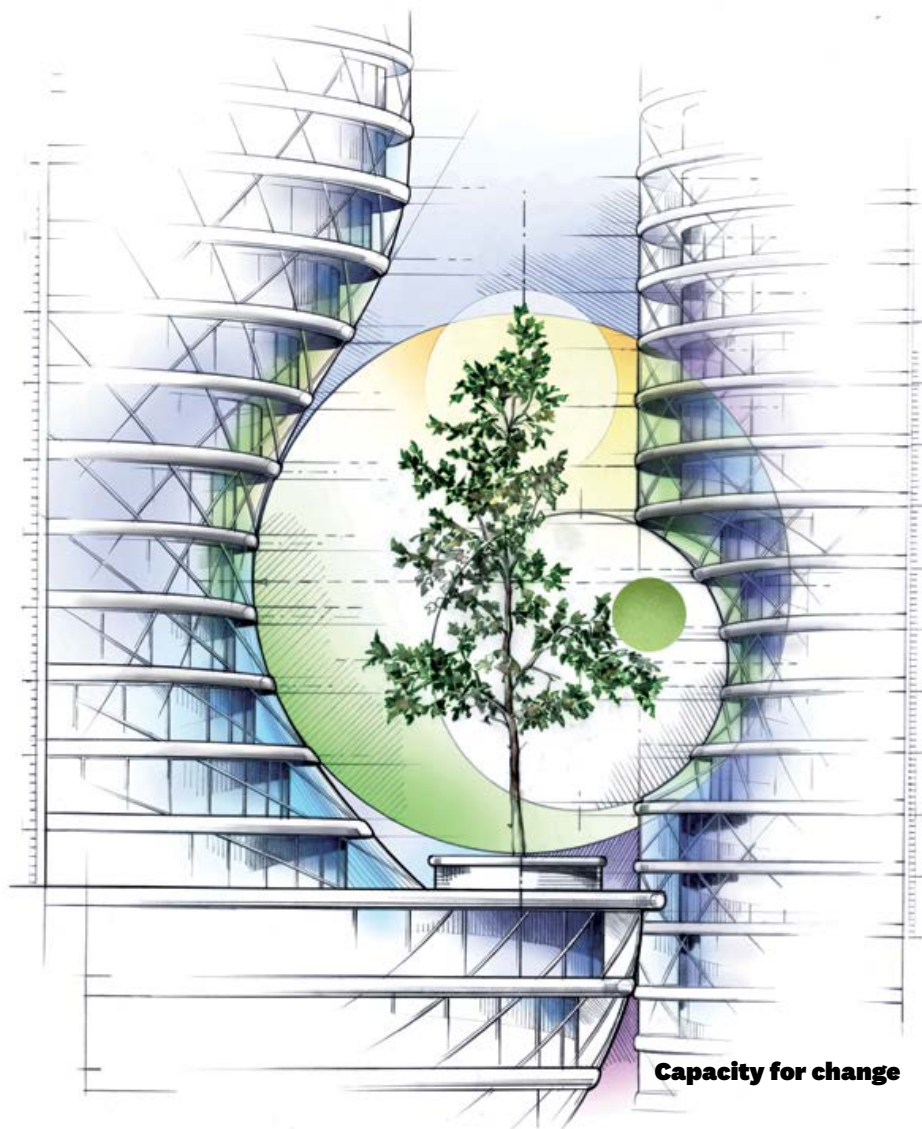


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31



Flourishing in ambiguity

By **Peter Evans-Greenwood** and
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Flourishing in ambiguity

In times of uncertainty, when there's a dearth of reliable data, leaders might find that the best way forward is to act first and decide later.

