

WHITEPAPER

CONNECTING THE DOTS DEVELOPING LEADERS WHO SEE THE BIG PICTURE

Do you remember those connect-the-dots puzzles you played with as a child? Each one appeared to be just a random scattering of black dots on a white page. No matter how hard you squinted or stared at those spots, you couldn't see the object or scene in front of you. But if you drew a line and connected the dots in the right order, a clear picture would suddenly emerge out of the chaos.

Trying to make sense of the uncertainty, complexity, ambiguity, volatility, and seeming chaos of the current business environment is a lot like tackling one of those puzzles. Understanding what is really going on and responding accordingly requires the ability to connect the dots astutely and accurately.

It's a tall order in today's business world.

CONNECTING THE DOTS

DEVELOPING LEADERS WHO SEE THE BIG PICTURE

BY CATHERINE J. REZAK

AN UNRECOGNIZABLE NEW WORLD

Within its most recent 10-year forecasts, the Institute for the Future predicted a decade of unprecedented change and reinvention on the horizon, pointing to widespread collapse of existing institutions and infrastructures, as well as radical transformation and the emergence of new systems. In addition to a protracted recovery from the recent economic crisis, the resulting fallout has put an end to business as usual. In its place is a “new normal” that not only looks markedly different from anything anyone has seen before, but also augurs the inevitability of a future world that will be very different from the world we know today.

To survive and thrive in this radically different, ever-changing landscape, businesses face more than just competition. They are buffeted by geopolitics and global instability, challenged by rapid technological advances, and set afloat on a rising tide of information that demands their constant attention. Myriad factors need to be examined—from the emergence of entirely new business models to morphing consumer attitudes and behaviors, social and political shifts, and new algorithms for mining and analyzing data. While some classic management strategies and skills will continue to be effective, leaders in this confusing and complex new world of business will most certainly need to lead differently.

TECHNOLOGY: BLURRING THE VIEW?

Ironically, technology and the billions of bits and bytes of information it generates every day may be crippling leaders’ ability to see business situations clearly

and make critical decisions that can reap long-term benefits. Things are so fast and furious and there’s so much information coming at leaders all the time that they’re becoming more scattered in their thinking.

In fact, information and data are so ubiquitous and digital distractions such a big part of our lives that our minds, according to Nicholas Carr, author of the Pulitzer finalist *The Shallows: What the Internet Is Doing to Our Brains*, are no longer the same. We have become attuned to “the crazy quilt of Web content” or what blogger and science fiction writer Cory Doctorow calls an “ecosystem of interruption technologies.”

In the process, the very features that make the Net so attractive and valuable as an information resource—interactivity, hyperlinking, searchability, multimedia—are literally changing our brains and diminishing our capacity to engage in the kind of deep reasoning and critical thought necessary to meet the challenges we face. Instead, they are distracting and dividing our attention and straining our cognitive abilities. Our capacity for learning suffers, and our understanding remains shallow. Carr concludes that the mental functions that are losing “the survival of the fittest” brain cell battle are those that support calm, linear thought—the ones we use for recognizing patterns, seeing the big picture, and engaging in critical and strategic thinking.

Based on scientific studies of the brain’s lifelong plasticity, our brains are always in flux, adapting even to small shifts in our circumstances and behaviors and to changes in the tools we use.

Unused circuits are pruned away and new habits are formed by repetition of a physical or mental activity. Calling it “the single most powerful mind-altering technology that has ever come into general use,” Carr believes the Net delivers precisely the kind of sensory and cognitive stimuli—repetitive, intensive, interactive, addictive—that result in strong and rapid alterations in the brain’s circuits and functions.

“Dozens of studies by psychologists, neurobiologists, educators, and Web designers point to the same conclusion: when we go online, we enter an environment that promotes cursory reading, hurried and distracted thinking, and superficial learning. It’s possible to think deeply while surfing the Net, just as it’s possible to think shallowly while reading a book, but that’s not the type of thinking the technology encourages and rewards ... Our use of the Internet involves many paradoxes, but the one that promises to have the greatest long-term influence over how we think is this one: the Net seizes our attention only to scatter it.”

And now is not the time for scattered thinking, especially from our leaders.

A NEW KIND OF “VISION” FOR LEADERS

Without a broad understanding of both the external and internal landscapes, leaders are more likely to develop the wrong capabilities, set the wrong goals, hire the wrong people, or enter the wrong markets. Worst of all, without a clear vision of financial and strategic objectives, they may fail to recognize the challenges the business is facing, the concerns of their people, and the impact of their decisions on the bottom line. That kind of leadership thinking won’t help businesses survive in the challenging times ahead.

