, your fellow workers and your customers and other stakeholders. By using the ideas in this book and trying out the various techniques and approaches it contains, you will be able to improve every aspect of your leadership. Today's operating environments are more fluid, chaotic, opportunistic and challenging than they have ever been before. They also offer the chance to create new forms of value in different ways. Embracing the ideas contained in what follows will enable you to maximise those value chains.

Our challenge to you is to move from the shadows to the frontiers of knowledge. Become a Frontier Leader. Read what follows.

OUR RESEARCH

Frontier Leadership

To inform the book we sent a short questionnaire to a number of businesses.

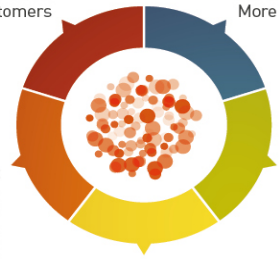
We spoke to a wide range of organisations, across the public, private and third sectors. Sectors included FMCG, Datacoms, Utilities, IT, Agriculture, Defence, Financial Services, Professional Services, Education, Life Sciences, Oil and Gas, Automotive.

Turnover of the respondents ranged from start-ups to £175bn and the number of staff employed between 6 and 90,000.

This is what we heard

People as drivers of success
Distributed leadership capabilities growing in importance
Higher levels of investment in human capital required
Strong leadership is critical
Renewed focus on behavioural insights
The wrestle for talent
More power to customers

Culture matters
The need to be agile
Co-opetition, not straight forward competition
Nimbleness is prized
Maximising flexibility
More energy needed to align stakeholders



Context
Unrealistic market expectations
Increased expectations of profit
More unstable markets
More for less
Some BREXIT challenge, as yet undefined
Rising regulation
Understanding government policies
Need to be more UK focussed

Resource allocation
Focus on the right areas of need for resource allocation vital to get right

Technologically driven change
Disruption is here to stay
Digitisation leads technological change
Being ahead of new technology critical to success
Big data analysis core adaptive advantage

Our Conclusion

Context:
'The pace is so relentless. Everything is target driven. There is the need to provide a constant justification for one's existence. Yet there is no time to think'

Behaviours:
'What is it that drives people's behaviours? How can we use these insights to drive our business?'

Purpose:
'To delight our customers by being values driven, But which values for whom?'

Role

Beliefs:
'Innovate or die'

Culture:
'Traditional ideas of organisation design are too clunky and not fit for tomorrow's world'

Resources:
'More for less is the mantra.'

CONCLUSION:
Today's leaders are aware of some of the major input factors. But they lack self awareness, insight and frontier instincts.

STEP 1 – UNDERSTAND YOUR CONTEXT

In this step, we're going to set out how to understand context. Context has always been an important element of any leader's portfolio. And it is now a cliché to say (even in this post truth world) that the world is changing around us and that change appears to be happening faster. It's simply a fact that we now live in more uncertain times than at any point since the birth of neo-liberalism in the late 1970s and that uncertainty is driven by technological, social, economic and political change. Would anyone have predicted Brexit and a Trump Presidency even in early 2016?

The fact we live in more uncertain times than for a generation and that change is speeding up is a pretty bold claim when you think about it. After all we're not at war – though there continues to be bloody and violent clashes of ideologies taking place in the world. Clashes that are felt everywhere, whether through actions of terrorism, mass migrations or political uncertainty leading to economic nervousness. But business and organisations are changing in fundamental ways – applications that quickly connect buyers and users like Uber and AirBnB disintermediate traditional business models. Brexit is another example – it led to a massive devaluation in sterling, manufacturers wanted to raise prices, retailers wanted to keep them low. The result, a very public spat between Tesco and Unilever over that most British of foods – Marmite. Is that the first ripple of a move by UK food retailers to go direct to public sales, an operating model that accounts for about 10% of food sales in China? And one that could be easily facilitated in the not too distant future with smart software, robotics and drones. Is it the first sign of the end of the supermarket as we currently know it?

The world is connected in a way that is new. It always has been connected, truth be told, as the great communications theorist Marshall McLuhan stated in the 1960s. But the level and speed of connectivity is something new. No matter where you are in the world – you can see what's happening on the other side now. And all the while technology is throwing spanners into our understanding of that world. One way of looking at all this is by conducting a PEST analysis which of course stands for Political, Economic, Social and Technological analysis.

PEST

If you've been to business school or done a qualification in Business, Leadership or Management, chances are you will have come across PEST analysis before. In our experience when leaders and managers do a PEST analysis they think quite narrowly about what's happening with their business, or possibly their industry. We're going to pick up on what we've said about General Purpose Technologies and really explore some of the other quadrants in the model (Political, Economic and Social) to explore how the world may be changing around us and how the context for business may change.

It's worth remembering that while we split items out into the four boxes of a PEST – issues frequently sit in the intersection of two or more of those areas, none more so than the Environment. Climate change, for example, is a current political hot potato between 'believers' and 'deniers'; is a sociological factor (people moving locations and changing buying habits); has an economic impact (loss of productive farming land and shifts in consumer behaviour); and has given birth to the whole sustainable energy field.

But let's start with technology or more specifically general purpose technologies (GPTs). For it is GPTs that tend to drive the most change further and faster than all other technologies.

Technology

As mentioned above new general purpose technologies (GPTs) are set to drive ever faster change. A GPT is a technology that works across many different sectors and in many different ways. Think electricity and you'll be along the right lines. Some of them we will be familiar with. Others not – or at least not yet. To list them would be a rather futile exercise so let's summarise how they are likely to impact on business and critically traditional business models. First there is the internet of things which brings together cloud computing power, sensors in everyday objects and the internet's ability to transport vast amounts of data almost instantaneously. In this new world information is accessible to everyone. What is needed is vast analytical capacity to understand quickly the patterns and issues sensors embedded in every object can transmit back to the cloud. So whatever sector you are in, your Chief Technology Officer is now your key executive and the power of your analytics team is your secret weapon. Understanding how to compete is now all about your ability to turn information into insight that informs strategy. That means strategy is never settled (at least for long). Your business strategy needs to be flexible enough to adapt to what the analysis is telling you, not what you want to believe it should be telling you (see the section on System 1 and System 2 thinking in Step 3).

The areas where new general purpose technologies will explode over the next few decades include nano-technologies that will enable 'stuff' to go small and then smaller. New materials such as graphene that will take the costs of construction down and which will lead to major changes to a wide range of applications in many different industries, such as water filtration. The rise of carbon free options in a whole host of industries from energy to packaging to transport. The rise of drones and robotics to replace human beings and get things done more efficiently and more effectively – the two E's that all leaders want to see in their businesses. And the continued rise of social media as the predominant method of disseminating what we know and what we want people to know. Connectivity is the currency that will drive success not just knowledge alone. So Frontier Leaders need to ask themselves: what do we really know? Who do we need to help us find out what we don't know? And who do we need to influence in order to achieve what we want?

Political

We live in uncertain times or so said W. Somerset Maugham in his work ***The Summing Up***. Today that phrase has the ring of truth about it. Globalisation is a phrase with which we are all now familiar. It refers to the movement of goods, services and people on a global scale. Over the last 30 years there has never been more people on the move across the world in search of better work and better lives. We are living in a revolutionary epoch, as economist and writer Diane Coyle said recently. As she rightly says, there is a profound mismatch between the organisation of society and our economies and the deep underlying structures and trends we are discussing in this book. Globalisation could be a profound force not just for growth but also for enlightenment and development. In some senses, in some parts of the world that has been the case. But for many (particularly the former working classes of the developed world) the story has been one of abysmal political failure driven by ideology. The post war social contract has been torn up allowing the demagogues and populists of the right (and to a certain extent the left) to feed off this visceral sense of unfairness.

The result is that we now live in a world where Canute-like populist politicians across the Western world are claiming they want to end globalisation (at least when it comes to the movement of people and jobs) while leaving in place the very systems and processes that have caused the social unrest in the first place.

What is needed, is an understanding that a return to collective action around the things that matter most can be organised, not just through the state, but with the state by any number of organisations. In today's world co-production is the key not competition. Free market economic theory is a dead duck bobbing along in a current provided by a deep energy of belief, not truth or evidence.

For Frontier Leaders the question they must ask is how can I influence the political processes that affect what I do? Which groups most align with my enlightened self-interest? How can I partner with the state in its myriad of forms, or civil society in its myriad of forms, to promote what I do?

Economic

We live in an era where what we are told about how economies work does not meet the evidence that we would see if we chose to look. For example, there is no real public and private any more. Some of our major industrial breakthroughs (arguably most of our industrial breakthroughs) in recent years have come from public private partnerships. Whether it is the algorithm apple use in their phones, the internet itself, the pharmaceutical breakthroughs engineered in publicly funded university laboratories or the emerging new technologies such as the development of graphene, nano technologies and artificial intelligence. Moreover these breakthroughs are often engineered by frontier scientists and academics working in collaboration across continents.

In the West GDP has stalled. Average growth rates are well below the 2.5%–3% established trend rate in the UK and US. For Trump to deliver he needs to have an economy growing more than 3% for all five years of his presidency. This low growth prospectus has also challenged whether GDP alone is a useful measurement of what really matters to people – well-being. GDP may have grown over the last 30 years but so has inequality. In the UK we are back to the levels of inequality we last enjoyed in 1918.

Financialisation has indebted millions of people across the western world. Home ownership has proved to be a chimera. What a Wall Street derivatives broker does, matters to people across the globe. The problems stemming from the 2008 financial crash are still ebbing out across the world. Many, like Greece, remain unresolved and then there are new concerns such as debt levels in China that are starting to worry global economists. If the Euro disappears – and many market seers believe it will – the financial crash of 2008 will be seen as merely the hors d'oeuvres.

In this state of uncertainty and flux, understanding the economics of your industry and business in the context of a shift in our understanding of economic fundamentals is critical. Free market theory will not help you. Arguably neither will the ideas of John Maynard Keynes. This is partly why centre left and liberal politicians are struggling to locate a new theory of economics from the ashes of the old. The right still believe in neo-liberalism while railing against some of the outcomes, such as migration, that it has produced.