By **Peter Evans-Greenwood** and **Katherine Wannan**



We live in uncertain times. Pandemics, wars, supply chain disruptions, and even just the networked and highly interconnected nature of the modern digital business environment mean that predictions can never be perfect. Some of this uncertainty can be resolved via weak signals that suggest what sort of future lies in front of us. Much of this future, however, is unknowable and unpredictable. It's hidden behind future decisions (by us and by others), latent possibilities out in an organization's extended

ecosystem. Only some of these possibilities will crystalize into actualities, a process we can only influence rather than control.¹

The unknowable and unpredictable nature of this environment runs counter to a dominant disposition in business: to decide to act. Business has a bias for action—a propensity to commit to the “best” opportunity.² Many organizations might be considered large ships, and so, setting them on a new course may require significant time and effort to overcome their inherent



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inertia. It's thought to be best to set a clear direction, to pick a single course of action so that leadership can help coordinate the action required to bring the ship around. Insights from sensing tools, such as analytics and machine learning, can be used to detect and evaluate the options discernible by the organization, with the organization's leadership then committing it to what's believed to be the "best" option based on the data at hand.

However, the uncertainty and ambiguity we're experiencing means that the best perceived option might not be the one suggested by the available data, the option that our natural availability bias³ suggests we should take. And the best option might not even be visible from our current vantage point. It might be a latent possibility that we're yet to discover, an unknown unknown. The option supported by the biased and incomplete data we have may even be the worst option, taking us away from (rather than toward) our goals.

Moreover, decades of unbundling operations and building partner and supplier ecosystems have often resulted in organizations that resemble flotillas rather than bulk carriers. Strategy and execution are thus intertwined and interrelated, extending from within the organization to the ecosystem's edge. The ambiguity often emerges from within the ecosystem, not just outside it.⁴

As we move further into the next big challenge for our global economy—rapid and large-scale decarbonization, and the shift to a sustainable economy—it becomes even more necessary for leaders to find ways to flourish in ambiguity. Many of the answers to the climate problems we face today are not yet known, nor are we even aware of the problems that we'll confront. Leaders may need to make decisions today in anticipation of what will likely be available in the future. This is a new and challenging position that could require a different model for decision-making.

Rather than deciding to act, we should consider acting to decide.⁵ Instead of committing to one "best" option based on available data, we could invest in the many small actions that help improve our understanding of the current situation and foster the discovery and development of all options, the possibilities, available to us. As our understanding improves, some of these options may wither and fall away. Others could crystallize, transforming from possibility to actuality, transitioning from a potential or good idea to being the logical next step for the organization. At this point, when the obvious choice sits in front of us, we can decide and commit.

We can see this distinction between "decide to act" and "act to decide" in the responses to the onset of the global pandemic. Some organizations, even organizations widely considered among the most creative and innovative, struggled to decide what to do. They froze, battened down the hatches—suspending operations and furloughing employees—hoping that the trouble would soon pass.⁶ Meanwhile, other organizations, unsure what to do, did many small things. They fostered new relationships (new partners, suppliers, and even customers) and explored new opportunities, developing the possibilities available to them, some of which crystallized into actualities.

StageKings is one firm that acted to decide.⁷ Stay-at-home mandates and guidelines at the start of the pandemic killed the firm's business of building stage sets for some of Australia's biggest events. Rather than focusing on what they couldn't do, management looked for what the firm could do, tentatively exploring new products, markets, and clients. Soon they found themselves making flat-packed, assemble-yourself furniture aimed at the suddenly huge market of people who needed to work from home. The venture, branded IsoKing, grew so quickly that the firm had to hire workers rather than lay them off. The new business was soon larger than the old.⁸

The possible difficulty that many executives have in acting to decide is managing their tolerance for ambiguity. Ambiguous and uncertain situations can be considered a source of threats to be dealt with by creating a veneer of certainty because leaders believe they're expected to be decisive. In these murky circumstances, where there may be no clear "best" action to commit the organization to, the tendency could be to read available information in a way that hides (but doesn't deal with) the uncertainty. But deciding to act when there isn't enough data to make an informed decision can lead to suboptimal results.

The solution could be to change one's predilection for uncertainty:⁹ to foster attitudes and behaviors that enable one to effectively engage with and manage the many uncertainties and unknowns (and unknown unknowns) that are inherent in our current environment, rather than to ignore or hide from them. Comfort with ambiguity can come from the confidence that one knows how to productively engage with it. And productively engaging with ambiguity often requires balancing our bias for committing to a single course of action with a bias for learning and exploration—taking smaller actions to determine the best way forward.