First and foremost, successful leaders will need the ability to connect a plethora of “dots” within a vast and dynamic global business ecosystem. Effective

strategy will require a broader view rather than tunnel vision and the ability to keep the details in perspective—not an easy task in an environment of ever-increasing information availability and diminishing time and opportunity to examine and think.

According to Loizos Heracleous, professor of strategy at England’s Warwick Business School, “It all comes down to the ability to go up and down the ladder of abstraction . . . being able to see the big picture and the operational implications, which are signs of outstanding leaders and strategists.”

For business leaders, connecting the dots to see the big picture goes by many names—holistic thinking, gestalt, pattern recognition, strategic vs. tactical thinking, to name a few.

SEEING THE BIG PICTURE

Peter Senge, director of the Center for Organizational Learning at the MIT Sloan School of Management, focuses on “systems thinking,” a discipline for seeing wholes. “It is a framework for seeing interrelationships rather than things, for seeing patterns of change rather than static snapshots.”

Others call it taking a “helicopter view,” which is exactly what it sounds like. A helicopter view gives leaders the ability to intellectually rise above current business situations and see what’s ahead, what’s behind, and what surrounds them. They can discern a larger context, analyze dynamic interactions, and recognize overarching trends while still taking into account all important details and implications. In other words, they can see the forest—without losing sight of the individual trees—and navigate it successfully.

In his book *The Nature of Leadership* (American Management Association, 2007), former University of Illinois President B. Joseph White calls a helicopter view one of the five qualities great leaders share. He describes it as a sense of perspective. “Can

the person put an immediate problem, question, or challenge into a larger context of the past, the future, things going on concurrently in other spheres, and, perhaps most important, the larger mission and purpose to which it relates? And can the person do it not just as an intellectual exercise but, rather, identify the practical consequences of context?”

For Daniel Pink, the best-selling author of *A Whole New Mind* (Riverhead Books, 2005), it is all about “symphony,” one of the six key “high-concept, high-touch senses” needed for what he dubs the new Conceptual Age. “What’s in greatest demand today isn’t analysis but synthesis—seeing the big picture and crossing boundaries, being able to combine disparate pieces into an arresting new whole,” says Pink. “It’s fast becoming a ‘killer app’ in business.”

After nearly a century of Western society being dominated by a form of thinking that is narrowly reductive and deeply analytical, Pink sees big changes. He envisions us moving from the logical, computer-like capabilities of the Information Age to an “economy and a society built on the inventive, empathic, big-picture capabilities of what’s rising in its place, the Conceptual Age.” What’s required in this emerging age is a “new set of aptitudes: forging relationships rather than executing transactions, tackling novel challenges instead of solving routine problems, and synthesizing the big picture rather than analyzing a single component.” It also demands the meta-ability to “grasp the relationships between the relationships.”

RECOGNIZING THE PATTERNS

Both research and observation demonstrate that understanding the relationships between relationships—assimilating a disparate set of data, recognizing industry patterns, anticipating change, and being able to wrap one’s mind around complicated phenomena and detect potential

movements from seemingly random occurrences—has risen to the top as a core competency and competitive advantage for current and future leaders.

In *Working with Emotional Intelligence* (Bantam, 1998), Daniel Goleman cites a study of executives at 15 large companies. According to the research, “Just one cognitive ability distinguished star performers from average: pattern recognition, the big-picture thinking that allows leaders to pick out the meaningful trends from a welter of information around them and to think strategically far into the future.” These star performers, says Goleman, “relied less on deductive, if-then reasoning” and more on intuitive, contextual reasoning.

LOOKING INSIDE AS WELL AS OUT

Whatever you call it, this ability to see the big picture isn’t just an external exercise for business leaders. Just as it’s important to have a clear view and understanding of the outside world—the business ecosystem in which an organization operates—it’s also imperative to take a helicopter view and think critically about what’s going on inside the business. Again, context is key.

In today’s highly charged marketplace, leaders are challenged like never before to make the connection between what’s happening in the world at large and the finer points of how the business functions internally. As their role in executing strategy continues to expand, they are accountable for making crucial, real-time decisions that directly affect financial outcomes at the unit and at the corporate level. To succeed, they need to have the insight and perception to balance the big picture with the day-to-day basics of doing business. The truth is, leaders can’t impact bottom-line success if they are unable to accurately assess the competitive landscape or connect operational decisions and activities with key financial and business performance metrics and goals.

WHAT IS BUSINESS ACUMEN?

The dictionary defines acumen as “quickness, accuracy, and keenness of judgment or insight,” especially in practical matters. The word comes from the Latin *acuere*—the root of *acute*—meaning “to sharpen.”

