

Notes from Duke's Casebook

Volume 3, Issue 1

The Risk Aversive and Indecisive Edition

May 24, 2006

About this edition

Focus on being bold.

In this issue I deal with the seven deadly sins of planning: timidity, indecisiveness, petty politics, dishonesty, manipulation, caution and inertia. I could add lack of imagination and ego, too, if I really wanted to get depressed.

Well take heart, I've got solutions for a couple of these frustrations in this newsletter. Planning can succeed, people can be bold leaders... but it takes work.

Duke Kuehn
May 24, 2006

The Facilitator's Toolbox

I'm going to share a rarely admitted secret about strategic planning that can make all the difference in determining whether visions ever materialize. The fact is, planning is really a political act. Making decisions about the future always alters how power is distributed in any organization. It should be no surprise that those who perceive their power diminished will resist a plan's implementation. Sometimes they win.

Planning is a particular type of politics. Change occurs only two ways, through revolution or evolution, and planning is surely of the latter breed. But evolution can be just as threatening to some as open revolt. Failing to consider the political ramifications *before* planning begins may be the first step in assuring that little change will happen after.

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If you want past editions I'll gladly e-mail them.

You Gotta Have Heart: In the end great leadership demands a willingness to take risk

To act strategically is to act boldly.

In past editions I've counseled my readers to follow a reasonable path of leadership: develop a plan that sets a direction to follow, stay focused and be disciplined in its pursuit. Good counsel and, honestly, the best way to start. There is, however, an additional ingredient necessary for success: a willingness to lose some focus, relinquish the hold of discipline and take a risk.

Successful ventures require, at some point, a leader to act in the face of risk sometimes big enough to threaten the whole venture. I've lost count of the successful entrepreneurs who've told me "you know, my spouse never knew, but I cashed out the kid's college savings fund (or second mortgaged the house) to do what was necessary if the company was to survive."

Before I go farther it's worthwhile to look closely at the subject of risk. What is it? Why do many managers try so hard to avoid it that they invalidate their capacities to lead? How do you take action in the face of risk?

Risk is simply a way of looking at the future; nothing more than perception of negative consequences of anticipated action. Risk is not reality; consequences *after* an act are reality. Risk is all about perception.

Imagine driving down a dark road at night. Light looms around the corner. Our minds react to the radiance and we anticipate the possibility that a car, maybe a weaving car, maybe a car out of control, is about to burst around the corner. Until the car does appear we have nothing more to go on than what our mind tells us could happen.

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Planning as Politics *continued from page 1*

I point this up in these pages not to discourage but to prepare planners to work with the political dynamics they'll encounter as they try to facilitate change.

Opposition to change is not only real, it represents a valid perspective on the future of the organization you're trying to help. There are often good reasons for trying to block change and those who aim to protect the power they possess are sometimes motivated by real concern for their organization's welfare.

Failing to acknowledge these points of opposition, blocking them from being voiced and heard, is more than bad process: it disenfranchises some part of an organization whose interests you should hold in totality. Such an error is plain bad process and assures that opposition will organize to counter the plan's goals.

What to do? Acknowledge the political differences and make sure there is a time and place where they can be considered, reviewed and incorporated into the plan.

Be prepared for opposition of another sort when you recommend hearing unpopular views expressed in the planning process. Don't forget, those who invoked the planning process have an agenda of their own and a stake in the redistribution of power. Your responsibility as an effective and ethical planner is to make sure *all* points of view are considered, especially those that may be unpopular.

There is the unpleasant possibility that the process gets caught up in all sorts of tangential squabbles. Your job as facilitator is to be ready for this, to know how to allocate just the right amount of time to disparate points of view and to use the process as a way to find agreement.

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I Really Wish I'd Said This: Why:

Upon escaping the loss of his ship and crew after he ran aground on the Great Barrier Reef, Capt. James Cook commented on the perils of sailing alone while exploring unknown shores: *I have engaged more among the islands... upon this coast than perhaps in prudence I ought to have done..., but if I had not I should not have been able to give any better account of the one half of it, than if I had never seen it.*

Written in 1782 Cook's words ring true today. Being overly cautious even in the face of real risk runs to the possibility of falling prey to a greater risk: failing to accomplish the mission for which you have been called to lead.

