The Practice of Adaptive Leadership:

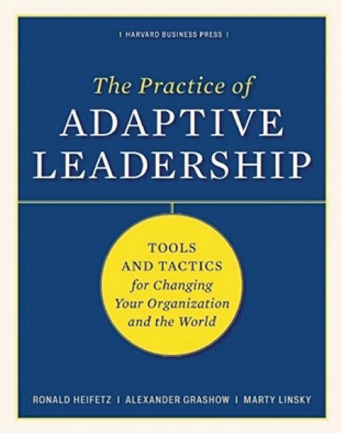
Tools and Tactics for Changing Your Organization and the World

A book excerpt by Ronald Heifetz, Marty Linsky, and Zander Grashow

We are honored to include an excerpt from this seminal work and to have author Zander Grashow as faculty for the 2018 Next Practice Institute where he leads one of the week-long learning immersives: Adaptive Leadership and Alignment to Change. In this track, Zander will delve into the art and practice of individual and collective evolution which emerged from thirty years of research at Harvard University. To learn more about Zander's work please visit the Next Practice Resources section of the website.

Distinguishing Technical Problems from Adaptive Challenges

The most common cause of failure in leadership is produced by treating adaptive challenges as if they were technical problems. What's the difference? While technical problems may be very complex and critically important (like replacing a faulty heart valve during cardiac surgery), they have known solutions that can be implemented by current know-how. They can be resolved through the application of authoritative expertise and through the organization's current structures, procedures, and ways of doing things. Adaptive challenges can only be addressed through changes in people's priorities, beliefs, habits, and loyalties. Making progress requires going beyond any authoritative expertise to mobilize discovery, shedding certain entrenched ways, tolerating losses, and generating the new capacity to thrive anew. Figure 1, adapted from *Leadership Without Easy Answers,* lays out some distinctions between technical problems and adaptive challenges.



As figure 1 implies, problems do not always come neatly packaged as either "technical" or "adaptive." When you take on a new challenge at work, it does not arrive with a big *T* or *A* stamped on it. Most problems come mixed, with the technical and adaptive elements intertwined.

Here's a homey example. As of this writing, Marty's mother, Ruth, is in good health at age ninety-five. Not a gray hair on her head (although she has dyed a highlight in her hair so that people will know that the black is natural). She lives alone and still drives, even at night. When Marty goes from his home in New York City up to Cambridge, Massachusetts, to do his teaching at the Kennedy School

Figure 1 DISTINGUISHING TECHNICAL PROBLEMS AND ADAPTIVE CHALLENGES

	Problem definition	Solution	Locus of work
Technical	Clear	Clear	Authority
Technical and adaptive	Clear	Requires learning	Authority and stakeholders
Adaptive	Requires learning	Requires learning	Stakeholders

at Harvard, Ruth often drives from her apartment in nearby Chestnut Hill to have dinner with him.

Some time ago, Marty began noticing new scrapes on her car each time she arrived for their dinner date. Now one way to look at the issue is: the car should be taken to the body shop for repair. In that sense, this situation has a technical component: the scrapes can be solved by the application of the authoritative expertise found at the body shop. But an adaptive challenge is also lurking below the surface. Ruth is the only one of her contemporaries who still drives at all, never mind at night. Doing so is a source of enormous pride (and convenience) for her, as is living alone, not being in a retirement community, and still functioning more or less as an independent person. To stop driving, even just to stop driving at night, would require a momentous adjustment from her, an adaptation. The technical part is that she would have to pay for cabs, ask friends to drive her places, and so forth. The adaptive part can been found in the loss this change would represent, a loss of an important part of the story she tells herself about who she is as a human being, namely, that she is the only ninety-five-year-old person she knows who still drives at night. It would rip out a part of her heart, and take away a central element of her identity as an independent woman. Addressing the issue solely as a technical problem would fix the car (although only temporarily, since the trips to the body shop would likely come with increasing frequency), but it would not get at the underlying adaptive challenge: refashioning an identity and finding ways to thrive within new constraints.