Business acumen is an acute understanding of how a business works and what it takes for the enterprise to make money. It combines financial literacy (the ability to understand numbers on financial statements) with business literacy (recognizing how strategies, behaviors, actions, and decisions not only affect the numbers but also drive profitable and sustainable growth).

Consider this example: In team sports, players need to know how the game is scored. To affect the score, they need to know how to play the game. In business, financial literacy is understanding the score and business acumen is knowing how to impact it.

On any business team, managers with basic financial literacy can read a company’s income statement by relying on a fundamental understanding of financial terms, ratios, and what the numbers represent. But that’s about it.

Managers with business acumen, however, can interpret that income statement—what the numbers really mean—and act accordingly. With a solid understanding of industry, market, and financial information, they have a clear view of the company’s current realities and potential opportunities. They are able to analyze diverse financial



data and apply it to the development of strategy. Most important, they can make decisions that lead to increases in profit or cash flow because they know how their actions affect the numbers and vice versa.

WHERE BUSINESS ACUMEN FITS IN THE PICTURE

The ability to engage in internal big-picture thinking and understand the organization’s financial and strategic issues—the relationships between actions and consequences within a holistic context—is known as business acumen. Leaders who understand all the business drivers and key financial levers, as well as the relationships between them, are able to understand the total organization and how the individual parts work together.

They have a clear understanding of not only how the business works but also how it sustains profitability. They make better decisions, influence top-line revenue generation, establish priorities, and take actions that align with organizational and marketplace strategy.

Leaders with business acumen are able to break down organizational silos, bridge communication gaps, and engage the employees they manage in understanding how the company operates and what each person can do to contribute to success.

On the other hand, without adequate business acumen, leaders can’t align their priorities with those of the company or help employees connect with the company’s vision and goals. Narrow focus on their own departments and job functions prevents them from understanding how what they do rolls up into a financial statement or affects their customers, so there is no sense of urgency. And when income statements, balance sheets, cash flow statements, asset management initiatives, and other financial

concepts are misunderstood or misused—and when leaders don't grasp the connection between these financial concepts and corporate vision, goals, and strategies—leaders can't be effective for the organization, themselves, or their teams.

SHARPENING THE VIEW WITH CRITICAL THINKING

Also under the umbrella of the big picture, critical thinking has been elevated to a core competency. Identified by the Department of Labor as a foundational skill and the “raw material” that underlies fundamental workplace competencies, critical thinking appears to be exactly what's needed from leaders navigating the volatility of the new economic order.

In her seminal book, *Thought and Knowledge*, Diane Halpern offers this definition of critical thinking:

“Critical thinking is the use of those cognitive skills or strategies that increase the probability of a desirable outcome. It is used to describe thinking that is purposeful, reasoned, and goal-directed—the kind of thinking involved in solving problems, formulating inferences, calculating likelihoods, and making decisions. . . . It's the kind of thinking that makes desirable outcomes more likely.”

Critical thinking can enable leaders at every level to understand the impact of their decisions on the business as a whole and ensure both alignment with organizational goals and accountability for results. Leaders who are reasoned, purposeful, critical thinkers think differently about how their decisions and actions influence the business and impact the bottom line. Using an approach that is fair, objective, accurate, and based on information relevant to the situation, they know how to make sure the correct problems are addressed within acceptable risks.

Operating from a broad, systemic perspective, they understand what it takes to execute for

results now, while fulfilling their obligations to positively affect the future. And they are able to balance department or team issues with broader company issues and embrace a larger responsibility for the success of the organization.

In a recent study from The Conference Board, 150 companies and more than 80 thought leaders weighed in on what they saw as the characteristics of leadership necessary to face the future. The results pointed to “an environment of extreme cognitive complexity in many industries, requiring extraordinary strategic thinking skills and the ability to make high-quality decisions quickly in the face of competitive pressures and uncertainty.”

At the same time, in “Are They Really Ready to Work?”—a subsequent report from The Conference Board, in collaboration with Corporate Voices for Working Families, the Partnership for 21st Century Skills, and the Society for Human Resource Management—critical thinking was singled out by 77.8 percent of employers as the number one skill of increasing importance over the next five years.

THE LACK OF BIG-PICTURE LEADERSHIP

Despite the growing realization that seeing the big picture—and demonstrating the business acumen, critical thinking, and leadership accountability that accompany it—is vital for business survival in a turbulent environment, most business leaders haven't really mastered this strategic competency.

