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What Kind of Decision Is It?

by Thomas A. Stewart

Leaders do many things: They inspire and motivate; they set strategy; they wield power; they align people; they set an example; they represent an organization to outsiders. More than anything else, however, leaders help the people around them make sense of the world in which they find themselves. Inspiring, strategizing, and acting all depend on sense-making. The world is flat: What does that mean for us? Our two biggest rivals have merged: How does that affect us? Our stock has been falling or stagnant or rising: Why? How should we interpret that?

Leaders' sense-making role is often underplayed. Popular descriptions of leaders naturally emphasize what's heroic and dynamic—the leader as action figure, free if you order a Happy Meal. Naively or willingly (for leaders are no less vain than anyone else, and perhaps more vain), leaders conspire to create this supersize-me image of themselves. But sense-making is fundamental. A leader has to define "So what?" before people can decide "Now what?" When leaders help people come to a shared understanding of the world, all their other jobs get easier.

David Snowden and Mary Boone's article, "A Leader's Framework for Decision Making," puts sense-making front and center, where it should be. I first met Dave when he and Larry Prusak were running IBM's Institute for Knowledge Management. Much of Dave's work there and subsequently has been about developing techniques to interpret fuzzy environments for businesses and for some interesting nonbusiness organizations, like intelligence services, that seek meaning in confusing storms of information. Mary Boone specializes in helping groups communicate more intelligently and effectively; she has often worked in large-group settings where imperfect information and conflicting agendas get in the way of shared understanding.

What they have learned, and what this article shows, is that often people respond to issues almost reflexively, like the proverbial man with a hammer to whom everything looks like a nail. Smart leaders choose their tools according to their sense of the kind of decision they face. Simple situations are best met with simple tools, like rules: "Don't stick your finger into an electrical outlet," for instance. Other situations—for example, complicated problems with many different parts that nevertheless have a right answer—call for the services of an expert: If your wiring is bad, better call an electrician rather than try to fix it yourself. Still other cases are so chaotic, so senseless, that a leader should simply step in and do something, like a teacher wading in to stop a school yard squabble.

The situations leaders encounter most fall into none of these classes but rather into a fourth: circumstances that are complex, where the truth is not immediately evident even to an expert but emerges over time, where cause-and-effect relationships are not well established, where positive results come from offering incentives rather than issuing commands, and where, consequently, the tools of influence and decision making are subtle and ill-defined. Most leaders are told that it is important to be (or appear to be) decisive. Fair enough—but how is one to reconcile the imperative of decisiveness with the reality of ambiguity? There's a growing body of academic research about decision making under uncertainty. (If you Google the term, you will get—or I did—284,000 hits.) Not much of this research has worked its way into practical frameworks for managers. To me, one of the great values of "A Leader's Framework for Decision Making" is that it lives up to its title. In so doing, it connects sense-making to action in ways that are both wise and practical.

The Hand That Feeds You
What makes some collaborations with suppliers succeed -- when so many fail?
By Nancy W. Nix, Robert F. Lusch, Zach G. Zacharia and Wesley Bridges
October 27, 2007; The Wall Street Journal

Companies have always depended on suppliers to keep their operations running smoothly and efficiently. But these days, those relationships are more critical -- and more complicated - than ever.

With global competition heating up, technology accelerating at unprecedented levels and customers growing more demanding, companies must deliver new products and services faster -- and many businesses are finding they can't keep pace. So they're increasingly collaborating with their suppliers to design new marketplace offerings and improve their processes.
Cellphone companies, for instance, must constantly churn out new models to keep up with the rapidly evolving industry. But they don't have the resources or expertise to design all of the new components in-house, so they often turn to suppliers to design parts such as batteries, antennas and casings. Virgin Mobile, one of the fastest-growing cellphone-service providers in the U.S., has outsourced all of the technical aspects of the business, everything from cellphone design to network infrastructure.

The problem: As these collaborations grow more important, the failure rates are significant. Products often end up reaching the market too late to beat the competition or to make the crucial holiday season, or they come in way over budget.

