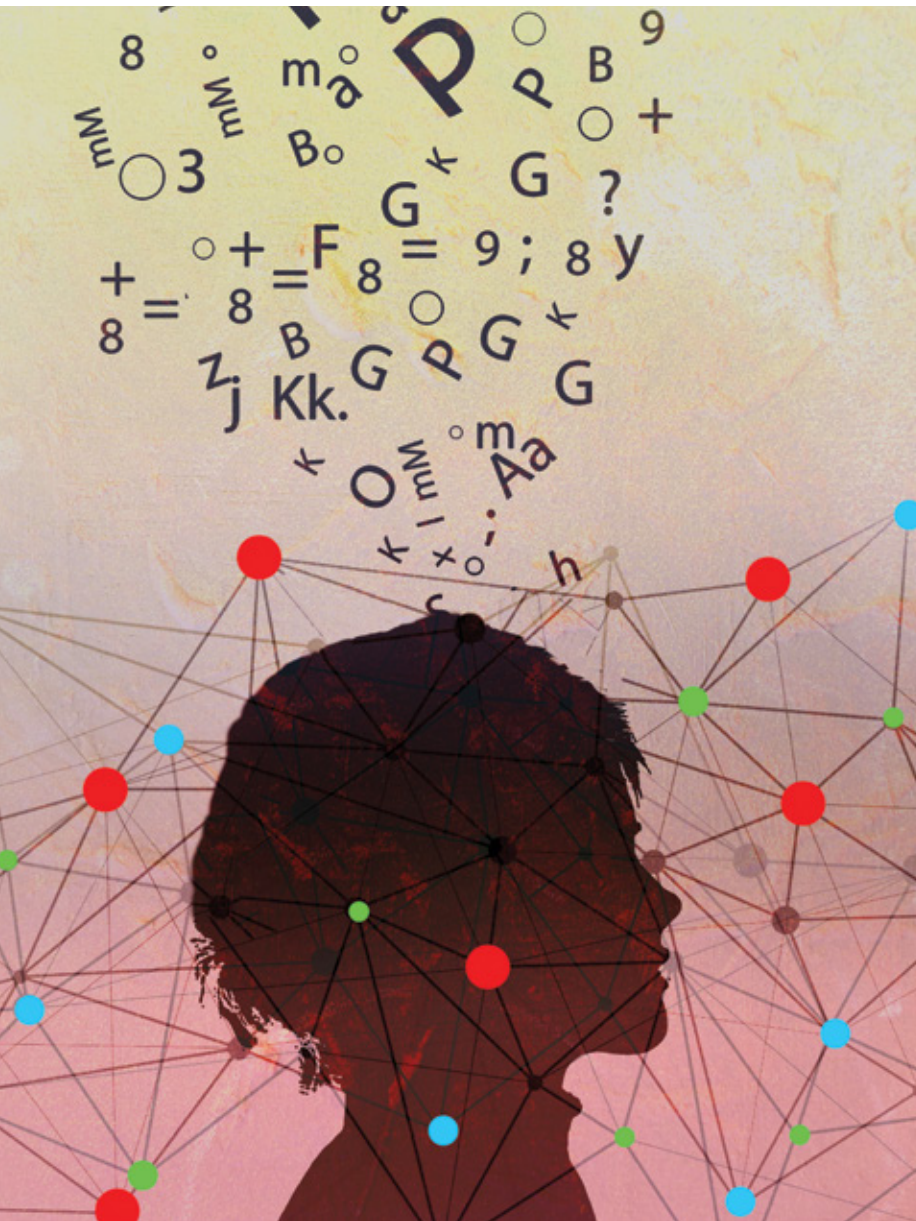


Deborah Ancona
Michele Williams
Gisela Gerlach

The Overlooked Key to Leading Through Chaos

Managers who focus on developing sensemaking capabilities can make better decisions in a complex and unpredictable world.

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BY DEBORAH ANCONA,
MICHELE WILLIAMS,
AND GISELA GERLACH

Ask executives to list traits of great leaders and they will probably name vision, honesty, or the ability to execute change. Rarely mentioned is one critical capability that leaders need most in turbulent times: *sensemaking*, the ability to create and update maps of a complex environment in order to act more effectively in it.

