

## NEW TIMES NEED NEW LEADERSHIP<sup>1</sup>

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*We are sightless walking among miracles*

Miracles. How else do we explain the birth and first 25 years of the IEDC-Bled School of Management? How else do we explain the miracle of IEDC's founder and president, Danica Purg? Think for a moment about the beauty and change that this school has brought to the world.

All of us recognize, however, that much as we might like to place Danica and her school on a pedestal and proclaim, "Danica, you are the miracle: now finish the job for us!" we cannot do so. Especially after this morning's debate on "Creating the Future" expanded from the formal 25th-anniversary panel presentation into the liveliest of audience discussion, we all know that leadership miracles are in each of us, not just in Danica. As leaders, and more fundamentally as human beings, each of us knows that we are individually called upon to use our own unique experience and abilities to contribute to the world; each of us needs to do our part, so our grandchildren and great grandchildren can live in the world they deserve. Sadly, we also know that having a positive future is not a given.

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"We walk sightless among miracles." Is that some new fad? Of course not! Most of us recognize the source, given that it is rooted in a 5000-year-old tradition. The proclamation that "we walk sightless among miracles" comes from the *Bible*, from the opening pages of Genesis, and is thus rooted in all three of the Abrahamic religions that have so profoundly shaped the history and culture of Europe. Nonetheless, we remain strangely blind to the existence of the miracles that the world most needs to create the future that each of us so fervently desires, not just for our own great grandchildren, but for all the world's children.

### **The 20th Century: A Long Experiment in Ugliness**

Think for a moment about the condition of global society and the planet. During the 20th century, the world seems to have conducted a long experiment in ugliness. Now in the 21st century, we find ourselves relegated to the results of that experiment. Whether we look at the incessant wars and lack of peace or at the ecological disasters; whether we look at poverty or at disease, the evidence of

<sup>1</sup>Based on Adler's speech delivered in Brdo, Slovenia on October 14, 2011. For a complete version, with references, please contact Professor Adler at McGill University, Montreal, Canada (nancy.adler@mcgill.ca).

ugliness assaults our senses and our sensibility. How do we lead when confronted with such ugliness? The answer, endlessly repeated throughout the past quarter century at IEDC, and even more insistently today as we celebrate the school's 25th anniversary, is: by reclaiming our ability to see and by daring to care.

Danica Purg and IEDC have chosen to focus, among a set of other core leadership skills, on artistry; on those leadership approaches that we can learn from great artists and that have the most potential to transform the world's ugliness back into beauty. That means collectively refocusing our 21st-century leadership on transforming recessions back into vibrant economies; on transforming environmental disasters back into flourishing ecologies; and on transforming poverty back into prosperity. It means taking responsibility for returning the world to beauty. It does not mean merely attempting to make the world a little less ugly. That's not the goal. "Less ugly" is not good enough, and we know it.

### **Beyond Denial: Recognizing that Lake Bled's Swans are White**

[26] What is most important to learn from great artists about 21st-century leadership? What can we learn about returning the world to beauty? The first essential leadership skill that great artists offer leaders is the ability to see the world as it actually is. Seeing the world accurately is vital for leadership.

Is seeing-the-world-accurately easy? No. As we observe most contemporary public discourse, we immediately realize that much of the world has descended into denial. Most people, including most leaders, refuse to see what is really going on. Without appreciating the pervasiveness of denial, how can we explain people's seeming surprise at the depth of the current global financial crises? "Oh my goodness", they express with astonishment; "Greece appears to be tottering on the edge of collapse!" How do we explain leaders' amazement as they suddenly discover that Europe's financial systems are considerably more fragile than most supposed experts had previously reported - even just a few months ago? Didn't anybody notice what happened on Wall Street in 2008? How can anyone, other than those in complete denial, express surprise at the undercapitalization of the world's major financial institutions? Leaders who had been using the artist's ability to see the world accurately, rather than simply allowing themselves to deny (to fail to see) whatever they did not wish to see, would never have been surprised.

Unfortunately, our denial is not limited to our view of the economy. Patterns of denial are evident in all aspects of our collective life on the planet. Ask yourself: How else, other than by recognizing the depth of denial, do we explain why so many so-called experts continue to act shocked when confronted with the extreme shifts in weather patterns – including massive floods, hurricanes, tsunamis and earthquakes? How else do we explain why so many purported experts, along with the general public, act astonished when confronted with the growing number of young people who lack sufficient literacy and numeracy to succeed, including in the United States, historically one of the world’s most advanced and privileged countries? How, except by recognizing the pervasive patterns of denial, do we explain leaders’ supposed surprise at discovering the extent to which income distributions have become skewed, both within countries and around the world?

