UNCOMMON SENSE – WHAT YOU ALWAYS NEEDED TO KNOW, BUT DIDN'T THINK TO ASK!

Five literacies leaders are like excellent medical diagnosticians – they have a nose for rapidly understanding a situation or issue and where it fits into a model of the whole business ecosystem. It is as if they are able to sniff the corporate air and understand instantly the health, or otherwise, of the enterprise. How do they do this? What is the skill? How can we learn it and apply it to the demands made by the business?

Actually it's no mystery. It is simply a matter of asking the right questions to the right people from which a 'model' of the whole system can emerge. It requires practise, of course, but almost anyone can become an accomplished internal consultant if they can hold diverse viewpoints in their heads so as to sort the 'noise' from the 'truth'. For example, the following set of standard framing and design questions, though fairly simple, can be used to quickly get a feel for a specific situation:

- What is the context for this issue/situation?
- What is the system in focus and what is it not? How can we best depict it?

- What factors allowed the issue/situation to develop the way it has?
- How does it differ from the original intentions?
- Where in the organization is the strategic conversation happening around this issue/situation? Is this serious conversation or just gossip/hearsay?
- What are the critical challenges and opportunities being faced here?
- How does this manifest in terms of performance?
- What are the cultural features relevant to this issue/situation or its remedy?
- What might need to be changed?
- Where is the tipping point? Who should we be targeting for maximum effect?
- What is the optimal implementation strategy/mechanism?
- Who would have to be on board to make such strategies succeed and how would we achieve this commitment?

You may have noticed that these questions have a sequential logic that starts with trying to see what is going on, and then uses this understanding to find appropriate ways forward. The following 'memory jogger' methods all follow a similar pattern. Questions are compiled to help you achieve deeper levels of systemic understanding. They are mostly strategic in nature. In other words they are the kinds of questions you can use to frame and design new strategies, offer alternative solutions to current dilemmas, and solve systemic problems. There are six sets of questions:

1. ***Questions for navigation and change*** provide a method for continuous systemic learning and planning. Use these questions in investigative enquiries and for planning meetings of a strategic nature.
2. ***Questions for developing strategic foresight*** focus on critical enquiry and scenario methods of planning. Use for finding the right questions to ask about the future.
3. ***Questions for knowing when to change your strategy*** focus on diagnosing the current state of health of the system under investigation. Use these questions when you need to adapt *what* you are doing but are not sure *how* or *when* to adapt.
4. ***Questions for checking strategic resilience*** provide a simple 13-point sanity check to ensure that your strategies and solutions are as resilient and robust as possible. Use these questions when you need more confidence that your planned strategies will be effective.

5. ***Questions for finding out what the problem is*** use the soft systems methodology approach to deal with 'wicked' problems where there is no predetermined solution. Use these questions when you are not sure what is causing you pain and distress.
6. ***Questions for carrying out comparative studies*** provide a simple enquiry process for finding out about business ecosystem partners – their practices and needs. Use these questions when you are benchmarking your own performance against others.

A SUMMARY OF CRITICAL QUESTIONS

Five literacies leaders are artists. There is a knack in knowing what questions to ask, in any situation, which will surface relevant information about (i) what you need to know in order to understand the system (systemic questions) in order to appreciate (ii) how you, and others, should act in the circumstances (strategic questions). Different from the kinds of questions commonly used to solve problems, the best questions to ask initially in any complex situation are 'open' in nature. Open questions do not have straightforward 'yes' or 'no' answers. On the contrary, they tend to elicit an abundance of (occasionally conflicting) points of view and underlying assumptions. Don't be put off by this. You can only reach true understanding of complex situations by allowing yourself to move slowly through confusion. Seek data from a diverse range of people. Include non-experts as well as those intimately involved with the situation. The most valuable insights and innovative ideas invariably come from the edge, not experts!

The resulting information needs to sit and percolate before we can begin to understand what is important (intelligence) and what is merely noise (distraction). Only when you can sense the 'big picture' from asking 'open' questions should you then start asking 'closed' questions like: What will we do? Who needs to be involved? What will it cost? How should we monitor progress? What measures are important? For example, the following sequence of questions (from broad global perspectives to specific issues and action) provide a basic framework enabling a deeper understanding of the business in relation to people capability and performance:

Global context

What is going on that we need to know about and understand? How might we map/depict the dynamics of the situation? What is this map/

picture telling us? Does this map/picture remind us of anything? What are the underlying drivers? What is within our power to change? Are there things we should know that are hidden from us? If so, how could we find out more?

Local issues

What kind of situation do we have here? Who are the key decision makers? How are the stakeholders currently acting/interacting? Why are they acting/interacting in this way? How do they see the situation developing? Do the stakeholders have a coherent sense of how the situation is developing? If not, what might be preventing this? What are others saying about it? What possible futures might eventuate if we do nothing? Is that okay? If not, what could/should we do about it? What and who else could be impacted by any intervention?

Our response

Is this really a people capability issue? If yes, in what sense is it a people capability issue – has it primarily to do with skills, personalities, relationships, power, knowledge, something else? What could/should our response be? If no, what are the underlying causes and how can they be reframed to convince the key decision makers? Does this help our own understanding?

A watching brief

How is the situation changing as a result of our interventions? Is that what we intended? Are there any unintended consequences we need to deal with? If so, how might we best adjust or correct our strategy? Are there associated issues we've neglected to take into account? Are there different ways of seeing this that would bring better results?

1. QUESTIONS FOR NAVIGATION AND CHANGE

As *five literacies* leaders we need to understand the business from a variety of perspectives. Leaders often have to deal with greater levels of complexity than managers – for example, in delicate situations where business executives are not aware of their own assumptions, prejudices and misinterpretations. Almost unconsciously, *five literacies* leaders move in a space populated by four integral knowledge domains:

1. **Business-critical information** – such as market constraints, brand perception, key relationships, operational processes, legal obligations, etc.
2. **Performance capability awareness** – including *individual* proficiency (in terms of psychology, interaction and performance) together with *collective* capability (in terms of social ecology, cultural dynamics and organizational intelligence).
3. **Context-critical knowledge** – the emergent systemic conditions within which business decisions are played out.
4. **Professional know-how** – the ability to synthesize intelligence from each of these domains in ways that lead to strategically effective actions.

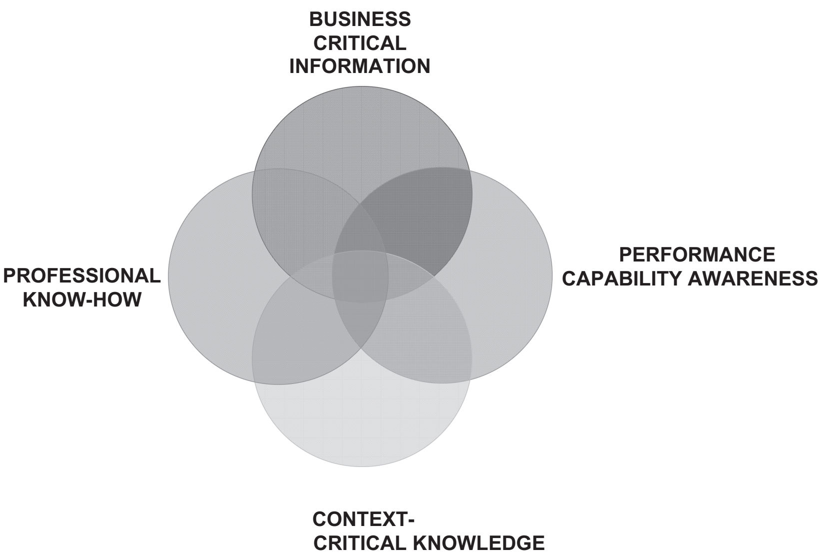

Figure 1 The four integral knowledge domains comprise a cognitive-behavioural space that *five literacies* leaders constantly navigate – making cross-references and connections that may not be immediately apparent to other, less systemic, practitioners.

Juggling all four knowledge domains can be exceedingly demanding and stressful, especially in today's enterprise where stakeholders' conflicting demands, within a competitive and volatile business environment, generate enormous complexity. It can often lead to poor decision making, procrastination, or worse. Tardy or mediocre responses are strategically negligent. They cast doubt on our professionalism and can be very frustrating for a leader who may only have a very limited time frame in which to take action. So it is incumbent upon us to ensure that we have sufficient up-to-date knowledge to be able to make effective decisions rapidly. This is done by ensuring that we design mechanisms enabling us to monitor, gather, process and act upon strategic intelligence from all parts of the business ecosystem in real time.