In the corporate world, we have seen adaptive challenges that have significant technical aspects when companies merge or make significant acquisitions. There are huge technical issues, such as merging IT systems and offices. But it is the adaptive elements that threaten success. Each of the previously independent entities must give up some elements of their own cultural DNA, their dearly held habits, jobs, and values, in order to create a single firm and enable the new arrangement to survive and thrive. We were called in to help address that phenomenon in an international financial services firm where, several years after the merger, the remnants of each of the legacy companies are still doing business their own way, creating barriers to collaboration, global client servicing, and cost efficiencies. Whenever they get close to changing something important to reflect their one-firmness, the side that feels it is losing something precious in the bargain successfully resists. The implicit deal is pretty clear: you let us keep our entire DNA, and we will let you keep all of yours. They have been able to merge only some of the basic technology and communications systems, which made life easier for everyone without threatening any dearly held values or ways of doing business. In a similar client case, a large U.S. engineering firm functions like a franchise operation. Each of its offices, most of which were acquired, not homegrown, goes its own way, although the firm's primary product line has become commoditized, and the autonomy that has worked for these smaller offices in the past, and is very much at the heart of how they see themselves, will not enable them to compete on price for large contracts going forward.

We have seen the same commoditization of previously highly profitable distinctive services also affecting segments of the professional services world

such as law firms, where relationship building has been an orienting value and core strategy and where competing primarily on price is a gut-wrenching reworking of how they see themselves. Yet as previously relationship-based professions are coping with the adaptive challenge of commoditization of some of their work, the reverse process is simultaneously going on in many businesses that have been built on a product sales model and mentality.

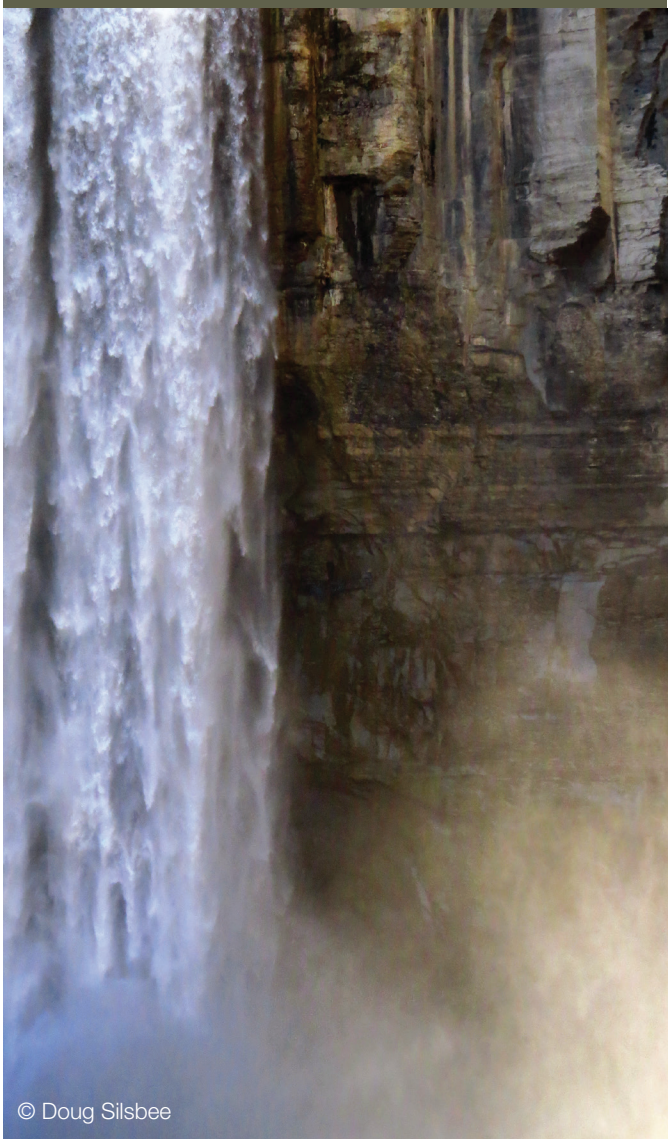
In an increasingly flat, globalized third-millennium world, where innovation occurs so quickly, just having the best product at any moment in time is not a sustainable plan. So, like one of our clients, a leading global technology products company, these companies are trying to adapt, as they struggle to move from a transaction-based environment, where products are sold, to a relationship-based environment, where solutions are offered based on trust and mutual understanding.

