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*The*  
WAY  
*of the*  
LEADER

25 IDEAS FOR LEADING WISELY

IN THE DIGITAL AGE

BH Tan

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“BH Tan has done it again. *The Way of the Leader* beautifully combines modern management thinking with ancient Eastern wisdom. Each of the 25 chapters is fabulously written, easy to read, with plenty of relatable examples to help any leader to grow. My own leadership journey is already greatly enhanced, thanks to this book!”

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Professor of Leadership,  
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Business



“A must-have on every leader’s bookshelf! BH Tan weaves together the key essentials of global leadership today. In the digital age, leaders are most effective when they embrace a paradoxical mindset. This lies at the intersection of Eastern and Western thinking.”

— **Trishia S. Lichauco, PCC**  
Leadership Development Coach

“A book whose time has come. Through 25 critical perspectives, it powerfully awakens in us an opportunity to examine the way we habitually think, decide and act. In the digital age, leaders can impact and transform the world through adopting and applying a wholistic East-West resonance code.”

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“By far one of the most compelling books on leadership written. Modern leadership styles will be more effective by integrating Asian wisdom with Western thinking. The chapter Humble Leadership exemplifies leadership that people, teams and corporations will rally behind.”

— **Don Huang**  
Business Development Director (China),  
L’Oreal Travel Retail

“BH Tan never fails to impress with his ability to highlight simple values that we tend to forget in our hectic working lives. ‘Trust’, ‘Humble’ and ‘Listen’ are core when we are leading high-performing teams regardless of which side of the world we are working in.”

— **Aida Mohamed**  
Human Resources Director, Malaysia & Brunei  
Zuellig Pharma Sdn Bhd

*The WAY of the*  
**LEADER**

25 IDEAS FOR LEADING WISELY  
IN THE DIGITAL AGE

BH Tan

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To my granddaughters, Charlotte and Eleanor,  
future women leaders

# CONTENTS

	Introduction	9
<b>1</b>	Leadership Paradoxes	15
<b>2</b>	Systemic Thinking	23
<b>3</b>	Resolving Conflict Systemically	31
<b>4</b>	Influencing Without Authority	36
<b>5</b>	The Necessary Art of Positive Politics	44
<b>6</b>	Fewer, Smarter and Better Meetings	52
<b>7</b>	Making Time Management an Organizational Priority	61
<b>8</b>	Be Wary of Quick Consensus	69
<b>9</b>	The High-Performing Leadership Team	75
<b>10</b>	Why We Need to Unlearn	85
<b>11</b>	Psychological Safety	93
<b>12</b>	Doing Less, Achieving More	99
<b>13</b>	We Need Stress, Just Not Too Much	106
<b>14</b>	In Search of a Great Idea	113
<b>15</b>	Understanding Your Company's Culture	120
<b>16</b>	Leading Across Cultures	126

17	Leading in the Digital Age	137
18	Listening and Questioning	151
19	We Need More Women Leaders	156
20	Are You Ready for a Larger Role?	164
21	Seeking Your True Self	172
22	Cultivating the Unexpected	180
23	In Praise of the Indirect Approach	188
24	Perspective-Taking	198
25	Humble Leadership	204
	Index	211
	About the Author	215

# INTRODUCTION

Asia is on the rise in the global economy. After centuries of Western economic dominance, China, India, and the rest of the East, alongside emerging economies, are beginning to challenge the West for positions of global industry leadership. According to the UK-based Centre for Economics and Business Research (CEBR), China will leapfrog the US to become the world's largest economy by 2028, five years earlier than the previous forecast due to the contrasting recovery of the two countries from the Covid-19 pandemic. Meanwhile, India is tipped to become the third-largest economy by 2030.

A question that begs an answer is, "Henceforth, how will the underlying managerial philosophies and traditions of the various cultures in Asia be positioned on the world stage?"

This is an important topic to address. For many decades now, the West has been the unchallenged leader in thinking about business and leadership. As the pace of globalization quickened, Western multinationals set up subsidiaries around the world. Along with transferring their technologies, bringing jobs to millions, they also exported their managerial philosophy and processes. These Western ideas have been adopted with enthusiasm and applied diligently in both emerging and developed markets worldwide.

