

# The leader's dilemma agenda

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A critical task of leadership is recognizing, acknowledging and interpreting the enterprise's core dilemmas in a timely and useful fashion. When leaders do this well, they bring meaning, coherence and alignment to organizational efforts. When they don't, they open the door to the kind of confusion, aimlessness and self-doubt that eventually derails an organization and renders it ineffective. The best leaders are remembered for how they articulated a crucial issue that contained trade-offs and risk and then blazed a new path for their group or organization. Think of some of the great leaders of history: Moses (faith, rebellion and freedom versus slavery and security), Churchill (principled courage versus weak, self-interested complicity) and Gandhi (acquiescence or violent revolt versus peaceful resistance). In business, consider the conflicting strategy alternatives of Alfred Sloane at General Motors (choice versus cost to customers) or Lou Gerstner at IBM (streamline to cut costs versus invest to strengthen offering).

Leadership dilemmas require definition. Defining and prioritizing dilemmas assists the organization to prepare itself to respond to real current and emerging forces. In defining dilemmas, leaders establish focus and determine the terms of engagement at a moment in time. Compare the response in the late twentieth century of the big three automakers to foreign producers with that of the computer and networking industries in the past decade to declining costs and outsourcing. By shifting priorities and business models, companies like IBM, HP and Cisco have found ways to stay competitive, while the US automakers continue to struggle with unresolved dilemmas.

Every leader needs to have a dilemma agenda that addresses the shifting needs, drivers and opportunities occurring around them, and they should be actively working at understanding, defending and capitalizing on these dilemmas.

The agenda should include two categories of leadership dilemmas – direction-setting and culture-setting. Each of these is of prime importance for the success of an organization, and at any point in time, leadership in both areas needs to be clear and active. The direction-setting agenda defines what is of competitive strategic importance (such as diversify or grow) while the culture-setting agenda focuses on the values, mood and energy of the enterprise (such as emphasize a task or relationship focus).

## From prerogative to imperative to method

Most leaders understand and accept the relationship between power and the responsibility to define what is imminent and important to the future well-being of the organization. Acting on this awareness however can be a lot more difficult than recognizing it, as leaders find that they may lack the tools, skills and temperament to do the job justice. As H.L. Menken famously observed, "For every complex problem there is a simple solution . . . and it is wrong." And yet, the temptation to deal decisively with tough issues remains great. A myriad of forces drive leaders to "downgrade" dilemmas to the more actionable proportions of

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decisions (that need to be made) and problems (that should be solved). While responses at these levels may be sufficient to obtain temporary relief, shortsightedness tends to have its costs and consequences.

To successfully handle dilemmas, start by redefining what you mean by success itself. In place of “win”, think “understanding,” instead of “profit” think “sustainability” . . . and so on. The nineteenth century philosopher G.W.F. Hegel wrote about dilemmas as a “dialectical process” which consists of getting clear about a position (thesis), exploring its opposite (antithesis) and arriving eventually at a new understanding that draws something from both of these (synthesis). The heart of the dialectical process is tension between two opposing values. Positive things happen when you maintain the tension rather than choosing one or the other option. By leaving the dilemma unresolved you promote a positive cycle. The payoff for exploring opposing sides of an issue is a more complete understanding of what is going on and the ability to transcend disabling impasses that are fueled by fear and ignorance.

The following five-step process has taken shape over the past three years, as my colleagues and I have worked with an array of private and public sector organizations on their leadership dilemmas (see Exhibit 1):

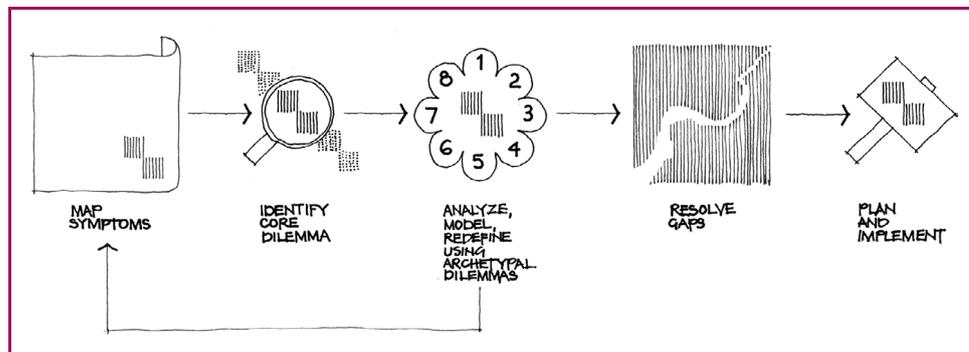
### Step 1. Map symptoms

Dilemmas resist easy detection and definition. Begin by looking at the consequences or “symptoms” of a dilemma. This is done in two stages, first in simple dialogue and naturalistic observation to capture symptoms, and then by standing back and identifying patterns.