The need to make this transformation is stressing many firms, from professional services to insurance to digital hardware. These companies have had great success with an evolving product line, talented salespeople, and brilliant marketing strategies. Now they are finding that the skills required are more interpersonal than technical, both in their relationship with each other within the organization and in connecting with their customers. A workforce that has been trained and has succeeded in a sales framework is not prepared by experience or skill set to succeed when relationship building and response is the primary lever for growth. Successful people in the middle third or latter half of their careers are being asked to move away from what they know how to do well and risk moving beyond their frontier of competence as they try to respond adaptively to new demands from the client environment.

Like Marty and his mother, systems, organizations, families, and communities resist dealing with adaptive challenges because doing so requires changes that partly involve an experience of loss. Ruth is no different in principle from the legacy elements of the newly merged company that do not want to give up what they each experience as their distinctiveness.

Sometimes, of course, an adaptive challenge is way beyond our capacity, and we simply cannot do

> **"The most common cause of failure in leadership is produced by treating adaptive challenges as if they were technical problems."**



© Doug Silsbee

OBSERVE, INTERPRET, INTERVENE

Adaptive leadership is an iterative process involving three key activities:

1. **observing** events and patterns around you
2. **interpreting** what you are observing (developing multiple hypotheses about what is really going on)
3. **designing interventions** based on the observations and interpretations to address the adaptive challenge you have identified

Each of these activities builds on the ones that come before it; and the process overall is iterative: you repeatedly refine your observations, interpretations, and interventions.

anything about it, hard as we might try. Vesuvius erupts. But even when we might have it within our capacity to respond successfully, we often squander the opportunity, as with the American automobile industry in the past decades.

You know the adage "People resist change." It is not really true. People are not stupid. People love change when they know it is a good thing. No one gives back a winning lottery ticket. What people resist is not change per se, but loss. When change involves real or potential loss, people hold on to what they have and resist the change. We suggest that the common factor generating adaptive failure is resistance to loss. A key to leadership, then, is the diagnostic capacity to find out the kinds of losses at stake in a changing situation, from life and loved ones to jobs, wealth, status, relevance, community, loyalty, identity, and competence. Adaptive leadership almost always puts you in the business of assessing, managing, distributing, and providing contexts for losses that move people through those losses to a new place.

At the same time, adaptation is a process of conservation as well as loss. Although the losses of change are the hard part, adaptive change is mostly not about change at all. The question is not only, "Of all that we care about, what must be given up to survive and thrive going forward?" but also, "Of all that we care about, what elements are essential and must be preserved into the future, or we will lose precious values, core competencies, and lose who we are?" As in nature, a successful adaptation enables an organization or community to take the best from its traditions, identity, and history into the future.

However you ask the questions about adaptive change and the losses they involve, answering them is difficult because the answers require tough choices, trade-offs, and the uncertainty of ongoing, experimental trial and error. That is hard work not only because it is intellectually difficult, but also because it challenges individuals' and organizations' investments in relationships, competence, and identity. It requires a modification of the stories they have been telling themselves and the rest of the world about what they believe in, stand for, and represent. [For more on revising our personal narratives, see Sarah Hill's work on page 76.]

Helping individuals, organizations, and communities deal with those tough questions, distinguishing the DNA that is essential to conserve from the DNA that must be discarded, and then innovating to create the organizational adaptability to thrive in changing environments is the work of adaptive leadership.

Distinguishing Leadership from Authority

Exercising adaptive leadership is radically different from doing your job really, really well. It is different from authoritative expertise, and different from holding a high position in a political or organizational hierarchy. It is also different from having enormous informal power in the forms of credibility, trust, respect, admiration, and moral authority. As you have undoubtedly seen, many people occupy positions of senior authority without ever leading their organizations through difficult but needed adaptive change. Others with or without significant formal authority, but with a large admiring group of "followers" also frequently fail to mobilize those followers to address their toughest challenges. To protect and increase their informal authority, they often pander to their constituents, minimizing the costly adjustments the followers will need to make and pointing elsewhere at "the others who must change, or be changed," as they deny and delay the days of reckoning.

