

PART ONE

# THE CHALLENGE OF PARADOXES

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## Puzzles and Paradoxes

*Par-a-dox: noun, def. 3: one (as a person, situation, or action) having seemingly contradictory qualities or phases.*

—Merriam-Webster<sup>1</sup>

You often hear of top-flight managers who do so well at one company that another firm woos them away for a tidy sum—only to turn into losers at their new jobs. And you often wonder: How could wunderkinds in one company so quickly become bona fide duds in another?

We can't tell you all the reasons why, but we know one of them. It relates to how people solve problems. As a way of explaining, let us tell the story of Ron, a client and the former hotshot leader at a media and technology company. Ron, who made his name as a brainiac overachiever, could absorb, integrate, and act on vast mountains of data about consumers and market trends. With a team of geeks and creatives, he developed breakthrough marketing strategies, created brilliant ad campaigns, and delivered rapid market growth.

After great success, Ron was tapped to become COO of another company. He took the same approach there—and it didn't go well. Almost too late, he realized that the real problem he faced was not solving an analytical puzzle about global marketing. It was figuring out how to work with others in a matrix organization.

Ron and others at headquarters wanted one thing. People in the field wanted another—and both sides had good reasons. Ron was caught navigating between contradictory organizational forces. In spite of his intellect, he was skewered for arrogance by regional salespeople, who shunned him as cold and uncaring.

Ron was proving as ineffective in his new job as he'd been effective in the old one—so much so that his boss threatened to let him go. It didn't matter that Ron, based on his exhaustive analysis, *knew* how to build bigger market share with a bigger and smarter brand, offering customers a new website, new loyalty programs, and new amenities. He could even prove in meetings that he had the right answer: He had irrefutable numbers and logic.

And yet Ron's inability to deal with contradiction became the problem itself. Ron was one man in one unhappy job, but we have encountered people in the same circumstances in other companies. In fact, he may remind you of someone you know. Or maybe you, yourself. Because the fault he revealed at the conceptual level was common among leaders: thinking of every problem as an analytical one—and acting on that thinking so single-mindedly as to remain blinded to the reality that the make-or-break problem may actually be a paradoxical one.

When we use the term *paradoxical*, we do not mean paradoxical as in literature. We mean paradoxical as in bristling with opposing forces—forces that seem contradictory or even absurd in juxtaposition. Forces that cannot be muted or ignored. In Ron's case, that meant forces that pushed a headquarters solution on one hand and a regional one on the other. Or put another way, forces that required acceptance of a solution at the headquarters level versus acceptance at the regional level. Achieving ownership at both levels—a contradictory task—was key. If salespeople didn't *feel* that ownership, they wouldn't take action in spite of Ron's appeals to the CEO to force compliance.

When leaders don't see the paradoxical nature of problems and solutions—when they think they can solve every problem as an analytical puzzle, as Ron did—they fail at some of their hardest challenges in management today. Especially the people challenges. They get stuck on one side of the line separating straightforward problems from complex ones. And their decision making then perplexes, angers, and alienates people around them—bosses, subordinates, partners, even family.

We tell more of Ron's story later, because he did ultimately transform himself to overcome the challenge he faced. He began to think about how he could change his own behavior, rather than fix his new organization. He decided to learn before he leaped, and listen before he led. Over time he was accepted by the new organization, which began to appreciate the value he could provide.

But first we look deeper at the ability he initially lacked: to recognize the difference between problems with pat answers, what we classify as puzzles, and problems with no pat answers—and no promise of ever having them—which we classify as paradoxes. Life can be miserable—as Ron learned, in spite of his devotion to a quality analytical solution—if you don't make this distinction. It's essential to jump over the line and work with others to handle paradoxes.

If you don't make this distinction, you make another error—an error we see in leaders all the time—thinking the skills needed for resolving one kind of problem are adequate to handle the other. They aren't. And the deployment of the wrong combination of mindsets and tools explains why leaders who excel in solving puzzles flail and fail with paradoxical problems. Only by jumping over the line (and when appropriate jumping back) can they manage the complexity that life throws at them today.

Jumping over that line is no small task for many leaders, but it is well worthwhile. Obtaining this ability is what sets them up for functioning at much higher levels of performance. It also sets them up to function at the highest levels in the organization, since the higher you go the more paradoxical the problems become. Managing those problems effectively enables you to avoid frustrating others while eliciting unparalleled levels of energy from your people.

