

A Sustainable, Sense-Based Approach to Leadership

My first official leadership experience in a business setting began the day that I was elected to become associate dean of the MBA Program at HEC Paris, the leading business school in France. I had spent the previous ten years as a professor of English and communication there, developing partnerships with U.S. schools to help HEC become an international player and recruiting professors and assistants, but I had never really led or managed a program or a team. My new position placed me at the head of a dramatically failing program with angry students, demoralized staff, and a drop in international rankings. From that starting point, I had to turn this MBA into a program that would be respected worldwide.

My plan was to recruit internationally, redesign the curriculum, and reach out to the companies that would recruit our graduates. My success would be judged on progress in these areas, but the real challenge lay elsewhere: I could not achieve any of these objectives alone. I was going to lead a team, a demoralized team. And I had no leadership or management training, just a sense of mission, and a drive to improve the lives of the students who would be recruited to and graduate from our program.

My first instinct was to listen and observe. I met with each member of the staff, empathizing with the stories and feelings that they were willing to share. As I learned the history of the program and heard about the

tensions that had driven it to its current, difficult position, I began to comprehend the magnitude of the challenge I was facing. The only solution was to fight with courage and patience and, step by step, to rebuild the morale of the people involved by introducing a sense of purpose, a direction, a rationale, and a lot of common sense into our day-to-day activities. Taking account of the students' concerns and the staff's perceptions of the situation, I was going to build sense and re-create positive relationships. I was going to use *savoir-relier*.

SAVOIR-RELIER: AN ACT, A CAPACITY, A MIND-SET, AND A PROCESS

I believe that leadership is not a technique: it is a state of being that translates into acts. It is in his or her acts of leadership that the leader exists.

Savoir-relier—pronounced *savwar rəlje*—is an expression that I came up with in 1994 as part of a project to define new paradigms for the education of twenty-first-century leaders and managers. *Savoir* means “to know” and “knowledge”; by extension, it means know-how, to know how to be. *Relier* means the capacity to connect, relate, link, and, by extension, rely on other people and on oneself. The expression can be roughly translated as “relational intelligence,” although the original French also captures notions of knowledge and capacity.

Savoir-relier is a way to work from tensions by taking critical dimensions of leadership such as trust, resilience, agility, intuition, courage, and complexity and leveraging them to enhance our capacity to navigate the increasingly complex and highly relational world we live in. It is a type of leadership that is marked by humility and intuition,¹ recognizing the importance of human relationships and the value of diversity as a means to drive innovation and performance. It is a tool for approaching and managing complex problems at individual, interpersonal, organizational, and institutional levels.

Savoir-relier is an act: the act of generating sensible and sustainable relations between different or divergent entities to build sense for individuals and organizations alike. When developed at the individual level, *savoir-relier* is a capacity. *Savoir-relier* leaders use their analytical and emotional capacities to build stronger, better connections among members

of an organization. They build sense from existing patterns by creating new ones and encouraging initiative and autonomy. When it is adopted across an organization, *savoir-relier* becomes a mind-set, which generates a collective identity.

Applied to problem-solving or decision-making issues, *savoir-relier* underscores a process called the *relational circuit*, which can be used to generate and regenerate the vision, sense, and energy required to keep pace with today's challenges. The relational circuit serves as a guiding tool. It helps leaders reorganize the relationships between different elements in a system in order to uncover innovative solutions to problems. It takes the pieces of a jigsaw puzzle and rearranges them, even adds some new pieces, to create a coherent and consistent—and renewed—whole.

Managing the Challenge of Change

Savoir-relier in all its incarnations can empower leaders to rise and face challenges, which so often come as calls for change. The disastrous state of the HEC MBA meant change was a necessity. I was ready for it and thought I could take everyone with me to meet the challenge.

This was my first mistake. Some people would not—or could not—embrace the adaptation, stress, uncertainty, and new horizons before us. I had to make difficult decisions and help members of the team who preferred safety and stability to move into departments that weren't making an active and urgent shift to an international way of thinking, working, and behaving: language, technology, and diversity were our main drivers for change. Students were arriving from all over the world. Competition from other programs was becoming tougher. We were working in an environment of raised expectations and increased professionalism while also struggling to become more international.