We wanted to figure out what makes collaborations fail - and succeed. After numerous field interviews, focus groups and a survey of more than 450 supply-chain professionals, we discovered four crucial factors that separate companies that do well in collaborations from those that don't. Companies that excel in these areas achieve strikingly better results - not just with the job at hand but also in building a strong long-term relationship with their partners.

What follows is a close look at those factors and how companies can improve their ability to handle collaborations.

Up, Up and Away
Virgin America has taken flight, and the company anticipates a strong direct response strategy will help launch it as the new star in an established airline market.

"It is impossible to run a business without taking risks. Virgin would not be the company it is today if risks had not been taken," contends Sir Richard Branson, owner and iconic symbol of the Virgin Group. "And to be honest, I couldn't tell you which was the riskiest thing I've done, because most of the decisions we have to make are risky. The very idea of entrepreneurship not only conjures up thoughts about starting up businesses and building them, but also the more frightening prospect of taking risks and failing. It's the last part that puts so many people off taking a leap into the unknown and working for themselves."

Branson's latest risk, Virgin America Airlines, made airline history when two of its new Airbus A320s made their debut flights from Los Angeles International and New York JFK airports to San Francisco on Aug. 8. With Branson and Virgin America CEO Fred Reid in tow, both planes gave the inaugural travelers a red-carpet VIP treatment.

These flights signified the beginning of a revolution — building a new airline company from an existing brand and giving passengers what they want most: first-class perks for a main cabin price.

Corporate Social Responsibility—How Giving Back Helps the Bottom Line
By Michelle Bruno

Corporations have been progressing toward social responsibility for number of years, often at the demand of their customers or in response to societal pressures. With the green movement at full steam, corporate philanthropy on the rise and the effects of global warming ever present, social responsibility is moving beyond the cosmetics of public relations and media campaigns. Organizations that approach social responsibility strategically by integrating social considerations into core business operations and strategy are poised to increase profitability.

The business case for corporate social responsibility (CSR) is that behavior that contributes to a company's profit-making capabilities in conjunction with socially responsible conduct will add to shareholder value by impressing customers, employees and competitors and thereby boosting credibility, productivity, innovation, competitive advantage and ultimately revenue. In their 2006 article, *Strategy and Society: the Link between Competitive Advantage and Corporate Social Responsibility*, published in the Harvard Business Review, authors Michael E. Porter and Mark R. Kramer outline a three point framework for generating opportunity, innovation and competitive advantage while addressing society's most pressing issues.

In the article, Porter and Kramer cite Toyota's manufacturing of the Prius hybrid automobile as an example of strategic CSR that created distinctive value for the company and society. "The company's early response to public concern about auto emissions gave rise to the hybrid-engine Prius. The Prius not only significantly reduced pollutants; it's given Toyota an enviable lead over rivals in hybrid technology," say the authors. By avoiding the natural impulse to pit business objectives against societal needs and "crafting social initiatives appropriate to their individual strategies," companies such as Toyota, Nestlé, Dupont and countless others are also profiting, according to Porter and Kramer.

To put strategic CSR into practice Porter and Kramer suggest to first, identify points of intersection between the company and society. To do this the authors recommend an examination of the *value chain* or all of the activities a company engages in while doing business. This examination allows the company to "create an inventory of problems and opportunities—mostly operational issues—that need to be investigated, prioritized, and addressed." The objective of this exercise, say Porter and Kramer is to second, pinpoint a few social initiatives that will have the greatest mutual benefit for the company and society. The specific initiatives that a company chooses are relative to and will depend on *inside-out* linkages or how its specific operations impinge upon the environment and geography in which it operates and *outside-in* linkages or the particular external social conditions that directly affect the corporation.