There's certainly evidence that the lack of big-picture thinking is and has been a critical issue. The 9/11 Commission determined that the biggest failure in the days leading up to the terrorist attacks was a “failure of imagination.” The data—the necessary pieces of the puzzle—were there, but no one connected the dots. Likewise, in the wake of the economic crisis, we all know too well what

happens when decisions are based upon erroneous, partially false, or incomplete information and those in charge fail to think clearly and strategically about the full implications of what they're doing.

Filling the gap and developing the capability to interpret and find order in often chaotic masses of data, understand connections between seemingly separate elements, see new opportunities, or recognize when the world is changing represent critical needs at an especially critical time.

Every two years Executive Development Associates (EDA) conducts a survey on the trends, growth, and evolution of executive development. The 2009/2010 EDA Trends in Executive Development, which asked senior executive development professionals to gauge the readiness of the next generation of leadership talent, revealed trouble on the horizon.

The survey identified “hot topics” in executive development. At the top of the list was leadership, followed by “business acumen, honing skills in strategy execution, leading/managing change, and talent management.”

But when asked, “What competencies are your leaders lacking?” respondents indicated little confidence that leaders had what it takes to execute in these critical areas.

Here's what they said was missing:

- Strategic thinking
- Leading change
- Ability to create a vision and engage others around it
- Ability to inspire
- Understanding the total enterprise and how the parts work together

EDA CEO Bonnie Hagemann succinctly describes this

disconnect: “What a leader needs the most, the next leaders lack ...They can't think critically. They can't think at a high level and a low level at the same time.”

Anecdotal evidence from the ranks of corporate executives supports the concern that current and emerging leaders lack the skills they need for the future. In “Leadership Matters,” a 2009 paper published by Heidrick & Struggles International, one of the world's leading executive search and leadership advisory firms, CEO Kevin Kelly and Leo T. Csorba, an H&S partner, write:

“Countless CEOs have confided in us that what keeps them up at night is whether their leaders are sufficiently developed to head off the next crisis. They worry about whether their leaders are able to make the tough decisions and take the necessary actions to not only drive earnings and revenue growth, but to mitigate risk and ward off ethical lapses.

“Boards and executive teams must ensure that their future leaders are not only the smartest, most innovative guys and gals in the room, but also the wisest; not only the most confident, but also the most authentic; and not only the most driven, but also the most ambitious for the enterprise as a whole.”

A NEW LEADERSHIP DEVELOPMENT FOCUS

Given the gaps uncovered by EDA and other groups studying leadership competencies, as well as the strains on leadership capabilities exerted by the technology and the times we live in, the obvious assumption is that the traditional development process that businesses have relied upon in the past to prepare leaders simply hasn't kept up or has merely scraped the surface.

That's why smart companies are revamping their leadership development initiatives to deal with these issues. To accelerate the development of high-potential individuals and

raise leadership accountability to a whole new level of awareness and action, they are placing a new emphasis on big-picture and critical thinking in their leadership curricula.

The good news is that this kind of thinking is a skill that can be taught. According to Diane Halpern, an award-winning professor of psychology at Claremont McKenna College and a widely read author on the subject, “There is a large body of evidence showing that people can learn to think better. Of course, education makes us all more intelligent, but critical thinking is more focused. Everyone can learn to recognize and use the skills of critical thinking, and we can always get better.”

New competencies, however, may require a deeper, more analytical approach to training. The challenge today is not to discard what’s been learned in the past, but to build upon traditional competencies with a whole new and more complex set of skills, tools, and sensitivities.

LEARNING TO THINK LIKE A LEADER

The new generation of leaders needs to learn how to be discerning, how to think clearly and wisely, and how to be accountable for their impact on the business. The trick is reinvigorating the leadership curriculum with development experiences that transfer these thinking skills to current and emerging leaders who have not previously been helped to think this way.

Not surprisingly, when it comes to teaching things like high-level thinking skills, traditional management training often falls short. Emphasizing the “tactical” skills of managing—setting goals, communicating expectations, providing feedback—doesn’t adequately prepare leaders to use the “strategic” skills of big-picture thinking, providing vision, and motivating others. While the traditional type of skills training clearly has a role in executive development,

it cannot accomplish the desired transformation to high-level thinking or provide opportunities to develop true leadership. These demanding requirements call for new learning methodologies.

Despite the urgency of the situation, however, it is hard for many firms to move away from their reliance on traditional leadership development models and consider new approaches. Their training isn’t necessarily broken. But it may well be incomplete.

The vast majority of today’s emerging leaders—middle or junior managers—have little exposure to the types of learning experiences that would nurture transformative leadership. They need learning initiatives that focus on deeper competency development by modeling complex, real-world contexts in which learners can experiment, reflect, and take new courses of action based on increasingly deeper awareness.