My second set of mistakes came along as I recruited new people to the team. Sometimes I rushed and simply recruited staff with the wrong profiles because of the pressure to improve services as quickly as possible. Sometimes the integration phase for a new person on the team worked so well that I completely let go and lost contact and control. During my eight years in charge of the program, I came to realize that for the team to work well, every person on it needed attention and care. I understood

that success was not just about the results but also how each individual member of the team took part in the process and *felt* about that success. Success was about how people engaged in the process of change. In this second lesson, I found another use for savoir-relier: it served as a lens I could use to understand the dynamics of my team.

The more we move toward a service society, the more human capital becomes the source of corporate success. *Savoir-relier* focuses on human relationships and human diversity as a means to drive innovation and collective performance. It helps managers use their innate senses to make connections and find common ground between all sorts of things: employees of different races and ages, workers in different functional units, teams in different regions. It nurtures relationships between people, ideas, cultures, and generations.

Building sensible, positive, trustworthy relationships between entities that are inherently different, opposite, or antagonistic requires skill, determination, and dedication; fostering attitudes that value difference and generate mindful innovations within complex dynamic systems is not a straightforward task. But the returns—whether they are counted in terms of profits, patents, or the quality of the working environment—make it worthwhile.

Building for the Long Term

The turnaround in the fortunes of the HEC MBA was considerable and sustainable: the program moved from sixty-seventh to a stable eighteenth position in the *Financial Times* ranking in just five years; class sizes increased from 120 students per class to 230 students per class in seven years; the quality and diversity of the students improved in incredible ways.

Some people were left on the side of the road or simply left the team because they could not or did not want to be a part of that change. The toughest part of my leadership was to fire and recruit. The greatest reward was to see staff and students feel proud to be part of the program, which had become part of their identity, of their sense of purpose.

When I was able to connect effectively with the majority of my team, all was well. The ties that bound us were the sense of purpose I was able to demonstrate, the energy I was able to instill, the direction I was able to

show, the example I was able to set. The inherent motivations for people to engage and commit to their job were simple things like “my colleagues’ smiles when I go to work in the morning,” and “nice people and a nice place to be,” apparently mundane ideas but indicators of a harmonious workplace where tensions were managed and positive feelings came to the fore. Through *savoir-relier*, I had created an environment where people could feel happy in their work, focus on results, and confidently suggest and implement improvements.

I learned along the way that I could not please everybody and that there would always be someone, somewhere, to oppose or dislike every decision and every idea. It was important and good to accept those divergent views and include them in my plans because, to connect, I had to learn what was disconnected. To build and create something new, one begins with dissociated or misaligned components. *Savoir-relier* led me and can lead you to build something new that will generate value and sense for the long term.

LEVERAGING SIMPLICITY TO MANAGE COMPLEXITY

The demands and challenges of the twenty-first century and beyond are neither static nor linear. Globalism and the speed at which information is exchanged, both of which give rise to complexity, are central to these challenges. We also face more elemental challenges. After the shock of Hurricanes Katrina and Irene, for example, Hurricane Sandy hit the United States on October 29, 2012, shutting down Wall Street for two consecutive days and killing at least ninety people in the United States alone. It caused damage estimated at \$50 billion and left more than eight million homes without power, some of which remained cut off for weeks. For the most powerful economy in the world to suffer, in 2012, such catastrophic domino effects from a natural disaster illustrates the need for leadership strategies to incorporate mechanisms that take account of complexity. When dealing with theoretical chaos or the reality of a world that can be uncertain, unpredictable, scary, and volatile, we need a new paradigm for leadership. We need to find ways to leverage simplicity to manage increasingly complex and unpredictable situations. We need to develop an approach that uses sense to underpin sustainable success. Let’s start by understanding how our thinking about complexity in organizations has evolved.

The Evolution of Organizational Complexity

When Raymond E. Miles and his colleagues explored economic and organizational evolution from the late 1800s onward, they identified three eras: Standardization, Customization, and Innovation.² Each era had a corresponding organizational model and core capabilities. Standardization, which reigned until the 1920s, had the U-form, a “unitary” centralized approach with vertically integrated functional structures that relied on planning and control. Customization, prevalent from the 1920s to the 1980s, was based on the M-form: multidivisional, with matrix structures, and relying on delegation. The I-form, which emerged in the 1980s, uses multifirm networks and community-based structures, relies on collaboration, and is named in honor of innovation.

Once General Motors had pioneered the matrix organization, almost every large U.S. firm started using the M-form to structure their business operations. The I-form evolved when those firms started to experiment with variations on M-form organizational designs and share this knowledge spontaneously. The I-form itself is now evolving as companies experiment with new designs of collaborative networks and communities, driven by entrepreneurial R&D and, of course, the Internet, which has made it possible to collaborate beyond the limitations of geographical proximity.