Although we often feel we should know the answer to every problem under the sun, this simply isn't possible. In situations where up-to-date knowledge is hard to come by, unreliable or imprecise, the wise response is to:

- Admit that we lack control and that the current situation is uncertain.
- Review a number of options given the current state of our knowledge.
- Design actions based upon our current know-how for leveraging performance capability so as to optimize business results given the current context.
- Continuously correct earlier decisions as our knowledge of the system increases.

All these devices are part of the integral nature of Strategic Navigation – the 'strategy-as-process' methodology based upon a real-time appreciation of a system's past, current and (potential) future states, which is the third of our *five literacies*. Strategic Navigation requires us to ask questions that, by their very nature, allow us to shift our alertness from the often distracting 'here and now' to become more conscious of an expanded 'strategic' time (characterized by an atemporal sense of taking the business far beyond previous performance levels). Strategic time is populated by questions relating to the interconnectedness of the past, present and possible:

- ***PAST*** – What happened? Why did it happen that way? Did what happen equate to our intentions? If not, how damaging was fallout from the unintended consequences?

- ***PRESENT*** – What is happening now? What is changing that it is occurring like this? What are the underlying drivers causing events to unfold in this manner?
- ***POSSIBLE*** – What should be our intent? How should this intent be made clear and shared by all stakeholders? What might hinder our strategy that we cannot foresee now? What might we do if our strategy becomes unrealizable? How will we know if it becomes unfeasible?

Strategic Navigation requires knowledge of how the system as a dynamic whole is responding to changing circumstances. It calls for *deductive* reasoning (gained from empirical evidence and observation) as well as *inductive* insights (gained from instincts, feelings and beliefs). This art is founded on the ability to ask the right questions, at the right time, from the right sources. Most common conversations, even among senior executives, occur as discrete events – agendered meetings focused on one problem or another. Little conscious attempt is made to connect discrete ideas over time, or to find patterns that suggest the powerful forces linking sequences of events.

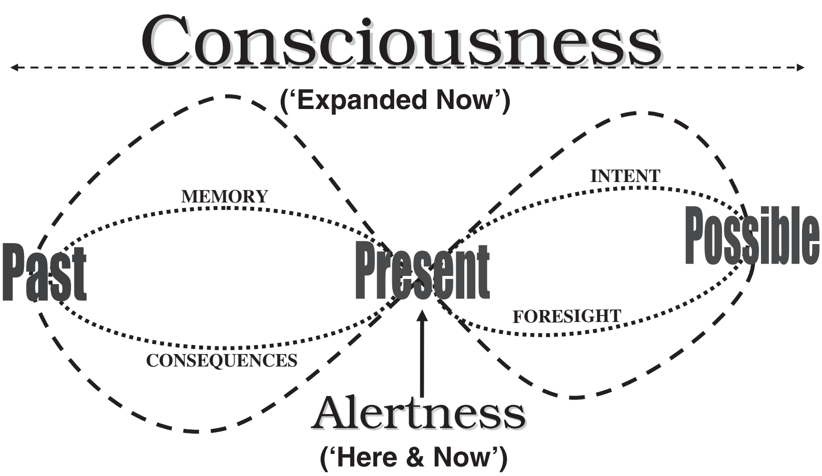

Figure 2 We are constantly distracted by the 'here and now' until other realities impinge upon our comfort. Until then they remain mostly hidden. Such has been the case with climate change, for example. Only now are we beginning to understand the consequences of our inaction as we become more deeply conscious of the consequences.

Questions that reveal important patterns and trends, or even the structural dynamics of what is going on under the surface 'noise', are called *strategic questions*. Strategic questions enable more insightful conversations about the business in its environment. Strategic questions are those most frequently posed by *five literacies* leaders.

A good way to understand what we mean by this is by describing how strategic conversation may take place at varying levels of 'depth'. Using the iceberg model the shallowest level of conversation is that where our attention centres on discrete issues and events – what happened, why it occurred, and what we are going to do about it. This kind of conversation is 'obvious' in the sense that almost everyone is in agreement as to what has happened. Recurring issues and events, however, will exhibit certain patterns and trends over time. The identification and recognition of these patterns allow a deeper level of

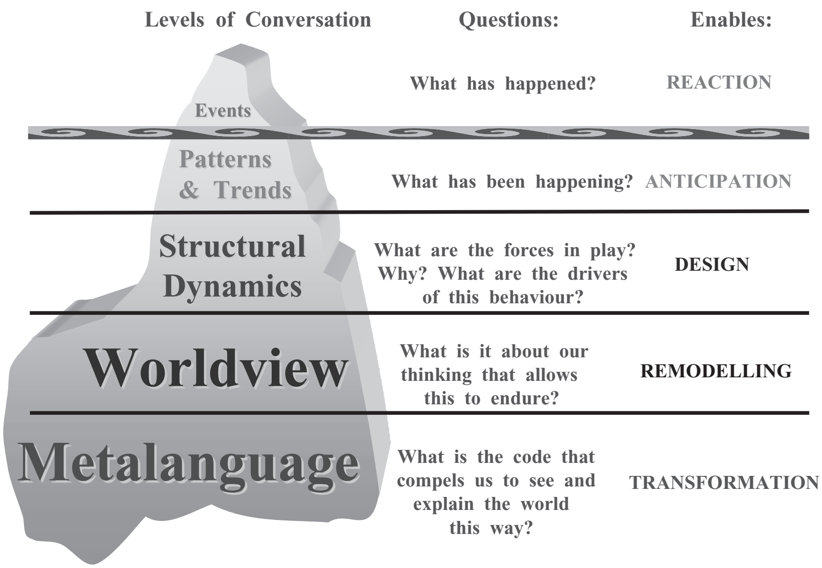

Figure 3 Strategic questions allow us to reconceptualize what may need to happen in order to change how things are – to move from what 'is' to what 'might be'. The most profound strategic questions unlock the behavioural codes and worldviews that keep entire systems in a steady state. Transformation occurs when there has been a genuine understanding at these levels and a popular willingness to go beyond current worldviews is unleashed.

conversation. At this level we are seeking to understand and address patterns and trends, of which the issues and events are merely indicators or symptoms.

Deeper questions still might be asked. What are the underlying causes that continually produce such patterns and trends? In other words: What is the underlying system responsible for producing these patterns and trends over time? This third level of conversational depth can provide an understanding of the essential nature of the systemic conditions with which we are dealing. It may also reveal the location and identity of leverage points for shifting the entire system. And yet, once again we can continue to ask deeper questions. For example, if that is the underlying system from which all the other things spring forth, what keeps this underlying system in play? Why has it come to be the way that it is and why doesn't it just change? These deepest levels of conversation explore the mental models and worldviews that drive the preeminent underlying system, as well as the code (or metalanguage) that discloses why things are the way they are.

The art of strategic conversation traverses freely through all of these levels. It does not necessarily seek to occur only at the deepest levels because obviously we cannot even reach an understanding of mental models and worldviews without getting our clues from the issues and events they manifest. Strategic conversation is a continual weaving between the various levels, and it is through this seemingly roundabout conversation that great insights and wisdom can be gained. Good strategic questions enable us to diagnose more accurately those responses that are likely to be both *strategically appropriate* and *systemically viable* – given the complexity of events happening all around us in a canvas stretching from the past through to the future. By allowing us to surface the patterns and dynamics that are usually hidden from view, they enable better *anticipation* of future events, better *design* of the structural dynamics responsible for creating the system the way it is, and opportunities to *transform* the system, or parts of it, should we so desire.

The following strategic questions have been sorted into eight categories. Each category is a step in the *Knowledge Designer* sequence – a cycle based on the way we (i) sense something happening; (ii) make sense of this based upon our own cognition and experience; (iii) design what we believe to be an appropriate response; then (iv) monitor what happens as we take action. This last step feeds back (as intelligence) into the first as a mesmerizing braiding of *thinking* and *doing* (generally referred to as *learning*).