In the 1980s and 1990s, the Japanese success in manufacturing won the admiration of the West. This led to a global adoption of Japanese concepts such as quality control circles, teamwork and JIT (Just-In-Time) manufacturing.

Will the rise of China and India bring an infusion of Eastern perspectives to the field of leadership?

All ideas are good, especially if they are diverse. In the history of human experience, the most fruitful developments take place at the intersection of different lines of thought. We can't get anything in starker contrast than the ideas and traditions of the East and West.

The world has entered the digital economy. In 2016, Klaus Schwab, founder and executive chairman of the Geneva-based World Economic Forum (WEF), coined the term the Fourth Industrial Revolution or Industry 4.0. Schwab argued a technological revolution is underway "that is blurring the lines between the physical, digital and biological spheres." Increasingly AI (Artificial Intelligence) will supplant many aspects of the "hard" elements of leadership – those responsible for the raw cognitive processing of facts. This will lead to a greater emphasis on the "soft" aspects of leadership – the behaviors, relationships and attitudes that encourage and motivate people to bring the best versions of themselves to work.

How then should leadership be defined? A recent study by the MIT Sloan School of Management concluded that organizations can no longer lead the way they have been used to in the past. Top-down, bureaucratic, bottomline-driven hierarchies have no place in the new era. More lateral, collaborative, purpose-driven teamwork will be the norm. Leaders will act as facilitators and coaches, and must be ready to empower their teams to come up with solutions on their own. Being able to build trust will be a key attribute, and they must have a healthy dose of humility. Having a passion for technology will be a must.

In the last few decades, there has been a lot of research that points to different thinking styles between Westerners (primarily Europeans, Americans, and citizens of the British Commonwealth) and East Asians (principally the people of China, Korea and Japan). This is reported by psychologist Richard Nisbett in his seminal book entitled *The Geography of Thoughts: How Asians and Westerners Think Differently... and Why*. Kaiping Peng, Nisbett's colleague from China, summarizes the differences

very precisely: "You know, the difference between you and me is that I think the world is a circle, and you think it's a line."

Western linearity is displayed in the general belief that the universe is divided into two opposites with a clear-cut demarcation between them: man and nature, subject and object, mind and matter, the divine and the secular. Though the coexistence of opposites is recognized, they are viewed as separate and opposing, resulting in an either-or orientation. Linear thinking proceeds by breaking the world into manageable chunks and tackling them in isolation from each other.

From this mechanistic and fragmented worldview, problems are solved through an analytical, rational and logical process, proceeding in a straight line, making connections in a sequential order. Westerners have a compelling need to find out who is right in an argument. Their form of argumentation is to proceed from thesis to antithesis, and on to synthesis. It focuses the mind wonderfully but may cause tension as the reason for a critique may not be to understand another's viewpoint but to disprove it.

The either-or mindset leads to dualistic thinking. It assumes a universe where there are only two contrasting, mutually exclusive choices or realities: right versus wrong, white versus black, good versus bad, winners versus losers. This becomes a zero-game game. Nonetheless, this relentless search for the truth underpins the West's undisputed superiority in scientific discoveries. Westerners possess a remarkable sense of personal agency that they are in charge of their own lives and are free to act as they choose. In a word, they believe in individualism.

Chinese circularity takes a more organic and ecological worldview. It sees all things in the universe as constantly changing in a cyclical motion. Nature (and hence organizations) is a self-organizing system in perpetual interaction of *yin* and *yang* forces or energies. Asians attend to objects in their broader context. The world seems more complex to Asians than to Westerners. And understanding events always requires consideration of a host of factors that may interact with each other in unpredictable ways. Formal linear logic plays a lesser role in problem-solving in the complex



world that we live in. Chinese culture views opposites as complementary and interdependent. Instead of treating them separately, they are juxtaposed side by side in order to better understand the overall picture. Hence the treatment of opposites is to embrace them in a both-and orientation.

At the interpersonal and organizational levels, this approach has immense benefits as the Chinese's view of life is that it is full of contradictions and that both sides have flaws and virtues. The preferred way of resolving differences is through consensus rather than conflict as only through consensus can sustainable solutions be attained. Another upside is that East Asians may be better able to embrace paradoxes and derive creative solutions.

