

Open for business: the value of flexible thinking

By Max Reichel



“We’re facing hard times, and a really tough choice,” said the Chief Executive Officer of a multinational manufacturer, setting out his company’s prospects. At Egon Zehnder, we’ve been hearing this admission more and more from business leaders around the world, as they face rising costs, fluctuating demand, supply chain issues, and other economic, environmental, and socio-political challenges. Peering into an indeterminate future, executives must navigate ambiguous circumstances.

The CEO of the manufacturing firm explained that his company had been struggling financially in recent years, and had recently submitted a tender proposal for a major project. “If we win the tender, it’ll give us a *huge* boost,” he said. “And our proposal is really compelling – we have the right expertise and a proven record. But while we wait for the decision, we’re taking serious strain.”

In the high-tech environment in which it operated, the company was having trouble attracting top talents, who were being put off by its financial difficulties. Given possible closures of some manufacturing sites, employee morale was low. Regional managers were lamenting the company’s lack of direction. And the CEO knew that his competitors would gladly publicize these troubles, so that the people responsible for the tender decision might come to doubt his company’s capacities.

Scary risk or dull safe choice?

While the company’s leaders dealt with these difficulties, they needed to prepare a long-term business plan and share it with their regional managers and other stakeholders. “One option,” the CEO said, “is to feature only the scenario in which we win the tender, presenting it as a significant likelihood. Then the business plan will be inspiring: we can lay out the boost in revenue and opportunities. We’ll look like a company with a strong future. But there’s a big risk: if we then *lose* the tender, we’ll seem irresponsible and deluded to have featured the prospect, and our reputation will take a further blow. Also, we’ll be in a legal grey zone where we could be accused of declaring misleading information.”

The CEO laid out the other option as he saw it. “It’ll be more prudent of us *not* to emphasize the tender in our business plan. But then the plan will inspire no one, and we’ll continue to appear like a rudderless firm in trouble – which might risk hurting our chance to win the tender!”

An uncertain environment that seems to present two troubling options – every leader knows these dilemmas. And for leaders raised with the doctrine that in uncertain times, they need to select decisively among a few sharply distinct alternatives, the question is: which to choose? Yet on reflection, the CEO came to realize that there were more – and better – options than he had first thought.

Resisting the natural craving

It is a natural human tendency to seek the clarity and security of simplicity. For instance, we might stick to certain principles, like showing relentless grit and refusal to quit in order to achieve success. Yet our complex world can reveal the shortcomings of dogmatic ideas. “Sometimes quitting is a virtue,” says organizational psychologist Adam Grant, bestselling author of *Think Again*, in a [speech](#) at Utah State University. Grant points out that people who know when to quit are, on average, more successful than those who do not.

Our urge to simplify can lead us to neglect subtle aspects of the world. “Yellow,” we may say to ourselves on seeing a particular color, abstracting away from the rich range of shades that we could distinguish by sight. This simplifying impulse can be crucial – it can help us to categorize, store and retrieve information, for instance. Yet there are times when we should stay open to all the subtleties available; when, like a painter alert to the finest distinctions of shade, we know that our performance depends on embracing complexity.

Increasingly, business leaders are expected not to seek the security of well-established concepts and categories, but to take a fresh and nuanced approach to meeting extraordinary demands. Indeed, in a recent Harvard Business Review [article](#), Paul Leinwand and colleagues argue that leaders increasingly need to find ways to reconcile “paradoxical expectations”. For example, leaders must balance digitalization and automatization efforts with a growing emphasis on authentic humaneness and avoiding alienation. No single pre-established leadership style or set of principles serves as a recipe for excellence. Rather, for leaders to be effective, their own perception, thinking and mindset must not follow the natural craving to simplify, but rather embrace the situation in its full complexity.

Opening up, reaching out

As the CEO reflected on his company’s options, he realized that he could do more than simply make a choice of whether to feature the scenario of winning the chemical tender in the firm’s business plans. He came to see other ways to approach managing people, their fears and expectations, and their motivations.

The executive leadership team began to attract ambitious talent by making the company’s challenges an advantage. The team acknowledged the company’s difficult period and emphasized its need for excellent scientists, engineers and MBAs to help restore growth and innovation, stressing that tough times make great leaders.

The company also started to reach out to public bodies and other stakeholders in the region where the tender was being considered, pointing out the local jobs and economic benefits that its operations would bring.

And instead of producing a business plan by consulting among a small team of executives, the firm set up regular meetings with employees across its sites to discuss a joint vision for the future. Employees appreciated hearing the unvarnished truth – that there was hope for winning the tender, but no guarantee – and had their own ideas, drawn from interactions with clients, suppliers and others, on how the company could best position itself for the industry’s future, no matter what happened. The final business plan was a collaborative effort, offering optimism but no false assurance.

Traditionally, leaders have often been counselled to be bold, and to make tough choices decisively. Certainly, boldness and decisiveness are sometimes essential. But great leaders also know when to resist simple categorical thinking, and instead question their initial impulse to make a stark choice. They know how to observe closely and reflect with care. Often the world is richer in opportunity than it seems: in a new and uncertain environment, a leader might be able to avoid having to choose one high-risk, extreme course of action from a limited range of options, and instead find many creative moves that help their company to thrive.

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