None of these trends are hidden. Looked at optimistically, the expression of surprise reveals that at least some people are starting to open their eyes. But even as they begin to see, the corrosive influence of denial remains. As people finally recognize some of the unpleasant events that surround them, they often continue to protect themselves from the truth by refusing to identify the bigger picture. They refuse to see that the objectionable events are not isolated, but rather form patterns and ominous trends.

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Over and over again, they classify their new discoveries as atypical, thus implicitly relegating them to the category of “black swans” - events that they believe are so rare that they can safely ignore the eventuality that similar events might again take place. By viewing potentially disturbing events as “black swans”, they render them as innocuous, and therefore as ostensibly so safe that they need not command our attention. It becomes much too uncomfortable to admit, even to oneself, that what we are witnessing are not rare occurrences, but repeating patterns – not black swans at all, but flocks of ordinary white swans. Lehman Brothers, they acknowledge, went bankrupt, but in choosing to understand Lehman as a “black swan”, they remain able to cling to their belief that no other major financial failures are imminent. They invent and then live with a false security, built firmly on the very fantasies that their denial has manufactured. Sadly, the situations that surround them, but that they have chosen not to see, are rapidly becoming the defining patterns of the 21st century. Great artists know how to see. To lead in the 21st century, we urgently need artistic vision.



[28] We all know that Danica is brilliant at transforming everyday situations into learning experiences. But even I thought that at least the swans on Lake Bled were simply swans; merely a beautiful part of the alpine environment, and not yet another strategic learning opportunity designed for IEDC's community of leaders. I was wrong. You too must have noticed that all the swans on Lake Bled are the normal, expected color (at least for a swan), white. There isn't a single black swan on the lake. Are Lake Bled's swans yet another invitation to each of us to recognize the "common" (most swans are white) rather than protecting ourselves by categorizing the common (white) as rare (black). Lake Bled's swans, transformed through the prism of IEDC's leadership vision, invite us to see patterns in contemporary reality and then to transform the patterns-of-ugliness by finding and creating patterns-of-beauty.

What happens once we notice that we are not simply dealing with a single black swan, but rather with the possibility of whole flocks of black swans? We move out of denial, but risk falling into depression. Opening our eyes to the reality of pervasive patterns-of-ugliness can easily overwhelm even the strongest among us. By accurately seeing reality through artists' eyes, we realize that we cannot escape the ugliness and its incumbent threat. Understandably, but dangerously, as we see more clearly, we risk becoming entrapped in a depression-induced inertia that, at its extreme, precludes all forms of effective action. Not surprisingly, when confronted with the nadir of despair, it becomes easy to start hoping that someone else – perhaps in some other profession or some other country - will solve the world's problems for us. Yet knowing that there isn't a smarter, wiser, more committed group of leaders somewhere else in the world who will fix everything for us, depression threatens to consume us.

## **In these Ugly Times, the Only True Protest is Beauty**

How do we lead when confronted with the overwhelming ugliness bequeathed to us by the 20th century? Answer: by doing exactly what Danica and the IEDC-Bled School of Management have coached us to do: by returning to the wisdom of artists. Singer and song-writer Phil Ochs urges us to remember that “In these ugly times the only true protest is beauty.” Was that not Steve Jobs' secret strategic tool? In an economy dominated by technological functionality, Jobs re-introduced beauty. As we reach into our pocket and lovingly caress our iPhone, we instantly understand why Jobs succeeded so brilliantly. He incorporated a level of beauty that previously had not been part of our product world. Jobs won because he became the world's premier business artist, not merely the world's most competent business analyst.

Danica and the whole IEDC community have done (and are doing) exactly the same thing for management education. They have become the world's premier business-education artists. IEDC is the only place on earth where one can become a leadership artist. Why else would Peter Drucker have labeled IEDC as one of the best business schools in the world? Not because it is the largest school; it isn't. Nor because it teaches business analysis and the functional basics better than any other school; it doesn't. It teaches them equally well, but not better than do other management schools. Drucker understood, long before most of us, that what the world needs now is more business artists, not simply more business analysts.