But the tendency to find the middle way has hampered their efforts to seek out scientific truth through aggressive argumentation. The Chinese counterpart to personal agency and individualism is harmony and collectivism.

*“Reality is a circle and we think in a straight line... And we wonder why our deepest problems remain unsolved.”*

Peter Senge, MIT Sloan School of Management

The title of this book is borrowed from the *Dao De Jing* (or *Tao Te Ching*), the classic Chinese manual on the art of living, governance and leadership written around 500 BCE. *Dao De Jing*, or simply The Dao, can be translated as The Book of the Way. Of its real authorship, there is some uncertainty, but it is generally attributed to Laozi (or Lao Tzu), an older contemporary of Confucius. His name means Old Master, or more picturesquely, Old Boy. Little is known about Laozi except that he could have been an archive-keeper during the Warring States period in ancient China.

The Dao was drawn from Laozi's close observations of nature. It reveals the wisdom of living systems, describing the patterns of energy within and around us. The Chinese call this vital energy *qi*, and the

Japanese call it *ki*. The Dao consists of 81 poems, written with grace and large-heartedness. They radiate a sense of warm humor and deep wisdom. It is the most translated book in history together with the Bible and the Quran. The Dao's influence on the thinking of East Asians is subtle, pervasive and sublime. To understand the thinking habits of East Asians, becoming familiar with the Dao is the first step.

In the course of my leadership consulting work, I have worked with organizations on numerous leadership challenges. Many of these are timeless themes, and I have curated 25 topics that form the basis of this book. As we enter the age of digital transformation, leaders will no doubt be grappling with them again and again. Through real-life cases, you will be exposed to the thinking, decisions and actions of the various protagonists. They are a mix of historical figures, eminent business and political leaders, and ordinary people placed in tough situations, Easterners and Westerners alike. What would you do if you were in their shoes?

My invitation to the reader is to treat each topic as an opportunity to examine how you habitually think, decide and act. There is no right or wrong answer. Your perspective depends on a number of underlying factors such as your experience, culture and worldview. The contrast between your worldview and other mental models may hopefully stimulate novel ideas in making sense of our rapidly changing and unpredictable environment.

As we go through the various topics in this book, some verses from the Dao will be shared. Laozi's teachings are deeply rooted in his love for nature, people and society. The most fundamental of his teachings is that human beings are part of nature. For people to lead rewarding and meaningful lives, they need to conduct their affairs in harmony with – and not in opposition to – nature. Instead of ceaseless striving, becoming more self-aware and doing a little less in a measured way may be a better option.

Looking at the devastation of the ecosystem, untold human sufferings and endless war and conflicts unleashed on the world, we realize that Laozi is right. We have become too sure of our science and technology,

and convinced that man is the master of nature. At first blush, Laozi's ideas may sound counter-intuitive. With patience, reflection and curiosity, we gradually become aware of their wisdom.

*"When the student is ready, the teacher appears."*

Buddhist adage

This book is an exploration of ideas and alternative ways of making sense of situations. We all are used to the linear way of thinking. That's what we've been taught in schools. Now let's find out more about the circular way of thinking. The linearity-versus-circularity difference in Western and Chinese cultures is merely a matter of degree. There is no absolute distinction between the two cultures. Exceptions are numerous and counter-evidence exists. To compare them is not to judge which is superior, but to promote mutual understanding.

Albert Einstein was once asked, "Dr. Einstein, why is it when the mind of man has stretched so far as to discover the structure of the atom we have been unable to devise the political means to the keep the atom from destroying us?" The great scientist replied, "This is simple, my friend. It is because politics is more difficult than physics."

In the view of Professor Peng, now at Tsinghua University, the peoples of the East and the West can learn from each other in fundamental ways. The Chinese can learn much from Western methods of determining scientific truth. And Americans could profit enormously from the Chinese tolerance for accepting contradictions in social, business and political life.

In this very complex, chaotic yet interconnected world that we live in, being able to integrate both streams of thinking can only help us to lead more wisely and courageously. Our time horizon must extend beyond the here and now. The well-being of the generations to come depends on how the present generation think and act.