Relevance is essential. Research has demonstrated that people learn best when they are actively involved in the learning process and engaging in the behaviors to be learned. What’s vital in developing deeper thinking skills in current and future leaders is framing those behaviors within a relevant, job-related context.

And the learning experience needs to be memorable. Conventional wisdom shows a huge gap between knowledge retained from traditional instructor-dependent classroom training and knowledge gained from more interactive learning experiences. According to some estimates, most people retain just about 5 percent of learning from a lecture, compared to about 75 percent when they are actively involved in their learning experience.

CLARITY COMES WITH ACTIVE LEARNING

Given the considerable spike in learning retention from hands-on experience, it stands to reason that experiential or discovery learning is rapidly

gaining a reputation for preparing future leaders more effectively. Incorporating game techniques, visuals, simulations, small-team exercises, and other participant-centered elements that enhance learning, accelerate skill acquisition, and ensure long-term retention, discovery learning has proven to be a powerful way to change perspectives and build higher-level thinking skills and insights. Learners are guided and motivated to explore information and concepts in order to construct new ideas, identify new relationships, and create new models of thinking and behavior.

For leaders undergoing this kind of development, the knowledge, insights, and skills that they acquire can pay big dividends for the company and for themselves. With a deeper understanding of the big picture, both externally and internally, corporate leaders are better equipped to think on a deeper and broader scale and successfully bridge to solving real workplace issues. They are able to make direct connections between what happened in the leadership development activity and what happens in the business. They also are better prepared to drive results, armed with a robust understanding of the company's financial and strategic performance drivers and a keen sense of accountability for achieving those goals.

CONNECTING THE DOTS WITHIN LEARNING ORGANIZATIONS

By assessing current leadership development initiatives through the lens of what's required of the next generation of leaders—and by addressing the gaps—learning organizations can exercise their own brand of big-picture thinking. Connecting the dots between robust, relevant, engaging learning and the creation of a holistic and insightful approach to strategy puts both organizations and their leaders in a much stronger position to succeed now and in the future.

Here are three steps that learning leaders can take to ensure that their leadership development initiatives fully align with the new knowledge and skills their leaders will need to succeed in the years ahead:

01. Develop your own helicopter view of the organization's leadership development approach and offerings. Reevaluate the curriculum to make sure it provides learning experiences that help leaders make the connections among how the organization fits within the business ecosystem at large, how it makes money and sustains profitability, and how their individual actions and decisions affect organizational success.
02. Explore new learning approaches that boost engagement and retention. Strengthen leadership development content with ample opportunities to engage in critical-thinking behaviors, apply them to real-world situations, and analyze the consequences.
03. Connect the dots between experiential learning and organizational impact. Bolster leadership development delivery with active rather than passive learning experiences—small-team activities, challenge scenarios, simulations, game techniques, post-session action projects, and other discovery learning exercises that make it more intuitive to transfer learning to the job.

DISCOVERY LEARNING: A POWERFUL LEARNING METHODOLOGY

Despite the proliferation of e-learning and digital development opportunities, classroom-based learning still represents one of the most effective and important ways to deliver management-level education designed to develop critical leadership skills. When combined with dynamic discovery learning experiences, immersive and interactive (as opposed to instructor-



dependent) classroom training provides a unique opportunity to actually engage in the behaviors being taught. When designed properly, these active learning experiences ensure that participants have to think clearly and deeply, not shallowly.

Discovery learning is highly experiential, incorporating game techniques, visuals, simulations, small-team exercises, and other participant-centered elements that enhance learning, accelerate skill acquisition, and ensure long-term retention. Participants contend with real business obstacles, make decisions (and mistakes), and discover the impact of their actions. They get to practice in a compressed, safe environment without risk or real-world consequences. This kind of “learning by doing” enables them to not only absorb essential concepts but also transfer their knowledge directly to the workplace as changed behaviors.



Five Important Characteristics:

- *Team Problem Solving: Learners engage in problem solving with other learners, using their combined knowledge and experience to achieve a goal.*
- *Hands-on Learning: Active participation by learners in exploring information and ideas get brains engaged in the learning process.*
- *Guided Discovery: Learners are guided along a path toward discovery of ideas, concepts, and information with:

 - *A learning design that builds ever-increasing understanding and comprehension, and*
 - *A learning facilitator who is a guide rather than a teacher.**
- *Reflection and Connection: Insights learned clearly connect to real workplace issues. Learners are given the time and tools to reflect and to plan on-the-job action.*
- *Learner Accountability: Learners are “in the driver’s seat,” responsible for their own learning and goal achievement.*

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