Adaptive Action: Leveraging Uncertainty in Your Organization

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Chapter 1: Why So Uncertain?

It is the bottom of the ninth; the game clock ticks to zero; the goalie has a weak knee; the star forward has five fouls; and the soprano just missed her cue. It is your move; you have the puck. What do you do? This may sound like the punch line of a nightmare, but for many of us it feels more like Tuesday at the office. Often we find ourselves in unfamiliar territory, working toward shifting goals, with colleagues who seem to be from another universe. Today, it is sometimes hard to tell who works for whom. Relationships are shaped by inconsistent and often confusing cultural, social, emotional, and business practices. We are never quite sure what to expect or how (and by whom) our success would be judged. It is increasingly difficult to make sense of complex and uncertain patterns in organizations. There are questions about goals, rules, equipment, and skills that separate winners from losers. Relationships that might have held over the long haul are challenged by changing expectations and loyalties. Careers do not follow predictable pre-determined patterns. Economic indicators are confusing even to the experts. All of us have trouble making sense of the game we are playing and figuring out what we have to do to win.

The Infinite Game

What rules prove to be constant in your day-to-day experience at work and at home? If you are anything like our clients or like us, you live and work in an environment where new rules are written and old ones are broken every day. James Carse[1] saw the emerging complexity of the world back in the 1970s. He wrote a lovely little book called *Finite and Infinite Games* to distinguish predictable, closed-system games from the ones that were open and unpredictable. Traditionally, finite games have shaped our experience and our success.

In a finite game, it is easy to make sense. Everyone agrees on the goal; the rules are known; and the field of play has clear boundaries. Baseball, football, and bridge are examples of finite games. At one time in the not-so-distant past we expected careers, marriages, parenthood, education, and citizenship to be finite games. When everyone agrees on the rules, and the consequences of our actions are undeniable, responsible people plan for what they want, take steps to achieve it, and enjoy the fruits of their labor. We know what it takes to make sense in a finite game.

Most of us realize that we play a very different game. We play an infinite game in which the boundaries are unclear or nonexistent; the scorecard is hidden; and the goal is not to win but to keep the game in play. There are still rules, but the rules can change without notice. There are still plans and playbooks, but many games are going at the same time, and the winning plans can seem contradictory. There are still partners and opponents, but it is hard to know who is who, and besides that, the "who is who" changes unexpectedly.

Every day, the newspaper is full of examples of unexpected and sometimes unknowable developments. The mortgage market tanks, an Interstate bridge across the Mississippi River

collapses, youth in London turn into lawless mobs, earthquakes hit Washington, D.C, and a tsunami devastates Japan.

In such complex and unpredictable environments, important factors that shape the future are unknowable. Social, economic, climactic, and political changes erupt without warning. We can plan, but we expect our plans to go awry. We can work toward our goals, but we understand that our work may be in vain. We experience unintended consequences that too often punish what should be rewarded and reward what should be punished. We need new ways to make sense in complex organizations. As individuals and organizations, we need the capacity to adapt to the unexpected. We need adaptive action.

Every day, forces we do not control reshape the landscapes of life in the 21st century. Not only are the rules of the game of life changing, but the game itself is being transformed. Not only are we playing a different game, but we are called upon to play many different games at the same time. Not only are we playing many games, no one knows who will get prizes in the end and for what. It is your move. Life is uncertain. What do you do?

Economic foundations sit on quicksand of derived values and float on bubbles of speculation. Would it be possible to see, understand, and respond to economic turmoil in ways that reduced risk and increase value for us and our organizations?

Cultural and national loyalties shift too quickly or lock in too tightly for civil stability to be sustained. Might we see early signals of dissatisfaction so we could understand and influence the public discourse toward peaceful and productive dialogue?

Technology moves from imagination to reality to obsolescence at breathtaking speeds. Can we consumers, producers, suppliers, and service providers develop the capacity to keep up with the pace of technical change?

Massive, ubiquitous, and direct communications contribute to both intractable stability and incomprehensible disruption. Can we read the landscape and establish media and messages that support the patterns we choose to reinforce?

Local climactic conditions change more quickly and more unpredictably than farmers, multi-national corporations, or emergency services can respond. Can we collect data from around the world, consider it in rational and open ways, and take collective action for the good of people and the planet?

These are the kinds of questions that shape our ability to thrive—perhaps even to survive—in the uncertain world of the future. As individuals, we face similar challenges in personal development, home, and health. As community members, such challenges appear in threats of violence and opportunities for collaborative action. At work, our abilities to manage planning, marketing, human resources, and supply chains all depend on the ability to see, understand, and influence emerging change in complex environments.

We don't think these problems are beyond human intervention. We believe that humans can make sense of patterns in a fast-changing environment and build the adaptive capacity they need to thrive in such volatile uncertainty.

We are living and working in a world—indeed in multiple worlds—that are changing before our very eyes. This massive disruption is no secret. Every scholarly and practical discipline has tried to describe how these fundamental changes affect decision making and action. In our work, we engage with people from many different sectors: educators, public health professionals, politicians, bureaucrats, military strategists, leaders, health care professionals, technology gurus, industry giants, mechanical engineers, entrepreneurs, product developers, middle managers, academic researchers, funders, and grantees. The particular challenges faced

by each of these people are unique. They work with different resources, different conceptual and practical tools, different places and times and shares of the power picture. Still, they have one thing in common. They and their organizations all get stuck trying to deal with the uncertainty. They struggle to understand and to adapt to the ever-changing rules of the game.