It can also do something else, and that is prepare you to see that dealing with paradoxical problems often raises, in turn, paradoxical solutions: The way to compete in the long term is to compete in the short term. The way to compete globally is to compete locally. The

way to create stability is to create change. The way to serve yourself is to serve the team. The way to gain power at the center is to give power to the periphery. The way to achieve cohesion is to champion diversity. These solutions result from first seeing the basic distinction Ron missed entirely.

## The Problem Continuum

Everyone implicitly knows but rarely stops to consider one core truth: The kinds of problems that emerge in an organization do not all come from the same mold. In fact, they don't even come in just two varieties, puzzles and paradoxes, as we have implied. They vary along a continuum. From quantitative problems to policy problems. From questions of achieving factory efficiencies to conundrums in making investments. From sticky situations in customer service to the quandaries over balancing stakeholder claims. From snags related to regulatory rulemaking to predicaments of centralizing versus decentralizing organizational authority.

On one end of the continuum are problems with solutions built on uncontested facts. On the other are ambiguous problems raising a muddle of alternative solutions wherein every element is contestable. Fortunately, you don't need a whole taxonomy of problems to further your leadership skills. It's only necessary to distinguish between black-and-white puzzle-like problems and unresolvable paradoxical ones, and to recognize that puzzle-like problems amenable to a single solution differ from paradoxes with no fixed and enduring solution—and to accept that what look like easy, win-win puzzles can evolve into chronic no-win paradoxes.

We've seen a lot of misery among corporate leaders as they solve problems—a lot of it self-inflicted, and much of that starting with failure to make the puzzle-paradox distinction. That's of course what happened to Ron. He could analyze complicated markets and come up with a rational and defensible approach to what needed to be done. He could not so easily solve the complex paradoxes posed by conflicting forces in the matrix organization in which various factions

competed with one another. Regional sales chiefs, the dukes of their own lands, refused to simply bend to his will.

### **Puzzles We Know**

Today's leaders have invariably received plenty of training in solving problems with puzzle-like qualities. With persistence and ingenuity, using analysis and rigorous logic, they have become accustomed to arriving at a right solution. The analysis, of course, depends on facts and data. And the facts and data point to insights. The insights in turn allow the leader to wield a set of known tools and procedures to launch a frontal attack that promises a certain solution to the problem.

The classic puzzle in management is the “traveling sales rep problem.” What's the shortest route for someone to drive or fly to a fixed number of cities and return to the original city? The problem, even once you get to a large number of stops, has a definitive answer, even if not easy to determine. The same is true of many analogous questions of optimization in planning, logistics, manufacturing, and other fields. The traveling sales rep problem is a favorite of mathematicians.

Solving puzzles like this brings a lot of satisfaction to most people, and it's easy to see why. As in crossword puzzles, picture puzzles, or chess, so in operations management, product development, and customer service, people have learned again and again to win—and feel like a winner—with a fixed solution.

Note that by referring to puzzle-like problems, we don't imply simplicity. Many problems with what appear to be straightforward solutions are complicated and difficult. For example:

- Determining the lowest-cost providers of materials for manufacturing.
- Determining the impact on margins of currency fluctuations in non-U.S. businesses.
- Identifying the technical training requirements for operating new logistics software.

- Determining consumers' level of satisfaction with a new product launched in Asia.
- Determining the impact on client portfolios if the yield on municipal bonds drops.
- Forecasting price points based on shifts in commodity markets.

These are tough puzzles to figure out. They have many parts, and the parts interact in many ways—and yet as complicated as they are, they still have single best solutions. And they can still be solved most of the time by just one smart person. As an example, the head of a health care business we know, an executive with lots of experience, had to develop a strategy to resuscitate a money-losing hospital device business. Competitors had invented new technologies and lowered costs, squeezing her unit's margins. Hospitals were replacing some of her business's core products in surgical devices.

The first step for this executive was to come up with a new strategy. She faced some complicated questions: Which segment of the market was growing the fastest? Which customers had the most money to pay for supplemental surgery and medical devices? Which governments reimbursed the most for medical procedures? Which competitors' technology was declining? Which was most promising? Questions like this go on and on. But each has an answer, and she could formulate her strategy based on an analysis of the facts at hand. Coming up with the strategy was still hard, and it was important. To grow her business at that point, the most important challenge was to get the strategy right. But she was facing a puzzle, albeit a complicated one, nothing more.