The I-form provides organizational structures that respond to the challenges of an increasingly complex world. In this complex, fast-moving, hyperconnected world, the role of leaders appears more limited than in more traditional U-form and M-form models: leaders do not control the emergent processes. Instead, as patterns emerge, individuals must make sense of their complex, dynamic environments. They must facilitate social interactions and foster interpersonal structures that, in turn, generate new structures and further transform the organization.

The Changing Context of Leadership

Savoir-relier prepares leaders for this evolving I-form world, enabling them to embrace that which is unfamiliar, distant, original, and new—to engage uncertainty and open up a wide spectrum of otherwise hidden knowledge. By addressing leadership from a relational perspective and tying it to sense, savoir-relier can help managers to thrive in ever more complex environ-

ments and problems. Tensions and paradoxes can be leveraged to generate sustainable and trustworthy relationships at work; autonomy and freedom, coupled with frameworks and structures, can lead to mindful innovation.

The research undertaken by Miles and his colleagues suggests that historically, we have considered leadership as a linear leader-follower process, centered in personalities and relying on authority. However, when it comes to complexity, we need a different line of thought, one where the top-down models of leadership are challenged by the tensions between internal, self-generative influence and external forces. Although many business books use models and praise the excellence of companies on the grounds of self-defined performance criteria, what we need to succeed in a complex world cannot be packaged as a straightforward roadmap.

Let's consider three business books from the last three decades that tried to identify the factors that underpinned the success of high-performing companies and, importantly, quantify those factors in such a way that other companies, other leaders, could apply them and achieve similar results. As we will see, they fell short because their "one size fits all" approach failed to account for a mix of complexity and human relationships.

In Search of Excellence, by Tom Peters and Robert Waterman, was published in 1982. The authors analyzed forty-three companies, all of which were Fortune 500 companies and among the consulting firm McKinsey's best-performing clients. They identified eight common themes in the companies' approach to business: a bias for action; proximity to the customer; autonomy and entrepreneurship; productivity through people; a hands-on, value-driven management philosophy that guides everyday practice; a focus on established areas of business; a simple form and lean staff; and simultaneous autonomy on the shop floor but in a context of shared core values). These themes have become lessons for managers and leaders who thrive for excellence in their business. But on what grounds?

Peters's personal driver was to prove how crucial people are to business success. He advocated instinct and gut feeling to run businesses, which was a major shift in analyzing business success at the time and partly accounts for the lasting success of the book. However, despite his success in railing against the "hard factors" and his arguments in favor of human relationships and simplicity, his attempts to tie those factors down into a

replicable, cookie-cutter formula for success meant he ended up replacing the old metrics with a different, but similarly rigid, approach. The book's short list of forty-three large successful American organizations such as Walt Disney Company, 3M, and IBM yet excluded some—General Electric, for instance—on the basis of quantitative measures used for the selection. Agreeably, the eight lessons remain a good reference for doing business today. They advocate values and actions that apply to effective business. However, they do not address the issues of geopolitics, diversity, or cross-continent mergers and acquisitions that make global, large, and small companies shiver and fall nowadays. General Electric, for instance, has grown its business with success outside the eight lessons drawn from *In Search of Excellence*.

In 1994, *Built to Last* made its way onto the best-seller lists. Based on historical research and survey responses from CEOs, Jim Collins and Jerry Porras selected eighteen companies that had outperformed the general market for decades and that they considered “visionary.” Their definition of “visionary” was rather encompassing, as Jennifer Reingold and Ryan Underwood contend in their article for *Fast Company*: “A visionary company doesn’t simply balance between preserving a tightly held core ideology and stimulating vigorous change and movement; it does both to the extreme.”³ Again, the authors tried to distill the essential principles that made those companies “visionary” and to identify what set them apart from their less successful peers.

Ten years later, almost half of the visionary companies on the list had dropped dramatically in performance and reputation. The problem was that Collins and Porras had tried to scientifically measure qualities that don’t lend themselves to quantification. How do you measure vision? Can you equate success with shareholder return? Although these reservations were raised publicly, the book was a huge success. Once again, the measures, the numbers, and the recipes all reassured anxious leaders and managers that their problems could be solved if they just found the right system.

Good to Great, published in 2001, was yet another attempt to identify the factors that allow some companies to outperform their market and their industry. Jim Collins ranked 1,435 companies as “good” based on their performance over the previous forty years; of these, 111 were classed

as “great.” Collins identified seven factors that other companies wishing to embark on the road to “greatness” could apply to their own operations.