Sociological

Our societies are changing fast. For one thing they are getting older. Birth rates have declined (except among immigrant populations). Modern healthcare can keep us alive for longer. Governments are responding to these trends by suggesting we work longer to pay for the armies of ninety-year-olds in need of record levels of health spending. Remember the film Soylent Green with Charlton Heston and Edward G Robinson? If not look it up.

Yet this pension brigade has plenty of disposable income. Mortgage free, children gone; grandchildren to sustain perhaps – for pensioners between 60 and 85 still active there are plenty of market opportunities in leisure; technology; entertainment and lifestyle and personal services. Cruise liners are burgeoning and once the Chinese middle class gets to the same demographic point these opportunities will dominate global businesses.

At the other end of the demographic spectrum young people have become social media junkies, caught in a world of self-publishing and more. The average teenager now has around 3–4 streams and devices on the go at home at any one time. They want customisation and individuation in everything. Six year olds know how to set up a Netflix profile for example. The brighter 13 year-olds can hack the Pentagon.

Countries with younger populations are seeing their youth migrating to wealthier more industrialised countries, with commensurate political and economic impacts. Globalisation is as much about people as it is goods, services and capital. This means there is an infrastructure crunch in Europe and the US as well as in China, which is eating steel production to fast track connecting their under-developed rural states with the high growth littoral cities.

So who is going to use or buy what you do is the key question to ask yourself? Is it who you think, or is there some adaptation or innovation that might appeal to different groups?

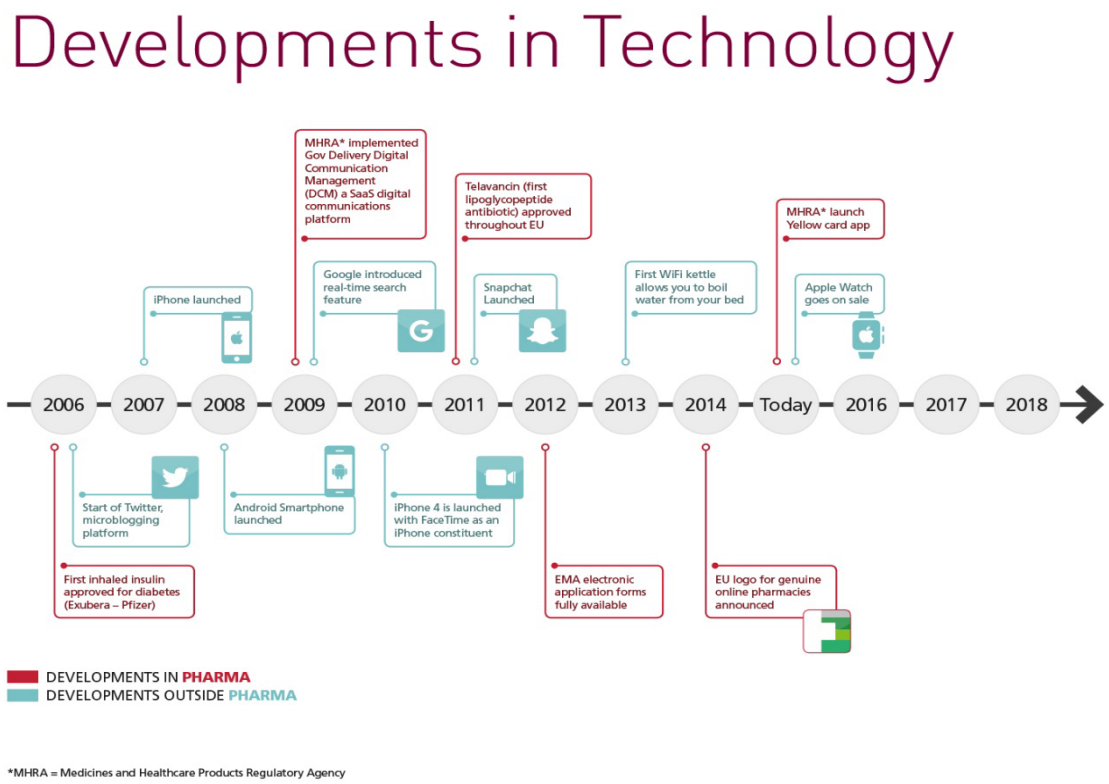
Systems and Timelines

If you are to master your understanding of your context then you need to realise it's a dynamic system. So while tools such as PEST help give an insight into the factors that are impacting your environment they don't start to explore the linkages between them. Your organisation and your context are interlinked both in the here and now, and in how things as they are came to be and will be in the future. As you are shaped by your context, so you shape it. As a Frontier Leader you will need to become comfortable in exploring those linkages and learning how to make them work to your advantage.

Timelines

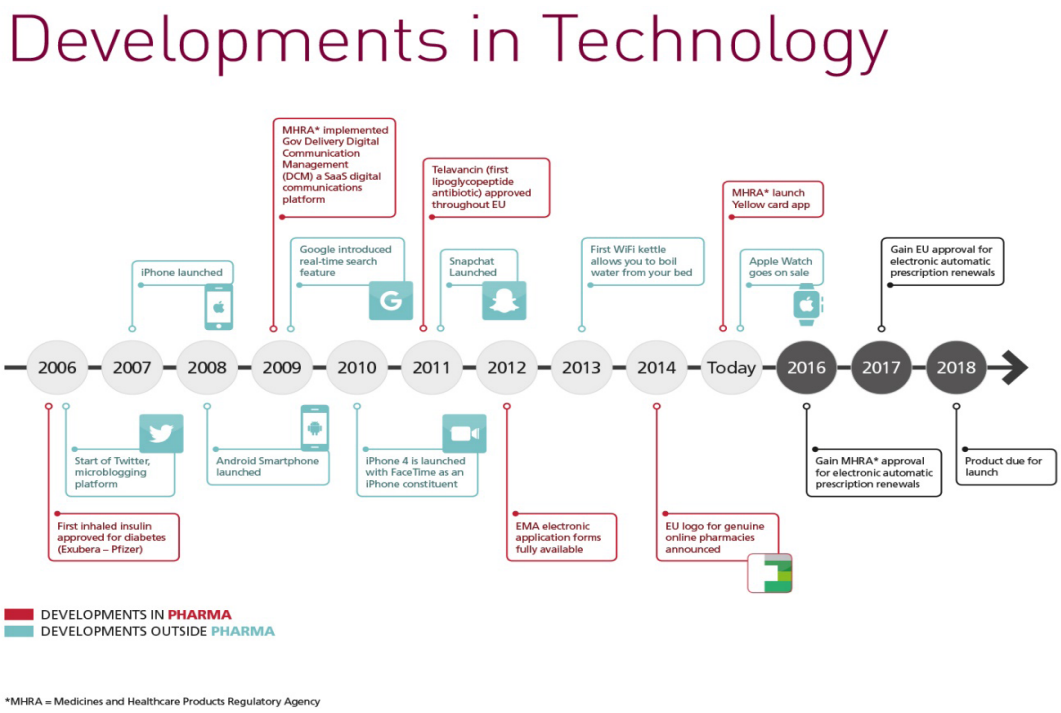
Timelines are a simple way of looking at all the factors that went into creating the now as you know it. What were the events in the past that shaped this present? As an example, consider the American space shuttle. A decision was made that the booster rockets were to be made at a different site to the main vehicle and the launch pad. As a result the booster rockets needed to be able to be transported to the launch site to be attached to the main rocket and shuttle. And the only feasible way to transport them was on a train. So the design of the rockets was influenced by the available rail routes and tunnels the boosters had to use, which were in turn influenced by the size and nature of trains in the US, which in turn were influenced by the gauge of the railways in America, which in turn were influenced by European railways, which were built roughly the same width apart as wheels on a cart. An over-simplification, but you get the point.

So when you look at how your organisation operates, what was the past that led up to today? Simply draw a line with today in the middle and go back and explore what led to today. Understanding the past may give you insight into why people work the way they do and how you might change work practices, or a regulatory environment.



Example timeline for developments in Pharma and Pharma technology

And you can then start thinking about what do you need to do now, to create a context that will suit you better in the future. This is especially important if, for whatever reason, your organisation has long lead times. So if you are conducting research to create a new product and it won't be ready for 2 years, what can you start doing today that increases the chances of the product launching into an environment that helps it sell well? And more to the point, how might you need to break with the way things have always been done to lead your organisation successfully into its future?



Example timeline showing regulatory changes required to support product launch in 2 year's time

Systems

As well as looking at how things came to be and how they might change going forwards it's necessary to understand what's going on now, if you are going to master Understanding your Context. And trying to draw the system of which you are a part is a good way to do that.

So what do we mean by system? Simply the things that are going on today that impact on what you are trying to do and how they are inter-connected. There is a classic, though possibly apocryphal story about a credit card company that highlights system thinking at its simplest. The company decided it wanted to get another 150,000 customers. So the marketing department devised a campaign that would deliver this. In their planning, however, they didn't let the operations department know about their plan.

Marketing duly launched its campaign and applications started to flood in. With the result that the Operations department started to struggle and service levels began to drop, to the level where existing customers started complaining and you guessed it – closing their accounts.

And in the end the Marketing department were successful and did indeed gain 150,000 new customers so a successful campaign. Sadly, however, because of the drop in service levels the company lost 150,000 existing customers over the same period. So no net gain and a worse risk profile from a lending stance, since they swapped 150,000 known customers for 150,000 unknown and hence potentially riskier customers.

Now consider this example from a business we talked to. One part of the businesses makes and sells filters. Another part of that business uses those filters in another manufacturing process. But for historical reasons (note what we said above) the filter manufacturing part of the business, sells the filters to a third party; and the manufacturer buys them from that third party. However, there are frequent stock shortages and the manufacturer can't get filters, even when they know a large batch has been sold to the third party. The reason, simply enough, is that the third party had sold the filters to another of their customers. So knowing part of the system – i.e. the number of the filters that have been made, sold and shipped, doesn't help the manufacturer know what stock levels are like at the third party. So to try and alleviate the problem they may make more filters, which if the third party wants them, they will buy. But that still won't guarantee the filters are available for the manufacturer, or that it is economic to make more filters (the third party may want a discount for increased volume) and so on.