Like other authors, we contrast complicated problems with complex ones.<sup>2</sup> A *complex* problem has no straightforward solution, defies purely logical analysis, and never yields to one answer. Complex problems are paradoxes. Distinguishing between *complicated* and *complex* is another way of distinguishing between puzzles and paradoxes. That many leaders don't make that distinction goes a long way toward explaining why company leaders so often ask us to come in

and help them—and why we often trace their challenges to resolving paradoxes.

### Paradoxes We May Not Know

It's useful to define paradox, as often used in management, in more detail. Leaving aside its literary uses, we define *paradox*, first, as a problem requiring leaders to recognize and fulfill two or more competing demands at the same time—for instance, winning at global and local levels simultaneously, as in Ron's case. You can single out what factors are under tension—and will always stay that way—almost like the poles of a magnet. In other words, paradoxes press leaders to serve one need while serving its opposite. That's hard enough on its own, but leaders are always facing multiple paradoxes at the same time and trying to find a way to proceed—when all the ways with a chance of improving current conditions are apt to seem illogical if not irrational when viewed from different perspectives.

Second, management paradoxes do not have a single right solution. They may have many solutions. Whereas in puzzles, two informed people will agree on a right and wrong answer, in paradoxes, they will rarely agree on either. The health care executive and her colleagues could agree on a strategy, because it posed a puzzle. But as it turned out, they could not easily agree on something else, because they faced a common paradox—how to create change in the organization while maintaining stability. More specifically, the challenge was changing people to fit the new strategy. It turned out that she had to fire and hire to form a new winning team without disrupting the company's focus on performance.

Third, management paradoxes never get solved; they only get managed. Ron could choose to focus on just one competing demand—pressing ahead with a global marketing plan. But that solution would not—did not—last. In paradoxes, choosing to give priority to one opposing force does not eliminate the other. If you push for a global solution, local interests come around and hit you in the back of the head. If you push your solution down through the hierarchy by

appealing to central authority, the decentralized authorities come from behind and trip you up if they don't agree on the solution. For example, if you get the CEO to champion your cause, the heads of functions, product units, and geographies who run the company can block your success. And so this year's solution, as the wheels of time turn, inevitably becomes next year's dud.

Solutions to puzzles are forever, rain or shine. Solutions to paradoxes must be monitored over time. They can change with the seasons.

The difference between puzzle- and paradox-like problems—and the need to distinguish them—has gotten plenty of study both inside and outside business. As far back as 1973, Horst Rittel and Melvin Webber, professors at the University of California, Berkeley, described problems of social policy as either “tame” or “wicked.”<sup>3</sup> Rittel and Webber referred to what we call paradoxes as wicked problems, in the sense of devilishly hard to resolve. They referred to puzzles as tame problems. And they noted that searching for rational, scientific bases for solving wicked problems was futile, owing to the difficulty of defining the problems, knowing correct from incorrect solutions, accommodating different perspectives of people involved, lack of definitive answers, and so on.<sup>4</sup>

“Proposed solutions” to paradoxes, they wrote, “are expressed as ‘good’ or ‘bad’ or, more likely, as ‘better or worse’ or ‘satisfying’ or ‘good enough.’” No true/false or right/wrong answer was possible, they argued. “The one best answer is possible with tame problems, but not with wicked ones.”<sup>5</sup>

Even seasoned leaders get trapped into puzzle thinking, looking—as if in a multiple-choice quiz—for the correct answer. One CEO who had gone through many yellow legal pads filled with checklists told us in our research, “One day I looked at my list of problems to solve and realized I couldn't put a check next to any of the items on my list. Some of them had been on there for months, and I had one of those ‘aha!’ moments. I realized my list of problems were really paradoxes and they were never, ever going to be solved.”

What are some examples of the paradoxes a company leader would encounter? The following list gives the most common competing

forces we've identified. Notice how we break these out as sets of single contradictions, in keeping with the way most of us think, although paradoxes may actually present three or more facets.