The Journals of Captain James Cook, The Voyage of the Endeavour, 1768 - 1771, February 17, 1770.

The Strategic Gourmand: Spicy Sauces and Mustards

I contend the Iron Curtain fell because the Soviets never mastered the art of barbecue. Had they reverse engineered a Weber Kettle, capitalism would have had much tougher competition during the Cold War.

Sauces are an essential in *my* food triangle, but remember hotter is not better. Heat has its place in any sauce or mustard, but too much heat defeats the purpose of the sauce. It is the balanced interplay between heat, sweet and sour that, brings out subtleties in food. Eating sauce for the heat alone is like drinking wine turned to vinegar.

Editorial aside, my nominations for best sauce, barbecue dressing, marinade and mustard are:

Marinade: Not very exotic, easily gotten in any grocery, but *Kikkoman's Roasted Garlic and Herb* is a terrific marinade. Simple yet powerful, this sauce richens the taste of meat as well as rice or noodles. Mixed in with chicken and ramen and you have a easy tasty *yakisoba*. A close second, *Jake's* (of Portland, OR) *Orange Mango Barbeque Glaze* is a fun, zesty sauce so good it works as a salad dressing.

Mustard: Balancing sweet from tropical fruits and hot from Bermuda sherry peppers, *Outerbridge's 1st Mate's Honey Mustard* is superb. Thick, dark and succulent, *Outerbridge's* adds spice to a hot dog, piquancy to baked beans and mystery to pork or ham. There is nothing like this out there, the taste, bouquet and color one of a kind.

Barbeque sauce: The choices are many, but if I had only one in the cupboard it would be *Noh's Hawaiian Bar-B-Q Sauce*. Its consistency is perfect, just liquid enough to work as a marinade for chicken yet substantial enough to thicken on ribs when grilled. Tastes best when licked off your fingers. Barbeque is so good I have to offer another choices. *Rib Suckin' Sauce* produced and sold throughout North Carolina lives up to its brand. Coated on baby back pork ribs it is so good you may find yourself dipping bread in a dish of the sauce just to get more.

Sauce: Sounds odd, but works exceptionally well, *Goin' Bananas* from Peppers of Key West. If it's worth dipping, this is the sauce to use. If the food is already spicy, this Caribbean-based sauce really adds to the taste. Again, complementary without being overwhelming

Planning as Politics *continued from page 2*

If there are several points of view about an organization's future, you want to make sure that they are all reviewed, but how that is done will test your management skills and creativity as a facilitator. Two quick hints: set and keep time limits to spoken presentations and rely upon written materials. Don't forget, even in this visual age, reading is still an exceptionally efficient way of communicating complex ideas and comparing them.

Presenting different but related ideas in matrices is a particularly good way to manage the discussion about conflicting views to find potential points of agreement. Go back and view the techniques used in the *Delphi Technique*. Just because they come out of the '60s doesn't mean they don't work.

What may be most necessary to do is to change your thinking about organizational politics. That power comes into play in making decisions is not good or bad, it just is. Power is a social attribute, apparent in all forms of organizations. How it is distributed or used may be good or bad, but power in and of itself is simply a kind of social energy. Without it decisions would never get made, much less implemented.

As a facilitator you have to work with an organization's power structure. Given that you are managing a planning process that inspires change you can be sure you will be seen as a political player whether you want to or not, despite your protestations.

Accept the fact that you are an agent in a political process and be sensitive to your role in attending to the different perspectives held by everyone in the organization.

Duke's Rule #27: It Can Always Get Worse

This newsletter is dedicated to the risky business of planning and leadership. Duke's Rule #27 sounds negative, but if followed properly can help get things moving forward when risk looms ahead.

Take the time to develop a worst case scenario. Ask: what is the very worst that can happen if we pursue a proposed course of action? Be realistic and consider probabilities.

When spoken aloud the risk sometimes doesn't sound all that bad. Once considered, the risk may not be as likely as imagined. Of course, worst case analysis can reveal that the risks are real and probable.

More often a clinical assessment of risk leads to a surer sense of how to avoid it or way to prepare to lessen undesired impacts if they do occur.