On the face of it – it seems a crazy system, but there may be other factors at play that makes this way of working sensible – we don't know. Suffice to say, it's only by starting to try and draw all the pieces of the puzzle and map how they inter-link that a leader in that business can start to work out how best to change.

There are lots of systems thinking techniques ranging from simple cause and effect diagrams, through to very complicated modelling and the purpose of this book is not to go into all of them in detail. What we are suggesting is that you need to start to think systemically, i.e. about the whole system of which your organisation is a part, if you are going to become a Frontier Leader.

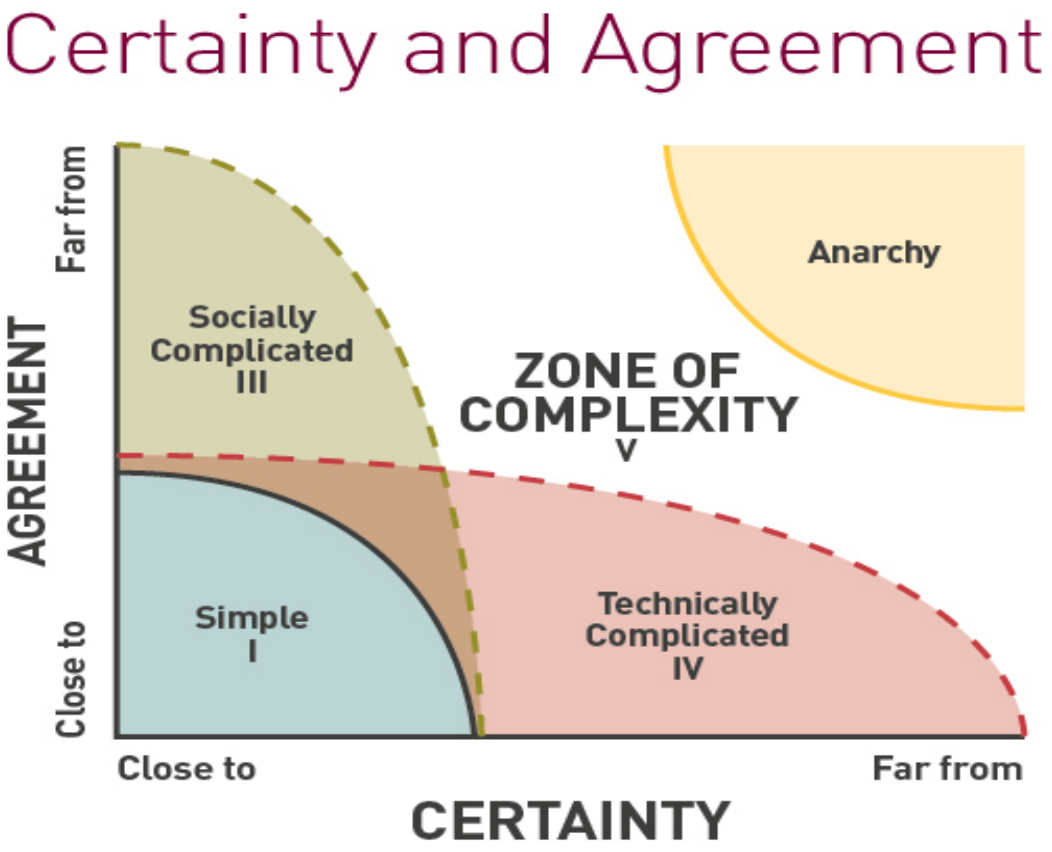
As a minimum we would suggest you try drawing the various influences on your business showing how they link to each other and if possible how. Some words of warning though:

- Systems are not linear. This means if you change one part of the system you may not get the change you expect on the other side of the system
- Systems are not static – they change over time, so you'll need to keep reviewing your mapping or analysis to see how it looks now
- Just because you 'know' how the system works, doesn't mean you can predict the outcome. Systems are complex and experiments have been done in biological modelling that show that even if you know the rules of how a system works, you can't always predict the outcome. Think of snowflakes – they're all hexagonal, but they're all different. We know the rule – snowflakes are hexagonal, but we can't predict what a snowflake looks like.

Many of the leaders we questioned as part of our research for the book were aware that the world was changing. They cited the fact that things were speeding up, that more was required with less and that competitive advantages were not lasting long. However very few had a clear view of what type of leadership was required to navigate this changing operating environment. Based on the research, it is clear that too many organisations and leaders are setting themselves to fail because they are not thinking like a Frontier leader?

Certainty and Agreement

Given the uncertainties that abound in thinking about the future, and given what we have said about systems, how does a Frontier Leader manage such complexity. One model that might help is Ralph Stacey's work on complexity. Stacey devised a relatively simple way of looking at the world using two dimensions – technological certainty and agreement.



So let's look at those axis in a bit more detail.

Certainty

Certainty refers to technical certainty. Issues or decisions are close to certainty when cause and effect linkages can be determined, e.g. we know this technical issue, we've been here before and it is similar to previous circumstances. You can then extrapolate from past decisions and predict the future with a higher degree or probability. When we are far from certainty the issues are often unique or new to the experience of decisions makers. Cause and effect linkages are not clear. Past experiences are not a good predictor. And as we've already noted we're getting further and further from certainty simply because the number of variables and the levels of connectivity are increasing.

Agreement

Agreement is all about people. The agreement axis is about the level of agreement or consensus in the group, team, or organisation about what it is that we are looking at. In an increasingly connected world, which groups do you need to be aligned to and how do they influence the world around them and how are you going to do that?

And now the zones:

- I – Close to agreement, close to certainty. Our old ways of leading based on technical rational decision making and monitoring are going to work here. This is business school land. If the problem we are examining is one we have definitely seen before and also that we are sure we know what to do about it then we are in the land of simple. And so go ahead. Do what you've always done. It is highly likely to work.
- II – Far from agreement, Far from certainty. Stacey labelled this Anarchy or the edge of chaos and argued that if you were here it was most likely that it would lead to an organisational breakdown of some kind or another. His advice – avoid getting here if you can! Our advice – this is where the world around you is already and you're going to have to learn how to lead here and in the Edge of Chaos (zone V).
- III – Far from agreement, Close to certainty – socially complicated. Some issues will have a great deal of certainty about them. We'll agree what is going on, but not about which outcomes are preferable. This will drive political behaviour, a term which has often been negatively labelled in organisations. However, if you are going to start to be an effective Frontier Leader you need to accept that the range of desired outcomes that stakeholders will want is going to be diverse and often contradictory. You will need to master the art of using conflict and diversity of thinking to create genuinely new ways of thinking and working. However, if your vision is genuinely shared, grounded in your organisation's purpose and built through collaborative conversations this will help reduce the likelihood of low agreement.
- IV – Close to agreement, Far from certainty – technically complicated. This describes the situation where you (that is to say all stakeholders) have created a genuine vision for your organisation or are very sure of what the situation represents. However you are less than certain about what to do about it. In this state you must experiment and trial new approaches. You need to let go of control and trust people to get on and do what is required.
- V – Edge of Chaos, or Zone of Complexity. This is where you are going to be for much of the time. This does not mean complete anarchy, but given the pressures of change and other factors it is important that you allow enough time and headspace to being genuinely creative and innovative in terms of actions and processes.
  Research points to the power of relationships and involvement in generating solutions in this region. People want to do a good job, engage their sense of responsibility and abilities. Listen to them. Given the level of uncertainty it is unlikely that anyone will 'know' the answer, but harnessing everyone's capabilities makes it much more probable that you will find successful ways forward.

So what will the future look like?

The future is already here. Automation, it is claimed, will remove 35+% of the current jobs in the next 20 years, including 'good' well paid white collar jobs. Having no and low skills means you have a one in two chance of being unemployed and with Britain leaving the EU social protections on workers' rights are unlikely to offer more protection for the many millions working in insecure forms of employment such as zero hours contracts.

Moreover as Jeremy Rifkin has argued in his work on the Zero Marginal cost society the emerging Internet of Things is speeding us to an era of nearly free goods and services, precipitating the meteoric rise of a global Collaborative Commons and the eclipse of capitalism as we know it. In layman's terms this means anyone can sell or trade just about anything from anywhere without the need for much or any capital. This breaks the model and takes us back almost to a pre-industrial period of enterprise. In addition the internet of things enables services and goods to become overnight sensations driven by the new word of mouth transmission mechanism that is social media.

Those who can act fast and with purpose will triumph. Those who can steer a course because they understand more will win. And those leaders who want to remain at the frontier of things will prosper. The Frontier Leader enables others to flourish because they curate the means to enable that flourishing to be. In other words they help the processes and build the relationships that enable individuals to share common purpose – whatever that purpose might be.

STEP 2 – UNDERSTANDING YOUR BELIEFS

So the world's changing around you. OK – its maybe at a scary pace, but what can you do about it? Well you can change. Simple really! But so, so hard. That's one of the underpinning principles of the work we do at The Red Thread Partnership – that much of what needs to be done to be an effective Frontier Leader can be set out simply, but the doing is so much more challenging.

In the next two chapters we will set out why. In this chapter we are going to look at your beliefs. How they come to be and how they impact on your day to day activities. In the next chapter we're going to look at some of the critical leadership and management behaviours you probably undertake on a daily or weekly basis and how they may well be tripping you up without you realising it. Hopefully Step 1 will have given you some insight into why that might be. In short – because the world is not as you thought it was and therefore behaving as if it was, is not likely to be an effective strategy!

Assumptions

Harvard in 2012 reported on a survey done by the Association for Financial Professionals that ought to terrify all Finance Directors everywhere. They looked at how organisations made investment decisions. Now most organisations (over 80% of those surveyed) used discounted cash flow analysis (for those of you that don't know about this – it's basically a way of looking how much income an investment generates and comparing that against how much you could earn by just leaving the money in the bank or some risk free investment – if the investment generates more than the bank, plus a little bit for the risk, you do it. If it doesn't, why on earth would you do it!). So far, so good.

There are a number of crucial variables that you use in DCF and what the survey revealed was that most organisations had no good rational explanation for the numbers they used for these critical variables, with actual and 'best' practice varying wildly and in some cases core assumptions not being revisited often. And the differences changing these numbers can have, even if moving them by a modest amount, can move a decision from an 'invest' to a 'don't invest' and some of the differences were as much as 50%. Not so good, especially if you think that it potentially impacts on $2 trillion of annual investment across America!