# LEADERSHIP PARADOXES

**Treating opposites as complementary leads  
to a wealth of creative solutions**

*"Being and non-being create each other.*

*Difficult and easy support each other.*

*Long and short define each other.*

*High and low depend on each other.*

*Before and after follow each other."*

Laozi

In organizations, we are constantly faced with conflicting demands. They pose dilemmas and result in tensions. Many of them defy common sense and logic, and are difficult to understand. As the business environment gets more complex, they may even seem impossible to address. Here are some examples of conflicting demands:

- Results-orientation and people-focused
- Taking cost out while improving quality
- Short-term and long-term focus
- Digitization with the human touch
- Implementing a major strategic shift without destabilizing the company

When leaders are faced with these paradoxes, the opposing goals cause tension and polarization in the organization. They feel the pressure

to make decisions quickly and keep a steady course. But prioritizing one goal will not make the other goal disappear. While it gives a false sense of decisiveness, critical thinking becomes the first casualty. This may trigger a whole host of ramifications, creating even bigger problems for these leaders and their companies. How then can they avoid falling into this trap?

We'll now look at the nature of paradoxes and examine a case study of how one well-known company creatively manages them. Finally, we'll discuss a process for navigating organizational paradoxes.

### Understanding paradoxes

For a long time, the Western view of the world has been that of a machine. Whenever a problem is encountered, all that's needed to solve it is first to reduce it to the smallest components for analysis. Next, use a linear cause-and-effect relationship to establish the cause of the problem. Addressing this cause is the solution of the problem. Isaac Newton used the metaphor of a hermetically sealed clock to describe the universe – a closed mechanical system, self-contained, with no external environment.

In the last few decades, scientists and thinkers have repudiated the machine metaphor of the world. The mechanistic and fragmented Western view is now replaced by a more organic and holistic Eastern view. It may be described as an *ecological* worldview, where all individual events and actions are not separated but interrelated and interdependent. We are embedded in the never-ending cyclical process of nature.

Paradoxes are curve balls that nature throws at us to get us to pause and re-examine our approach to problem-solving and decision-making. They may come in the form of a statement, proposition, situation or even a person that seems contradictory. These elements are present: two polar opposites, mutual exclusivity and simultaneity. Both claim validity, invoking a sense of absurdity. Our logical understanding of the world is upended. We are gripped by tensions because the contradictions we are faced with defy logic and common sense.

### Managing contradictions: Chinese vs Western thinking

Discomfort with contradictions is deeply rooted, especially in the Western mind. Aristotelian logic treats contradictions and tensions as signals that the ultimate truth has not been discovered yet. The approach adopted is dialectical thinking, to logically weigh the merits and demerits of both sets of ideas. Once this is done, a single unified truth is discovered. The opposite to this must be wrong. Psychologist Richard Nisbett describes this form of synthesis as “aggressive” because the ultimate goal is to resolve contradictions.

In place of the Western style of logic, the Chinese dialectic uses contradictions to understand relations among objects or events, to transcend or integrate apparent oppositions, or even to embrace colliding viewpoints. Instead of incompatibility, Chinese thinkers see complementarity.

According to Laozi, the Chinese philosopher credited with writing *Dao De Jing*, all things and events in nature are interrelated, connected and are but different manifestations of the same reality. Thus, there is nothing inherently good or bad about opposites in paradoxes. In fact, the Daoists view contradictions as a necessity in life. For one to exist, it needs to have the other. In order to have black, you need to have white. Otherwise, how will you know that you have black?



In Daoism, the two opposing forces are commonly denoted as *yin* and *yang*. The *yin-yang* symbol consists of a circle divided into two fish-shaped halves – much akin to a black dolphin with a white eye intertwining

with a white dolphin with a black eye. They represent opposing natural forces coexisting permanently, blending in with each other in a continuous cycle of change.

Let's now look at how one famous Japanese company unleashes creativity through a paradoxical mindset.