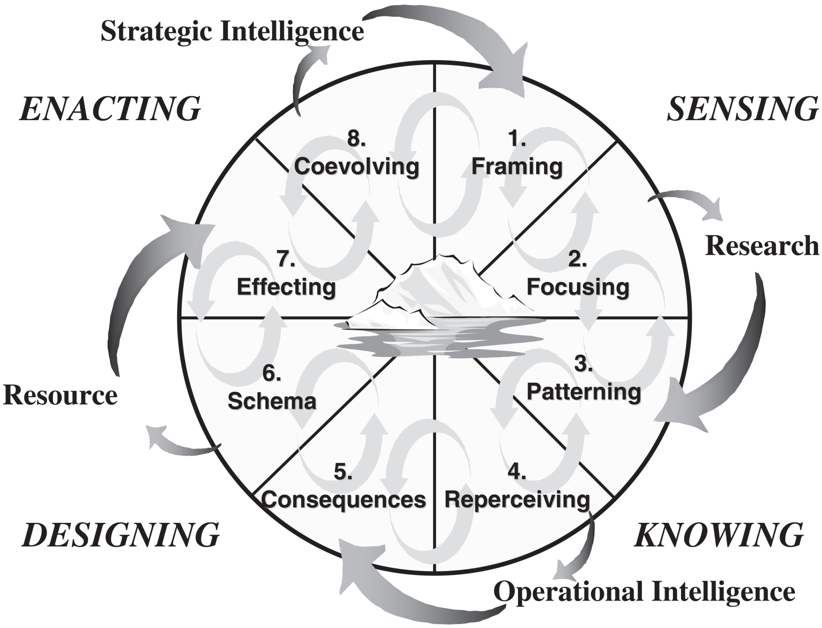

Figure 4 The processes forced by *Knowledge Designer* ensure that strategic learning occurs and that knee-jerk reactions are avoided. This cognitive-behavioural flow separates *sensing* (which needs to be fast in today's volatile environment) from *enacting* (which may be applied at various tempos depending on the context).

The questions below are all examples of the kinds of 'deeper' questions we might ask in order to gain a more complete picture of the system we need to understand or of the situation we are attempting to influence by taking mindful action. Each of the eight categories has questions associated with the past, present and future, targeted at the outer world of external events as well as the inner world of culture and emotions, and ranging across the four knowledge domains of business-critical information, performance capability awareness, context-critical knowledge and professional know-how.

Step 1 – Sensing what is going on (*Framing*)

Framing the context by defining our current understanding of the experience we are seeking to learn about.

- *What are our general strategic and business concerns?*
- *What do we feel is going on around us? How do we know?*
- *How do these concerns relate to the environment in which we are operating today?*
- *What are the key characteristics and/or dynamics of this business ecosystem?*
- *What are the critical relationships between these characteristics and/or dynamics?*
- *What has changed (is changing) from our previous understanding(s)?*
- *What are people/stakeholders saying, seeing and feeling about these changes?*
- *What are our stakeholders' general and specific wants and needs?*
- *What is a possible systemic description/map of the system? What are its boundaries, inputs, outputs and transformations?*

Step 2 – Deciding what really matters (*Focusing*)

Focusing our attention on all the elements that appear to be important, given our current information.

- *What can we be certain about and what remains unpredictable?*
- *Given a renewed understanding of our business ecosystem, what are the most strategically significant issues requiring our attention?*
- *What specific factors make these issues particularly significant?*
- *What are the relationships between these and other strategic issues?*
- *What control or influence levels do we exercise over these issues and their relationships?*
- *What assumptions and beliefs are we accessing that lead us to these conclusions?*
- *Are these conclusions shared by others? If not, how do they differ? Why?*
- *What issues and dynamics are both strategically important and urgent?*
- *How should we resolve any dilemmas between what is strategically important versus what is not as important but more urgent?*
- *Given what is and is not under our direct control, what should we be attending to in order to ensure our strategic viability?*
- *How might our boundaries (of roles, responsibilities, niche, etc.) change as a result of the previous questions?*

Step 3 – Finding traces that make sense (*Patterning*)

Different perspectives and new learning are integrated into our understanding of what is happening.

- *What patterns are clear and why?*
- *How are these patterns changing and how rapidly? What factors are causing them to change this way? Should these factors influence how we design an appropriate response?*
- *What patterns, trends and structural dynamics are we not able to identify clearly? Why is this so?*
- *What are the gaps in our current thinking, perceptions and ways of knowing?*
- *Where can we get the information and from whom?*
- *What assumptions are being made that should be challenged or examined?*
- *What other perspectives are needed or could be useful?*
- *Are there any other ways of perceiving the issues that could raise different questions, problems, solutions and opportunities?*
- *What are some alternative future scenarios that could be incorporated into our thinking at this stage?*

Step 4 – Deepening our understanding (*Reperceiving*)

Finding other ways to view the issues, filtering out elements that appear to be unhelpful and seeking a wiser, more comprehensive, or more elegant understanding of the situation.

- *What new light has been shed on the situation that was previously hidden?*
- *How have our beliefs about what is important changed?*
- *What significant insights are we now able to see more easily?*
- *What has been confirmed from our previous understanding?*
- *What is a meta-perspective that can account for the diversity in multiple perspectives?*
- *What is an explicit meta-description (e.g. systems map or rich picture) of our current ecosystem?*
- *How can we best depict or express to others the health of the whole ecosystem?*

- *What is it in our thinking that has caused the ecosystem to evolve this way?*
- *Does this match our intentions? If not, how can we see things differently and what will need to change?*

Step 5 – Defining our critical domain of attention (*Consequences*)

Deliberate broadening of the inputs to our enquiry to include operational perspectives so that we can understand what is feasible from a practical viewpoint.

- *Given our deeper systemic understanding of environmental dynamics and the current health of the business ecosystem, what are the most strategically significant issues now requiring our attention? Why?*
- *What specific factors make these issues more critical than those previously identified?*
- *What capabilities will we need to attend to these issues? Do we have them?*
- *What design criteria and principles are most appropriate?*
- *What broad operational perspectives do we need to take into account when recalibrating our 'critical domain of attention'?*
- *How can we best illustrate or expressly describe this recalibrated 'critical domain of attention'?*
- *How will this need to be communicated, considering the above?*
- *Given what is and is not under our direct control, what should our plans address in order to ensure our strategic viability?*

Step 6 – Designing our way forward (*Schema or planning*)

Planning appropriate responses to the situation and testing the viability of our strategies against the criteria we have established.

- *What strategies are currently possible?*
- *What strategies may become possible in the near future? How could we work to hasten these conditions?*
- *What strategies will work best given our existing internal capabilities?*

- *How do we know these strategies are comprehensive enough to effectively address the 'critical domain of attention'?*
- *What stays the same? What do we stop doing? Do we have an appropriate balance between change and maintenance strategies – based upon what is possible with accessible resources?*
- *How might our social ecology and culture need to be shaped in order to enable our strategy to be optimally deployed and effective?*
- *How can we ensure that our strategic programme effectively integrates business outcomes with social dynamics for a healthy organizational ecology?*
- *What are the consequences, risks and opportunity costs of choosing these strategies?*
- *How does the strategic programme need to be designed in order to ensure we remain responsive, adaptive and on the front foot?*
- *How can we best illustrate or categorically describe the linkages between the main components of the strategic programme? What maps are we using to chart these changes?*
- *Are we sure that our strategies will address key systemic leverage points?*

Step 7 – Putting our plans into action (*Enacting*)

Implementing our designed changes.

(a) Before or during deployment:

- *What actions will we now need to take to ensure that our intended strategy is realized? What do we need to do to ensure our deployment capability?*
- *How can we explicitly integrate our business directives with the shaping of cultural dynamics for optimum deployment capability?*
- *How will we help people to make meaningful translations between the organization's strategy and their daily work?*
- *How will we help them understand the links between performance measures and strategic intent?*
- *How can we improve communications, formal and informal relationships, and collaborative learning?*
- *How can we reward results, thereby reflecting positive movement towards our strategic intent?*
- *How will we help people develop new skills that may be needed in thinking, feeling and doing?*

- *What are our strategic time requirements for deployment?*
- *How will we know if we are being effective given our 'critical domain of attention', strategic programme and strategic frameworks? What are appropriate metrics and monitoring systems?*
- *What should be the required 'timing' of our feedback loops to ensure effective corrective action can be taken in the areas of the strategy itself, our internal capabilities and human performance? (NB: Timing here refers to (a) when in the deployment process the feedback loop occurs and (b) its cycle time.)*
- *How do we resolve or accommodate measuring systemic change strategies (with their inherent lag times) with short-term performance requirements?*
- *Are all feedback loops and management interventions appropriately placed in order to optimize operational effectiveness while avoiding any tendency to micromanage?*

(b) Once deployment has begun:

- *How do we know our metrics and monitoring systems are giving us the right information?*
- *Are our results demonstrably generating our strategic intentions? How do we know?*
- *What are we blind to that may cause problems in the future?*

Step 8 – Monitoring the system (*Coevolving*)

Continual evaluation and review of the impact our changes are having on the original situation.