- Long term (investments) versus short term (profitability)
- Company versus function
- Local versus global
- Stability versus change
- Hierarchy versus flat structure
- Diversity versus meritocracy
- Core growth versus innovation
- Control versus delegation
- Honoring people versus demanding performance
- Work versus family

For example, determining what marketing decisions should be made in subsidiaries instead of at the corporate or division level would be a specific paradoxical problem. So would determining the right balance between investment in new versus existing products, devising a system to reward team versus individual performance, or figuring out how to achieve your career ambitions without sacrificing your commitments to your family.

Some paradoxes are strategic, such as long term versus short term or core growth versus innovation. Some are structural—hierarchy versus flat. Some are a matter of style—control versus delegation. And some are personal—work versus family. In all types, at least two opposing forces fight for air, and it seems impossible to give any of them the oxygen they need. Deprive one side of the paradox of priority and it will come back to fight doubly hard. You may tell yourself, “There must be an answer to all this!” Or you may berate yourself, “I should be able to fix this once and for all!” Odds are, there isn't, and you can't.

When Ron started to come to this realization, he finally set himself on a course for success. He saw that he was ineffective because he

couldn't get anything done. When he focused on the global forces, he ended up appealing to his boss, and he soon found that issuing commands from the top down didn't work. And even if it did, Ron risked looking weak and dependent. He wanted to control the organization, but he couldn't—even the CEO couldn't exercise complete control. He couldn't get the sales force to implement his ideas, and in turn he could not rack up a list of accomplishments, or any accomplishments at all. And so Ron had to see a paradox for a paradox, and he had to take a new tack to implement his ideas in collaboration with others. When he finally gave more thought to the local forces, he made rapid progress.

### **Paradox Litmus Test**

When you wrestle with an issue that comes across as a basic problem, and yet you're not sure that it is, how do you know you have a complex, paradoxical one? Here is a litmus test: Ask yourself, *Is there negative fallout from the solution you are trying to implement?* Or as professors Rittel and Webber write, have you found that “what comprises problem-solution for one is problem-generation for another”?<sup>6</sup> Do the original opposing forces resurface in a different form as you attempt to make your solution work?

You might notice that the same litmus test works as well in personal as work life. Puzzles stay solved when you have good solutions. Paradoxes resist solutions. Like monsters in a horror movie, they can't be killed. They keep coming back in ugly forms no matter what sword you slay them with. Consider the constant struggle to raise an adolescent. You can't cross paradoxical problems off your list.

As Cameron Clyne, CEO of National Australia Bank, said: “When my executive committee continually rehashes the same issue, I know there is a paradox buried there somewhere.” In our work with many top executive teams, this failure to recognize, acknowledge, and manage paradox produces hours of unproductive debate and is the biggest source of frustration in teams.

## Approach to Paradox

As a way to further distinguish between puzzles and paradoxes, consider the approaches effective leaders take to paradoxes. One of their most striking techniques is bringing people together to collaborate to find the preferred solution. Unlike some puzzle solvers, they cannot—do not—try to solve paradoxes in a vacuum or by themselves. Managing paradoxes is a joint exercise.

Second, once these leaders get the right people in the room, they rely on logic and analysis without being constrained by it. We like to describe them as people who engage their heads, hearts, and guts, a concept from our earlier books. Paradox leaders use their heads to recognize intellectually that there is no single correct answer with a paradoxical problem, even if there are many alternatives. They use their hearts to collaborate with other people who have divergent thoughts and feelings to develop two or more right answers. They select a solution only after struggling with varying right approaches—none of which include either/or solutions but instead both/and solutions that respond to opposing forces simultaneously. They use their guts to act on a chosen solution without delay, even if they cannot eliminate all uncertainty.

In 2008, professor Russell Eisenstat and several colleagues published a working paper describing the results of surveys of how twenty-six particularly successful CEOs dealt with paradoxical problems. They then described in detail the CEOs' handling of the people-versus-performance paradox in a *Harvard Business Review* article.<sup>7</sup> They confirmed that the CEOs did not view solutions in terms of an either/or choice. Indeed, they didn't see themselves as having to come down on one side of an issue to resolve a dilemma. "The CEOs typically spoke about choice as a non-existing option," the authors observed in their working paper. "The task of the role is to be able to reach both outcomes and not choose," said one CEO.<sup>8</sup>

In other words, great leaders naturally jump over the line to collaborative, both/and problem solving when faced with paradoxes.

