

NANO TOOLS FOR LEADERS®

VIGILANT LEADERS: PAYING ATTENTION TO WHAT MATTERS MOST

Nano Tools for Leaders® are fast, effective leadership tools that you can learn and start using in less than 15 minutes—with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

THE GOAL

To pick up early on weak signals of potential opportunities and threats—and be proactive rather than reactive—become a more vigilant leader.

NANO TOOL

What's the difference between Charles Schwab, which was early to see and act on the promise of "robo-advisors," and Honeywell, which stumbled when Nest Labs came out first with an internet-enabled thermostat? Or GM's embrace of autonomous cars versus Denmark's largest lender, Dansk Bank, which lost its status as one of Europe's most respected banks after missing red flags and getting caught up in a money-laundering scandal?

The answer: vigilance. We are all vulnerable to missing signals due to limited attention, competing priorities, and, often, a lack of curiosity. What manager has not said at some point, "My plate is full" and proceeded to ignore a signal of a potential problem that they later regret. As we read memos and reports, we may frame troubling issues in overly abstract—and easier to dismiss—terms, losing touch with what is really happening on the ground. We also may not appreciate the stresses others are under or the reasons they may withhold information from us. The net result is a partial and often a distorted view of what is happening right under our noses inside the organization.

Our understanding of the nature of vigilance, including corporate foresight, has advanced steadily. In vigilant companies, leadership attention is leveraged for greater agility and advantage, whereas in vulnerable companies, misdirected attention creates blind spots, myopia, and delayed reactions. The challenge for leaders is to deal appropriately with vast amounts of "regular" information while strengthening the ability to pay attention. The following four steps can help you spot early warning signs—and take action—sooner.

ACTION STEPS

- 1. Scope to Decide How Widely to Look.** In today's era of continual data generation and the signal amplification in our polarized media world, the sheer volume of warning signs can easily overwhelm an organization's ability to absorb them. Strategic scoping by leaders draws the organization's attention to the most pressing matters so that relevant inputs can be garnered from employees at all levels. One way to scope is by assembling a diverse team of independent thinkers from both inside and outside the company who can, as one of our clients phrased it, "tap into the organization's paranoia" and invite everyone to voice hunches, concerns, doubts, or intuitions that would otherwise remain dormant. The leadership team can then shine a spotlight on issues that seem negligible now but may emerge as serious over the next few years. Adopting a three- to five-year time frame will allow leaders to peer further ahead than rivals, especially when few clouds are visible yet on the horizon.



- 2. Focus Attention with Guiding Questions.** Deciding which looming issues merit close attention and why requires curiosity. Leaders must pose questions that reveal the limits of the company's current knowledge so that they can flag areas of collective ignorance and sensitize the organization to emerging issues. Organize the questions into three categories: learning from the past, interrogating the present, and anticipating the future. One method for learning from the past is to use past successes to create watching and listening outposts in other markets by asking, "Who there has a consistent record of seeing sooner and acting faster?" and "What is their secret?" Many companies interrogate the present by monitoring blogs, social media sites, and chat rooms for signs of brewing trouble with customers, with an eye toward timely remedial action. Vigilant organizations pay special attention to customers' evolving behaviors and needs. One way to do this is by studying "edge cases" that could suggest opportunities or threats. (In engineering, the term edge is used to describe situations that purposefully push the limits.) To prepare for what's ahead, leaders can develop different scenarios that reflect how today's uncertainties might play out in years to come. To stimulate scenario planning, leaders should pose guiding questions about the future such as "What surprises could really hurt us (or help us)?" and "What might be some future surprises as big as those that we saw in recent decades?"
- 3. Actively Scan to Deeply Explore.** Active scanning is built on the scientific method: it starts with a set of hypotheses, which are then tested and revised based on the availability of new data. It's rooted in a deep sense of curiosity and exploration. Doing this type of scanning, however, requires actively encouraging diverse—and even contradictory—inputs to ensure that all sides of an issue are surfaced.
- 4. Decide Which Signals to Amplify and Clarify.** Through active scanning, organizations frequently identify many more signals than they can possibly digest. So, leaders need to develop ways to highlight the most interesting signals. Canvassing the wisdom of crowds is one approach. Studies have shown that groups are often better than individuals at making accurate judgments. That's because individuals have only partial information while groups of people with different skills are collectively smarter than the smartest people in them. Assuming the group doesn't have a collective blind spot that points everyone in the wrong direction, a diverse crowd will reflect the varying experiences and views of numerous people.

HOW COMPANIES USE IT

Google cofounder and former CEO Larry Page challenged his teams to anticipate the future not just by asking what is or likely will be true, but also, what could perhaps be true, even if totally unexpected. Such guiding questions are a productive way to launch a scoping dialogue.

Procter & Gamble (P&G) keeps some retired executives in Europe on a part-time retainer so that they can periodically report on interesting developments in, say, private label or branded products. For P&G, this has been part of its "connect and develop" approach to innovation, which helped it innovate and launch many successful products.

General Electric's senior health care group created a task force to process an array of weak signals about new opportunities for health care in India. These signals suggested several nonlinear shifts, including a shortage of doctors and hospital beds, growing unmet health care needs, and an underdeveloped health insurance industry, but also good digital connectivity. The mandate for the task force was to illuminate areas that might deserve more attention as interesting potential opportunities for GE in India.

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KNOWLEDGE IN ACTION: RELATED EXECUTIVE EDUCATION PROGRAMS

[*Advanced Management Program*](#); [*Executive Development Program*](#); [*General Management Program*](#)

ABOUT NANO TOOLS

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, director of Custom Programs at Wharton Executive Education. *Nano Tools for Leaders®* is a collaboration between joint sponsors Wharton Executive Education and Wharton's Center for Leadership and Change Management. This collaboration is led by Professors Michael Useem and John Paul MacDuffie.