

# IN SEARCH OF CONTRADICTION

THE KEY TO GREAT LEADERSHIP IS TO EMBRACE COMPLEXITY AND CONTRADICTION, CREATING VALUE THROUGH INFLUENCE. **ANDREW WOOD** EXPLAINS

“For every complex problem, there is an answer that is clear, simple and wrong” – HL Mencken, journalist.

We live in complex times. The world of work is changing faster than ever. Technology, for everything it connects and simplifies, creates new complexity.

The decisions treasurers take and the risks they manage take place in large systems comprising many stakeholders, businesses, markets and dynamics. Those decisions have become too complex and unpredictable for any one leader to manage alone, despite the increasing technological resources, data and knowledge available. How, then, do we lead, when the answers to questions are increasingly often “I don’t know yet”?

I’d like to offer three ideas for navigating complexity, in the form of three questions:

1. What is my leadership built on besides expertise?
2. What can I learn from people with opposing points of view?
3. What do I have of value to offer my network?

## 1. What is my leadership built on besides expertise?

Many of us have built successful careers primarily on a reputation for technical expertise and specialist knowledge. We know what we’re talking about; we

have experience and insight that allows us to make good decisions, and that is rightly respected.

“We’ve had enough of experts,” said Michael Gove offhandedly in 2016. Of course, we have not – expertise is an asset in most situations, but in complex systems, expertise alone is not sufficient.

In the early 2000s, IBM created the Cynefin framework as a ‘sense-making device’. The framework distinguishes between ‘complicated’ and ‘complex’ environments (in addition to simple and chaotic ones), each of which requires different leadership approaches:

**Complicated:** In complicated environments, such as mining or engineering, there are precise, replicable ‘right’ answers. Landing the *Rosetta* probe on a 16km<sup>2</sup> comet after a 6.4bn-km journey lasting over 10 years took more than 2,000 experts; it’s a wonderful inspiration and an astonishing achievement at the very reaches of our capability, and it was very challenging to predict – but it was predictable nonetheless.

**Complex:** Outcomes in complex environments can’t be predicted, no matter how many experts are involved. Complex challenges – raising a child, or predicting the weather, or managing sanctions risks – have many more moving parts,

dependencies on other systems, and often human dynamics. Take the integration of a newly acquired business. Company cultures are complex systems (and they really are), so mashing two of them together is immeasurably more so. We can plan, model, monitor and project manage the process well, but we cannot totally predict pre-acquisition how things will end, even in the era of artificial intelligence and big data. A recent analysis of more than 2,500 acquisitions estimated that 60% of acquisitions destroy shareholder value – despite (presumably) the liberal application of robust expertise.

In complex times then, expertise alone is no longer a sufficient foundation for leadership; what else do we have? Social psychologists John French and Bertram Raven suggest that leaders have five other potential sources of power in addition to expertise. The most relevant of these may be *referent* power, which flows from people’s personal desire to collaborate, based on how closely they identify with us and our agenda (the other sources are legitimate, coercive, reward and information).

The 30% Club is a great example of referent power. Through clear personal values and a strong vision, Helena Morrissey, founder of the campaign group, has

mobilised an extraordinary network across nine countries of thousands of volunteers to willingly and freely give up their time and expertise in service of that shared goal – to increase the female membership of FTSE 350 boards to 30% by 2020.

Questions that might help: **Where does my power as a leader come from? How might I increase my referent power? How do I get people to buy into my agenda?**

## 2. What can I learn from people with opposing points of view?

Complex systems require us to get comfortable with ambiguity and *emergence*. Could we use dynamic environments? How do we make decisions when we can’t rely on expertise or experience?

Perhaps counterintuitively, the answer may be to find people who disagree with us.

Deliberately finding, understanding and exploring opposing points of view can help us refine our thinking. When we try to understand opposing points of view, we discover new options that were not previously obvious.

- How can a financial leader be both fearless and cautious?
- How can we stubbornly pursue an investment strategy flexibly and open-mindedly?
- In what ways might I usefully cooperate with the treasurer from a competitive business?