Sometimes the path forward will be clear: We may know that it is directionally correct (though details remain to be sorted out). At other times, the path could be uncertain: We'll need to consider exploring options, to feel out possibilities and develop them until we have an actuality (at which point, we can commit).

Acting to decide requires leaders to have the courage and awareness to know when to pivot—because acting to decide doesn't happen once but many times through the course of solving a problem or taking advantage of an opportunity. In this approach, success can come from the ability to sense and understand the landscape, sensing possibilities, and pivoting toward opportunities and around challenges as they arise. In this way, ambiguity is something leaders should embrace, a source of ideas and opportunities, a well of creativity and innovation,¹⁰ rather than something to avoid.

Improving one's tolerance for ambiguity can be viewed as an emotional, as well as intellectual, change—of attitudes and behaviors—rather than a skill to be developed. It's about building leaders' confidence in their (and their organizations') ability to explore and learn when faced with uncertainty rather than feeling compelled to prematurely commit to decisive (and often wasteful) action. ●

Endnotes

P16

Quantifying the value of tech companies' 'trusted actions'

1. Michael Bondar, Natasha Buckley, Roxana Corduneau, and David Levin, *Quantifying consumer trust*, Deloitte Insights, June 28, 2022.

P21

Counting the glass ceilings that remain

1. Alison Rogish, Neda Shemluck, Patty Danielecki, and Samia Hazuria, *Advancing more women leaders in financial services: A global report*, Deloitte Insights, June 16, 2022.
2. Alison Rogish, Neda Shemluck, and Desiree D'Souza, *Leadership, representation, and gender equity in financial services: Within reach*, Deloitte Insights, November 4, 2021.
3. Workplace Gender Equality Agency, *Employer of choice for gender equality: Leading practices in strategy, policy, and implementation*, February 25, 2020.

P24

Health inequities are expensive but preventable

1. Alison Muckle Egizi, Leslie Korenda, and Alex Schulte, "Health equity is both a moral and business imperative," Deloitte, June 30, 2022.
2. Kulleni Gebreyes, Jessica Perez, David Rabinowitz, and Dr. Elizabeth Baca, *Activating health equity*, Deloitte Insights, April 12, 2021.

P40-41

Flourishing in ambiguity

1. The authors explored the implications of the networked environment we operate in and the shift from the monolithic firms to firms as extended ecosystems, in Peter Evans-Greenwood and Giselle Hodgson, *Strategy and the art of the possible*, Deloitte Insights, July 6, 2022.
2. In *Good to Great*, Jim Collins argues that the leaders of successful businesses tend to have a hedgehog's disposition: to know and act on one big idea. He is referencing philosopher Isaiah Berlin's essay *The Hedgehog and the Fox*: "A fox knows many things, but a hedgehog knows one big thing." While this might have been true in the past, we live in uncertain times. Commentators such as Nate Silver (in *The Signal and the Noise*) have called for decision-makers to become more foxlike. See: James C. Collins, *Good to Great: Why Some Companies Make the Leap ... and Others Don't*, 1st ed. (New York: HarperBusiness, 2001); Isaiah Berlin, *The Hedgehog and the Fox: An Essay on Tolstoy's View of History*, 2nd ed. (Princeton, NJ: Princeton University Press, 2013); and Nate Silver, *The Signal and the Noise: Why so Many Predictions Fail—but Some Don't* (New York: Penguin Press, 2012).
3. Availability bias is our natural bias to place more weight on information that is (more) easily accessible, the memories that are more easily recalled. See: Andrew M. Colman, *A Dictionary of Psychology*, 3rd ed. Oxford Paperback Reference. (Oxford, England: Oxford University Press, 2009).

