

COMPLEX CHALLENGES AND THE NEW LEADERSHIP

WHAT'S DRIVING THE NEW LEADERSHIP?

Leading has always been a challenge, but for today's leaders those challenges are increasingly complex. Complex challenges - those for which no pre-existing solutions or expertise exist - create the demand for a new kind of leadership.

Leaders in all kinds of organizations face complex challenges. Complexity arrives in many forms: shifting bases of competition, diversity introduced through globalization, efforts to innovate, multiple and conflicting stakeholder demands or the reinvention of organizational identity.

"Without a doubt, the challenges organizations face are becoming more complex and therefore more difficult to solve," says CCL's André Martin. "For several years we've seen increased speed, increased expectation and decreased resources. Take these, add constant change and the result is the rise of complex challenges."

What is a complex challenge?

CCL talks about complex challenges in terms of five criteria or characteristics:

- Complex challenges go beyond an individual's leadership capability. They require the involvement and interaction of others.
- Complex challenges potentially have potentially significant strategic impact if they are not properly navigated.
- Complex challenges require novel solutions. When standard solutions are not working, they signal that something different is necessary.
- Complex challenges demand flexibility and agility on the part of the leader and the organization.
- Complex challenges create a paradox between the need for reflection and the pressure to act.

Implications for leadership

More than half of all challenges require managers and executives to do something they don't readily know how to do. The question then becomes, how can leadership be transformed so that complex challenges can be addressed in innovative ways?

One approach is to improve the ability to work across functions and work more collaboratively. As part of CCL's Changing Nature of Leadership research, half of the participants agreed or strongly agreed that, due to complex challenges people in the organization are increasingly working in collaborative, cross-functional ways.

Another shift is to view the challenges themselves as the tools to help leaders and the organization learn how to work differently. The challenge can drive leadership development if organizations practice critical reflection.

"Complex challenges are here to stay. No single leader in any organization is likely to know how to respond to all or even any of them," says Martin. "But effective solutions are there, embedded deep within the collective knowledge and experience of a company's employees. An ability to draw this wisdom to the surface and to put it into action will define effective leadership in the future."

Understanding Challenges

To improve your ability to lead through complexity, it is useful to think of challenges in three categories: *technical, adaptive and critical*.

Technical challenges fall within the range of current problem-solving expertise. For example, a retail chain might have plans to open a new store in another city. The organization has significantly expanded in the last decade and has an experienced team leading the effort. Opening a new location is a challenge; however, the work is well within the realm of the organization's knowledge and expertise.

Adaptive challenges require new perspectives, expertise and solutions. Suppose the retail chain decides to expand internationally. In addition to the technical challenges, the start-up team and the organization face significant adaptive challenges. They must work through unfamiliar regulations, new systems and different cultures.

Critical challenges also require new ways of working but often are less controlled or predictable.

Unexpected events, crises and circumstances or significant economic, social or political change may provoke critical challenges. For example, the retailer's new store is threatened by a boycott in a new market. The challenge is to help everyone involved to see clearly and to assemble collective resources so that action can be focused, fast and efficient.

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This article was based on Andre Martin's research report, *The Changing Nature of Leadership* (Adobe PDF, 302 KB)

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