That's not to say that if you're a CEO you don't feel torn by opposing forces. But you can engage your head, heart, and guts to find solutions that deftly manage the paradox. Consider the approach of Bassem Bitar, chief strategy officer for Beirut-based Solidere. As the country's largest publicly listed company with a significant national mandate, Solidere has been spearheading projects to revitalize the central business area of Beirut for many years. While the company has succeeded in bringing people back to Beirut to shop, building retail stores and earning profits for shareholders, it has also endured criticism from the people of Beirut. Many people want Solidere to create a marketplace for everyone and preserve green space and traditional businesses.

The paradox, then, is between creating shareholder value and satisfying customers of the central district. If Bitar chooses to focus on profits for shareholders, he risks alienating the people of Beirut and catalyzing sharp criticism and public resentment. If he chooses to please the public by redeveloping the central city in a way that honors tradition and is egalitarian, he will have to sacrifice profit. Bitar is under considerable economic and political pressure to give in to one opposing force or the other, but he and the management team at Solidere have chosen to manage the paradox instead.

The company has done so by reacting to hot button concerns and communicating its sensitivity to them. For instance, Solidere has built green spaces into its plans for further preservation; it has also sponsored community-centric events and rebuilt parts of the city to reflect Beirut's traditional architecture. Bitar and the management team also talk regularly to community leaders and groups about Solidere's longer term time line: Some additional preservation and greening efforts will occur in the future rather than today. Bitar has given the community tangible proof of responding to people's concerns, while noting it will take time to respond to all of them.

At the same time, he has responded to shareholders not only by delivering good profits but by emphasizing how the plan for Beirut unfolds in phases while capitalizing on end customers' needs. For example, at the very center of the company's competitive advantage is its development philosophy that significantly embraces the

presence of open green spaces and investment in Beirut's heritage as drivers to create a rich urban environment that people would want to visit, work, and live in. Thus, by reassuring shareholders how and why the company will meet their profit objectives later in the project, Bitar is able to maintain shareholder trust and support. Bitar has indeed managed the dilemma. His method of preserving and rebuilding a city center while delivering profit to shareholders is precedent setting.

Applying the puzzle approach to problems full of paradoxical forces is self-defeating. If you insist on trying to fix a paradoxical problem once and for all, you may end up getting locked into wild swings in decision making and action. You might implement a mandatory cost-control edict, say, and when that fails or people stop traveling to sell products or solve customer problems, you unleash spending. You then issue a new edict. If A isn't the solution, then B must be it; and when B doesn't do it, then you try A again, only harder. The pendulum swings back and forth—and even wobbles from side to side—confusing people.

Andrea Jung, former chairman and CEO of Avon, found herself facing the global-local paradox. About ten years ago, she told us, Avon began a strategic shift to brand management, intent to focus on building consistent global brands. This move was essential to the company's growth. Key stakeholders, including the Avon Board and investors, knew that "going global" was not optional. It was imperative—the only way to drive efficiencies and create strong brands that could be marketed and sold around the world. At the same time, Avon had a long-standing tradition of relying on local leadership to operate the company's traditional door-to-door sales model. General managers in key global markets had the authority to make product decisions based on their understanding of local customers' needs. The challenge for Jung, and Avon, was to drive globalization without alienating local leadership.

The result: "We constantly struggled with the infamous paradox of global strategy and local execution," Jung commented later. "While there was clearly the need to globalize, we may have swung too far too fast without fully understanding the implications. The change

had major impact on our business model, leadership roles, and operating governance that presented many challenges throughout the journey.” Though local leadership bought into the business rationale and supported the strategic shift, they were too often lacking the capabilities in their organization to execute the new strategy.

## More Paradoxes Than Ever

In recent years, problems in work, life, and leadership have come to bristle with complexity. Complexity comes from the greater number of systems that run our lives, the greater interdependence of those systems, the greater scope and scale of systems locally and globally, and the greater number of people—all with their own interests in how the systems should work and what they should achieve. All of this means that leaders need to consider a greater number of outcomes—especially unintended ones—for any solution they develop. The growth in complexity is proportional to the multiplication of paradoxes.

In fact, in industry, you can almost mark your calendar, decade by decade, with the layers of accumulating complexity. After World War II, business aimed largely at building a lot for a little—the imperative was to achieve material and labor efficiency. In the 1960s, the imperative grew to include safety and health for workers. In the 1970s, it grew to include environmentally friendly operations. In the 1980s, world-beating quality systems and products came on strong. In the 1990s, so did demands to deliver unparalleled design, speed, profitability, and global reach. In the 2000s, it became imperative to include transparency, community consciousness, and on-the-job meaning.