People have long confused the notion of leadership with authority, power, and influence. We find it extremely useful to see leadership as a practice, an activity that some people do some of the time. We view leadership as a verb, not a job. Authority, power, and influence are critical tools, but they do not define leadership. That is because the resources of authority, power, and influence can be used for all sorts of purposes and tasks that have little or nothing to do with leadership, like performing surgery or running an organization that has long been successful in a stable market.

The powers and influence that come from formal and informal authority relationships have the same basic structure. The social contract is identical: Party A entrusts Party B with power in exchange for services. Sometimes this contract is formalized in a job description or an authorization establishing a task force, organizational unit, government agency, or organizational mission. Sometimes the contract is left implicit, as it is with charismatic authorities and their constituents, or with your subordinates and lateral colleagues, who may to varying degrees trust, respect, and admire you, and therefore give you the key power resource of their attention. However, all authority relationships, both formal and informal, appear to fit the same basic definitional pattern: power entrusted for service—"I look to you to serve a set of goals I hold dear."

Authority, then, is granted by one or more people on the assumption that you will then do what they want you to do: centrally in organizational life to promptly provide solutions to problems. People will confer authority or volunteer to follow you because they are looking to you to provide a service, to be a champion, a representative, an expert, a doer who can

You know the adage "People resist change." It is not really true. People are not stupid. People love change when they know it is a good thing. No one gives back a winning lottery ticket. What people resist is not change per se, but loss. Adaptive leadership almost always puts you in the business of assessing, managing, distributing, and providing contexts for losses that move people through those losses to a new place.

FOUR ADAPTIVE CHALLENGE ARCHETYPES

ARCHETYPE 1
Gap Between Espoused Values and Behavior

How you behave can at times differ from what you say you value and believe about yourself.

- Our friend Harold thinks of himself as someone who wants to end world hunger. Yet when he looks back over the past year to see how he has invested his time and energy, he realizes that, in actuality, he has done little to mitigate the problem.
- A CEO named Alice always tells her family that she is committed to balancing her nonwork obligations with her professional duties. But when she steps back and compares how much time she is spending at the office or on business trips versus at home with her family, she realizes the scales are tipped heavily toward work.

In these examples, there's a gap between the person's espoused values and his or her behavior.

ARCHETYPE 2
Competing Commitments

Like individuals, organizations have numerous commitments. And sometimes these commitments come into conflict.

- A multinational consumer products corporation with operations in numerous countries tries to create one unified brand while also seeking to preserve the unique brand associations it has in each country where it operates.
- A law firm wants to grow its practice while also allowing older partners and those with family responsibilities to work shorter hours.

To resolve such competing commitments, organizational leaders must often make painful choices that favor some constituencies while hurting others. (And this constitutes another adaptive challenge archetype.)

ARCHETYPE 3
Speaking the Unspeakable

Whenever members of an organization come together, there are two types of conversation going on. One is what people are saying publicly. The other is unfolding in each person's head. Only a small portion of the most important content (radical ideas, naming of difficult issues) ever gets surfaced publicly.

The organizational system does not want you to say these things out loud; doing so will generate tension and conflict that will have to be addressed. Indeed, anyone who has the courage to raise unspeakable issues may become immediately unpopular and could lose standing in the organization (or even her job).

The presence of a senior authority in the room makes it even riskier.

But getting people to share what seems unspeakable is essential. Only by examining the full range of perspectives can a group of people increase their chances of developing adaptive solutions.

ARCHETYPE 4
Work Avoidance

In every organization people develop elaborate ways to prevent the discomfort that comes when the prospects of change generate intolerable levels of intensity.

They change the subject or make a joke when someone insists on discussing the problem. Or they treat an adaptive challenge as a technical problem—for example, by moving a retail item to a more prominent position in a store when sales are down due to better competitors' products in the marketplace.

These behaviors are all ways of avoiding the harder work of mobilizing adaptive change.

We find two common pathways in the patterns by which people resist the potential pain of adaptive change: diversion of attention and displacement of responsibility.

provide solutions *within the terms that they understand the situation*. And if life presented exclusively technical problems, people would get what they need looking routinely to authorities for solutions to problems.