Planning strategically *continued from page 1*

Thinking about risk is natural and extremely helpful. Easing off the gas until the unseen car passes safely is strategically prudent. But braking to a stop or speeding up probably doesn't make sense and that's exactly what some managers do.

In the end, it's how we assess risk and how we react to that assessment that makes the difference between success and failure. Good leaders manage to find the correct balance between the mistake of over or under-reacting.

The best course of action in facing risk is to assess its probability replacing perception with prediction.

The assessment of risk should never be made in a vacuum. Possible negative outcomes of an action should always be weighed against possible positive ones. As any investment specialist knows, in the end decisions are made in terms of the relative probabilities of risk versus reward, cost-benefit.

Risk, in the end, is usually equivalent to the amount of resource that can be safely invested alongside the possibility of what can be gained. Standing in front of a roulette wheel the bettor know the probability that any one number could win (1 in 38) and its pay-off (\$35 for a \$1 bet), the probability of losing (37 out of 38) and the amount of money in his or her pockets.

The calculation at the gambling table or the boardroom is exactly the same: the amount of successful return based on the amount invested minus the amount of a failed investment considered alongside the probability of success or failure.

Kipling correctly told us a century ago that success and failure are both imposters. Labeling outcomes successes or failures often depends on the eye and expectations of the beholder, which is often the same as the political agenda of the observer.

That's why goal setting is so important. Setting an expectation in advance defines the conditions that should equal success before the effort is undertaken.

Making decisions about risk becomes easier if you have a clear sense of what you expect after the choice is made. That's what a goal is: a way of considering before the fact what condition you want from the action you are about to undertake.

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Shifting the thought process from risk assessment to goal setting prompts thinking about alternatives. The choice is not between taking a curve at full speed or stopping in the road. There are many options, each with its own possibilities and probabilities.

Standing before a roulette wheel and choosing to bet one number or to walk away is a lot different than assessing all the possible bets and outcomes in relation to what you want.

And what you want may be more than a monetary return. Maybe you're looking for excitement, fun or free drinks from the casino. In organizations success comes in many levels and different dimensions; rewards in one area, financial for example, may be modest, but success is complemented by huge rewards in customer satisfaction or employee morale.

The lesson to be taken away is that an awareness of risk is healthy. Once perceived, risk should prompt analysis of its likelihood, a consideration of reward alongside risk, an assessment of the probability of both, determination of what you can afford to invest and, above all, take action.

It turns out than planning and goal-setting may be the best way to handle risk.

The Duke has been blogged!

I've so enjoyed producing this newsletter that the temptation to write more about a wider range of subjects was impossible to resist. If these comments amuse or interest you, there are more to be found at www.pncs.blogspot.com.

Drop by, but be prepared for more of an attitude that you'll find here. The aim of this newsletter is to improve leadership through strategic planning; the goal of the blog is to approach daily life and current events from a different perspective..

Recent topics:

- ≈ Immigration, diversity and national strength.
- ≈ Follow through and follow-up.
- ≈ Choosing a good strategic planning consultant.

PROFILES IN LEADERSHIP: TRICIA DEERING

Executive Director of CBA, one of the nation's most innovative and successful *commercial* properties multiple listing services covering the Pacific Northwest, Tricia exemplifies everything I consider good leadership: intelligent, reasoned, data-based and analytic.

Tricia's greatest strength as a leader is her ability to break down complex issues into manageable questions and to find the data to separate myth from fact, guesswork from clear understanding. It takes patient leadership to do this and a good sense of when she has enough data to make a decision.

In managing CBA Tricia is one of the best navigator-leaders I've ever seen. She uses her strategic plan to set a course but even more importantly she knows relies upon performance measures to keep headed in the right direction.

Performance measurement is a misunderstood art. Too many managers avoid it, unsure of the statistics behind assessing organizational outcomes. Others overwhelm themselves with more data than they can ever consider. Again, Tricia has a great sense of what should be measured and how it can be done easily and validly.

Tricia is one of the best and CBA's renown is a legacy of her well reasoned leadership.

IDEAS? SUGGESTIONS? COMMENTS?

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Remember, I can really use your help in finding terrific quotes to consider. Give me a good one and you could win a bottle of Washington State's best wine.