**Listen – capturing symptoms.** Working with clients, I encourage them to simply talk for a while about their situation, and I write down the symptoms they mention. Then I play back what I think I’ve heard, and we fine-tune the list until everyone is satisfied that we’ve identified all the major issues.

Take as an example a seven-year-old manufacturing firm that is experiencing growing pains. They had just finished their fourth year of 25 percent compounded growth. Their story included the following list of symptoms: rapid, sustained growth; fatigued executives; creeping bureaucracy; cramped quarters due to growth; opportunity for more growth, but

**Exhibit 1** The dilemma sequence



investment needed; rising competition; some restless staff and a desire to take profit by founders.

**Identify patterns – finding the themes.** Symptoms are the visible expression of underlying dilemmas. By paying attention to the pattern of symptoms, we begin to see the shape of possible dilemmas we can test out in the next step of the process.

The search for meaning and the naming of patterns is a powerful process in itself, and not one to rush. This is especially true when many of the stakeholders are involved and are able to utilize the process to share, influence and learn.

In the case of the young manufacturing company, three patterns we noted were: growth and success, restlessness, and fatigue. The ensuing discussion of these themes helped to get everyone on the same page and to open their minds to possible core dilemmas the company's leaders needed to face.

## Step 2. Identify the core dilemma

There is a core dilemma at the center of every hard to resolve and complex predicament. The core dilemma consists of two essential and interdependent factors that together capture the essence of a situation, for example, profit versus growth or immediate business interests versus sustainability. These factors are expressed as dimensions that form the X (horizontal) and Y (vertical) axes of a 2x2 matrix (see Exhibit 2). Identifying the core dilemma is a two-step process: generation of trial dilemmas and synthesis.

**Generate trial dilemmas.** The goal of the first step is to surface as many aspects of the dilemma as possible. This helps to construct a more complete picture of the forces that are at play. The symptoms-mapping exercise is the best place to look for ideas. In some cases, you can simply convert a symptom into a two-headed dilemma. Or, you can combine two separate symptoms to construct the competing sides of a dilemma. For example, the symptoms of emerging competition and sustained growth could be joined to form a dilemma of wishing to meet the competitive challenge while remaining focused on the company's game plan for growth. The dilemma lies in the relationship, interdependency and potential conflict between these two factors.

**Synthesis.** At a certain point leaders need to define the one central conflict that best defines the situation. Identifying the core dilemma is always a process of synthesis that requires learning, struggle and letting go. The task is difficult and can take hours, days or even longer to complete as participants consider and debate trade-offs. In the end the core dilemma is a product of insight, which leaders earn by intentionally reducing a complex issue to two essential factors while still embracing the full complexity of the situation. This stage of the process consists of three steps: naming, testing and scenario development:

- Naming the core dilemma – when you have identified the two essential factors, produce a single sentence using the form, “The dilemma is between . . . and . . .” The process of

**Exhibit 2** A manufacturer's core dilemma

	Hi		
Take Profit		Short-term Value	Balanced Approach
		Missed Opportunity	Long-term Value
Low		Low	Hi
		Reinvest	

choosing is as important as the result. When successful, the dilemma statement provides a common ground and vocabulary that makes it possible for participants to address an important and tough subject.

The core dilemma identified by the manufacturer in our example was the conflict between reinvestment in the company for a new round of growth versus profiting from recent business success now. Naming and acknowledging this underlying discord helped them identify a range of strategic options (see Exhibit 2).

- Testing the core dilemma – leaders need to draw on more than gut feel in determining when they have captured the core dilemma. In fact, their initial response to the trial dilemma is quite likely to be negative as it raises the very issues that make it a dilemma! You know you are on the right path when your statement meets the three prime criteria of fit, coverage and opposition.

**Fit.** Fit is a measure of whether the core dilemma gets to the heart of the most pressing symptoms and the issues that underpin them. Test for fit by asking, does the dilemma statement do a good job of addressing the circumstances causing the key symptoms?

**Coverage.** Coverage measures whether the core dilemma statement is broad enough and important enough to encompass many of the big questions and issues. Addressing the core dilemma should make it possible to improve the overall situation. Test for coverage by asking, does the dilemma allow you to address and affect the majority of relevant issues?

**Opposition.** There needs to be real tension between the two dimensions of the dilemma, the more powerful and visceral the better. An absence of tension tells you that either the fit is poor or that the two driving forces are not really independent of each other. Test for opposition by asking if combinations of high and low states of each of the two dimensions are possible and interesting.

- Modeling the four scenarios – it is not uncommon with dilemmas to feel as if there are no options, or at best only bad ones. The real power of the 2 × 2 matrix form lies in the way it naturally generates a set of four scenarios worthy of consideration, each of which is a legitimate starting point for additional thinking. By naming and exploring options, we expand the realm of what is possible, and begin to create language to describe alternatives.