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## **Designing Options Worthy of Choosing**

In the opening years of the 21st century, Irish poet and philosopher John O'Donohue proclaimed, "Now is the time to invoke beauty!" Not tomorrow, not next year, but now. For those of us who care so passionately about the world, what does it mean to invoke beauty, and to invoke it now? Once again, we must return to the wisdom of artists before we can begin to answer the question. Invoking beauty requires that we design options worthy of choosing - for society, for the economy, for our organizations, and for each of us personally. No matter which of yesterday's options our best analysis directs us to, they still can only produce yesterday's outcomes; meaning they will only produce more ugliness. Twenty-first century leadership demands the design skills of artists. Leading today requires that we create what we actually want to see in the world.

## **Serendipity: Transforming Ugliness into Beauty**

Serendipity was one of the first big-adult-words that I fell in love with as a little girl. To invoke beauty, we need to embrace serendipity,

both as a concept and as a strategic approach. Although serendipity is a particularly powerful idea, it's also one of the most difficult words in the English language to define. Serendipity means turning something bad into something good. It means finding something wonderful in a disaster or in an unpredicted mess. Serendipity means discovering something good after confronting a situation that has gone "all wrong" and resulted in an outcome that you neither planned for nor want. It is what Jim Collins, author of the best selling business book *Great by Choice*, refers to as getting high returns on bad luck. According to Collins, it is what distinguishes extraordinarily successful business people, such as Bill Gates and Warren Buffet, from everyone else.

Serendipity means confronting ugliness and transforming it back into beauty. It therefore requires both perception and design skills. Discovering something good after something bad has happened requires seeing the world in new ways, which is a perception skill. Creating something good out of something bad requires innovation, which is a design skill.

[30] Serendipity means letting go of our slavish reliance on planning, prediction, analysis, and control. In today's world of discontinuous change, such traditional approaches are at best insufficient and at worst dysfunctional. They won't get us from where we are to where we want to be. Underscoring the fallacy of repeatedly using traditional analytic approaches and expecting new and better results, Einstein reminds us that one definition of insanity is doing the same thing over and over again and expecting different results. Only stupidity, or as Einstein would label it, insanity, would lead us to repeat 20th-century approaches while expecting to achieve new, desired 21st-century outcomes. Repeating what we did in the past will, predictably, result in more ugliness. The 21st-century challenge is to design better options; or as John O'Donohue would say, it is to invoke beauty.

Because of the powerful possibilities it offers, serendipity is what can support us in keeping our eyes open as we observe today's ugliness; and it is what can simultaneously allow us to see paths back to beauty. The optimistic sense of possibility that serendipity offers is what protects us against descending into denial and depression as we observe the disheartening condition of the world today. In offering us a unique perspective that allows us to escape denial and depression, serendipity supports our very best leadership.

## Getting a High Return on Bad Luck

For those of you who have not been playing with the concept of serendipity since you were children, let me suggest several examples. First, a visual example. As an artist, the monotype prints I create sometimes emerge from the press looking totally different from what I had expected and hoped for. In order to salvage the all-too-frequent errant results, I often look for the “print within the print”; that is, I search for a small part of the print that is compositionally interesting, even if the print-as-a-whole looks more like a disappointing mess than anything I would want to frame. The newly-found smaller compositions are frequently much more powerful and engaging than the originally imagined print: jewels of beauty discovered within the chaos of disastrously messy surfaces.

Similar to the beauty that can emerge from artistic process, equally powerful examples of serendipity regularly occur in society. One important example comes from a group of Scandinavian innovations managers I recently worked with. After introducing them to the concept of serendipity, a Norwegian executive, with a very serious expression on his face, confronted me: “Nancy, are you really asking me to use serendipity to see beauty in the more than 70 people who were murdered this summer in Norway simply because of their political affiliation?” My immediate answer, of course, was “No!” How can anyone see beauty in the murder of 77 innocent people, of whom 69 were children? In the ensuing silence, a Norwegian woman quietly spoke up: “Yes, serendipity did emerge of that horror. Following the carnage, all Norwegians very publicly recommitted themselves and their country to freedom and openness. We re-embraced our quest for safety and security in an open democratic society. We refused to accept that the only possible response to such horror was to acquiesce to authoritarianism or any other form of repression. We refused to accept that losing our freedom was the price that we, or any society, must pay today for security. Freedom and openness have always been part of Norway’s core values, but never before have our values been so strongly, explicitly, and publicly re-asserted.” From the horror of the murders, Norway is giving the world a role model for how a civilized society can and must act.