Third, they say, embark on a small number of targeted, relevant initiatives that "generate large and distinctive benefits" for the company and society. No company is able to address all of the societal issues and social consequences of its activities. Ranking and prioritizing initiatives helps a company develop a long-term corporate social agenda. The most responsive CSR programs, according to Porter and Kramer are those that involve "acting as a good corporate citizen, attuned to the evolving social concerns of stakeholders, and mitigating existing or anticipated adverse effects from business activities." The more closely tied a social issue is to a company's business, they advise, the better able the company is to leverage its resources and capabilities to benefit society.

Corporations are not alone in pioneering social responsibility initiatives. Non-profit trade associations and the umbrella organizations that represent the meetings and exhibition industries have supported and sponsored SR programs for more than a decade. PCMA's (Professional Convention Management Association) support of "Party with a Purpose," the MPI (Meeting Professionals International) Foundation that supports community outreach at the chapter level and IAEE's (International Association of Exhibitions and Events) Green Committee charged with identifying existing resources and developing best practices that address how to minimize the environmental impact of events globally, are all examples of SR at work in the industry.

ASAE (American Society of Association Executives) and the Center for Association Leadership have announced a Global Summit scheduled to take place April 30 – May 2, 2008 in multiple locations around the world, including a hub site at the soon-to-open Gaylord National Resort and Convention Center outside of Washington, DC. According to ASAE director, public policy, Chris Vest, "the Summit won't just be a "feel good" exercise. It will be really making the business case for SR. At the Summit, association leaders will be co-creating SR principles and practices for our sector, while exploring how they as individual organizations and all of us as a sector can use SR to both strengthen our associations and create powerful positive change at the social, economic and environmental levels."

The Summit will be facilitated by Dr. David Cooperrider, the Director of the Center for Business as Agents of World Benefit at Case Western Reserve University. Cooperrider facilitates discussions using the Appreciative Inquiry (AI) management theory that "helps organizations discover the power of strength-based approaches to planning and multi-stakeholder cooperation." His work has been particularly useful in effecting positive change in large and complex organizations, including the U.S. Navy, Hewlett-Packard, the United Nations, and Verizon. The gathering will apply the "whole-system" approach central to the AI method and will not include other speakers on the agenda.

There are those organization still at the heart of the social responsibility movement that engage in various fund raising and community support activities for no other reason than because they want to. Windy Christner, CMP, senior director, meetings and expositions for the Washington, DC-based American Pharmacists Association (APhA) has partnered with the organization Gifts in Kind International for the last ten years. Calling the program, "Friends in Pharmacy," APhA contributes to local charities in the cities where they hold their annual meeting. In the past they have asked meeting attendees to bring children's books for donation to a local organization. This year, because the meeting is in San Diego, they will also ask attendees to donate cash to the local American Red Cross chapter to help fire victims. There need not be a profit motivation for giving, explains Christener. "There is no reason to do it unless you want to. Philanthropy is the new black. People are donating more and more. I think that philanthropy is really shining right now. I think it's the state of the world. People don't know how to help but they want to. They want to make a difference in some small way."

Movers & Shakers – Shaping the Way We do Business

By Michelle Bruno

It is inevitable that over the course of the next one to five years, the exhibition industry will evolve. Exhibition organizers will be called on to address any number of issues including new technology, exhibitor attrition, mergers and acquisitions, changing consumer preferences, government regulation, innovation, competition from other marketing mediums and other concerns. By employing various techniques, approaches and practices, industry leaders—the movers and shakers—are constantly analyzing information from internal and external sources to assess the threats and opportunities present in the exhibition industry, vertical market segments and the general business landscape. How they gather and interpret information is as important in predicting, as it is in preventing, unforeseen shifts in the marketplace.

As the Corporate Relations and Exhibits Director for the American Association of Critical-Care Nurses based in Aliso Viejo, CA, and the incoming Chairman of IAEE for 2008, Randy Bauler utilizes a system of information filtering to organize important "trends and hot topics" into four areas, he says, "critical-care specific, nursing specific, healthcare medical in general and the exhibits/exhibition industry." Bauler also uses internal "dashboards" to track information such as the number of exhibitors, association members, sponsors, sales figures, etc. Most important to Bauler is "fact-based decision-making" which he defines as the practice of substantiating data either statistically or numerically in order to support the decisions he makes.