Sensemaking involves pulling together disparate views to create a plausible understanding of the complexity around us and then testing that understanding to refine it or, if necessary, abandon it and start over.¹ Sensemaking has been recognized as vital to the success and survival of organizations since Karl Weick introduced the term in 1979.² It is considered essential for innovation and crucial to the development of nimble teams and organizations.³

Leaders need to know what's happening around them in order to drive organizations forward. Today this task is harder than ever, given the ever-increasing rate of change in technology, business models, and consumer tastes — and it is now further complicated by the global pandemic and its related economic and

political aftershocks. For example, sellers of food, cars, and other consumer goods that were able to quickly understand that the shift in consumer demand was not just a response to disrupted supply chains but also a diminished desire for variety were able to cut back on their offerings and experience greater efficiencies in production.⁴

Our research shows that sensemaking is, in fact, a predictor of leadership success. And yet few leaders model or implement sensemaking in their organizations. We also found that most executives don't even rate sensemaking as a key attribute of a great leader. (See "The Research.") Of the 1,395 characteristics or behaviors that executives associated with great leadership, less than 4% related to sensemaking, even though other attributes mentioned — such as being visionary or building credibility — require sensemaking in order to be executed well.

Overall, the data shows that sensemaking is key to effective leadership and yet doesn't figure into executives' mental models of great leaders. This is a problem. The pace of change in our world is increasing exponentially, but sensemaking — a necessary tool to navigate these turbulent waters — is unseen, undervalued, and underdeveloped. Not only do leaders fail to properly use sensemaking themselves, but it's a capability that is often ignored when hiring, evaluating, developing, and promoting leaders. As a result, leaders and organizations aren't nearly as effective as they could be.

We view our findings as a call to action. We must shift gears from assuming that we understand the world to being curious and experimenting, and from believing that sensemaking is required of only senior leaders to cultivating it at all levels of the organization. Rather than immediately jumping to solutions, we must start with collecting data and scrutinizing it for trends and patterns that point to better solutions; rather than ignoring warning signs of failure, we should learn from others what those warning signs might be. This is not the time to do less sensemaking — it is the time to supercharge your organization's ability to do more.

Here are some ways to elevate and institutionalize sensemaking in your organization.

Instill a Sensemaking Mentality

Our research shows that even leaders who engage in sensemaking don't think of it as a key leadership

activity. But to be more effective, organizations need to plant the practice in the minds of leaders and employees. A focus on teaching, role-modeling, and shaping culture to include sensemaking will encourage its use.

Teach sensemaking. Leaders of Takeda Pharmaceutical's R&D operations saw the need for a major strategic shift to focus on fewer clinical areas, be more creative in meeting patient needs, and move toward external innovation — transforming the organization to focus on collaborations that bring in innovation from outside. The shift required changing how the company operated, and even how it viewed the science of drug development. This transition could not happen solely within the boundaries of Takeda. It would require Takeda to learn from other companies and to partner to bring new technologies on board, identify new product ideas and drug combinations, and conceive of new ways to develop and test drugs.

As part of the transition, Takeda hired MIT to create a leadership program in which sensemaking was a key part of the curriculum. Following a classroom exercise to familiarize everyone with the techniques, teams ventured into the field to practice their new sensemaking skills. Part of the goal was to get them to embrace sensemaking as a normal way of thinking and behaving. In order to not waste people's time, the teams worked on real strategic issues. One team, for example, found ways to improve patient connectivity by developing a patient portal. They met with patients and technologists, among others, to learn the best ways to communicate with patients. Another team looked at ways to digitize processes by talking to executives who had led successful digital transformations in other industries.

This learning-by-doing approach crossed hierarchical, functional, and global boundaries and gave participants the confidence to boldly present ideas to the senior leadership of Takeda R&D. Team members could easily back up their proposed innovations with extensive data, examples, and the results of experiments they had run. In the end, almost all of their ideas moved forward with buy-in from both participants and the senior leadership team.

Program participants returned to Takeda inspired to make sensemaking a part of their daily routines and to share it with others. Many spread

THE

RESEARCH

The authors conducted two studies, in 2015 and 2017.