- *How are the dynamics of the business environment changing as a result of our strategy? What means are we using to map these changes?*
- *What signals will indicate that a fundamental change is occurring in the context from which we are defining our strategy?*
- *What are the critical unintended consequences of our strategy? Do we need to correct, adjust or abandon elements of the current strategy?*
- *Will our strategic framework need to change to remain in alignment with this emerging context? If so, how might we now think differently about our strategic intentions?*
- *How might our thinking also need to change in order to continue to benefit all stakeholders?*

- *Do we now see gaps or flaws in our previous thinking? How will we upgrade our current thinking accordingly? How might we have done things differently in order to achieve better results?*
- *How might those lessons help us rethink our strategy now?*

2. QUESTIONS FOR DEVELOPING STRATEGIC FORESIGHT

Most companies now focus on a transactional business environment, which is at once global and immensely influential. Yet our transactional environment is only one element in a more expansive and emergent context that is uncertain and unpredictable. Although we might readily acknowledge some degree of influence (arguably even of control) over some aspects of our immediate business environment, it's a safe bet that most of us believe we have little or no influence over this emergent context. It is too complex and too uncertain. Consequently, intelligence gleaned from this emergent sphere (the future) is either misunderstood, and consequently misapplied, or totally ignored by executives whose chief concern is the strategic management of today's enterprise. Because emergent behaviour is a future phenomenon, out of the ambit for any single corporation to control, there is little point paying much attention to it. Or so they might argue . . .

History has proven again and again the foolishness of such a proposition. For it is here, in the intricate, often ambiguous and apparently contradictory milieu of social, political, economic and technological systems that the future is revealed – that the structural drivers for change first manifest. It is a particular human failing that we tend to filter out of our consciousness anything we believe to be irrelevant to the accomplishment of our immediate goals. Yet comprehending the structural nature of the global forces shaping societal change often provides the intelligence whereby a corporation's survival is assured. The kind of strategic intelligence entailed in identifying and comprehending the dynamics of change sustains our ability to learn from the future. It is the art of strategic foresight. The development of this capability, particularly through the invention of alternative scenarios, allows *five literacies* leaders to make better sense of what is happening today and helps prevent the likelihood of unpredictable events taking us totally by surprise in the future. The scenario process is relatively straightforward. The following six steps with accompanying questions will give you a basic understanding of this process.

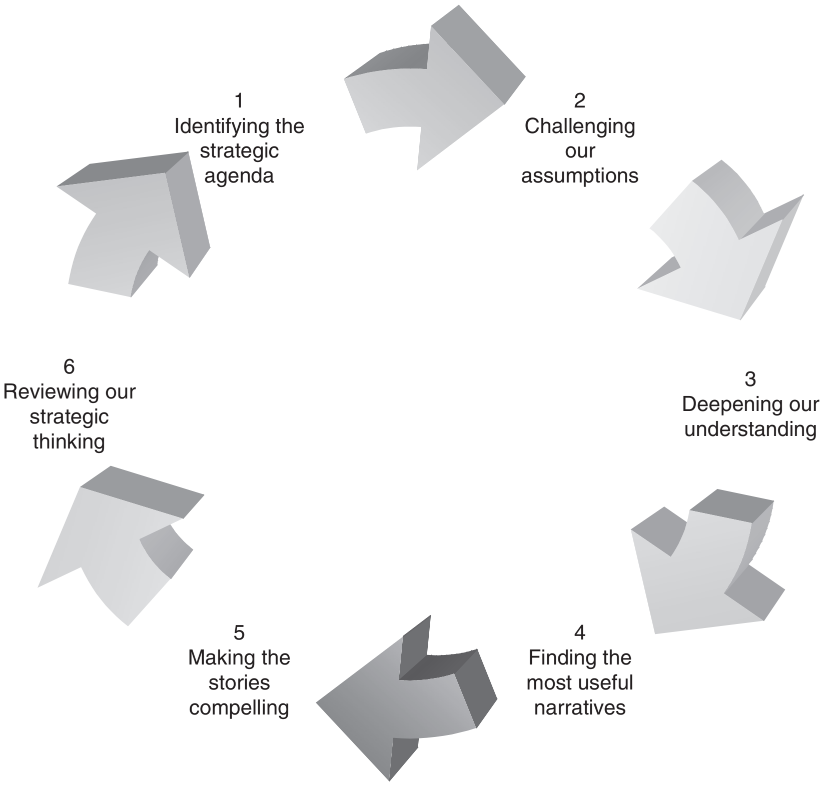

Figure 5 A simple six-step process for crafting alternative future scenarios emphasizes robust research to deepen understanding and compelling storytelling to help create impact.

Step 1 – Identifying the strategic agenda

Identifying the issues around our current strategic thinking and concerns.

- *What most concerns the key decision makers?*
- *Where is the 'itch' that keeps them awake at night?*
- *What are the key focal issues and decisions?*
- *What factors in the business niche and environment matter most?*
- *Which of these factors are certain and which uncertain?*
- *What is the relevant system to learn about?*

- *What links and relationships matter and why?*
- *What are the various ways we can learn about this system?*
- *What is the appropriate boundary delineating the 'internal' and 'external' worlds?*

Step 2 – Challenging our assumptions about the business

Challenging stakeholder assumptions about the environment by gathering novel data and fresh insights.

- *What is happening that really matters? Why?*
- *Learning from history, how can we better prepare for tomorrow?*
- *What are the inevitable second-order effects of today's certainties?*
- *How are these effects likely to impact, reinforce and influence each other?*
- *What are other ways of looking at this?*
- *What are other 'lenses' we might look through?*
- *What are the implicit assumptions we need to question and challenge?*
- *What do we need to see that is now inevitable?*
- *What is the appropriate level of granularity (detail) to notice?*

Step 3 – Deepening our understanding of the system's structural dynamics

Improving our structural understanding of the environment by connecting and synthesizing information.

- *What events, patterns, trends, dynamics and structures are important?*
- *What are the key driving forces in the system?*
- *How are these currently playing out? Why?*
- *Which forces will definitely be there in the future?*
- *How are these forces likely to change? When will they change?*
- *What are the critical uncertainties about the future?*

Step 4 – Finding the most useful narratives

Finding the most useful narratives by developing the overall scenario logic and flow.

- *What is the optimum way to structure what we have learned?*
- *What other ways could be used to structure this information?*
- *Which stories would help throw new light on the strategic agenda?*
- *Which stories would best provoke the conversations that need to be had?*
- *What events and situations will positively disrupt habitual thinking?*
- *Do the scenarios pass the 'so what' test?*
- *What are other possible stories in our context?*

Step 5 – Making the stories relevant and compelling

Making the stories relevant and compelling by fleshing them out with events that resonate with the concerns of the decision makers.

- *What is the clearest and most interesting way to tell these stories?*
- *What will compel attention from the key decision makers?*
- *Will these stories draw all levels and functions of the organization into them?*
- *How can we connect the stories with today's relevant events and dynamics?*
- *How would we recognize each scenario unfolding?*
- *What would we especially look out for in each story?*

Step 6 – Using the stories to review how we think and act

Using the stories for reviewing our strategic thinking by integrating them into our strategic conversations.

- *Are we taking a sufficiently long view into the future?*
- *How well prepared are we for novelty? What would we do if . . . ?*
- *What is it in our thinking that we should react in that manner?*
- *What might we need to change in order to react differently?*
- *How do these stories inform our understanding of what we are trying to achieve strategically, and of the way things are now?*
- *What are our best options for the future?*
- *Does our business idea have sufficient robustness to stand up to these futures?*
- *How can we make all of our strategies and plans more robust to emergent events?*

- *What should we monitor to recognize which scenario is unfolding and at what speed?*
- *How can we practise creative disruption more effectively?*

3. QUESTIONS FOR KNOWING WHEN TO CHANGE YOUR STRATEGY

The best strategy can only ever be temporary. Consequently adaptiveness is a critical requirement (and competency) for any business or organization intent on remaining viable over time, just as it is for living organisms. Adaptiveness is the ability of a system to transform itself when it can no longer fulfil the changing needs identified by its various stakeholders. In effect, a 'threshold' in responsiveness is reached (also called a *phase transition* or tipping point, where an open system flips from one state to a totally different state) where new classes of needs, a new quantity of needs, or a complexity of conflicting needs, lead to an inability of the system to effectively meet the changes in demand. If, under these circumstances, transformation is not forthcoming, the system has difficulty maintaining alignment with its niche and runs the risk of becoming obsolete. When a phase transition occurs, strategies for *adaptiveness* are able to move the system from progressive obsolescence to a new growth path. Without such strategies, viability is weakened and the system deforms or decays. This can happen gradually or quite suddenly without any apparent warning.