4. Evans-Greenwood and Hodgson, *Strategy and the art of the possible*.
5. The phrase "act to decide" is taken from research psychology. Recent work looking into where the mind ends and the outside world begins (do we think "inside our heads"?) found that it's complicated. The assumption that we observe the world, think through the options available to use, and then commit to an action—what we might call a computational approach—is likely wrong. Instead, what we do is to observe the options available to use (the affordances) and then move to act to improve these options. Eventually, one of these options becomes so compelling that we commit. This is thinking by interacting with the world around us, rather than in our head. See: Andy Clarke and David Chalmers, "The," *Analysis* 58 no. 1 (1998): pp. 7–19.
6. We might consider this *deciding to not act*, though this is itself an action as it involved suspending operations and furloughing employees. When confronted by a choice, choosing not to decide is effectively a decision to accept the default. Indeed, this is the key insight from the oft-referenced trolley problem. While many commentators focus on whether to switch the tracks or not, the more interesting question is how one came to be at the switch at a point in time when a decision was required.
7. Peter Evans-Greenwood, Robbie Robertson, Robert Hillard, and Peter Williams, *Setting the stage for creative performance*, Deloitte Insights, October 29, 2021.
8. Sarah Sharples, "Sydney furniture company IsoKing made \$3.6 million after COVID-19 launch," *News.Com.Au*, May 7, 2021.
9. A predilection can be considered a bundle of attitudes and behaviors one uses to engage with work and the workplace. See: Peter Evans-Greenwood, Tim Patston, and Amanda Flouch, *The Digital-ready worker: Digital agency and the pursuit of productivity*, Deloitte Insights, October 18, 2019.
10. Chuck Jones, the creator of Bugs Bunny (among others), was a fan of turning adversity into creativity. When you cannot take your usual approach, when it's not clear what direction you should take, you're forced to find new approaches and explore new directions. Mr. Jones called these his "*disciplines*"—what he chose not to do. The most famous expression of this approach was the nine rules he developed for Wile E. Coyote and Road Runner series. See: Chuck Jones, *Chuck Amuck* (New York: Farrar Straus Giroux, 1999); and YouTube, "Chuck Jones – The evolution of an artist," video, July 16, 2015.

P42-45

How resilient could Western economies be to the crises ahead?

1. Stephane Hallegatte, *Economic resilience: Definition and measurement*, World Bank, May 1, 2014.

P46-49

Challenging the orthodoxies of brand trust

1. Emily Pidgeon, "The 10 most trusted brands for 2021," *CEO Magazine*, April 26, 2021.
2. Disney Wiki (Disney Fandom), "Disney cast member," accessed January 9, 2023.

The organizational resilience movement

Some research and insights have a short shelf life, while others continue to gain color and context. In each issue of Deloitte Insights Magazine, we look back on research we published and ideas we pitched, and evaluate whether they've stood the test of time.

By **Bill Marquard**

Global leader of Deloitte's resilient organization and leadership program



What we said then

“Resilience is not a destination; it is a way of being. A ‘resilient organization’ is not one that is simply able to return to where it left off before the crisis. Rather, the truly resilient organization is one that has transformed, having built the attitudes, beliefs, agility, and structures into its DNA that enable it to not just recover to where it was, but catapult forward—quickly.”

The essence of resilient leadership: Business recovery from COVID-19, Deloitte Insights, April 2020.

What we say now

So, based on what we've learned from navigating through the onslaught of disruptions caused by COVID-19, geopolitical tensions, and concerns about an impending global recession, is resilience a way of being, or has it proved to be a means to an end—a way for organizations to weather the current storm?

There's a parallel to be drawn in the quality movement: Today, quality is embedded in the fabric of every organization, virtually a nonnegotiable expectation from all stakeholders. It's a way of being for 21st-century organizations.

Yet in the second half of the 20th century, quality was a competitive differentiator and something that needed to be worked at through explicit levers such as statistical quality control, total quality management, and the implementation of ISO 9000 standards. We needed an exercise regimen to build the quality muscle repeatedly, until it became a lifestyle.

Isn't resilience following a similar path? In conversations with executives, in business media, and in this very publication, there's ample evidence that leaders of organizations around the world are following an exercise regimen of resilience reps spanning strategy, supply chains, finance, systems, operations, and the workforce, with a goal of achieving resilience as a way of being—a means to its own end. It seems we're in the midst of the resilience movement. ●




Access more insights on how to build a more resilient organization at www.deloitte.com/resilience


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