### Step 3. Analyze and reframe using the eight archetypal dilemmas

In a 2003 study, my colleague Phil Hood and I identified eight archetypal dilemmas that account for the majority of strategic conflicts. When facing a dilemma, it helps to step back a few paces and consider what is going on from multiple perspectives, not just the one you've settled on. We have had the opportunity in the past three years to apply the archetypes in many different types of settings, ranging from multinational corporations to small technology start-ups. We have found the archetypes to be the easiest and fastest way for managers to gain a new perspective and to jump to new levels of understanding.

On some occasions a single archetype is a perfect fit for a dilemma. More often, the archetypes work best when applied in an "as if" fashion to uncover hidden issues. By this I mean looking at a given dilemma as if it were one of the archetypes. Returning once again to our manufacturing company, an alternative explanation for what they were grappling with might be the archetype we call "Competing Priorities," which is essentially a conflict

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between short and long-term interests. By remodeling their dilemma in this way, new and important insights are surfaced about motives and implications of their choices. Exhibit 3 contains brief thumbnail outlines of the eight archetypes.

#### Step 4. Resolve gaps

Achieving tangible results requires action as well as awareness. The first step is recognizing gaps and barriers impeding progress; the second step is removing them. It's helpful to organize gaps into two general buckets: social and technical.

##### *Fix social gaps – mindsets, people and politics*

- **Mindsets.** Others often have a stake in the dilemma and resist moving on in ways that are helpful. To shake people free of deeply held assumptions and feelings, we need to address the mindsets that underlie their decisions and actions.
- **People.** Who is involved in the situation and who else cares about it? It's tempting to leap quickly to "fixing" things, but remember that dilemmas don't typically have fixes. Find out who else has a stake in the dilemma and build a plan that takes them into account and if possible, involves them.
- **Politics.** Politics is all about power, interests, trade-offs, and winning and losing. When reason and fairness don't seem to be exerting the right amount of influence, look for political dynamics at play. A simple approach to this is to identify the self-interests of each involved party, noting whether they support the change and what they stand to gain or lose in the process. Politics usually leads to alliances, so look for who are the natural partners and who will support your point of view.

##### *Fix technical gaps – competencies, processes and technology*

- **Competencies** – it's one thing to recognize what needs to be done and another to marshal the necessary skills and resources. Don't assume that someone who is competent in one area will be equally successful with a new and different challenge. Advertisers

**Exhibit 3** The eight archetypal dilemmas

<i>Archetype</i>	<i>Key question</i>	<i>Description</i>
Head & Heart	How can I choose between these?	The toughest choices are between doing what makes sense and what feels right. Aligning the two is a source of great power
Inside & Outside	How do we meet the demands being placed on us?	Organizations do best when their competencies and values match the demands of their external contexts
Cost & Benefit	What is the price of getting what we want?	Efforts to predict the future involve risk, and choosing the course of least pain and greatest gain
Product & Market	What are our options for growth?	You can change the offering or you can modify how, where or when it is presented
Change & Stability	What do we need to do to adapt? How can we balance change and stability to stay viable?	All systems are in perpetual dynamic tension between the forces for growth and adaptation on the one hand and integration and stability on the other. Too much of either leads to chaos or rigidity
Know & Don't Know	What do we know and not know – and what do we know about what we know and don't know?	We need to understand how others perceive us. The better we know ourselves, the healthier and more successful we will be
Competing Priorities	What should I do first? What's really more important?	We need to avoid making short-sighted trade-offs to relieve immediate pressures, and instead identify and tackle truly important tasks
Content & Process	Are content and process healthy and aligned?	Content is the "What?" process the "How?" Success in most things requires mastery and alignment of both of these



experienced in traditional print and broadcast media are being outclassed today by upstart online companies that understand the digital realm better than they do. Google came out of nowhere to dominate this field in less than five years. The lesson: be systematic and realistic about abilities and needs.

- Processes – in most cases, you need to change both what you're doing and the order in which you do things. At a personal level, it's often about giving up old habits. In organizations, there are formal structures and processes through which work gets done. Identify these and be prepared to challenge them. Ask who does what and how we are organized? How do processes and structures contribute to the dilemma? What are some new ways we could organize ourselves and design core processes?
- Technology – technology can be an enabler or a problem in removing barriers and bridging gaps. Is the current set of equipment, tools and communication systems good enough or not? The need for short-term investments is not uncommon.

### Step 5. Plan and implement

Because dilemmas are inherently fuzzy, the actions we need to take are often less obvious and the benefits less immediate. And, in many complex situations typical of dilemmas, no one can guarantee us that investments we make today will pay off at all. Yet, without actions based in knowledge and conviction, we will always opt for alternatives that bring immediate gratification or alleviate discomfort. While acceptable in the short-term, this approach is neither strategic nor sustainable.

Leadership that combines courage, vision and example setting is required to overcome organizational resistance and fear when addressing dilemmas. Four leadership tactics that often prove helpful are: identifying and mobilizing pockets of support, reminding people about the long-term value of their effort, staying open and responsive to feedback, and communicating actively on plans.

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