- How could an investment decision be simultaneously data-driven and creative?

Each of the above statements contains an inherent contradiction, yet for one to be true, the other does not have to be false. In fact, useful contradictions are all around us. 'Data-driven creativity' has a nuance that could be useful; 'shy extravert' is a usefully evocative description of someone's personality; 'coopetition' is a valuable strategy that means Samsung manufactures the screens for iPhones, even though Apple and Samsung are bitter rivals in the same industry. And in exploring the tensions and balance, we generate a new, deeper understanding of the systems in which we operate, including their dynamics, stakeholders and subtleties.

For successful people with careers powered by expertise, holding multiple perspectives is challenging. The more experienced and successful we are, the more

ingrained our thinking becomes, until we are unable to consider alternatives. Preferences become values; values become the truth; the truth becomes immutable.

Successful leaders often work with coaches on this challenge, using them as objective companions who can respectfully challenge deeply held beliefs, help them to let go, identify alternatives and new opportunities, and ultimately find ways to helpfully balance contradictions and multiple perspectives.

Questions that might help:  
**What dilemmas or decisions am I currently weighing up? How might both options be right? How might I be wrong? Who could help me explore this objectively?**

### 3. What do I have of value to offer my network?

Treasurers' networks are a critical resource for them in leading businesses through complexity. They are rich sources of those complementary and contradictory opinions that could prove useful.

One way leaders access the value in their networks is by reconsidering their own position within them. Most leaders make a conscious or subconscious shift from being a *dependent* team player to an *independent* leader who sets the agenda for their team,

department or company. This shift may lead to an increase in legitimate, reward or coercive power. Senior leaders taking this stance might draw themselves at the top of a pyramid, with a clear hierarchy and span of control, reflecting the organisation chart.

Some leaders make another shift, from *independent* to *interdependent*. Interdependent leaders position themselves as the central node of a network, not at the top of a pyramid. Rather than being a top-down leader depending on legitimate, coercive, reward or informational power, they become connecting hubs, whose influence and effectiveness flows from the value they create for others through collaboration.

That collaboration and value, in turn, creates referent power: "I will support you because you have supported me, and because in some way I feel we are fighting for the same things." Creating and nurturing more diverse networks gives us access to complementary and contradictory perspectives, which, in turn, help us navigate complexity.

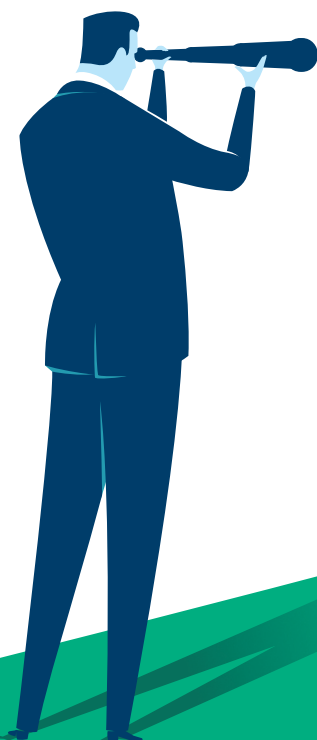
There is a great opportunity for treasurers here. As central nodes in diverse networks that contain financial institutions, executive teams, company secretaries, investors, fellow treasurers and other

## Great leaders capitalise on the knowledge and ideas of a wide range of diverse experts

experts, treasurers already have daily access to many different, complementary and contradictory perspectives. There already exists diverse, powerful, complementary and contradictory expertise in abundance in the network of an average treasurer.

Questions that might help:  
**Who is in my network that might have a valuable, different perspective that I could learn from? What can I offer them in return? How can I strengthen relationships and influence with my fellow treasurers?**

In complex times, expertise is still important, but no longer enough. Great leaders capitalise on the knowledge, perspectives, collaboration and ideas of a wide range of diverse experts. By building their networks, seeking and balancing contradictory perspectives, and proactively creating value for a wider range of stakeholders including peers, great leaders develop both influence and expertise, which serves them as they lead others through complexity. ↗



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