Take a closer look at the difference between authority and adaptive leadership. In your organizational life, your authorizers (those who grant you authority) include bosses, peers, subordinates, and even people outside your organization, such as clients or customers and possibly the media. An authorizer is anyone who gives you attention and support to do your job of providing solutions to problems.

In any of your roles, whether parent or CEO or doctor or consultant, you have a specific scope of authority (see figure 2) that derives from your authorizers' expectations and that defines the limits of what you are expected to do. As long as you do what is expected of you, your authorizers are happy. If you do what you are supposed to do really well, you will be rewarded in the coin of the realm, whatever it is: a pay raise, a bonus, a bigger job, a plaque, a more impressive title, a better office.

And one of the most seductive ways your organization rewards you for doing exactly what it wants—to provide operational excellence in executing directions set by others—is to call you a "leader." Because you, like most people, aspire to have that label, conferring it on you is a brilliant way of keeping you right where the organization wants you, in the middle of your scope of authority and far away from taking on adaptive leadership work.

Twenty years ago, Ron taught in a Harvard executive program for senior officers in the U.S. military. Six weeks into the program, an Air Force colonel came into the seminar room looking crestfallen. Ron asked him, "What happened?" The colonel responded, "When I was commissioned an officer many years ago, they told me that I was a leader. Now I realize I've been an authority figure, and I'm not sure I've exercised any leadership at all." The following week, he came to the same seminar room having reflected on this disturbing idea, but he looked energetic. "Now I see options for leadership that I never saw before."

When your organization calls you a leader, it is rewarding you for doing what your authorizers want

Figure 2 FORMAL AND INFORMAL AUTHORITY

you to do. Of course, meeting authorizers' expectations is important. In medicine, doctors and nurses save lives every day fulfilling the hopes of patients who entrust them to provide trustworthy service. But doing an excellent job usually has nothing to do with helping your organization deal with adaptive challenges. To do that, you have to possess the will and skill to dance on the edges of that circle shown in figure 2, on behalf of a purpose you care deeply about. Adaptive leadership is not about meeting or exceeding your authorizers' expectations; it is about challenging some of those expectations, finding a way to disappoint people without pushing them completely over the edge. And it requires managing the resistance you will inevitably trigger. When you exercise adaptive leadership, your authorizers will push back, understandably. They hired you, or voted for you, or authorized you to do one thing, and now you are doing something else: you are challenging the status quo, raising a taboo issue, pointing out contradictions between what people say they value and what they actually value. You are scaring people. They may want to get rid of you and find someone else who will do their bidding.

Imagine a cardiac surgeon, for example, telling patients that he will refuse to do the operation unless the patients do their part of the work: quit smoking and put an exercise regime and a healthy diet into their daily routines after the surgery. Moreover, to ensure compliance, the surgeon insists that patients

Figure 3 LEADERSHIP FROM A POSITION OF AUTHORITY

Task	Technical	Adaptive
DIRECTION	Provide problem definition & solution	Identify the adaptive challenge; frame key questions & issues
PROTECTION	Protect from external threats	Disclose external threats
ORDER		
Orientation	Orient people to current roles	Disorient current roles; resist orienting people to new roles too quickly
Conflict	Restore order	Expose conflict or let it emerge
Norms	Maintain norms	Challenge norms or let them be challenged

place 50 percent of all their assets in an escrow account controlled by a third party for six months. It's likely that most patients will find another surgeon, someone who will do the operation and let them off the hook. And the cardiac surgeon who was eager to mobilize adaptive work among his patients will lose his business.

No wonder there is so little adaptive leadership going on in daily organizational life. Exercising adaptive leadership is dangerous. The word leader comes from the Indo-European root word *leit*, the name for the person who carried the flag in front of an army going into battle and usually died in the first enemy attack. His sacrifice would alert the rest of the army to the location of the danger ahead.

The dangers reside in the need to challenge the expectations of the very people who give you formal and informal authority. Yet very often, leadership challenges are about managing conflicts within your authorizing environment. For example, elements of the multiple-faction and overlapping-faction authorizing environments that politicians cobble together to win elections are sometimes not only conflicting but mutually exclusive. That may be true for you at times as well. If you have been or are now a middle manager, you probably have had moments when you were squeezed between the expectations of your subordinates that you would protect them and advocate for them, and those of your senior authorities that you would control costs on salaries, expenses, and year-end bonuses, or even fire some of your subordinates. As a parent, you might have been caught between your spouse or partner and your children, or worse, between your spouse or partner and your own mother!