### **Toyota Production System**

Toyota has long risen to the highest ranks of the world's best car manufacturers. Behind its success is the famed Toyota Production System (TPS). Though TPS provides a powerful competitive advantage, it does not completely account for Toyota's success. Its secret lies in the power of paradoxes within a culture of contradictions. TPS is a "hard" innovation that drives continuous improvement in the way cars are manufactured. It is complemented by a "soft" innovation that recognizes, nurtures and empowers the humans within the systems.

Toyota started as a humble textile business at the beginning of the 20th century. The founder was Sakichi Toyoda. In 1935, they ventured into car manufacturing. The quality of their cars was poor initially. In 1950, Eiji Toyoda, the founder's son, visited Ford Motor Company in the US to learn from Henry Ford about mass production of cars. After many months, he concluded that the Ford mass manufacturing process did not suit what he had in mind. Ford manufactured one model – the famous Model T – and only in black color. It was Toyoda's aim to produce a variety of cars in one plant.

Faced with financial constraints and labor problems because of the strong Japanese union, he knew that he had to develop an in-house system to realize his manufacturing ambitions. He turned to production engineer Taiichi Ohno, who later developed and perfected the concept of lean manufacturing. It became the Toyota Production System and is seen as the most important technical innovation since Ford's successful implementation of the continuous moving assembly line.

Ohno studied the ideas of Frederick Taylor, the father of scientific management. Taylor believed there were universal principles which

governed efficiency in manufacturing, and that these were independent of human judgment. He said, "In our scheme, we do not ask the initiative of our men. We do not want any initiative. All we want of them is to obey the orders we give them, do what we say, and do it quick."

Ohno applied a completely different approach back in Japan. He said, "The Toyota style is not to create results by working hard. It is a system that says there is no limit to people's creativity. People don't go to Toyota to work, they go there to think." Outsiders who eagerly sought to understand the underpinning of Toyota's success will find that it is an enigma. The company succeeds because it has a culture of contradictions. Here are four examples:

1. Toyota manufacturing processes and controls are state-of-the art. Everything is well organized, structured and works like a clock. At the same time, workers are treated with respect and empowered to exercise judgment and take actions they see fit.
2. Though the company has a rigid hierarchy, employees are encouraged to speak up, highlight problems and not blindly obey instructions.
3. Many of Toyota's goals are intentionally vague and ambiguous. This is antithetical to accepted management practices. But many Toyota executives point out the wisdom of painting in broad strokes. When goals are too clearly defined, employees withdraw into the comfort of their own silos to do their own thing. Ambiguity is a powerful impetus to talk across boundaries to explore new avenues of collaboration and exploration.
4. Toyota's development process for new models appears extraordinarily inefficient. Decisions are pushed out as far as possible. But Toyota can turn out new products in much less time than its competitors, a feat that is much admired.

### How to navigate organizational paradoxes

There are three common approaches that leaders adopt in navigating paradoxes. Each leads to a different outcome.

**Either-or approach:** We often don't know what to do with fundamental opposing propositions. Our first impulse is to determine which one has greater merits. This is the either-or approach. Each proposition is analyzed logically and in isolation from the other. One dominates, the other withers. One is right and, therefore, the other is wrong.

Decisions made in this way have the advantage of being quick. In some straightforward situations, it is the ideal way to make a decision. When problems are more complex, however, this way of thinking alienates parties who hold different views, causes polarization, and makes a mockery of critical thinking. It perpetuates an outmoded idea that there is only one truth. Contentions and nuances have no place in the discussions. An example is the statement of the former US President George W. Bush who said after 9/11 at the launch of his anti-terrorism campaign, "Every nation, in every region now has a decision to make. Either you are with us, or you are with the terrorists."

**Trade-offs:** Still treating the two options as competitive and contradictory, the leader works along the continuum to find where to position the solution. It is through trade-offs that a compromise is struck.

There is also a time and place for this approach. In trying to make a deal with a strong and intransigent party, the only way to move forward may be through trade-offs. But the solution may not be long-term. Both sides may feel that that the agreement is lopsided. For example, in the collective bargaining process between workers' union and management, there will inevitably be trade-offs. If mutual trust and a sense of collective destiny are missing, even after the agreement is signed off, the relationship will still remain fraught.