So you have a complex piece of analysis being carried out using a set of assumptions that haven't been tested or at least questioned because the organisation believed they were appropriate, or it's what they'd always done (back to our Stacey model above!) But everyone chooses to believe in the outputs, because of the process.

The risk of not being certain about causal flows, (we mentioned these when we talked about systems in Step 1) is that we can freeze. Not knowing the consequences of our actions we take no action. You may have experienced this level of uncertainty at some time as a leader. In the end we usually do choose to move forward because we make some assumptions about how things do, or are likely to, affect the situation and so we move forwards.

As leaders we need to continually stop and check these assumptions and ask whether they are still valid. And if they aren't valid, what else may be? And how will that change things? This isn't an easy thing to do, since we are often not very aware of some of the assumptions we are making since they are so embedded in our thinking. So we would also recommend trying to get an uninvolved third party to help you look at and challenge your assumptions.

And if you don't think assumptions make a big difference then consider this. Before the 2008 global economic crash there were two dominant assumptions in finance: that US property prices would continue to rise or at least not go down (despite every previous property boom ending in a downward price dip); and that the sophisticated risk management techniques that had been used meant that the financial markets could withstand any shock (despite Lloyds of London, an equally sophisticated and risk managed business being bought to its knees some years earlier). As history showed – both of these were false assumptions.

Mindset

> *Whether you think you can, or you think you can't – you're right.*
>
> – Henry Ford

This famous quote is all about mind-sets and the beliefs you have about yourself and your own mindset. Of particular interest to a Frontier Leader is the beliefs they have about themselves and how these may help or hamper them. Carol Dweck in her book ***Mindset: How you can fulfil your potential*** distinguishes between two types of mind set. What she calls a Fixed Mindset and a Growth Mindset.

A fixed mindset is exactly that. You believe you are who you are. Your IQ is fixed and can't grow, your personality is fixed and can't change or develop. And these don't have to be bad beliefs. You may believe you're smart, or you're a fast runner, or that you're talented. What happens with a fixed mindset though is that we continually work to prove that mindset is true and this is where it can start to become an unhelpful belief.

Many businesses these days have talent development activities and spend time and effort in seeking out the talent in their businesses and then providing them with the opportunity to show what they are capable of. However, there is a risk here. If you label someone as talent they can start to believe they are and their mindset fixes on the fact that they are talented. So they have to prove they are and this means they can't afford to fail, because talented people don't fail. As a result, Dweck found that people with fixed mindsets who believed they were talented, would not take risks or accept opportunities where they would grow precisely because they couldn't face the possibility that they may fail and so not be able to show they were talented.

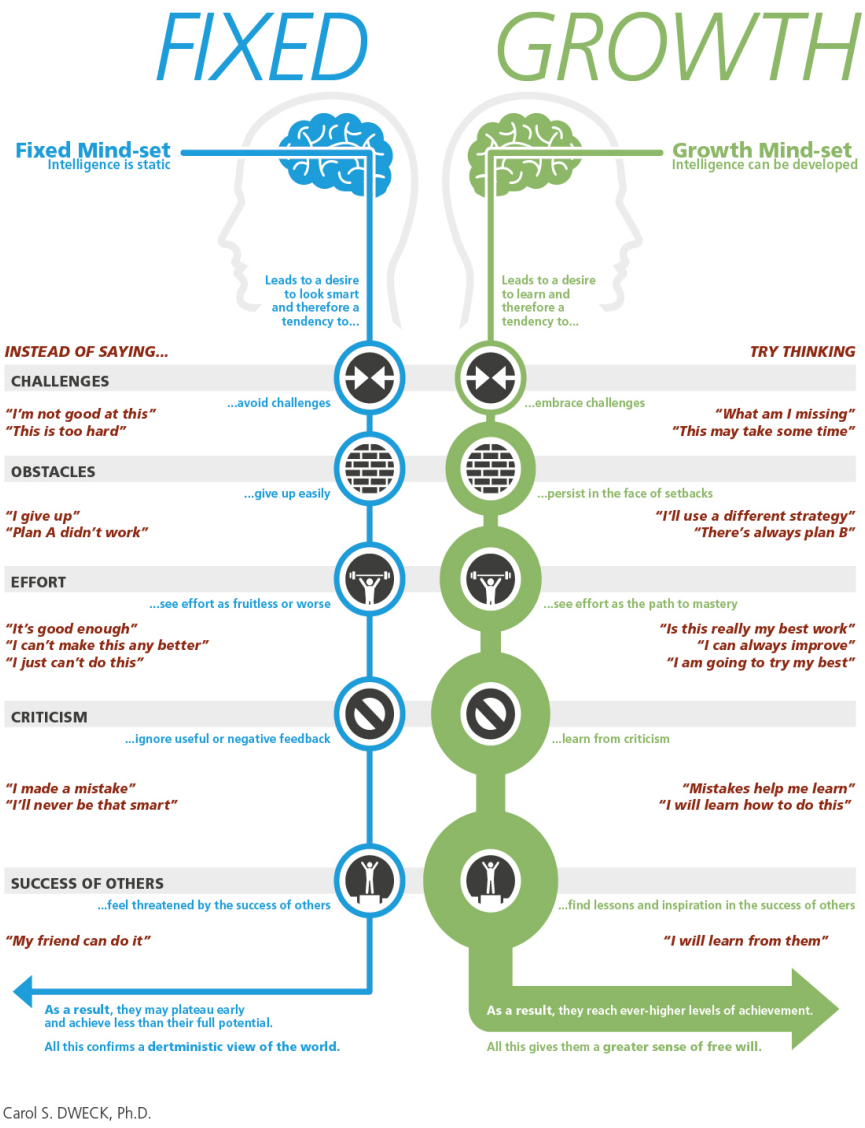
Sounds unlikely, but she cites the example of John McEnroe, who was equally famous for the quality of his tennis as his temper. McEnroe himself in his later years recognised that he had been labelled as a talent and that he had developed a fixed mindset. As a result he couldn't ever lose a game – so when he did, it was always someone else's fault and not because he needed to practice or get better. Hence the tantrums.

And that is the risk that we have as leaders. We start to believe our own labels and this can become limiting, even if they are positive labels. And as we saw in Step 1, in a world where so much is in flux and changing, we have to allow ourselves to grow and adapt as well. We can't afford to believe in the fixed labels we have given ourselves but to choose to stretch ourselves, try things out and learn, both from success and failures and to continually look to stretch and challenge ourselves.

Was Alex Ferguson a great manager to start with? Why did Steve Jobs get kicked out of Apple that first time? And was Winston Churchill an exemplary leader early on in his career? All of these admired leaders learned, they accepted that they could grow and become more than they were at that time and sought to stretch and challenge themselves.

Now, like Dweck, we're not saying you can be anything you want to be. But what we are saying is that we don't know what you might become if you work at it and try. It won't be easy. Being an effective Frontier Leader isn't. It's hard. Trying new things can be unnerving. Thinking – really thinking not just going through the motions – is challenging, as is letting go of your assumptions about how the world is, should be and could be. But if you want to become a Frontier Leader, stop believing in the fixed mindsets you have about yourself and work at it. You may never become the world's greatest networker, but if you say you are a rubbish one and believe it – you will be rubbish!

Two Mindsets



Carol S. DWECK, Ph.D.

Sense Making

Every day we receive hundreds of thousands of bits of information and we need to make sense of all of that. Even just within the boundaries of our own organisation there is too much information available for us to be able to process it all separately. So we use shorthands to make sense of it. And how you do this has an impact on the way you choose to lead. We will look at some of the ways people respond to the world around them and in particular to challenges of their power or safety in Step 4. Here we will touch upon some of the different ways we make sense of our context.

Briefly we can set out three ways in which we make sense of things – Socialised, Self-Authoring and Self-Transformative.

Socialised

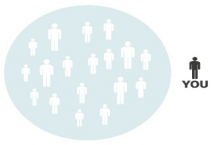
A.

When we make sense in a **Socialised** way we do so with reference to the society we grew up in and which we now live in and inhabit – the social and cultural norms we have adopted and probably don't even notice. As such identity is tied to living in relationship with others in roles determined by the local culture. We are subject to the opinions of others and are therefore strongly influenced by what we believe others want to hear. We are drawn to aligning ourselves to our surroundings. When we make sense in a Socialised way our choice of reference group is key. If we compare ourselves to those who have a lot, we will feel hard done by; but when we compare ourselves to those with nothing, we feel fortunate.

When businesses seek to deliver a better customer service they are in effect making sense of their competitive environment in a socialised way – through the opinion of their customers.

Self-Authoring

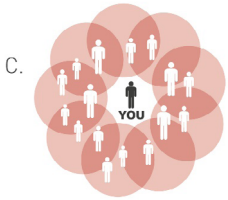
B.



Self-Authoring, as its name suggest, is where we can step back and look at our context and see it for what it is – a system. We are then more able to challenge and question it, asking questions such as 'says who?' when confronting social or cultural norms. We distinguish the opinions of others from our own opinions to formulate our own "seat of judgment" about what is right. When we are Self-authoring we seek to solve problems to deliver an agenda that we have been part of creating and to shape the context and system of which we are a part.

Game changing ways of working, such as self-managed teams; or disintermediation that businesses like Uber and AirBnB first imagined; or transformative technology that brings together a variety of concepts to create a product never before imagined by the customer is when businesses start to self-author. They are looking to change the system of which they are a part – to do things differently.

Self-Transformative



Finally, we can make sense in a **Self-Transformative** way in which we see not only the system of which we are a part, but that there could be many other systems we could choose instead. We are able to regard multiple ideologies or ways of thinking simultaneously and compare them, being wary of any single one. Instead of seeing things as an 'either/or situations we tend to see them as 'and/both'. When being Self-Transformative we are problem-seeking and are able to hold the contradictions between competing belief systems.

Most of us will find organisations that work in a self-transformative way a bit odd or whacky. They will be organisations or communes that don't use money for example. Or when businesses truly focus on purpose to the extent that they support others working in the same field to the detriment of themselves, just as long as the core purpose or aim is met. Or when an organisation meets its goal and then agrees to cease to be – as happens with some cause based organisations campaigning for a common good.