Conflating leadership and authority is an old and understandable habit. We all want to believe that we can exercise leadership just by doing really, really well at the job we are expected to carry out. But the distinction between exercising leadership and exercising authority is crucial. By practicing adaptive leadership beyond authoritative management, you risk telling people what they need to hear rather than what they want to hear, but you can also help your organization, community, or society make progress on its most difficult challenges.

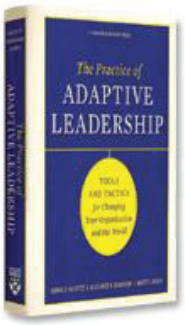
Whether you are the president of a country or company, a hospital administrator or the head of an advocacy organization, or simply (simply?) a parent, your functions in your authority role are largely the same. You have three core responsibilities, to provide: (1) direction, (2) protection, and (3) order. That is, you are expected to clarify roles and offer a vision (direction), make sure that the group, organization, or society is not vulnerable and can survive external threat (protection), and maintain stability (order). Because addressing adaptive challenges requires stepping into unknown

space and disturbing the equilibrium, it is an activity that is inherently uncertain, risky for the organization as well as for the individual, and, for these reasons, often disruptive and disorienting. (See figure 3.)

Living in the Disequilibrium

To practice adaptive leadership, you have to help people navigate through a period of disturbance as they sift through what is essential and what is expendable, and as they experiment with solutions to the adaptive challenges at hand. This disequilibrium can catalyze everything from conflict, frustration, and panic to confusion, disorientation, and fear of losing something dear. That is not what you are paid to do and will certainly not be as well received as when you are mobilizing people to address a technical issue that is within their competence or requires expertise that can be readily obtained. Consequently, when you are practicing adaptive leadership, distinctive skills and insights are necessary to deal with this swirling mass of energies. You need to be able to do two things: (1) manage yourself in that environment and (2) help people tolerate the discomfort they are experiencing. You need to live into the disequilibrium.

Honoring the reality that adaptive processes will be accompanied by distress means having compassion for the pain that comes with deep change. Distress may come with the territory of change, but from a strategic perspective, disturbing people is not the point or the purpose, but a consequence. The purpose is to make progress on a tough collective challenge. ■



ABOUT THE AUTHORS

Ronald Heifetz founded the Center for Public Leadership and is the King Hussein bin Talal Senior Lecturer in Public Leadership at Harvard Kennedy School. He first defined the distinction between technical and adaptive challenges in the classic text *Leadership Without Easy Answers.* In a second book, *Leadership on the Line,* Heifetz and co-author Marty Linsky highlighted the individual and organizational dangers of leading through deep change in business, politics, and community life. *The Practice of Adaptive Leadership* from Heifetz, Linsky, and co-author Alexander (Zander) Grashow takes the next step, offering a hands-on, practical guide containing stories, tools, diagrams, cases, and worksheets to help you develop your skills as an adaptive leader, able to take people outside their comfort zones and assess and address the toughest challenges. The authors have decades of experience helping people and organizations create cultures of adaptive leadership. In today's rapidly changing world, *The Practice of Adaptive Leadership* can be your handbook to meeting the demands of leadership in the midst of complexity.

A recognized authority on leadership development, personal development and business evolution, Zander Grashow has made it his mission to know how to transform the way we live and work. He is a renowned facilitator, speaker and advisor to leaders around the world, with a broad reach into the global business, philanthropic, entrepreneurial and creative communities. Consequently, he has been a confidential advisor to presidents, activists and change agents in their most critical moments of transition. With a deep commitment to share what works, Zander co-authored *Adaptive Leadership: Tools and Tactics for Changing the World, f*rom Harvard Business School Press, and "Leadership in Permanent Crisis," of the *Harvard Business Review.* For the last decade, Zander has taught executive programs at Harvard, NYU, Duke and LSE. As faculty for the 2018 Next Practice Institute, he is leading the week-long immersive Adaptive Leadership and Alignment to Change.