In spite of the way new technologies have sensationally changed the rules of managing and organizing, many organizations still behave in the manner of nineteenth-century industrial bureaucracies. These organizations tend to remain critically *maladaptive*. That is, they find it difficult enough to change what they *do* and the way they do things, but virtually impossible to *think* differently about how they are thinking about what they are doing. They remain rigidly set against anything new. Tolerance of new ideas, new people and new approaches is extremely low in such enterprises. It is hardly surprising then that, unable to develop a dissipative capacity (the system's ability to process energy and information in sufficient quantity and speed to keep from going into distress), these *maladaptive* organizations become culturally fragile very easily. Over time, the distress suffered by the organization causes even greater cultural fragility and systemic deformation, which eventually can lead to a total collapse of the system. Even explicit action (crisis management) is often to no avail in warding off ultimate systemic breakdown in truly maladaptive organizations – although such collapse might be delayed. This is because such actions (usually amounting to little more than crisis management) do not usually address systemic leverage points for changing the whole system.

Organizations that behave as if they are living viable systems, on the other hand, tend to use their natural dissipative capacity to become even more stable at higher orders of functioning. This stability, a result of the resilience and self-organizing capability of a dynamic learning culture, results in the ability of the system to transform itself even under the most demanding and unexpected conditions.

Choosing the time

Five literacies leaders have an uncanny, instinctive sense of timing. In order to become truly adaptive, it is important to know *when* to change our strategic focus and direction. In order to understand this we need to know when our current strategy has become, or will become, strategically inappropriate and/or systemically nonviable. This can apply to the whole business or any part of the business. Many businesses make the mistake of delaying strategic change (e.g. when resources are scarce or when changing ahead of the pack is considered too risky) for short-term convenience. This is a form of maladaptiveness if their strategy has in fact become inappropriate and/or nonviable to their strategic and systemic niche. Such shortsighted tactics invariably have negative longer term consequences – unless you are very lucky! Either the need for adaptiveness is happening now (and we need to respond and adapt rapidly) or we can see an upcoming need to adapt and can preempt any unwanted impacts by:

- Preparing to absorb the impact by developing and rehearsing a number of different strategic options.
- Changing earlier than required so as to optimize any appreciative benefits or opportunities.
- Appropriately shifting the impact to another entity or another part of the system that is more able to absorb its effects.

The need to adapt can also be triggered by:

- ***Opportunism*** – sensing opportunities that could lead to a new or more appropriate strategic intent.

- ***Idealism*** – concern for a more socially desirable, ethically defensible, culturally feasible, ecologically responsible or systemically convincing strategic intent.
- ***Pragmatism*** – to be able to better fulfil our current strategic intent through gearing up differently to capitalize on the systemic opportunity.
- ***Necessity*** – to be able to respond effectively to emergent strategic issues that are sufficiently significant, or potentially significant, to affect our systemic context.

What can we adapt?

Five literacies leaders are not constrained by assumptions about what can and cannot be changed. Generally speaking, it is only possible to change those things over which we have some degree of *influence* or *control* – although, outside of cybernetics, the notion of control is partly a construct of the human mind – thus what is considered to be within our control may differ from one person to another, or from one organization to another. However, the scope of strategic influence and/or control will usually restrict our endeavours either:

1. To ourselves (for example, the way we think, what we do, or how we do it) or;
2. To those elements within our transactional environment (such as the goods and services we produce, our customer or supplier groups or, occasionally, even our constituency of stakeholders).

Within any community this means we are able to change:

- Our belief system about what we do (i.e. our *window on the world*).
- Our systemic niche and its boundaries (i.e. what we do and for whom)
- Our espoused strategic intent and framework (i.e. what we want to achieve and how we intend doing that).
- Our strategies and the way these are coordinated and facilitated.
- Our internal capability (i.e. culture, social ecology networks, structures, configuration, resources, operational plans, work and communications systems).

Seeking patterns

The main influences for adapting to changing dynamics will arise from strategic intelligence in the following domains:

1. The *evolving* context (both internal and external) as actually exposed, for example, through market research, direct stakeholder feedback, current social and economic norms, extant policy and legislative agendas, etc.
2. The *emergent* context (both internal and external) as spontaneously occurs in real time.
3. *Future* contexts (internal and external) as hypothesized, for example, in alternative scenarios that acknowledge current trends, patterns and systemic logics, any important research and development within our own industry or related business ecosystems, relevant fictions; etc.

In those three domains, *five literacies* leaders need to know what signals to pay attention to, where to look for them, and when to respond to them. The greatest danger is that we will miss important signals either because we are looking in the wrong place or, more significantly, because we are only seeing the world through our own, very limited, filters.

Seeing systemically

We can probably never form a totally comprehensive view of the business ecosystem. It is simply far too complex and dynamic. However, we do need to *see* as broadly as we can (within practical constraints) integrating any inconsistencies, dilemmas or paradoxes into a comprehensive view that accommodates all kinds of perspectives. *Five literacies* leaders develop 'meta views' that give far greater insight and clarity to the real issues in play and the critical signals to which they need to pay attention. There are many possible 'windows' through which to view our business, ranging from the standard strategic windows (e.g. political, economic, social, technological, legal, personal, competitive, commercial, etc.) to more innovative and thought-provoking perspectives from outside the world of business. These might extend across an entire range of nontraditional (or more unfamiliar) worldviews (e.g. environmental, cooperative, different cultures, professions, ideologies, belief systems, age groups, gender mix, etc.). Access to such diverse ways of seeing and thinking is highly practical given today's technological capabilities for global networked communications.

Diagnosing the health of the system

The *adaptive* and the *maladaptive* system types depicted in the systemic pathology diagnostic map (SPDM) shown below (Figure 6) can be used (in conjunction with the accompanying suite of generic diagnostic questions) to diagnose our system's current pathology. Each of the five positive pathological conditions in the *adaptive* system has its negative counterpart in the *maladaptive* system. These conditions deliberately represent *extremes* of pathology, thus making it easier to more accurately diagnose the system's health. The five pathological pairings shown below indicate the *adaptive* condition first, followed by the *maladaptive* state. They are:

- **Stability of the system** – the system is able to maintain its intended form (systemic structure and functionality) under pressure or changes in pressure.
- **Fragility of the system** – the system is unable to maintain its intended form (systemic structure and functionality) under pressure or changes in pressure.

- **Resilience of the system** – the system is able to quickly re-establish its intended form (systemic structure and functionality) under pressure or changes in pressures.
- **Deforming of the system** – the system's intended form (systemic structure and functionality) distorts or fractures under pressure or changes in pressure.

- **Adaptiveness of the system** – the system responds appropriately to pressure or changes in pressure.
- **Maladaptiveness of the system** – the system responds inappropriately to pressure or changes in pressure.

- **Dissipative capacity of the system** – the system is able to utilize pressure or changes in pressure for systemic **of** advantage while discarding negative energy.
- **Distress of the system** – the system is unable to cope with pressures or changes in pressures resulting in systemic enervation.

- **Transformative capability of the system** – the system is able to reconfigure itself into a new form (systemic structure and functionality) that is able to effectively utilize increased pressure for systemic advantage.
- **Collapse/Breakdown of the system** – the system is overwhelmed by pressure resulting in complete dysfunction.

Evaluating the current health of the system

In order to evaluate whether or not we need to adapt our strategy we first need to understand the pathology (or *health*) of the whole system we are dealing with. Only then can we decide what actions to take, if any, to effectively address the complexity of symptoms we may be noticing. This might be our entire HR system, a regional subsystem, a leadership development system, or a work system, for example.

Firstly, we need to be aware of any current internal and external symptoms that would indicate a particular pathological state or pattern. The current health of the system can be revealed by using diagnostic questions to provoke strategic conversations among key stakeholders and mapping the results (see Table 1). Links can then be made between these symptoms (their patterns, distinctive flows and interrelationships) with the five pairs of pathological states to discover the chronic nature of the system's health. Once we can picture the current health of the system, we can develop appropriate strategies that leverage our capacity to move to a healthier systemic condition.

During this process we must remember that the pathology of a complex adaptive system, such as those within a company like ours, will normally be in flux *between* states, rather than static. Indeed, from the perspective of Strategic Navigation and change, it is far more important to be able to diagnose *in which direction* the pathology appears to be headed, rather than the currently dominant pathological state, in order that any interventions can anticipate, rather than lag, what needs to be done. The key is to devise interventions that will move the pathology into healthier trajectories, and from the *maladaptive* system to the *adaptive*. It should be noted that all of the systemic pathological conditions defined above occur simultaneously at different levels of recursion throughout the company. Adding further to this complexity, both the state and direction of the pathology at the various levels of recursion are likely to be different, sometimes dramatically so.