This way of thinking about how we make sense and think about our environment is a theory and life isn't that neat and tidy. We will find ourselves drifting between the modes depending on context and our ability to use the varying modes. Our purpose in highlighting them here is that Frontier Leaders look to use the Socialisation way of thinking less, since they are aware that the system is changing and that historical ways of thinking and social norms are becoming less and less useful markers. Instead they are aware that it is more and more necessary to create the new ways of working and become self-authoring and self-transformational.

That means you need to develop your ability to use the Self-authoring and Self-transformative ways of thinking and that's hard. Start by noticing how you are making sense of situations, what assumptions and beliefs you are bringing to bear in analysing a situation. What are the 'norms' you are applying that aren't usually challenged or questioned – such as growth is good, or we want to grow. Find people who you believe are self-authoring or self-transformative and talk to them – it will help you develop your ability to think and sense make that way.

Having developed your thinking – you then also need to be able to translate those thoughts back into the sense making frame of reference of your listeners. Otherwise they will not hear you.

Culture

Now a lot of management theorists will talk about organisational culture and as every Frontier Leader knows, to quote the famous management theorist Peter Drucker, 'Culture eats strategy for breakfast'. So what exactly did he mean? In a nutshell culture is a set of shared values, assumptions and beliefs which determines how people behave. Organisations can, of course have sub cultures, but there will be a dominant way that 'this is how we do things around here'. Organisational leaders are those individuals who often sustain the dominant culture ensuring its implicit rules and customs are observed. There are many examples of how culture can impede change but we will offer this case study.

A new leadership team was hired by the incumbent CEO who had worked in the organisation for 20 years. She had worked her way to the top by assiduous management of the crises that the organisational culture ensured would happen on a regular basis. The new strategy, vision and values were developed by all stakeholders and deployed. Values statements could be seen sprouting up like a new sown crop of wheat. The vision seemed…well…truly visionary. And yet not much changed. Results improved but only gradually. The CEO decided that a new senior team was required. A new team was duly hired. Not much changed. So what was going on?

When asked to diagnose the problem it became clear that the organisation was suffering from a type of culture that cultural strategists would describe as a 'clan' culture. Now clan cultures can often be highly successful. They are affiliative, participatory, very friendly and 'nice' places to work. However they can also prove to be very sticky if what you are trying to do is create more accountability; inject pace, and respond quickly to changes in your operating environment. This organisation's clan culture was reinforced by the behaviours and beliefs of the CEO herself. And in all sorts of small and major ways she reinforced the very tacit rules and values the culture expected. This did not mean that change was not possible. Just that it was slower than the situation required and not being a Frontier Leader it meant that this CEO was part of the problem.

The other types of common organisational culture are often described as hierarchical; market oriented and adhocracy (see steps).

So when looking at organisational culture there are perhaps four key axes or traits that, if measured properly, will enable you to diagnose what is happening within your culture. These are as follows:

- ***Mission:*** Do we know where we are going?
- ***Adaptability:*** Are we able to change and adapt in response to the needs of our customers and the marketplace?
- ***Involvement:*** Are our people aligned, engaged, and capable?
- ***Consistency:*** Do we have the values, systems and processes in place to execute and deliver on our Mission?

These four areas, if measured properly (and yes there is a model that can help do this) reflect the need to balance the external with the internal; market responsiveness with the right systems and processes; external mission with internal engagement by stakeholders with that mission. Scoring highly on all areas will mean you have a very responsive culture with a common grammar and syntax. If you haven't then where the scores are low will be your starting point in trying to change the culture. And as our case study above shows; sometimes that can mean you.

STEP 3 – UNDERSTANDING YOUR BEHAVIOUR

We are now going to move from beliefs to behaviours. OK, we accept and acknowledge that this is a fine line and you'll see as we go through this chapter that we're going to be crossing it – quite a lot really. And some of you may have already started to protest in the previous step that how you do a DCF, for example, is a behaviour even though we tried to focus more on the beliefs that drove the assumptions that went into it.

Hopefully, you'll see in this step that we start to address the WHAT of your behaviour as a leader, even if we do touch on some of the WHYS as we go along. In Step 2 we focussed much more directly on the core WHYS of your leadership. So HOW do you choose to behave? – are you the rational being you believe yourself to be?; or if the neurologists are correct, and our sub-conscious passes decisions forward to our conscious and rational brain, how can you work with this process and chose the most effective behaviour?

As you'll see later, and as you may already be aware, your behaviour as a leader matters. A lot.

System 1 and 2

What is interesting about behaviours is that they stem from our beliefs. And one of the dominant enlightenment beliefs is that we are homo sapiens or literally 'wise man'. That as a leader we always act and think rationally. It is the foundation for our legal system and liberal economic theory – that we are rational economic decision-makers. Tons of evidence seems to back this belief up. Look at how rational we are. We have even invented a rational language – mathematics – to showcase how rational we all are.

And yet this doesn't quite feel right does it? And nor should it. The fathers of behavioural economics Amos Tversky and Daniel Kahnemann (both psychologists by the way) have proved beyond reasonable doubt that far from being rational, we are only rational as far as understanding how our rational mind seeks to justify the decisions made by our emotional mind. Indeed our emotional mind, which is shaped by experience and beliefs, is the mind which makes the decisions we take. Our rational mind seeks to find the evidence base to justify those decisions.

Take some recent populist policy decisions taken by Donald Trump, President of the United States. In banning people travelling to the US from certain defined countries he claims to be making America's borders safe. Of course the most recent terrorist acts committed in America have been perpetrated by people born in the US. So quite how this policy is making anyone safer is harder to see. But people believe it and so the new administration has sought to prove that it is a policy based on fact or reason.

In Kahnemann and Tversky's work they describe this system of belief as emanating from system one thinking. System two thinking – our rational brain – requires far more effort to engage. Whereas system one is about instinct and beliefs, system two requires evidence. Moreover they argue that most decisions are taken by system one not system two. We then use system two to justify our system one actions.

And we often shy away from system two because it is so effortful and ego depleting. To show the impact of these behaviours, they cite the case of the parole court judges. Lawyers know that they do not want their client's parole hearing to be heard just before lunch, when the judges are hungry and getting tired. They do want their clients' cases to be heard just after lunch, when the judges have been fed and watered. Everyone believes that they are working in a rational environment in a court of law and yet that court is subject to the same irrational processes and beliefs that govern more obviously social situations.

Now this goes back to Steps 1 and 2 and understanding complexity and beliefs. We just can't know with iron certainty most things. So our brains have adapted to enable us to navigate the world through being highly adaptive. Our system one processes manage that. The Frontier leader just needs to understand that is what may be happening and then do the work to see whether those instinctive responses are likely to be right or wrong.

Scripting

Scripting is one powerful way in which our behaviour is shaped, by our beliefs, so we are going to cross that division between belief and behaviour again. And scripting is an idea that links back to the section in sense making in Step Two. Simply put scripts are the stories we tell ourselves, or our parents tell us, or society tells us that we choose to believe and which subsequently shape our behaviour.

Consider this not un-typical script for a middle class western European: *You will go to school till you are 18, do some exams and then based on that you will go to college. While at college you will both study and play. After you graduate you will get your first job. It doesn't matter if it's not quite right. You can chop and change a bit in the first few years but then you'll need to settle down and focus. And you should start thinking about getting married now, or at least starting dating on a more regular basis and try and buy a house – so you're going to need that income. Try and find a good profession or line of work that will allow you to change a bit and grow. You're going to have children so will need to be able to provide them with stability while you raise them. And obviously they'll then start schooling and you'll want them to have the opportunity to have the things you didn't.*

This was the script that was playing when we were young and it's interesting to notice how this has changed for our children. And of course the script changes depending on your culture, your gender and so on. But all of us carry these scripts with us and they shape what we believe we are 'expected' to do. And so, very frequently, that is what we do.

To reinforce this point, one piece of research looking at job lifecycles found that men typically had a period of unrest from 18–22 when they would try a number of different roles before settling down in one role till about 28. There was then another period of turbulence from about 28–32 when they would move jobs, sometimes twice, before again settling down into a more stable period of work through to about 45–50. At that point (when the script runs out) there could often be quite significant changes in career – sometimes referred to as 'mid-life' crises. In fact, they were not so much crises, as people going off script and starting to 'self-author' for the first time.

And of course scripting takes place in the world of work as well. Organisation culture, which we looked at in Step 2 is one example. The way things are done around here. The stories we all tell ourselves and each other, through the way we behave, the way we structure the organisation, the process and systems we put in place – all build a script that shapes our behaviour. As a leader, and especially as a successful Frontier Leader, you need to be aware of how these scripts are shaping your and others' behaviour and actively decide if that is still an appropriate script to be listening to. Or, do you need to create a new script?

One famous example of a company doing that was Parker Pens. At the time, they were struggling against fierce competition from much cheaper competitors who were producing throw away biros and gel pens. In the face of such significantly cheaper products Parker was failing as a manufacturer of pens. Up until the point when they changed the script from being a pen company and behaving as a manufacturer of pens and became a manufacturer of gifts. By changing the script and seeing themselves as a very different company they were able to transform themselves and bounced back. It's arguably the same as when Apple moved from being a computer manufacturer to a technology company, first with the iPod and then with iPhones.

Your challenge as a Frontier leader is to notice when your behaviour is following a script, or rather notice the various scripts you are following (whether these are self-authored or given to you by your parents, society and/or the organisation). Notice when you are 'just doing things' or when you feel your 'instincts' pushing you to do one thing over another. Instincts can be great – sometimes they are your way of listening to your subconscious working; but sometimes instincts are a problem as they are old scripts playing out. Most importantly work with your colleagues to agree what the script is that you should be creating and then ensure you are aligning your behaviour to that script. As always in change, it's a leaders actions that speak most clearly and for a Frontier Leader, where change is a constant, behaviour therefore becomes crucial.

Decision Making

One of the most common activities leaders make is taking decisions. Many leaders and managers see it is a critical element of their role. I'm here to make decisions so the organisation can move forward. We don't dispute that decision making is an important activity that needs to happen within organisations. We would, however, question the way many organisations and leaders go about making decisions. On two levels – who makes the decisions and how they are made.

