

Brief

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Redraw your mental map, or fail: be agile and responsive in the short-term and stay true to long-term goals and purpose. *The upside of turbulence*, a book by Donald Sull.

A strong piece of research from the FT writer and London Business School professor, looking over several decades of evidence

This is a good book - and not about recession. Sull studied years of research in turbulent markets looking at matched pairs of companies (such as Zara and Benetton) to identify what winners do differently from losers.

Leaders succeed (or fail) with mental maps

Sull says that all leaders build a specific mental map of the world and use it to make fast and effective decisions about investments, relationships, appointments and strategy. Unless leaders actively seek to rethink their map when markets shift rapidly, they will take the wrong actions. General Motors, for example, have repeatedly failed to rethink their mental map.

He examines why so many newspaper businesses responded badly to the opportunity of the internet. Research reveals common features: top executives with old mental maps dictated the terms for addressing the web (rather than delegating to those who understood); old business models imposed or new ones not developed; and big bet investments rather than piloting and adapting. As Warren Buffett said: "There are no mature businesses, only mature managers."

This is Sull's recipe for succeeding through turbulence - to lead, through an 'agility loop':

Make sense: as a leadership team, develop a shared mental map of a new situation (What new data would convince us our past interpretation is wrong? What is surprising? What is changing?)

Make choices: agree on clear priorities to guide action and resource allocation (What other options do we have? What will we stop to free required resources?)

Make it happen: ensure people deliver on their commitments (What do you promise to do? What have you done? What is hindering you?)

Make revisions: compare initial assumptions with experience, explore gaps and make corrections. (What did we expect to happen vs what really happened? Why? What should we learn and change? What past commitments hold us back?)

Sull says success requires making mistakes fast, improvising and challenging assumptions. This is not easy. The traditional linear approach gives leaders the illusion of conquering uncertainty and turbulence with long-term visions, planning and centralised management. To predict, plan and implement in a nice neat order is a bad way to make progress into the unknown.

Forging this agility loop requires three things

- **Making choices:** decisions that are neither autocracy nor consensus
- **Prioritisation:** Diageo uses a 'triage' approach - dividing issues into 'soft' ones for ongoing monitoring; 'hard' ones for immediate action; and "non-issues" to drop once discussed
- **Culture:** performance, transparency, informality, partnership, cost consciousness.

To thrive in turbulence leaders have to use their mental map as a guide, while knowing it is probably no longer the right map, adjusting it without pausing or losing confidence.