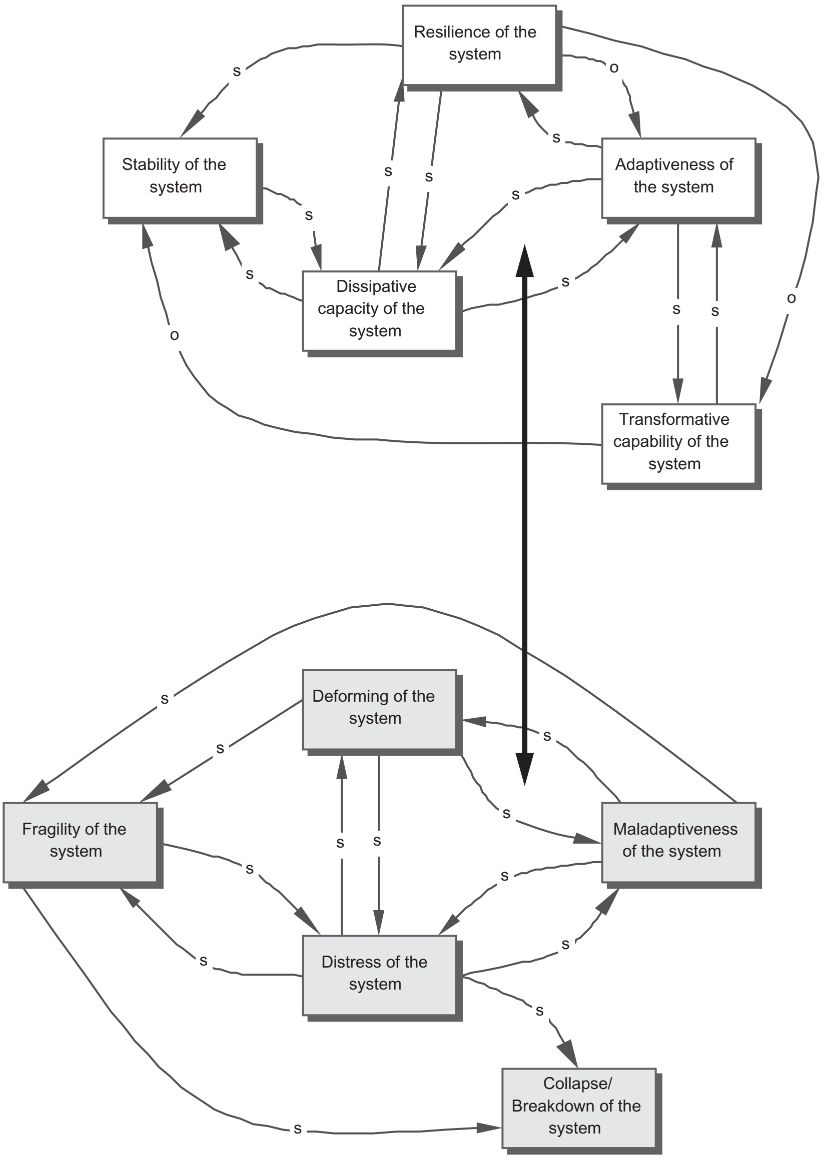

Figure 6 Mapping the trajectory of the current pathological state gives us a glimpse into how certain strategies might work – or be counter-productive – in helping to create a healthy adaptive system.

Mapping the health of the system

Quite often the conditions prevailing at one level can amplify or attenuate whole-system conditions (depending upon the strength and variety of the systemic relationships). For example, the intense cultural climate peculiar to one small part of the company can unduly influence the health of the whole corporation in disproportionate ways. Likewise, quite subtle, or apparently inconsequential, symptoms can indicate the potential need for a significant strategic response. Another problem we may encounter is the difficulty of creating momentum for *adaptive* conditions – it is rather like the Space Shuttle needing to generate sufficient velocity in order to leave the earth's atmosphere, gravity holds it back. It is so much easier for any organizational system to succumb to the gravitational pull of the *maladaptive* cycle. This is vividly depicted in the SPDM where there are no balancing loops to be found in the maladaptive process – all the loops here are *reinforcing* loops, actively engaged in intensifying the maladaptive process and thus creating an even more maladaptive pathology.

4. QUESTIONS FOR CHECKING STRATEGIC RESILIENCE

Five literacies leaders have strong business instinct – or 'nous' – especially regarding what to do in difficult situations. They are strategically resilient. Strategic resilience means knowing that what you are doing and how you are doing it is appropriate, given current conditions, and is the most robust strategy to have adopted in the circumstances. In order to improve overall performance there are several broad questions we can ask to check whether or not our current strategies are creating the impact we had hoped for. Known by their acronym, the ***RAISE*** factors (because they represent a useful short-cut for 'raising the consciousness' of our systemic knowledge), they are:

1. **Responsiveness**
   Are we being sufficiently responsive to our clients' needs and expectations? How do we know? How could we improve these levels of performance?

2. **Adaptiveness**
   Can we adapt rapidly if the need arises? What could trigger this need in the current environment? What would be our initial

Table 1 Generic diagnostic questions for adaptiveness (within evolving, emergent and future contexts).

	External environment	Internal system
Signal detection	• Is what we're doing working? If not what are our clues as to why not? • What is happening in the external environment that we deem to be significant in both the short and long term that could impact us? • What is happening in the external environment that is deemed significant in other industries, businesses or emerging business ecosystems, which has not yet been considered important in our strategic thinking? • Are our stakeholders happy with our performance? Which ones are not happy why not, and is there a pattern there? • What are any noticeable changes (quantity, quality, nature) in our stakeholders' wants, needs, expectations and frustrations? • Are we noticing any changes to our stakeholder mix? • What are some of the things concerning people that are still only intuitive hunches at this stage? • What are some changes made by other entities in our metasystem of which their impacts are as yet unknown, ill-defined or not felt? • To what extent is our assumed future unfolding or not, and how do we know? • Can we perceive any significant patterns, trends, discontinuities, systemic structural changes, changes in systemic drivers, etc. that we hadn't perceived (or taken much notice of) before?	• How do we know the real status of our organizational ecology? • What is the direction of the trend? • Are we noticing any changes (quantity, quality, nature) in our people's wants, needs, expectations and frustrations? • What are some feedback loops for us to know if a particular system within the organization (or the organization as a whole system) is predominantly 'stable' or 'fragile'? • And in the future? • What are some feedback loops for us to know if a particular system within the organization (or the organization as a whole system) is predominantly 'resilient' or 'deforming/ deformed'? • And in the future? • What are some feedback loops for us to know if a particular system within the organization (or the organization as a whole system) is predominantly 'adaptive' or 'maladaptive'? • And in the future? • What are some feedback loops for us to know if a particular system within the organization (or the organization as a whole system) is predominantly 'dissipative' or 'distressed'? • And in the future? • What are some feedback loops for us to know if a particular system within the organization (or the organization as a whole system) is predominantly 'transformative' or 'collapsing/collapsed'? • And in the future?

Table 1 *Continued*

	External environment	Internal system
Significance & timing	• Is our current strategy able to accommodate any emerging trends and innovations that may have systemic implications? (e.g. e-commerce, pervasive computing, technological convergence, changing social demographics, regional political unrest, etc.) • Is our current strategy robust or resilient enough to sustain itself within at least three 'challenge scenarios' of the future? • What may require changing? Our systemic niche and boundaries? Our strategic intent and framework? Our strategic programs? Our internal capabilities? Our current paradigm? • In what time frames should we expect to change these things? • If we change one of the above, how will it impact the other elements? • What do we estimate to be our time windows for preparation and change before our current strategy may be rendered nonviable? • How does the above timing affect the type of strategic response we should be employing today? • What is our role in shaping and influencing our metasystem in view of the nature, significance and timing of the issues and dynamics in play? • What are the consequences of not changing immediately in response to the systemic changes impacting us?	• Based on our calibration of the system's current state of health, what patterns of pathological progressions are prevalent? How fast are they progressing? If left unchecked, what is the significance of their progress? • What are we doing that causes the current organizational pathology? What will reinforce positive progression? What will halt, slow or reverse any negative trends? • How will any changes to our strategy be determined given the available time frames for effective action? • How do the pathologies differ between various subsystems within the organization? • How do the pathologies differ between different levels of systemic recursion within the organization? • How can we make better sense of the overall organizational pathology given a clearer understanding of the interactions between the pathologies of the organization's subsystems at different levels of recursion? • How does this impact the nature and content of the organizational strategy? • How soon do any changes need to occur? • What are the implications of the available and/or most opportune time frame?

(habitual) response if we needed to adapt? How would we know if this was appropriate or not?