Who makes the decision?

In most organisations, the ability to make decisions and commit the organisation is tightly controlled. Decision making is delegated, usually by value, from senior managers who can make large decisions – either on their own or with a number of colleagues – down to first line mangers who are restricted to decisions about the day-to-day and often low value activities that affect them and their team.

While this level of control seems to make logical sense, it has two important drawbacks. First it can be slow. A decision needs to be made and it is passed upwards through the ranks until it reaches the desk of someone who is 'authorised' to make that decision. Organisations who are successful in the frontiers we are currently exploring can't afford to wait too long before they make a decision. That's not to say they shouldn't give their decisions hard thought, or that they shouldn't argue about them, but that they need to do this rapidly, while the assumptions and business case they are discussing still holds true.

The second drawback is that this type of system starts to write a very subtle and unhelpful script. It's a script that says 'you can't be trusted because you don't understand', or 'because you will behave irresponsibly', or 'because you are not capable'. Now some or all of those may be true, but if you keep saying that to people, they won't grow and they'll start behaving in line with that script. Each of us, in our own lives, makes decisions for ourselves and considers the impact they may have on those around us, so why can't we do that at work. We can walk down the street without a lawyer advising us every step of the way, but when we need help we ask for it. We can be encouraged to use System 2 thinking.

Well in some organisations they do just that. In his book ***Reinventing Organisations***, Federick Laloux, looks at what he calls self-managed organisations. These are organisations that run without a hierarchy. There are no senior managers. In fact there are no managers at all. Crucially when it comes to decision making anyone can make a decision, about anything and can commit the business and no one can say no! While it sounds like a recipe for chaos, it works. Partly because the organisations are designed to work that way, but also because they trust that people will live up to the expectations of them and decision makers are expected to consult with affected colleagues before making a decision and are then held accountable for that decision.

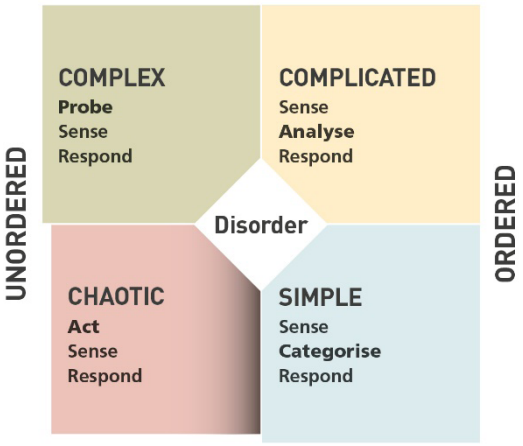
And that's what Frontier Leaders do. They may not go as far as giving full decision making rights to everyone, but they massively delegate decision making, co-creating a script/culture for their organisation that says 'you are capable and sensible people; I trust you to make sensible and thought through decisions, to consult with your affected colleagues; to seek help and advice when you need it and to stand by and be held accountable for those decisions.'

How are decisions made?

When we ask people how they make decisions it's often hard for them to describe the process they actually use. Some just read through material and a decision emerges from that process, others will create tables with weighted factors and calculate what the best option is. But as we pointed out in Step 2, the assumptions that can feed into those processes are often flawed and as you will read below, bias can creep into them.

One good way to look at how to make decision is to use the Cynefin framework devised by David Snowden.

Cynefin Framework



Each of the four stages requires leaders to think and behave differently.

1. **Simple, or Obvious, Context**
   Here cause and effect is clear. You are working in an environment you know and the way in which it works is known. You can employ best practice and process and you will get predictable results. Your challenge is to understand what type of situation you are facing, and having correctly characterised it – respond accordingly. You can make decisions based on previous patterns of success. It worked in the past so it should do again.

There are dangers here though, in that leaders can come to believe the world remains simple when it has moved on. They become complacent or unaware. There is a reason that the simple context is next to the chaotic and if leaders aren't regularly checking their context, beliefs and behaviours they can risk being swept into chaos.

This is one of your challenges as a Frontier Leader – to be alert to changes so you can shift decision making patterns in good time.

2. **Complicated Context**

   Here there are many possible 'right' answers to a problem. And as such leaders should seek out expert advice and support. This then is the domain of experts. It is possible to work rationally toward a decision, but doing so requires refined judgment and expertise. You know your organisation is not performing as it should, but you are unable to ascertain what the issue is and so you get some help and advice. Instead of categorising your problem as you did in the Simple Context, you now need to analyse it – study it and choose from a number of 'best options'. This is the realm of traditional planned strategy.

   But here too risks abound. Most critically it's when the experts themselves don't realise that they are no longer in the domain of their expertise. That is to say the assumptions on which they build their expertise are no longer valid. It is arguable that economists are often in this space – there are a number of competing theories of how economies work and all are based on some slightly different assumptions. Economists are notorious for **not** adjusting their predictions when the assumptions they work from are no longer valid and it is arguable that the financial crash in 2008 was an example of this.

   Your role as a Frontier Leader is to continually challenge your experts and get them to re-asses that their expertise remains valid. Your other challenge can come when different 'camps' of experts argue about whose solution is the best. In this case you either need to make a strategic decision about which option you will go with; or realise that you've moved into the Complex Context and experiment.

3. **Complex Context**

   You have now moved into a context where there are significant changes in what is going on, how things are done, or the assumptions that underpin your business. Much like a lot of today's world in fact. It's not a place where, for senior leaders at least, you can use decision making methods that used to work. You need to do something different.

Because the context is new, no one is an expert. It is crucial here that you don't fall back into old ways of working. What you need to do is to experiment. This has been likened to sending probes into the future. You need to set up a series of cheap experiments, then you can look at how they behave, what works and what doesn't. And from that you can start to get a sense of what the new 'rules of the game are'. In simple terms – stick with the experiments that are working and drop the ones that aren't – quickly before they cost you too much.

Of course, in complex contexts – any new set of rules is temporary and so your challenge is to keep experimenting and sense checking. Be careful about thinking you've cracked it. As a leader this means you have to give considerable authority and accountability to others in your organisation. You simply won't be able to react quickly enough or keep tabs on everything if you don't.

4. **Chaotic Context**

When you're in this state, your aim is not to make decisions to take the organisation forward, but to stop the organisation from going under. It's a place you want to get out of quickly. Your aim is to rapidly exert enough control and undertake enough damage limitation to stop the rot and to nudge the business as a whole back into the Complex Context – pushing simpler problems into complicated or simple decision making processes.

Almost any action will do here. It is the action that is now the experiment from the Complex Context, but you no longer have the luxury of being able to try things with part of the organisation. The whole organisation needs to move and move decisively.

As a leader you need to be very alert to what happens as a result of your actions and as rapidly as possible move the organisation back into one of the other Contexts and relinquish control again. It is very tempting if you have successfully pulled your organisation out of Chaos to believe you are capable of leading it through complexity on your own – you aren't. No one is, not in a sustainable way for the long term. However, many leaders get addicted to crisis management and unconsciously behave in ways which keep tipping the organisation into chaos, so that they can affect a rescue of sorts – all the while not actually equipping the organisation and the other leaders in it to perform effectively and adapt. Such organisations, in the end, fail or the leader goes.

Certainty and Agreement

CONTEXT	WHAT IT LOOKS LIKE	YOUR ROLE	RISKS	MITIGATION
SIMPLE	Clarity of cause and effect Repeatable patterns Fact based management	Sense - categorise - respond Drive process Use best practice	Complacency Thinking complicated problems are simple Lack of challenge	Encourage challenge Continuously review what you are doing
COMPLICATED	More than one 'best' option Need expert support	Sense- analyse – respond Recruit experts Listen to conflicting advice	Overconfident or 'locked' experts Analysis paralysis Loose others' voices	Challenge experts assumptions Listen at the 'margins'
COMPLEX	Fluid and unpredictable No 'right' answers Many competing ideas	Experiment, sense, respond Allow experimentation Involve the whole organisation.	Trying to over-control rather than conduct or guide Looking for facts not patterns	Be patient Give more control to others
CHAOTIC	Loss of direction / purpose High tension Mess	Act, sense, respond Take action and notice carefully Provide short term direction	Becoming addicted Cult of the leader Continued chaos	Encourage high levels of challenge Set time limits

Bias

We touched on decision making and beliefs in the previous Steps when we looked at assumptions and how the assumptions that people made when conducting DCF calculations could change investment decisions. Deep seated beliefs and assumptions often flow through into behaviour, something we typically call bias.

Oddly, perhaps, it's accepted that decisions about people may be influenced by unconscious awareness or stereotyped assumptions about gender, age, sexuality, class or ethnicity. By and large, most of us work hard to avoid those effects, perhaps because we acknowledge that there is both scope and prior evidence of irrationality.

We are less keen, however, to accept that our strategic and leadership decisions may be subject to bias. And that we may not be as rational as we believe ourselves to be in our strategic planning and resource allocation, despite the training and development, system driven budgeting and other efforts. We've already shown in Step 2 how that's not the case because of the assumptions we sometimes make. And in the section above we looked at some of the decision making practices that can lead you astray. So here are a few more checks and balances on your behaviour:

- Check for self-interested biases. Is there any reason to suspect those making a recommendation are motivated by self-interest? Review the proposal with extra care, especially for over optimism. Sales forecasts often fall into this area, where subordinates don't want to disappoint a boss and so over promise.
- Check for something called the 'Affect heuristic'. Basically, have you fallen in love with your own idea and stopped seeing its faults? Apply the same level of analysis and scrutiny and/or decision checklists you would for any other decision. Or ask someone else to do it for you.
- Check for Groupthink. Were there any dissenting opinions expressed? If so were they adequately explored or were they dismissed without proper consideration? Solicit dissenting views, discreetly if necessary. One Chief Executive of a large company refused to let his board pass any decisions where no one had vigorously challenged the proposal.
- Could your analysis be overly influenced by the proposal having been compared to a memorable success? Something called Saliency bias. Ask for more comparisons and rigorously check their similarity to the current situation. Is it really a similar decision to the last successful one you made?
- Have you really explored the options? Not doing so is called confirmation bias – where only one option is really considered. Remember you can't make a strategic decision unless you are choosing between two best options.
- Ask yourself – if you had to make this decision in a year's time what information would you want. And see if you can get it now! Don't be swayed by looking at only the information that is presented, look at what you need, though recognise that you will never have all you want and will have to make a decision based on partial information.
- Check your assumptions – we've already looked at this one. Why are you using certain weighting factors, or extrapolating past history in a straight line and so on. Re-do your analysis using different figures and see what happens.
- Watch out for the Halo effect. That's where we make an inference that because a team or leader or process has been successful in one area they will be successful in another one. Ask for evidence and as ever ask for other options, to check that it's really been thought through.
- Check for the Endowment Effect. This is where you keep on investing in something you decided to do historically, almost as if you can't accept it hasn't really worked, or that if it's just given one last chance it will succeed. This can be very hard and in R&D environments especially it can save a significant amount of time and money if you are able to close projects down as early as possible if they aren't going to deliver the outcomes you were looking for.