We oversimplify, of course. But the layers of complexity have mounted relentlessly, along with opposing forces that can define the paradoxes in management and life. Consider Indra Nooyi, chairman and CEO of PepsiCo. Until recently, PepsiCo, like McDonald’s, Kraft, and Nestlé, could focus on creating products that tasted good without being overly concerned about whether they were also good for their customers. They could produce their products without fear

of coming under attack from politicians or consumers accusing them of fattening up the populations of the developing world for profit.

No more. When Nooyi took over, she managed a portfolio of products that had long included salty snacks and sugar-filled beverages. But increasingly, activists attacked the company for plying customers with high sodium and sugar, the villains in illnesses like atherosclerosis, heart disease, and diabetes. On top of all the other forces in business today, Nooyi has encountered this new one. She faces a new paradoxical situation, although she doesn't stand as a neutral party. She is chair of the Healthy Weight Commitment Foundation and clearly concerned about obesity, diabetes, and other problems caused by unhealthy eating.

Which direction does Nooyi turn? Does she risk alienating customers by taking the salt and sugar out of beloved products? Does she risk forgoing sales as the company revamps its product lineup? Does she risk losing investors who believe she should stick to her tried-and-true success formula? Nooyi has made a public commitment to create products that are "Fun for You," "Good for You," and "Better for You." Now she has to figure out how to negotiate so many paradoxical forces.

Managing the paradox of good taste versus good health is challenging for many reasons. For one thing, existing products provide the revenue stream the company is using to research and develop healthier products. For another, if Nooyi goes too slowly, she risks political fallout. When he was mayor of New York City, Michael Bloomberg insisted that New York reinstate its ban on super-size beverage containers—and the echo of his message still reverberates nationwide.<sup>9</sup> Third, as a global company, PepsiCo is aggressively pursuing markets in developing countries, which means Nooyi must navigate the complexity of countries with nutritional challenges.

She has taken the first step to managing this paradox effectively: Acknowledging it exists. She recognizes that good taste and good health are opposing points on a continuum—and yet may also be reconcilable. She also believes the choices should be transparent to consumers, allowing them to make informed decisions. As a result,

she is trying to anticipate the sensitivities of various groups and approach these dilemmas with a different mindset. So part of her solution is to invest heavily in new “Better for You” products.

We can assume that our problems will only grow more and more paradoxical the way Nooyi’s have, and probably not at a slower rate. Unlike their predecessors, leaders of today can often come up with six or eight options instead of just a couple. All may be of apparently equal value. And informed employees and publics argue vehemently for their varied positions, each opposed to one or more of the others and all sure of their own rightness. As outside stakeholders weigh in with more force, no amount of research will clarify the truth—because there is no clear, single truth to be found. Meanwhile, data overload will make it harder, not easier, to locate unbiased information in time to make clear decisions.

The volatility of our times adds to complexity. Consider what happens when, eager to increase flexibility, you flatten your company’s structure to foster close-to-the-customer innovation, accelerate decisions, and reduce costs. As you broaden the span of control, reorganize into teams, and encourage participatory decision making, you encounter new inefficiencies. Execution may become bogged down. That creates pressure on you to change processes and thinking, highlighting the paradox of execution versus innovation.

As change catalyzes the need for managing new paradoxes that didn’t even exist eight or ten years ago, it will become clear that recognizing and understanding paradox has become a critical skill at any level of the organization. If you approach a problem as a paradox and you really have a puzzle, no harm done. If you approach a problem as a puzzle and you really have a paradox, you will waste untold time and money fighting for a solution that may not exist and an outcome that is not possible.

You may even set in motion unintended consequences that take weeks or months to repair. For example, the decision to outsource operational tasks may seem to require a straightforward, puzzle-like, money-saving calculation. But cutting cost and effort in one part of the company may, paradoxically, increase it in other parts. A company

may need new experts, new teams, and new departments to keep up with technology change, managing relationships, and organizational learning.<sup>10</sup> An outsourcing decision may not be a puzzle at all; it may be a paradox rife with contradictory forces.