3. **Intentionality**
   Are we clear about our strategic direction? Can we get there from where we are? If not, what needs to happen? Are we confident that we have appropriate intelligence to inform our decisions? How would we know? Is this intelligence available where it is needed in real time? How might we improve the time it takes to identify, process and act upon intelligence?
4. **Sustainability**
   Are our strategies enabling sustainability? How do we know? How could we improve our strategies to ensure greater levels of viability for the business?
5. **Ecority**
   Will our strategy damage or improve the business ecosystem? Are there unintended consequences we may not have thought through? Will our strategy cope with unseen or unintended consequences? How? How will we deal with the risks arising from these?

Pulse points

Sometimes *five literacies* leaders need to ask more detailed questions to have confidence that their strategy is resilient. There are around 13 generic ‘pulse points’ you can use to give you that confidence (see Table 2). These are the points that professional strategists check automatically when a new strategy is being designed or a new approach being proposed. This is not an exhaustive list and you may want to develop your own checklist over time. When you do this make sure that the assumptions underpinning your checklist equate with external conditions as well as internal capability. The best strategies are not necessarily the most ambitious, but those that take into account:

1. External conditions – Will the market be receptive to our strategy? Will it resonate well with stakeholders?
2. Internal resources – Do we have the resources and wherewithal to do this?
3. Impediments – What could hinder us in doing this? Is the willpower there?

Table 2 The 13 pulse points for strategic viability.

Criterion	Initial trigger questions
1. Systemicity	• Does the strategy make sense as a cohesive and coherent whole? • Are the risks entailed justified? • Is the strategy likely to impact other strategies in ways that we cannot predict?
2. Overlap	• Is there any unwarranted duplication with other strategies in other parts of the business? • Is any part of our strategy redundant or likely to become so in the near future?
3. Underlap	• Have we omitted anything important? • In view of our current intelligence, are there any outstanding issues or gaps we should address now?
4. Lock-in	• Does the strategy lock us in to any technologies or processes that we might need to jettison or change in the future? • Will they be easy to change?
5. Focus and direction	• Will our strategy, in whole or in part, move us closer to achieving our preferred future faster? • Is the strategy aligned sufficiently with our direction?
6. Leverage	• Does the strategy, in whole or in part, help clarify and reinforce our intentions and direction? • Is it possible that our strategy could detract from or impede other important strategic initiatives & responses? • Are there more leveragable strategies we could deploy?
7. Resilience	• Is the strategy sufficiently robust to withstand the impact of unpredictable change? • Is the strategy still viable in non-preferred future environments?
8. Translation	• Will the strategy require translation to enable it to be actioned? • If so, is this within our capability? • Is the strategy, in whole or in part, open to misinterpretation? • If so can this be handled?

Table 2 *Continued*

Criterion	Initial trigger questions
9. Deployment	• Are there any barriers to the smooth implementation of the strategy that we might have overlooked? • How will it work in practice? • Do we need to redesign any protocols or processes to assure its effective deployment?
10. Equivalence	• Does the strategy achieve a reasonable balance, in whole and in part, between short-term and long-term components, between challenge and achievability, and in the allocation of adequate resources?
11. Applicability	• Have we fully understood the context for this strategy? • Is the strategy generally applicable to the stakeholders we are attempting to involve? • Will it provide a comprehensive strategic solution? • Will people be sufficiently engaged and motivated by the strategy?
12. Feasibility	• Can we afford the strategy? • Are there sufficient resources available to make it work? • Does it provide the best use of available skills, time, people and capital? • Will the return on our investment be adequate?
13. Measurement	• Are we measuring the things that really matter? • Are we measuring too much or too little? • Will the measurements we are adopting help us to redesign or improve our processes? • How will we know we have been successful?

5. QUESTIONS FOR FINDING OUT WHAT THE PROBLEM IS

Five literacies leaders never jump to conclusions – particularly when it comes to *soft* problems. They reflect long and hard on the issue at hand. Hard problems are characterized by the fact that they can be defined.

You assume that there is a definite solution and you can define a number of specific goals that must be accomplished. In essence, with a hard problem you can define what success will look like prior to embarking on implementing the solution. The 'what' and the 'how' of a hard problem can be determined early on in the process. Soft problems, on the other hand, are difficult to define. They will have a large social and political component and are largely based upon perceptions. *Five literacies* leaders are often involved in complex problems that have no easy answer – no black or white solution. Sometimes the problem is really 'wicked' – so messy that it is tough to figure out what the problem actually is. The complexity of many organizational and social problem situations often defeats attempts at defining a single problem.

This is why, when we think of soft problems, we don't think of problems but of 'problem situations'. We know that things are not working the way we want them to and we want to find out why and see if there is anything we can do about it. It is the classic situation of it not being a 'problem' but an 'opportunity' for improvement. In these situations it helps to use a framework devised especially for the purpose by Peter Checkland. It is called Soft Systems Methodology (SSM) and is divided into seven iterative stages. Sometimes several iterations of these seven steps are required to produce effective results.

Step 1 – Considering the problematique

Finding out about the unstructured problem situation. This is the basic collaborative enquiry into the problem situation.

- *Who are the key players? What do they do?*
- *What prompted them to request this analysis?*
- *How do they describe what is happening?*
- *What assumptions do they have about how things should work?*
- *What critical incidents have occurred?*
- *How does the process work now? Why does it work this way?*
- *What is the situation producing that is flawed or inadequate?*
- *What is it about the situation that people believe can be improved?*

Step 2 – Expressing the problem situation visually

As with any type of diagram, more knowledge can be communicated visually. A picture is worth 1000 words.

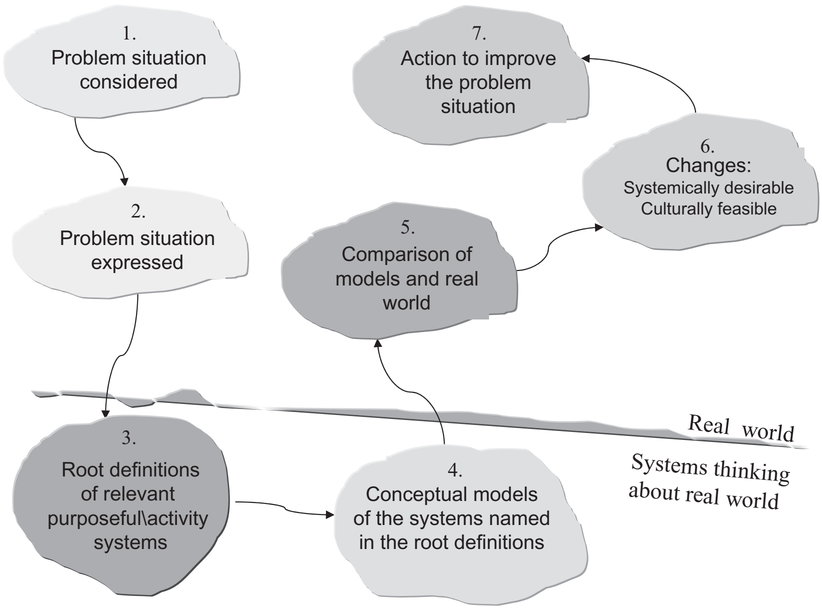

Figure 7 We have a tendency to see symptoms of a situation as known problems that can be solved simply. Often this is an illusion: the real problems remain unseen or avoided. Using an exploratory approach like *Knowledge Designer*, Peter Checkland's Soft Systems Methodology forces us to find out what the real issues are (through collaborative enquiry) rather than just assuming that we are dealing with a simple problem.
Source: Checkland, P. (1981). *Systems Thinking, Systems Practice*. Chichester, UK: John Wiley & Sons, Ltd.

- *What are the best ways to depict the problem situation and how it works now?*
- *What are the elements and themes we should highlight?*
- *What do they look and feel like?*
- *How should we depict power relationships?*
- *How should we convey people's roles, behavioural norms and relationships?*
- *How can we represent people's feelings, complaints, criticisms, suggestions and endorsements?*
- *What structural factors might be difficult to change (e.g. buildings, locations, environment, etc.)? How do we represent these difficulties?*

Table 3 Example of root definitions adequately expressed.

Input	Output	As viewed through eyes of:
Unused land	Land occupied by golf course	Architect
Need for tee times	Need for tee times is met	Club management
New golf balls	Used, scuffed-up golf balls	Equipment industry
Grass seed	Mature grass	Greens keepers
Uncooked food	Quality meals	Kitchen cook
Registered golfer	Golfer completes round in X strokes	Pro shop staff
Golf lesson programme	Enhanced lesson programme	Club professional

- *What is fluid, in the process or state of transformation? How do these changes interact? How can we show these transformations?*

Step 3 – Defining the problem's parameters

Selecting how to best view the problem situation and naming the relevant systems (root definitions).