- Check for overconfidence or excessive optimism. Have you considered how competitors may react? Have you done your analysis in two directions – top down **and** bottom up; or internally focussed **and** externally?
- What's the potential down side and have all the risks really been considered?. Push for a really bad worst case analysis so you're certain about what you are doing. Do a pre-mortem – assume the project has failed and develop a story about why that happened. Then check out the likelihood of that story.
- Finally check for loss or risk aversion – the flip side to over confidence. Are the team really stretching themselves or setting themselves safe targets knowing they will be rewarded for achieving something easy?

Behaviours Matter

To sum all of this up our behaviours matter. How we are is what people perceive us to mean. The Work Foundation did some fascinating research into the difference between good and outstanding leaders. They came up with a shortlist which is detailed below:

Behaviours Matter

GOOD LEADERS	OUTSTANDING LEADERS
• Vision as clarity of purpose	• Vision as emotional clarion call
• Focus on objectives and targets	• Focus on people and engagement
• Act due to beliefs and values	• Act due to consequences
• Focus on and develop skill	• Focus on attitude and engagement
• Delegate task	• Delegate space
• Believe leader holds responsibility	• Believe team hold responsibility
• Involvement in vision and strategy	• Co-creation of vision and strategy
• Give time to others	• Focus on people as success
• 1:1s to focus on work	• 1:1s seek to understand people
• Seek efficiency in meetings	• Allow space for emergent thinking
• True to values and self	• True to 'leadership'
• Own learning about job	• Own learning about self and others
• People and task important	• Task through people
• WYSIWYG	• Consistent and careful behaviour
• Develop via training and advice	• Develop via challenge/support
• Monitor performance	• Monitor temperature
• See to many priorities	• Place emphasis on people first

As this list above shows belief creates meaning and meaning creates the space to act. This must be accompanied by a need to want to create positive psychological well-being; maximise autonomies; enable voice and be seen to be fair. Understanding what you believe, why and the behaviours this drives is an important element in becoming a Frontier Leader.

MASTERING FRONTIER LEADERSHIP

STEP 4 – CHOOSING YOUR ROLE

Well done for getting here. You're probably hoping we're going to give you a formula for how to become a master at Frontier Leadership. Well we are. But we think you're going to be surprised, but you shouldn't be. After all we did say that much of the work we do isn't complicated it's hard and the same is true for Frontier Leadership.

We remember hearing Nitin Nohria talk about his excellent book **'what (really) works'.** At the start of his talk he said – 'if I asked you what it is that outstanding companies do that makes them outstanding and keeps them being outstanding the chances are you'd come up with a list similar to the one our research did. So why don't we have that many outstanding companies – have you ever seen anyone juggling with six balls? They take their eye off one and all of a sudden all six balls are all over the place'.

And it's a bit the same with Frontier Leadership – you need to keep your eye on the context, your beliefs and your behaviours; and with those last two you have to challenge yourself continually about what you are doing, why and how. And that's not easy. So in the second half of the book we're going to break down the challenge into four key masteries – your role, your purpose, your culture and where you focus your resources.

So What's Your Role?

This is an important question. Leaders have a big influence on an organisation. Even if you have a 'non-hierarchical' or self-managed organisation, there is usually someone or some people who others will look to for leadership. And it's worth noting the two different words here – leader and leadership. Frontier Leaders encourage leadership throughout their organisations, but the organisation will look to Frontier Leaders.

Leadership is what happens when people stop complaining and blaming other people – they take ownership, show initiative, hold themselves accountable, make things happen. Leaders, in our view, do three things – enable purpose and direction to emerge; help shape culture; and allocate resources and build structure. But in doing so – they need to think about the role they are taking upon themselves. Do they see themselves as a Hero – who will rescue the organisation, as a conductor who makes the organisation play together, a coach growing and nurturing the talent in the organisation, or a custodian of what is important? We like that latter and think that is the true role of a leader – to help a business remember why it exists, what is really important and to hold people true to both of these.

We will talk about that more in the following sections, but for now we'll throw a bit more light onto the choice of role. Rooke and Torbert, in their take on sense making (see Step 2) identified seven very different roles that they saw leaders take – often linked to the frequency with which modes of sense making they deployed.

Their roles are:

The Opportunist

Plays to win, believes that might makes right, may well bend the rules to get what they want, sees the world as there to be exploited. They seek to control situations and others to make a deal and see other people as competitors. As a result they can push the boundaries and be mistrustful – but in their eyes, this is just part of the nature of the competitive arena. They can create an exciting high paced can do culture where colleagues start to believe they can do anything, as long as they continue to deliver. They are good in an emergency and often relish high pressure sales.

The Diplomat

Diplomats glue the organisation together and smooth and avoid conflict. They are seeking to belong and will often put their interests last, seeking to control their own behaviour to fit in rather than going through the often bumpy process of shaping a new consensus. This desire for harmony often means they will avoid initiating change.

The Expert

Driven by their expertise, they bring a highly rational approach to the role. They drive efficiency, continuous improvement and productivity. And because they use watertight logic they believe they are right and won't listen to others unless they consider them more expert than themselves. As a result they are not always good at collaborating and can find complex and ambiguous environments, where their expertise starts to cease to be valid, challenging.

The Achiever

Creating a high support, high challenge environment, achievers focus on delivering. They are open to feedback and understand the need to work with people. They are great at delivering one to three year strategies, balancing short and long term objectives and building great teams. They frequently clash with Experts, since they deliver their results through people, not through their expertise. They focus on delivery and prioritising to achieve that.

The Individualist

Individualists communicate well with leaders who have taken on other roles. They are aware of the potential conflicts between an organisation's values and what it is actually doing; between its purpose and its practice. They often don't follow the rules and can frustrate others as a result. Rather than challenge people, they challenge the whole organisation and how it is choosing to operate and if given freedom will deliver in unconventional ways.

The Strategist

Engaging in genuine enquiry with wide stakeholder communities and continually challenging themselves as well as others, Strategists genuinely transform organisations. They build shared and motivational visions that reflect not only the internal dialogue and hopes of the organisation, but also those they serve. They believe transformation is an iterative process that requires the organisation and people to continually notice themselves and watchfully experiment. They are more comfortable with conflict than the other roles and are adept at encouraging others to change. They are fascinated with the interplay between people, between organisations and within the context in which they operate.

The Alchemist

Alchemists don't just transform organisations – they significantly reinvent them. And will probably be doing so for more than one organisation at a time, finding the time to give them the attention they deserve, but never being hurried or hassled. Usually charismatic and personally aware, they have high moral and ethical standards and focus intensely on the truth. They are able to catch those moments in organisations, or societies, or countries, and create symbols or metaphors that capture the hearts and minds of all – enabling the reinvention to happen.

As you read each of those roles – you may be wondering which are typical of a Frontier Leader and the answer is that Frontier Leaders can adopt any of the last three roles. Opportunists don't build robust enough organisations, competition and the lack of trust prevent that. Diplomats are too uncomfortable with conflict – even constructive conflict and Experts struggle when their assumptions no longer hold to be true as is increasingly the case. Achievers can and do thrive in these Frontier times. If you do adopt the role of Achiever you will be a successful Frontier Leader, but are unlikely to master Frontier Leadership as the focus on achieving tends to mean you will be reacting to your context more than you are seeking to shape it.

STEP 5 – CURATING YOUR CULTURE

Culture matters. It particularly matters in today's slow growth corporate environment or organisational environment enduring funding cuts. Understanding the culture you have grown, inherited or left unchanged is critical to being a Frontier Leader. There are four basic organisational cultures that dominate the literature. Each has its strengths and weaknesses.

First there is 'Clan' culture which is highly affiliative, often supportive but also closed and sticky. This means clan cultures can often fail to adapt quickly to change. Clan cultures do not like the 'new' or outsiders changing what they have always done. On the other hand they can be places of deep loyalty and commitment to the norms of the clan.

Second there is hierarchical culture. This speaks for itself in that decision-making is rigidly bounded and usually travels to the top of the organisation. The disciplines required in hierarchical cultures can often be of benefit. The downside is that decisions often take too long to make and the hierarchical nature of the organisation can stifle growth and opportunity.

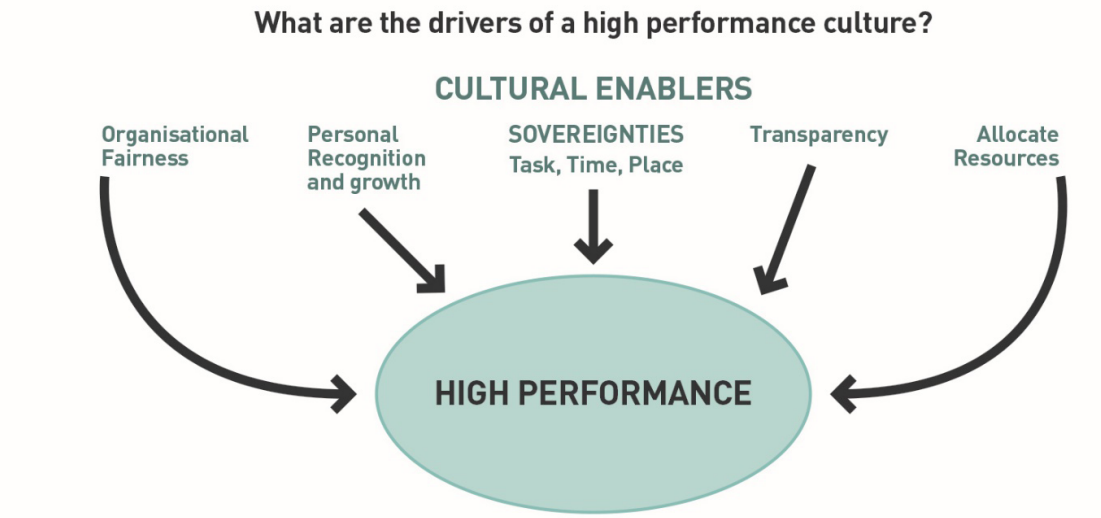
Third there is sales culture or the culture driven by the deal. These cultures are fast moving, energetic and driven. Being in a sales culture can often feel like being in the passenger seat of a fast car being driven at over 100 miles an hour down a fairly windy road.