Dennis Slater looks to the "big leap" books on leadership, strategic vision and individual strengths" for best practices and philosophies that he can integrate into his organization. As President of the Association of Equipment Manufacturers and former IAEE Chairman, they have helped him to foster a "can do attitude" that has made his organization more receptive to opportunities. He relies heavily on economic indicators. "The economy is so crucial to our show," he says, and looks to the *Wall Street Journal*, *Business Week,* general media and twenty to thirty other meetings in the construction industry to stay abreast of changes in the economy and the construction industry.

Pat Phillips, Executive Director/VP of IDG World Media, can offer fresh insight on prediction and prevention. As the former show director of the mega trade show E3 (the Electronic Entertainment Expo), she witnessed an overnight dismantling by its board of directors of one of the most successful and profitable exhibitions in the electronic gaming industry. Her experience was the impetus to the CEIR (Center for Exhibition Industry Research) white paper, "Managing the Special Needs of Key Exhibitors and Market Leaders." Phillips is among the first to admit that the event's restructuring blindsided industry observers.

In her new capacity at IDG, Phillips has adopted core values and implemented a set of best practices for effective decision-making to help her new organization take better advantage of opportunities and understand the potential threats that exist:

1. Always maintain clear, efficient and effective communication.
2. Review the full scope of every challenge/opportunity for its positive contributions, negative impacts, and potential solutions.

3. Utilize all available resources to you.

4. Conduct applicable research to make educated comparisons for quality service and pricing issues.

While the tactics may differ among industry leaders and from organization to organization, the movers and shakers in exhibitions and events are practicing various components of a process called “Peripheral Vision Scanning,” developed by George S. Day and Paul J.H. Schoemaker and detailed in the *Harvard Business Review* article, “Scanning the Periphery,” and their book *Peripheral Vision: Detecting the Weak Signals that will Make or Break Your Company*. In the article, Day and Schoemaker cite, “Our survey of global senior managers found that 81% perceived their future need for peripheral vision to be greater than their current capacity. A survey of 140 corporate strategists conducted by the Fuld-Gilad-Herring Academy of Competitive Intelligence found that fully two-thirds had been surprised by as many as three high-impact competitive events in the past five years. In addition, 97% of the respondents said their companies lacked an early warning system.”

“Peripheral Vision” is a process for searching the environment to identify threats and opportunities at the early stages of development. As the result of research and the study of emerging technologies at the Wharton School’s Mack Center for Technological Innovation, Day and Schoemaker have developed a diagnostic tool called a “strategic eye exam” for “evaluating and sharpening companies’ peripheral vision.” The authors further define the need for the process by explaining, “Managers are used to interpreting data that are set before them, but they also need to be able to recognize when part of the picture is missing—to answer the question, ‘What don’t we know that might matter?’”

Scanning the periphery involves asking the right questions about the past , present and future such as, “What have been our past blind spots?,” “Is there an instructive analogy from another industry?,” “Who in our industry is skilled at picking up weak signals and acting on them ahead of everyone else?” When certain bellwether signals are detected, Day and Schoemaker advise organizations to use scenario-planning and other future-mapping techniques to flesh out potential outcomes that could affect the company. Managers should look to employees, partners, customers, industry authorities, competitors and outside the industry for clues to whether they are vulnerable or focused in their strategic direction.

Jim Austen, Director, Life Sciences of Conshohocken, PA-based Decision Strategies International, a consulting and training firm founded by Paul J.H. Schoemaker, offers a scenario in which peripheral vision scanning might be useful for the exhibition industry. The pharmaceutical industry is undergoing rapid change, he explains. Leading companies are operating under lower margins than ever before. Strict regulations governing conflict of interest and what is considered continuing education, increasing government oversight on pricing and business practices and the renewed focus of U.S. manufacturers on foreign markets, represent threats that the organizers of pharmaceutical industry exhibitions and meetings should take seriously. “If I were an organizer, I would be very worried. I would anticipate that business would be significantly contracting especially in regional shows,” says Austin.