Twelve years later, when the same performance criteria were applied to the same companies, only one of the original eleven “great” companies was still outperforming the market. The others had disappeared, been bought, or seen their stocks fall or stagnate. Once again, history had shown that solutions that work at one time don’t work forever and that best practices are not static. The challenges of doing business today are more than a match for prescriptive methodologies and metrics.

Although these books met with great success and advanced the debate on corporate management and leadership, they ultimately failed to pinpoint what makes companies thrive over time with respect to individual and collective well-being and sense of purpose. As we will see later, the authors were sense-makers rather than sense-builders, exploring the reality of past or present situations rather than drawing out ideas that could be projected into future situations. They sought to identify a domino effect, to establish linear relationships that would enable leaders to reproduce the same sequences with the same results over and over again. In doing so, they failed to take account of the complexity that is inherent to everyday life and to business.

If theories built around linear relationships are too simplistic to make sense of the real world, how well do theories built around nonlinearity cope? The butterfly effect, black swan theory, feedback loops, and the irrationality of desire provide interesting insights for leaders seeking to achieve complex goals in unpredictable environments.

The Butterfly Effect. “The butterfly effect” is the familiar expression used to describe the disproportionate impact that a minor change at one point in a deterministic nonlinear system can have on a later state. In the classic example, the formation of a hurricane is said to be contingent on whether a butterfly had flapped its wings on another continent several weeks before. In leadership, the butterfly effect can help us understand how human relationships, which may appear minor within the larger context of a company and its systems and processes, can have a significant impact on outcomes. Minor alterations in relationships can take on a viral form that amplify and modify our mind-set and those of people around

us. When the original ingredients induce positive feelings and behaviors, the resulting actions improve performance and well-being.

The “butterfly” can be something as simple as a conversation. At one executive seminar on the savoir-relier protocol, for example, I applied simple diversity criteria to pair up participants for an exercise. One pair was composed of two men: one headed the finance business unit in the United States, and the other was head of operations in Germany. The exercise created a strong sense of trust and they discovered that they had undergone similar traumatic experiences in the course of their lives, which had given them a sense of resilience and determination. While discussing broader challenges within their company, one of them proposed that they should work together to launch a joint U.S.-German initiative. A year after the seminar, their idea had been transformed into a ten-year contract for the company that generates \$150,000 in annual profit.

Black Swan Theory. Nassim Nicholas Taleb’s acclaimed book, *The Black Swan*,⁴ shows the limits of statistics in the face of the unpredictable. Black swan events are identified by three characteristics: they are a surprise, they have a major effect, and they are rationalized by hindsight. If we had captured the right data we could have anticipated and possibly prevented the events. Black swans are particularly interesting because they apply as much to large events, such as September 11 or the Black Monday financial crash of 1987, as to individual and personal events. Taleb notes that black swans are subjective and depend on the observer; what may be a black swan surprise for a turkey is not a black swan surprise to its butcher. Our goal is to avoid being the turkey by identifying areas of vulnerability and taking preventive action in advance of the butcher’s arrival.

A savoir-relier mind-set improves our ability to cope with black swans; it develops our ability not only to make sense of current circumstances but also to build sense from those foundations and project that sense into the future. As Taleb explains, “If you want to get an idea of a friend’s temperament, ethics, and personal elegance, you need to look at him under the tests of severe circumstances, not under the regular rosy glow of daily life. Can you assess the danger a criminal poses by examining only what he does on an ordinary day? Can we understand health without consid-

ering wild diseases and epidemics? Indeed the normal is often irrelevant. Almost everything in social life is produced by rare but consequential shocks and jumps; all the while almost everything studied about social life focuses on the 'normal,' particularly with bell curve methods of inference that tell you close to nothing. Why? Because the bell curve ignores large deviations, cannot handle them, yet makes us confident that we have tamed uncertainty."⁵

Savoir-relier pushes us to be more vigilant and observant, more mindful of our environment and our relationships, more aware of the fact that many events occur outside our models simply because many events are without precedent and most relationships are not linear.

Feedback Loops. A third interesting concept is that of feedback, particularly feedback loops. Feedback is a process that allows observation and information about an action to influence the same action in the present or future. A feedback loop, then, allows feedback and self-correction to adapt actions according to differences between the actual output and the desired output.