▼
The first study surveyed 182 executives to learn what qualities they associated with great leadership.

▼
The second study surveyed 649 executives, their managers, and subordinates. The analyses tested the impact of the leadership capabilities on leadership effectiveness as rated by subordinates and bosses.



Sensemaking never leads to a flawless picture of what is happening. The world is uncertain and constantly changing, and our understanding will always have limits. Sensemaking is not about achieving omniscience; it's about learning.

the word by sharing these practices with their own groups. The manager of a new internal startup who was a graduate of the program kicked off the initiative with a team sensemaking exercise. This involved examining the priorities of key stakeholders, talking to other startups, and coming up to speed on the challenges ahead. Eventually, the head of R&D, Andy Plump, decided that all new global project teams needed similar training.

In short, staff members need to learn what sensemaking is, try it out by applying it to specific strategic initiatives, and then spread the practice further in the company.

Role-model sensemaking. It's not enough to teach sensemaking; it must be showcased. Leaders need to put sensemaking activities on their calendars and constantly practice sensemaking in a very public way. The point is to role-model sensemaking so that it inspires others to make it a daily practice. One leader we worked with modeled her curiosity and enthusiasm for learning by constantly mentioning conversations she'd had in the field, such as a chat on a plane with a poet or insights gathered at industry conferences. Another CEO, who runs a global technology and manufacturing company, kicks off senior global leadership meetings with a dinner. During the cocktail hour, he asks top team leaders to share news from their businesses or regions and describe recent challenges, surprises, and trends they have spotted. By the time dinner starts, the team has a shared sense of issues the whole company is facing and can then engage in a more informed and thoughtful strategy formulation session. This peer-briefing practice has spread throughout the organization.

Leaders should model vulnerability as well. Sensemaking never leads to a flawless picture of what is — or will be — happening. The world is uncertain and constantly changing, and our understanding will

always have limits. Eventually, you have to act and learn from experience (or small experiments). Sensemaking is not about achieving omniscience; it's about learning. In turn, modeling sensemaking needs to involve modeling imperfection and vulnerability.

Indeed, as leaders engage with a rapidly changing world, many operate with this kind of thinking: We aren't sure what works, but we must change. So we will try things we think will work in order to learn and try to meet the challenges of the moment.

Foster a sensemaking culture. Sometimes leaders are sold on sensemaking and even start to teach it and model it, but there's a problem: They're operating in a culture that isn't ready or that outright rejects it. The culture may reward a focus on action and quick problem-solving rather than on listening and digging for more data, identifying problems, asking lots of questions, and reflecting on what has been learned in the past.

Staff members need to be encouraged to take time to understand situations before acting. Leaders in companies transitioning to sensemaking should be sure not to blame people (at all levels) for wasting time by asking questions or for digging deeper into data. Rather, leaders need to build a culture where people don't feel silly asking, "Did you do your sensemaking?" and "What did you learn?"

To cultivate an environment that is open to new ideas and worldviews, encourage employees and leaders to engage with people with different worldviews; this challenges us to think nimbly. Some organizations randomly put people together for conversations, or they set up educational trips to foreign countries or to radically different types of organizations to help people keep an open mind.

Getting people to change their behavior is hard, and that's why cultural changes must be reinforced at the highest levels. When Satya Nadella became CEO of Microsoft, he signaled right away that

sensemaking was going to be part of the culture and that he expected staff members to behave differently. At his first executive retreat, Nadella had vans waiting to take team members to customer sites.⁵ The message he conveyed was that it's important to take time to truly understand customer needs. In addition, he included CEOs from recently acquired companies, who wouldn't ordinarily be at the senior leadership team meeting. These people had much to teach; after all, Microsoft had acquired its companies because they were at the forefront of new technologies and approaches. Microsoft executives came away from that retreat with a deeper and more up-to-date understanding — or map — of customers and technologies. And Nadella signaled that they must continually update their maps.