## Becoming Complete Leaders

At this point, you may still wonder: Is all this really new? Haven't paradoxes long been a way of life? And haven't paradox-solving leaders always risen to the challenge of finding solutions to problems with multiple opposing forces? Indeed, yes. In our experience, a top third of leaders, like Bassem Bitar, are naturals. They see paradox-laden problems for what they are. They deploy the proper skills to resolve them. They become role models for other leaders.

Research by Eisenstat and his colleagues, cited earlier, confirms this belief: Top-performing CEOs naturally make the distinction and deploy the skills to treat paradoxes in a differentiated way. They avoid the trap of struggling futilely to choose one extreme or the other, move to one side of an either/or dilemma, favor one stakeholder or business unit over another. They don't commit themselves to a search for a single, rational, clear once-and-for-all-time decision. Further, Eisenstat and his colleagues write, "They are committed to delivering short-term performance while also heavily investing in longer-term leadership and organizational capabilities. They push to increase the diversity of their firm's people, even as they reaffirm the common ground of the firms' shared purpose. These executives . . . discover powerful and integrative solutions to fundamental management tensions that other leaders too often avoid."<sup>11</sup>

Out of every group of leaders, however, only that top third, in our experience, fall into the group of naturals. Another third sense the need for handling paradoxes differently but react to them in a muddled way. And a final third fail to see paradoxes at all. Leaders in this final group are slaves to past training, encouragement, and rewards for heroic problem solving. They see puzzle solving as following a singular set of inviolable tenets of management. They cannot

transcend these tenets, and they risk creating solutions that do more harm than good.

Three sets of leaders. Three skills levels. Which group are you in? And if you're not a natural—most of us are not—are you ready to jump over the line?

As the story of Ron shows, that jump starts with seeing the line itself. When you jump over that line, as Ron did, you face multiple opposing forces head on. Ron could control the data and product development on his team, but he could not control the whole organization. He had to open himself to the idea that rational people worked elsewhere in the matrix, and rational people had power and ideas of their own. They couldn't be won over by just being nice and persuading them to his point of view with more data and information. Ron was being tugged in multiple directions, and he needed to honor the opposing forces pulling on him.

At first, Ron's mental model of the organization did not allow an acceptance of dispersed control and heightened ambiguity. It did not allow the idea of submitting to the realities of conflicting power centers in a matrix organization. When his mental model changed, he began to listen to the regional people—at first out of mere acceptance, later out of curiosity about their insights. He began to negotiate as an honest broker. He began to be sought out by some of his peers. He ceased to dominate his boss's staff meetings. The change took six months, but the turnaround was remarkable.

And in the end, by collaborating with others, Ron led the company in developing a new marketing approach, a new website, loyalty programs, and customer amenities. He could sort out corporate and regional tensions, reconcile trust built on stability with trust built on change, and achieve both quality of action and ownership of action. With data mined from customer information, and by adapting the company's global standards to local markets, Ron renewed company growth. The one key to his and the company transformation? Ron points to his acceptance of paradox.

Ron's transformation is not unique. No matter who you are, you can become comfortable operating in an atmosphere of uncertainty,

working with others to understand the ambiguity, reaching for consensus in dealing with it, seeking always to listen and innovate rather than speak and operate according to traditional procedures. You can do this at work, and you can do it at home and in the community. This is what makes a head-heart-and-guts leader skilled in the management of paradox.

The next step is undertaking a campaign to understand your deeper beliefs—see what they are, what limitations they have, and when to employ them and when to move beyond them. That’s the subject of the next chapter. You can then align your people, transcend conflict, and improve your own and your organization’s agility. You become what we call a “complete” leader. And you reap a bonus besides: You willingly, even eagerly, jump over the line in all aspects of life to enjoy, produce, and create in face of paradox and uncertainty.

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### **Complete Leader’s Checklist for Chapter One: Puzzles and Paradoxes**

- ✓ Distinguish between puzzle-like and paradoxical problems, between the “tame” and the “wicked.”
- ✓ Recognize that puzzle-like problems present complications that yield to analysis. Paradoxical problems present contradictions that can defy analysis.
- ✓ Beware paradoxical problems that suggest either/or solutions when they require both/and thinking.
- ✓ Recognize that puzzle-like problems have a single best answer, and you can *solve* them once and for all.
- ✓ Recognize that paradoxical problems have several answers, and you need to *manage* them with collaborators and revisit them regularly.