The notion of feedback arises repeatedly in any discussion of savoir-relier as exchange and return make an important contribution to our ability to develop awareness and adapt to our environment. In communication, for example, feedback loops facilitate the appreciation of both positive and critically constructive feedback. Feedback facilitates changes in behavior and introduces systems that enable us to understand, control, and enhance performance on the basis of successes and failures, experiments and actions, both positive and negative. Savoir-relier can induce positive innovation and change by driving feedback through sensing (observing and listening), resilience (learning from failure), and sense making (explaining and adapting).

The Irrationality of Desire. Applied to human behavior, particularly desire, the concepts of nonlinearity and feedback bring another dimension to our understanding of relationships. René Girard, professor at Stanford University, argues that the subject-object relationship is not linear.⁶ Under the guise of this assumption, each person freely directs his or her desire toward an object that possesses an inherent value that explains this

desire. For example, my desire for an iPhone might be explained by its technological and social utility and aesthetic design. We assume that our desire for a certain object, whether a person, a house we want to buy, or our next step on the career ladder, is the result of free choice.

This linear vision is clear and simple, but it does not explain more complex features of desire, such as envy or jealousy. In reality, we envy the person who possesses the desired object, while the object itself is only of relative importance. Girard identifies a completely new mechanism of human desire by suggesting the existence of a third element, a mediator of desire, which is “the other.” As he puts it, “It is because the person I have taken as a model desires a particular object that I, in turn, desire the object.” In other words, the subject’s desire for a particular object stems from a relationship or rivalry with the person who possesses it.

Advertising, for example, rarely shows us objects as desirable in themselves but instead showcases attractive people who desire the product or appear to be fulfilled by possessing it. The relationships we develop are nurtured by desire, which is a complex and fundamental motivation for human action. Although it is often described as an emotion, I would argue that desire is a sense and that it has more in common with a bodily function, comparable to the need for food. It is an interesting element to address in understanding relationships and their inherent complexity. With mimetic desire, for instance, we can develop an approach to marketing that deliberately integrates the need that consumers have to mimic others and adapt to profound human needs. Feedback loops inform desire and create complexity, again demonstrating the need for a nonlinear approach to decision making and problem solving.

Understanding How Complexity Keeps Relationships in Motion

While the butterfly effect, black swan theory, feedback loops, and the irrationality of desire help us interpret and better envision complexity, they do not explore our personal experience of complexity. We connect to the world around us through sensations, emotions, and thoughts. These physical, emotional, and intellectual responses to reality have a profound effect on our reactions to reality. In addition to the relationship that we build with the physical world, our life is defined by the relationships we

have with the people around us (parents, siblings, friends, children, peers, and the like), by the events we experience, and by the places where these events and relationships unfold. We need *savoir-relier* because the world is complex, but we also need it because our lives are relational.

Herein lies the leadership challenge. Leaders are the link between the individual and the organization; a good leader needs to weave together the motivations of one with the needs of the other. This apparently simple line of thought masks, of course, a complex reality: tensions subtend all relationships. Building sense out of those tensions, those relationships, is, therefore, critical to effective leadership. Sense can transform our relationships by helping us understand underlying tensions and harness them in a positive way. This implies a necessary dive into both the individual and the organizational dimensions. A psychological lens helps us focus on the individual or micro aspect of leadership, looking at the roles, personality, and characteristics of the *savoir-relier* leader. A sociological lens filters the collective and organizational dimensions, producing insights about structure, networks, functions, strategy, and group identity.

Whereas existing theories attempt to find or force linear relationships,⁷ even when they acknowledge the need to engage across hierarchies, *savoir-relier* tackles complexity by valuing the importance of interactions and interconnectedness between antagonistic or paradoxical entities. As Heraclitus put it more than 2,500 years ago, “Unite whole and part, agreement and disagreement, accordant and discordant; from all comes one, and from one all.”⁸ Pascal echoed him centuries later: “Since everything is . . . dependent and supporting, mediate and immediate, and all is held together by a natural though imperceptible chain, which binds together things most distant and most different, I hold it equally impossible to know the parts without a knowledge of the whole as it is to know the whole without knowing the parts in detail.”⁹

In more recent times, Edgar Morin has sought to resolve the challenge of complexity by binding order and disorder through interactions that find common ground between opposites.¹⁰ Morin underpinned his approach with three principles: dialogic, recursive, and holographic.¹¹ The dialogic principle emphasizes a special kind of link where the elements that are necessary to each other are both complementary and antagonistic.