Creating a culture of sensemaking requires a new language, as well as new stories and conversations that celebrate employees who venture out, collect data, and map the new reality that exists. Successful examples of sensemaking should be shared. Following the Takeda R&D training, stories of new ideas for patient connectivity and for bringing drugs to Africa were told again and again — with recognition for the teams that tried new software tools and made new connections in order to move the organization in new directions.

Sensemaking isn't a perfect science. It's about making sense of an evolving reality. That's why organizations require a supportive culture, or what Harvard Business School professor Amy Edmonson calls psychological safety.⁶ People must feel comfortable sharing opinions and ideas without fear of being ridiculed or reprimanded for wasting time. If they feel empowered and safe, they will say what they mean, think more creatively and dynamically about the future they see emerging, and learn to work with a new set of partners.

Bake Sensemaking Into Organizational Structures

Once people start to use sensemaking, it must be embedded into the organizational structures and processes for it to be effective. This includes not only making it a part of new product development but also organizational change projects, strategic planning, and crisis management. Additionally, it involves

FIVE REASONS SENSEMAKING GOES UNSEEN

Leaders who are effective at enabling change during tumultuous times are usually good at sensemaking. And yet our research shows that this leadership capability — which boils down to making sense of complex, rapidly changing situations — is greatly discounted by executives and organizations. Why is that? We've identified a number of possible explanations.

1 Sensemaking doesn't rank in most people's mental model of leadership. Leaders may engage in sensemaking — and most highly effective leaders do — but they don't point to it when asked what they did to lead a change. It's as if their sensemaking is invisible even to themselves. As a result, they don't think about sensemaking skills when hiring, developing, and promoting others. They forget that it's necessary in order for teams and organizations to succeed.

2 The link between sensemaking and leadership effectiveness is indirect. Sensemaking helps leaders understand what's happening around them, which in turn helps them to envision the future, forge connections, build credibility, and execute change — that is, to be an effective leader. Because the impact of sensemaking is not straightforward and linear, it's often overlooked when people think about what makes a great leader.

3 Leaders tend to prioritize taking action to solve problems. They are less inclined to first go through the messier and more painstaking process of deciding next steps by developing hypotheses, gathering information, looking for patterns, and making intuitive leaps. The most common refrain we hear from executives is, "But we have to act quickly. We don't have time." In short, leaders value action over sensemaking, resulting in the latter being seen as unworthy of valuable time.

4 Some leaders don't fully understand what sensemaking entails. Many others have an overinflated idea of how much sensemaking they actually do. When leaders are asked in our executive classes whether they engage in sensemaking, the answer is invariably "yes." They go on to say they perform competitive analysis or listen to customers, or they say that marketing tells them what they need to know. But this suggests only a superficial understanding of sensemaking, which also involves examining assumptions, understanding the needs and perspectives of all stakeholders, consolidating that learning, and testing it.

5 Leaders may view sensemaking as essential in the C-suite but less important in other areas of an organization. As a result, many fail to incorporate sensemaking into the larger organization. As organizations increasingly involve more junior-level staff members in driving innovation and contributing to the strategic planning process, this thinking will need to change.

bringing sensemaking into the company's leadership development models and human resources practices.

Make sensemaking an integral part of the work process. Set the expectation that all initiatives should follow these steps: learning everything about the problem or challenge at hand, mapping that new knowledge to form an understanding, and then testing that understanding with experimentation. Here's how that unfolds.

1. Learn. Your team should identify all relevant stakeholders, experts, analysts, people who previously did the work, and anyone with a unique perspective on the issue, from inside and outside the company. They must then systematically acquire relevant information in the most appropriate way, such as by conducting interviews, observing how others have done similar things in their organizations, fielding surveys, and so on. The key is to go beyond your own team to seek out new ideas, perspectives, and practices to help better understand the dilemma at hand.

This process is followed by many creative companies. When IDEO in Palo Alto, California, designed a new soda vending machine, the design team canvassed a wide array of stakeholders — people who buy sodas, load the machines, collect the cash, and rent space for the machines — to learn what worked with existing designs, what didn't, and how to improve them. Or consider Pixar: The maker of *Finding Nemo* literally asked employees to take a deep dive into the reality they were trying to re-create by sending them to scuba-diving lessons to see tropical fish in their natural habitats.