The final culture is often described as an adhocracy. These cultures are typified by flat hierarchies; openness to innovation and change; motivated engaged workforces; chaotic at times and occasionally without a clear sense of priorities.

Taken together these four broad cultural norms have many variations. On the whole to be a Frontier Leader requires getting the right blend between when to impose the agreed rules and when to let things flow. Tend more to adhocracy than the other cultural norms would be our advice.

Perhaps most importantly it is worth remembering that to be a Frontier Leader you need to be creative, and serve the needs of others. Our shorthand for this is to develop an 'ownership matrix' which would look a bit like this:

Frontier Leadership and Culture



As can be seen above the Frontier Leader seeks to enable a culture where fairness is underpinned by systems of procedural justice and voice. They need to enable personal and collective growth for both individuals and the teams they are involved with. People like teams even if they need to know that their individual moments of genius are noted and acknowledged by their peers and leaders.

In addition leaders need to ensure that when people have been asked to do something they are enabled to do that task when, where and how they choose. Maximising time, task and place sovereignty is critical to doing good work. Without these autonomies people won't be as effective at what they are doing. Seeing all the organisations who persist with 9–5 cultures rather than cultures that recognise the differences between us as people makes us rather sad. All the evidence shows that those workers who have the most autonomy are also the most productive – all things being equal.

Finally transparency and resource allocation is critical. Make sure people understand and you understand them and make sure they have the tools to do the job in the first place.

So in our vision of enabling cultures, organisational leaders understand that people need to feel as though they have been and will be treated fairly; that the organisation ensures that when disputes arise there is a fair way of settling them. This goes hand-in-hand with a sense that though individuals are part of a collective – a team – their individual contributions are recognised and their efforts suitably rewarded. Then the third enabler is that when you ask someone to do something you trust them to get on with the job in the way they know will work best for them at a time that suits their work circadian rhythm i.e. when they work at their best and in an environment that brings out the best in them. People are different. We are not always great at 8am in the morning or conversely 3pm in the afternoon.

Finally your role as a frontier leader is to make sure people know what is going on and things are as transparent as can be and that you give people the resources to do the job required of them. Do all of that and you will help birth the culture you need to be truly effective.

STEP 6 – ENABLING PURPOSE AND DIRECTION

Organisations have, for a long time now, used words such as Mission, Vision and so on. And there are many arguments in books as to which each is. We and Frontier Leaders are a bit clearer about this.

Why – your Purpose

The starting place as a Frontier Leader is to focus on the why. The why of the organisation and the why are you part of it. Why does your organisation exist, what is it there to do? Why was it set up in the first place, why that industry, why that field of activity? And Frontier Leaders know that 'to make money' is not an answer to that question. Undoubtedly some organisations were set up with that sole aim in mind, but you are very unlikely to find Frontier Leaders in them. And even when your organisation has been set up for the sole purpose of making money, there will usually be a why you are in that particular area of work. Why does the organisation exist, what is it here to do, what is its Purpose?

If you can't find the why, you are going to struggle to raise everyone's view beyond the day to day work and as result struggle to make sense of your context, beliefs and behaviours. It is your organisational why after all that provides some of the navigation points in the edge of chaos.

The other navigation points are your own personal why. Why are you in this business and not any other? It is tempting again to say 'because I need the money'. And as with the organisation as a whole, while you may indeed get the money you need from your work – it is not enough of a 'why' to help you grow and develop and will ultimately leave you feeling dissatisfied in some way or unengaged. Not to say, that in today's word, money isn't a necessary consideration – but it is not a sufficient why.

As a Frontier Leader it is critical that you keep bringing everyone in the organisation back to the why of the organisation. It is part of what helps you shape culture and make strategic decisions. Simply put if something is in line with your Purpose you do it, if it's not – you don't.

Where – your Vision

Organisations that are clear on their purpose or why can then go on to set out what they want to achieve. This is your where or your vision. Again this is a simple, but hard, concept. It's where you want to get to in the next two or three or five years, or whatever time period suits your business. It's not the anodyne strap lines thought up in corporate headquarters or marketing departments that too many organisations have put up on the walls or in their annual reports.

A real vision is something that emerges from a whole organisation dialogue around six key areas:

- What is demanded of us from our purpose?
- What do our stakeholders want – and here we mean you, your team, everyone who works in the organisation, the owners, your customers, your suppliers and the wider communities that you touch upon?
- What are the challenges that the future holds in store that you will need to master so you can fulfil your purpose (this is akin to Step 1)?
- What is the shared picture everyone wants of how the organisation will look and feel like when you are successful – what's the culture and type of organisation you are trying to create?
- What are the opportunities that will allow you to fulfil your purpose and what are the things that threaten your ability to do this?
- And finally what are the very real limits you need to work within, be that people, time or money?

Crucially a vision – the where – is created through open and continuous two-way dialogue between everyone in the organisation. If, as a Frontier Leader, you have to sell your vision to colleagues, you've already gone wrong. Your role is to enable the vision to emerge and to continuously challenge everyone as to whether that is the right place to aim for, to deliver the why.

How – your Strategy

Finally Frontier Leaders facilitate the organisation in choosing the things they are and aren't going to do. It is unusual, even for businesses led by Frontier Leaders, that they have access to unlimited resources. So choices need to be made. Critically Frontier Leaders ensure that the decisions as to which areas to focus on have been preceded by Steps 1–3, so that there has been a thorough exploration of the context, awareness of internal beliefs and behaviours and enough options generated to ensure that genuine choices can be made. Too often we see 'strategic decisions' that are tantamount to going with the first answer we came up with. If a business has only thought of one ideal strategy, Frontier Leaders challenge them to imagine what the other ideal strategy could be – then a genuine decision can be made.So in summary – Frontier Leaders understand deeply what the purpose of their organisation is and why they are part of it and hold the organisation to that purpose; they engage the whole organisation in creating a truly shared vision of where they are trying to get to; and challenge themselves and the other leaders to choose the key areas that the organisation will focus on to get there.

STEP 7 – ALLOCATING RESOURCES

In many ways this sounds as if it's the simplest of the key activities of a Frontier Leader. And in some ways it is. If the purpose is clear and the culture aligned then everyone in the organisation will understand where the organisation's resources need to be focussed and will work to make that happen – even if it disadvantages their particular area or function. And indeed that is a good sign of an organisation that is well led – probably by a Frontier Leader. That those who work in the organisation change to meet the evolving needs of the organisation and its context – change isn't a project or something that is done, it's a way of being.

After all, why would someone who is bought into the purpose of an organisation, not want to evolve so they can deliver that why? There is no need for 'empire', only to work collaboratively to deliver the purpose. Of course, there will be disagreements about the best ways to deliver the purpose, but with a good culture those discussions will be constructive conflict, not destructive.

The real challenge in allocating resources is to ensure that intangible resources such as power and authority are allocated as well. Frontier Leaders know they are not in charge, but rather the custodians of the purpose and culture; alchemists that challenge the organisation to re-invent itself. So it is that Frontier Leaders are very careful in the systems, processes and authorities that they put in place to support the culture and the delivery of the why, where and how. They understand that such things are not about empowering people, but about not dis-empowering people in the first place.

Frontier Leaders also look carefully at structure – the tribes structures create; policies – the ways in which organisations align, but frequently hamper effort; and processes – the ways in which organisations frequently dis-empower people – always seeking to give the greatest accountability and responsibility to those who are closest to the delivery of the organisation's purpose and holding them to account for delivering that purpose and living the culture.

CONCLUSION

So there you have it. Simple yet complex; direct yet mysterious; individual yet collective, the task of Frontier Leadership is one that demands many intelligences – inter personal, intra personal, emotional, intellectual and kinetic. But this short book has sought to describe the seven steps that will get you there. In summary they are as follows:

1. **Understand your environment:** as the operating environment moves and transforms through technological, political and social shifts spend more time not less in trying to understand it. Utilise those who can help with this process. Involve all not just some. Think collectively. Act decisively.
2. **Understand your beliefs:** what makes you you is something you need to understand. What are the stories you tell yourself? Are they the right stories? Do you need a new narrative?
3. **Understand your behaviours:** you are how you act. What you do is what you mean. Every one of your actions has symbolic meaning that will be measured against what you have stated as being your values, your vision and your way of being.
4. **Choose your role:** what sort of leader do you want to be? Frontier Leadership demands those choices.
5. **Create the cultural context:** nothing matters except culture. Culture is the mediating bio soup that enables or disables tasks, goals and values to succeed or fail. Understanding the culture you have and the culture you seek is critical to being a Frontier Leader.
6. **Enabling Purpose and Direction:** you cannot create meaning but you can curate the processes that enables meaning to flow. Most organisations now demand forms of emotional labour unknown in the industrial age. Purpose is something that comes from collective will.
7. **Allocate resources:** put your money where your purpose is. And organisational power and accountability too – with those who are the prime delivers of your purpose. And ensure structure, process and policy facilitate rather than hamper delivering your purpose.

Oh and there is a Step 8 – start again with step 1: The task is never finished. Each aspect of being a Frontier Leader requires a commitment to continuous change and adaptation. Being a Frontier Leader means having an itch you can never quite scratch. Being a Frontier Leader in the 21st Century is the only type of leader to be.