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For an ecological example of serendipity, one need only look to Japan. As we all know, the 2011 earthquake that shook Japan triggered a tsunami, which then led to a meltdown at the Fukushima Daiichi nuclear plant, and subsequently forced Japan to close 39 of

its 54 nuclear reactors. Nobody had imagined, let alone predicted, such a disaster or its consequences. As the high-energy-consumption summer months following the meltdown approached, the Japanese government faced the dismal likelihood of a national energy disaster. Japan simply could not generate sufficient electrical power to meet projected demand. The government resigned itself to planning for rolling blackouts that would sequentially cripple large areas of the country. Yet, as the traditionally highest-power-usage summer period arrived, the Japanese “powered down”. Businesses and the public embraced *Setsuden* – drastic, and very creative, energy conservation. The Japanese invented thousands of ways to dramatically reduce power consumption:

*“Industries, offices and private households turned lights off and thermostats up... . Office workers traded suits and ties for kariyushi shirts, the Okinawan version of aloha wear. They moved their shifts to early mornings and weekends, climbed the stairs and worked by the dim glow of computer screens and LED lamps. Families stopped doing laundry every day; department stores and subway stations turned off the air-conditioning. Posters of happy cartoon light bulbs urged everybody to pitch in.”*

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Much to everyone’s surprise and delight, *Setsuden* worked. The Japanese experienced no brownouts, let alone blackouts. They totally avoided the forecast national energy disaster.

How many of us believe that we can radically reduce consumption, especially of energy, without severely reducing the quality of our life? While most of the world continues to focus on finding additional sources of power to meet the projected growth in demand, Japan proved to itself, and to the world, that reducing demand, which is much more ecologically sustainable than increasing supply, can not only be achieved, it can be achieved without radically diminishing people’s quality of life. Not only Japan, but the world learned that there are viable, sustainable options, ones that to date have only fleetingly been considered. Japan’s experience in transcending the horror of the tsunami-caused nightmare is a powerful example of serendipity, not just for Japan, but for the world.

As Jim Collins recently pointed out, there are many private-sector examples of serendipity. Business people, for example, often view small markets (such as Slovenia’s domestic market) as a severe disadvantage. Consider, for example, the market limitations faced by Singapore in launching an airline. Airlines, of course, are in the

business of transporting people from one location to another. Most countries financially protect their national carrier by shielding it from international competition on domestic routes. When I fly from Montreal to Toronto, for instance, I can choose to fly on Air Canada, but not on Singapore Airlines or Adria. Singapore, however, is so small that it has no domestic routes. Rather than viewing its lack of protected, domestically-generated, monopoly profits as a disadvantage, Singapore transformed its bad luck into an advantage. The absence of domestic routes forced the airline to exceed world class standards in order to go global from its first day of operation. Their strategy of global excellence succeeded, with Singapore repeatedly receiving the number one ranking among airlines worldwide. What could have been viewed as a severe limitation acted as a positive catalyst.

Does ugliness – whether in the form of restrictions, calamity, limitations, bad luck, or other forms of competitive disadvantage – have to limit aspirations? No! Serendipity requires that companies accurately diagnose the situations they face, but never allow themselves to believe that the generally-accepted prognosis will become their fate. Rather, those who benefit from serendipity, design options that transcend current reality (while refusing to become trapped in traditional business analysts' predictions). [33]

IEDC has also defied the analysts' predictions. The school was established in an environment that was so hostile to management that it couldn't even use the word management 25 years ago when the school was first established. Yet, even without the word, Danica and her colleagues went on to create one of the best management schools in the world.

### **Now is Our Time to Invoke Beauty**

25th anniversary is not simply a moment to celebrate Danica and the school. The challenges are too great and the state of the world is too ugly for even one of us to shirk our personal responsibility and fail to contribute. Singling out others to applaud, no matter how worthy, risks undermining our own efficacy and sense of responsibility. At the end of the day, the applause needs to be for all of us – for each of the miracles walking among us. Now is the time for each of us to use our artistic skills. Now is the time for all of us to invoke beauty.

Why would we embrace beauty? Why would we adopt such an unconventional and risky leadership approach? Because we passionately care about the future of our families, organizations, and country – because we care about our planet and civilization.

Nobel Peace Prize Laureate Elie Wiesel reminds us of what we have always known:

*The opposite of love is not hate, it's indifference.*

*The opposite of art is not ugliness, it's indifference.*

*The opposite of faith is not heresy, it's indifference.*

*And the opposite of life is not death, it's indifference.*

The IEDC community, our community, is not a community of indifference. None of us are indifferent. If we were, we would not be here today. If we thought that the world's problems could be solved by others – by some more powerful, more creative or more intelligent group of leaders — we would not be here today.

*Now is our time to invoke beauty.*

*There is no other time.*

*There is no other place.*