2. Map what you learn. After collecting data, make a map of the system, problem, or challenge at hand that captures the key patterns, themes, and lessons learned. A map might be a report, an image, or a story that consolidates the major findings from data collection, including which assumptions were correct and incorrect.

After surveying vending machine users and suppliers, IDEO's team made design mock-ups of a new machine to be sure they had truly captured the needs of all stakeholders.

3. Run experiments to test what you think you know. Try out potential solutions to test assumptions and learn what works and what doesn't.

Collect data on what the experiments show. Use the results to update the map, and move on from sensemaking to creating a new vision or product, spreading the innovation through the organization, or going through the sequence all over again if needed. The key here is that sensemaking is a springboard to action, not an end in itself.

A team at Boehringer Ingelheim Pharmaceuticals, a U.S. subsidiary of Boehringer Ingelheim International, followed all of these sensemaking steps while trying to create “biotech within.” To open up their minds to what was possible in drug development, the team spoke with people at other leading pharma and biotech companies, pharma consultants, and leaders of similar efforts in other companies and other groups within their own company. One team member said he had “learned more about alternative drug development in three months than in the prior 10 years” through the sensemaking process. Members then mapped what they learned. But that was only the beginning: They are now experimenting with new approaches based on an updated understanding of the world. Experiments include taking on more aggressive schedules and budget targets and new modes of drug development.

Embed sensemaking into leadership capability models. Sensemaking should appear in leadership capability models for all types of leaders at all levels, whether it's an entrepreneurial leader, a coaching leader, or the architect of a new strategic initiative. Once sensemaking is part of the organization's model of leadership effectiveness, programs for talent development at every level of the organization can follow. Organizations should then create new leadership development assessments, training, and projects that emphasize sensemaking capabilities.

By bringing sensemaking explicitly into leadership capability models, the term itself will become



Creating a culture of sensemaking requires a new language, as well as new stories and conversations that celebrate employees who venture out, collect data, and map the new reality. Share successful examples of sensemaking.



Hiring for sensemaking ability means looking for individuals with a wide network and an ability to reach out to many stakeholders, listen, see patterns in complexity, and think across polarities such as safety versus economy.

part of the organizational vernacular. It will be recognized as an important factor in organizational communication and coaching conversations. In effect, this act puts sensemaking into the leadership effectiveness equation, taking away its status as a hidden ingredient of leadership success.

Incorporate sensemaking into human resources practices. Once sensemaking is part of an organization's leadership capability model, it must become a criterion in hiring and rewarding employees. Hiring for sensemaking ability means looking for individuals with a wide network and an ability to reach out to many stakeholders, listen, see patterns in complexity, and think across polarities such as efficiency versus effectiveness, or safety versus economy. Hiring people who are open to new ideas and able to rapidly test their assumptions is critical.

Employees should be rewarded for maintaining and growing their sensemaking skills. Rewards can take the form of praise or recognition. A leader at Takeda created "dragon" awards for the best innovations in oncology. People became very competitive in their drive to win one of the coveted dragons. A core part of getting a dragon was clearly demonstrating that sensemaking enabled the innovative idea or product to emerge. Companies that are the most serious about the practice will include sensemaking ability as a required attribute for promotion.

As we experience exponential growth in available information, a quickening pace of technological change, greater interdependence, and increasing complexity, sensemaking is more important than ever. It is needed to map the changed landscape, make sense of our current reality, and continually redraw those maps and refresh that understanding as circumstances change. To make the best decisions and execute them most effectively, organizations

need to recognize sensemaking as a critical capability and step up efforts to practice it by teaching, modeling, and embedding it at all levels. We know sensemaking works, even if we often seem blind to its value.

***Deborah Ancona** is the Seley Distinguished Professor of Management and founder of the MIT Leadership Center at the MIT Sloan School of Management. **Michele Williams** (@michelewilliamz) is an assistant professor of management and entrepreneurship and the John L. Miclot Fellow in Entrepreneurship at the University of Iowa. **Gisela Gerlach** is a professor of business administration, human resource management, and organization at the Universität Koblenz-Landau. Comment on this article at <https://sloanreview.mit.edu/x/62125>.*

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