Margaret Pederson, President, Exhibitions at Penton Media and IAEE 2009 Chairman- elect, has been scanning the periphery for some time, looking and listening for “little gems,” she says, that might signal change for her organization. “I see our industry changing dramatically in the next five years with the new generation looking for more innovative marketing techniques. Email is too slow. Now, they text, blog and IM,” says Pederson. She relies on her event directors, peers, industry publications, advisory committees and customers to detect industry-wide and societal shifts in communication, entertainment, products and behaviors. “I don’t want to be the person in the exhibition industry like the airlines when Jet Blue came in,” she says. Two areas that could blindside the industry, Pederson believes, are how people get information and the need to attract diverse people at different levels and functions to the shows. “I don’t hear a lot of other people talking about it. Am I crazy or just lonely?” she asks.

Intel Flirts With No-E-Mail Fridays
Posted by **Alexander Wolfe, www.informationweek.com**

OK, so Intel (NSDQ: **INTC**) hasn't actually asked employees to take a permanent e-mail break one day a week, but the chip giant -- like several other forward-thinking companies -- has been pilot-testing temporary moratoriums on time-wasting communications. The idea is gaining ground in Corporate America, as noted recently in *The Wall Street Journal*.

As Intel principal engineer Nathan Zeldes explains it in the company's IT@Intel blog, the push to scale back on compulsive e-mailing has come right from the top. He cited CEO Paul Otellini's quote in *The Financial Times*, where he criticized "the fact the engineers two cubicles apart send an e-mail rather than get up and talk."

That sentiment found a voice -- a voice that said "shush" -- in a pilot program, called "Quiet Time," involving 300 engineers and managers:

> "Every Tuesday morning they will all set their e-mail and IM clients to offline, forward their phones to voice mail, decline all meetings, and isolate themselves from visitors by putting up a 'Do not disturb' sign at their doorway. Thus, for half a day each week they will have the ability to focus on the thinking work that researchers have shown is critical to creativity, innovation, and to faster, better production of output."

The pilot was apparently such a success that, earlier this month, Intel did a more ambitious test, where 150 engineers embarked upon a "Zero E-Mail Friday." Well, almost:

> "Actually this is a misnomer, since e-mail is not forbidden on the Friday. . .In our new pilot, we encourage the members of an organic group to focus each Friday on direct conversation -- face to face or by telephone -- for interpersonal communication within the group. Processing e-mail from other groups is OK; sending e-mail within the group is also OK -- when it is necessary. But as much as possible, they will try to walk across the aisle or pick up the phone. While this may seem a small thing, experiments done in other companies showed a great impact once people started exploring communication with the human voice."

Remember, we're talking major corporation here, so doing something whole hog -- like actually completely cutting off e-mail for a full day in one fell swoop -- just isn't done. But clearly, Intel's heart is in the right (write?) place.

Importantly, Intel isn't the only organization where this idea is gaining ground. As that *Wall Street Journal* story I mentioned notes, companies such as U.S. Cellular and Deloitte & Touche also have tried e-mail-free days. The story describes scenarios where there's initial resistance, but eventually everyone's pretty much happy with the benefits of increased "face time."

Is this realistic? Probably not. It's a truism about e-mail -- where have I heard this before? -- that you can't live with it but you can't live without it. Sure, most companies overuse e-mail, and endless, nonsensical threads are dangerously prevalent. On the other hand, for minor matters, e-mail is much more efficient than either the telephone or personal contact.

Me, I'm not engaged in the anti-e-mail conversation, because it seems like a new time-waster on top of an existing time-waster. What I do instead is to routinely turn off my instant messaging. Indeed, I do complete AIM-free weeks. It's the most effective way I've found to reclaim my workday.