- *What relevant systems are in play?*
- *How can we express the core purpose (meaningful activity) of these systems?*
- *How can we express these core purposes as: (a) transformations (b) inputs (c) outputs – seen through the eyes of key actors? (See Table 3).*
- *From what different perspectives can we look at this problem situation? (See third column in Table 3).*

Step 4 – Building conceptual models

Build models for what the system must do for each of the root definitions.

- *How could each of the systems work?*
- *How could the outputs be achieved by the least number of activities?*
- *What would produce the optimum performance to satisfy all stakeholders' needs?*

- *How would we measure the efficacy, efficiency and effectiveness of each root definition?*
- *How will we monitor the activities in the operational system?*
- *How should we use the outcomes of these metrics to determine and execute action to control the operational system?*

Step 5 – Comparing conceptual models with reality

Compare steps 2 and 4 to search for useful differences and similarities.

- *What are the major differences between these new models and present reality? Are there any significant patterns in these differences?*
- *What are the similarities? Are there any significant patterns in these similarities?*
- *What in the models might provoke positive change in the real situation?*
- *How would past problems have played out differently if these new models had been in use? What can we learn from this?*
- *Are there any activities in the models that are discernible in the real world? If they are present, how well are they being done?*
- *What are possible alternatives to current real-world activities?*

Step 6 – Identifying feasible and desirable changes

Generate debate about possible changes that might be made within the perceived problem situation.

- *What are ways of improving the problem situation?*
- *What changes in structure might be made?*
- *What changes in procedure might be made?*
- *What behaviours are appropriate to various roles? Why?*
- *What changes in attitude or behaviour would be beneficial?*
- *How can we know that these changes are, and will remain, systemically desirable, economically viable and culturally feasible?*
- *Are other problem situations being created as a result of our changes?*

Step 7 – Implementing the changes

Taking action to implement the desired changes.

- *How will we implement the changes?*
- *How will we monitor the (intended and unintended) consequences of the changes?*
- *Are we encountering any unforeseen difficulties in implementation that might signal we have misunderstood the original problem situation?*
- *Are any new problems emerging as a result of our changes?*
- *In terms of the analytical process we have used, how might we now improve it to deal better with other problem situations?*

A final note concerning 'rich pictures'

Rich pictures are used to provide a model for thinking about the system and to help us gain an appreciation of the problem situation. It is important to note the difference between rich pictures and formal models. The rich picture does not attempt to model the system in any precise way. Rather, it provides a representation of how we can look at and think about the system. It can be refined as our understanding of the system becomes clearer, and what we want becomes clearer. Rich pictures are artistic and individualistic expressions and therefore not 'right' or 'wrong'. However, they should represent structure, processes and issues of the organization which could be relevant to the problem definition, and try to give an impression of the organizational climate. They commonly depict the boundaries of the system; key inputs, outputs and transformations; interfaces with other systems; external entities with which the system interacts; and critical components of the system.

Each team will develop its own style of rich picture. Stick figures can represent people. Arrows are used to indicate flows (of information etc.). Thought bubbles can convey the current thinking of the people in the situation. You can start with people or locations. You can put objects, items or issues or bits of paper and try to group them, or fit them in the structure. Remember a rich picture is not a system model or system map (which may be generated at later stages), nor is it an organigram (the sort of management hierarchy maps which organizations often use to describe themselves).

6. QUESTIONS FOR CARRYING OUT COMPARATIVE STUDIES

Five literacies leaders constantly compare the consequences of their decisions and actions with the needs and health of the broader business ecosystem. This is a continuous, heuristical process of identifying, compiling, understanding, evaluating and adapting the lessons gleaned from observing what happens as a result of your decisions. Within *keystone* enterprises, such processes are intended not only to help your own organization improve its performance but also to enhance the overall health of the business ecosystem – and even society in general.

Comparative studies are mutually beneficial cooperative learning tools that arose from the concept of continuous process improvement. Like any such tool, comparative studies must be used with great caution. While some studies, like benchmarking, can be useful in the development of knowledge about explicit processes (and even whole systems) they can also be fickle. Applied literally, for example, benchmarking can induce the illusion of progress and improvement, seducing some executives to blindly implement so-called 'best practices' without adapting these for their own particular conditions and circumstances or assessing their impact on the rest of the business ecosystem. Consequently it is important to emphasize that part of any comparative study must be aimed at understanding and translating observed practices, rather than mere data collection and replication.

One of the biggest mistakes people make when beginning a benchmarking study, for example, is that they only look at best-in-class organizations within their own industry. Although this doesn't hurt, you probably already know enough about your industry to know what works and what does not. Worse still, some people feel obliged to benchmark their competitors. But what if the competition is worse than your company? This would seem like a pretty big waste of time and energy. Unless, of course, by helping your competitors you are also improving the health of the business ecosystem and, indirectly, your own prosperity and well being.

So it is preferable to benchmark exemplary practices wherever these can be found. For speed of delivery we might benchmark a Formula One Grand Prix pit team. For the design of effective communications strategies we might look to Adbusters or Saatchi & Saatchi; for teamwork to the operational health and safety (OH&S) team on one of BP's deep water oil rigs; and for new business models to industry clusters in Bangalore.

By comparing your processes and strategies with other members of the business ecosystem you will find out:

- Who performs a particular process exceptionally well and how this adds to the health of the business ecosystem.
- Who has practices that are adaptable to your own organizational needs.
- Who are the most compatible partners with whom you can do new business.
- What explicitly they are doing that adds value to their business and that is different from you.
- How their thinking and approach about such processes and practices differs from yours.
- How they innovate and improve what they do and how they do it.
- What options can be developed to best adapt their best practices to your own business.
- How you can share your practices or assets with them.

The simplest heuristic for a comparative study of any kind, and also one of the most systemic, has five steps reminiscent of the Deming cycle of continuous improvement: Discover, Observe, Comprehend, Adapt and Improve.

Step 1 – Discover

- *What is the system under investigation?*
- *What are its boundaries, current dynamics and performance fitness?*
- *What topic areas and processes are critical for shedding new light on this system?*
- *What are our objectives and success criteria?*
- *What kind of approach should we use in the circumstances?*
- *How will we identify, negotiate and communicate with potential partners?*
- *Who will be responsible for planning a way forward?*
- *What should this plan comprise?*
- *What should be our agreed code of behaviour as we undertake this study?*

- *How will we integrate new knowledge into our business?*
- *How will we integrate new knowledge into the business ecosystem?*

Step 2 – Observe

- *What are we seeing that we would consider to be beneficial? How can we be sure?*
- *What alternative questions do we need to ask?*
- *What fresh insights can be gleaned from our observations?*
- *What performance information and data needs to be collected?*
- *How should we collect, collate, map and present this data?*
- *How should we present our findings to other interested stakeholders?*

Step 3 – Comprehend

- *What is actually going on below the visible surface?*
- *What trends, patterns and structural dynamics are important?*
- *How can we best describe the prevailing worldview?*
- *How can we best depict reality?*
- *How can we visualize the complexity of what we are seeing?*
- *What tables, maps, charts and graphs could help our understanding?*
- *Are there gaps in performance between our processes and better performers?*
- *What is the nature of these gaps? How can these gaps be explained?*
- *How can our findings be communicated easily and with clarity?*
- *What opportunities exist for improving our performance?*
- *What opportunities exist for improving the health of the business ecosystem?*
- *What opportunities are there for increased virtuous investment?*
- *What opportunities are there to leverage our assets more effectively?*

Step 4 – Adapt

- *What can we learn from our study?*
- *How feasible is it to improve processes and practices in light of the conditions that apply within our own organization and system?*

- *What improvements are likely to reap the best returns?*
- *Where and how could we leverage improvements or innovations to enhance the return on our investment while improving the health of the whole system?*
- *What improvements or changes are likely to transform the state of our system?*
- *What criteria should we use for choosing new strategies?*

Step 5 – Improve

- *What consequences are flowing from the implementation of new practices and improvements?*
- *Are these consequences beneficial or damaging?*
- *Do these consequences have unacceptable side effects?*
- *Are we monitoring the most appropriate pulse points?*
- *How can we improve communication to keep all stakeholders better informed of progress?*
- *How can we embed learning as a generative capability within our enterprise and beyond?*
- *How can we evaluate the process undertaken and results achieved from the institution of improvements and new practices against our strategic keystone objectives?*
- *Are the changes contributing to a healthier system in terms of purpose, intent, fairness, efficiency and effectiveness?*
- *How should we document the lessons learnt and make them available to others?*
- *How should we reconsider any benchmarks in the light of changes to the conditions that impact on our performance relative to current best practice?*