Our research and practice, our personal and professional lives point to Adaptive Action as a path through these uncharted territories.
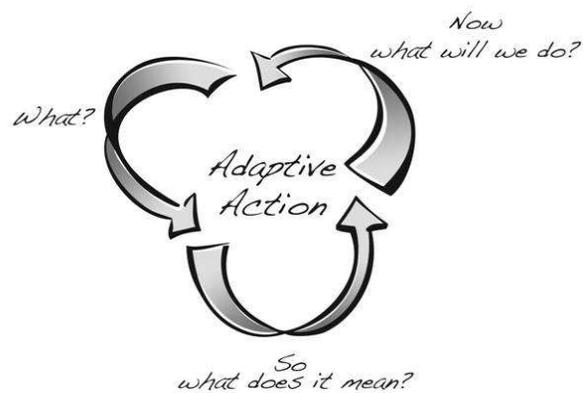
Adaptive Action Defined

Adaptive Action is an elegant and powerful method for engaging with dynamical change in an ever-emerging, always self-organizing world. The Adaptive Action model consists of three questions:

What?

So what?

Now what?

What? What do you see? What changes have occurred? What is the same as before? What is different? What containers are most relevant? What differences are emerging or disappearing? What are the current exchanges and how strong are they? What is the pattern of the past? What desires are there for patterns in the future? *What?*

So what? So what surprises you? So what do your observations mean to you? So what do they mean to others? So what might you expect in future? So what assumptions or expectations were confirmed or denied? So what containers are open to change, and what might those changes mean? So what differences are open to change, and how might new or more effective differences be infused into the system? So what options are there for building new exchanges, changing existing ones, or breaking ones that are not helpful? *So what?*

Now what? Now what will I do? Now what will you do? Now what will we do together? Now what messages should we send to others? Now what outcomes might we expect? Now what will we do to collect data for our next and emerging cycle? *Now what?*

That is it! After framing such an enormous set of overwhelming challenges we face in the world of today and tomorrow, it is a bit surprising that we would offer a solution as simple as the CDE Model coupled with Adaptive Action. How can such a simple method prepare individuals and groups to thrive in response to such complex challenges? How can such a simple method help us leverage the uncertainty that plagues complex adaptive systems? The answer is not so simple.

First, Adaptive Action is a variation of a very old idea. Similar processes show up as the scientific method of building and testing hypotheses, PDSA (Plan, Do, Study, Act), learning cycles, action research, and diagnostic procedures. From records of ancient warfare to the latest

scientific treatises, we see the steps of data collection, analysis, and action repeated in an infinite number of ways. The reason it keeps showing up is that it works. When adaptation is called for, seeing, thinking, and acting in iterative cycles is exactly the right response. Adaptive Action is a slightly adapted version of the age-old process. We have altered the process to account for the openness, high dimensionality, and nonlinearity of dynamical change in complex adaptive human systems by stating it as a series of inquiries and by embedding into the process the conditions for self-organizing.

Second, Adaptive Action is a cycle. Every ending action makes the next beginning question necessary. Complex systems of all kinds—from fractal mathematics to genetic biological systems—are driven by iteration. A short, simple process is repeated over and over, at different times, in different speeds, with different raw materials. The result is a highly diverse, but fundamentally coherent, pattern. You find examples of iteration leading to coherence in every facet of human activity. Practice makes perfect for the musician and the athlete. Reliable processes produce consistently high quality goods. Behavior that is modeled and practiced is embedded in habit. Rituals build community. Good manners encourage respect. Saturation advertising seduces consumers. When you begin to see them, the examples of simple iteration and complex results are endless.

Third, Adaptive Action is framed as a series of questions. An adaptive actor is always standing in inquiry. In times of uncontrolled and dynamical change, inquiry is absolutely necessary. The greatest risk is allowing assumptions of the past to dominate expectations for the future. The only way to avoid this dangerous path is to ask questions—clearly and perpetually.

Fourth, Adaptive Action is simple enough to be flexible. It can be repeated by anyone or any group, in any place, at any time. It may be explicit or implicit, solo or shared, public or

private. It may deal with patterns in physical, conceptual, emotional, social, or political reality. Formal groups and informal ones can engage in Adaptive Action. Cycles can be short as a second and long as a lifetime. In any variation, it supports effective and efficient engagement between people and their environments.

Fifth, it is the only way to reduce the risk of uncertainty in dynamical change. Under conditions of extreme unpredictability, it is impossible to know ahead of time what will happen. It is impossible to know what is a good choice or a bad choice before you make it and see the results. All you can do—the only way to mitigate risk—is to try something, quickly and carefully assess how the system responds to your action, and take another action in mutual response. Adaptive Action leads you to adjust and correct when it is impossible to predict and control.

Sixth, there are millions of tools, models, and methods to support each step. You can even use the ones you already know to fill in the blanks of *What?*, *So what?*, and *Now what?* In the following chapters we will share with you models and methods we find helpful. We'll also share stories of ways our HSD Associates have used Adaptive Action in their lives and work. Ultimately, though, we hope you find ways to create an Adaptive Action toolkit that fits you and your complex environment.

Seventh, Adaptive Action cycles can be embedded inside each other to build a network of inquiry and action. While you explore any large adaptive challenge, you will also encounter smaller ones. Sometimes these smaller challenges are closely connected together and sometimes they may be loosely connected. Planning a presidential campaign is a long cycle of Adaptive Action, but within it there are other adaptations like selecting staff, setting and testing strategy, reviewing poll data, deciding where to spend your time and where to dispense your message. As any political operative can attest, there is no end to the numbers and levels of Adaptive Action

cycles that inform a political campaign. Each one can stand alone, and all of them are intimately connected to each other, so you can choose to deal with one at a time or any combination of a group of them. The trick is to choose a sufficient number to do the work well and few enough to do the work efficiently.

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[1] James P. Carse, Finite *and Infinite Games* (New York: Free Press, 1986).