**The paradoxical mindset:** Instead of considering both alternatives as contradictory, leaders who adopt the paradoxical mindset see them as complementary. The two opposing positions are interdependent. Indeed, one cannot exist without the other. They embrace the tensions to transcend or integrate them. This is a higher order of thinking. It is the *both-and perspective*. In such a worldview, leaders recognize the emergence of multiple truths which together form a whole.

Consider the case of a tech solutions provider. New entrants to the market are posing a major threat. They face the pressure to improve customer service while reducing cost. Their leader reframes the challenge as follows: "What ideas can we think of to achieve both simultaneously?" The team members return within a couple of weeks with a plan to simplify their operating model on customer service. That reduces cost by 30% and improves customer service. The team members themselves realize that what they are doing will only offer a temporary respite as their competitors up their game in response. They set themselves another challenge: offer clients more innovative solutions while maintaining cost competitiveness and improving customer services. Eight months later, they increase their market share considerably.

The next time your team struggle with competing constraints, don't be too quick to turn your attention to providing relief such as allocating more resources or extending the timeline. Instead, reframe it as a creative challenge. When people are faced with seemingly irreconcilable demands, they often surprise themselves with their creativity. Paradoxes, when we learn to embrace them, enable us to transcend self-limiting beliefs imposed by our earlier state of mind.

*"How wonderful that we have met with a paradox.*

*Now we have hope of making some progress."*

Niels Bohr, Nobel Laureate in Physics

It is only in the last few decades that people talk about arts and science in the same sentence. Both disciplines were considered incompatible, with arts and sciences representing the subjective and objective poles of human enterprise. One person who embraced a paradoxical mindset harmonized both brilliantly in his creations. At the launch of iPad 2, Steve Jobs shared the secret to Apple's success: "It's in Apple's DNA that technology alone is not enough — it's technology married with liberal arts, married with the humanities, that yields us the results that make our heart sing."

## 2

# SYSTEMIC THINKING

**Many of today's problems can  
only be solved systemically**

*"To develop a complete mind: Study the  
science of art; study the art of science.  
Learn how to see. Realize that everything  
connects to everything else."*

Leonardo da Vinci

VUCA is an acronym frequently used to describe today's business environment. It is short for volatility, uncertainty, complexity and ambiguity. The challenges that we face today can no longer be resolved in the way that most of are used to: break the problem into manageable parts, seek to understand each issue in terms of its symptoms, and apply a fix for that issue. By doing this for all the various symptoms, we think the problem will be fixed. But this will not work for complex problems as there are numerous causes and no simple solutions. And in our haste to move forward, we may focus on the symptoms and introduce measures that may result in unintended consequences. In other words, the cure may be worse than the illness. Here are two cautionary tales.

### **The story of DDT and Operation Cat Drop**

DDT was one of the first chemicals in widespread use as a pesticide. Following World War II, it was promoted as a wonder chemical, the simple solution to pest problems, large and small. Years later, it became apparent

that it inflicted unforeseen harmful effects on the environment, human beings and fish, birds and other forms of wildlife. Today, it is banned in many countries.

In the early 1950s, there was a major outbreak of malaria among the people in Borneo. The World Health Organization (WHO) decided to intervene by spraying large amounts of DDT to eradicate the mosquitoes carrying malaria. Though this succeeded in killing the mosquitoes, WHO had not anticipated the collateral damage that resulted.

One of the first effects was that DDT was also killing a parasitic wasp that ate thatch-eating caterpillars. Without the wasps to eat them, the thatch-eating caterpillars flourished, causing thatched roofs to collapse. Worse than that, the insects that died from being poisoned by DDT were eaten by gecko lizards, which were in turn eaten by cats. The cats started to die, the rats flourished, and the people were threatened by outbreaks of two serious diseases carried by the rats: sylvatic plague and typhus.

To cope with this long chain of unintended consequences, WHO resorted to a rather curious approach. They arranged for a huge number of cats to be parachuted into Borneo to redress the imbalance of a delicate ecological equilibrium. "Operation Cat Drop" was first reported by a British anthropologist, Major Tom Harrison, working in Borneo and Sarawak. His report was widely published in the Western press. It is only fitting that we recall Harrison's advice:

*"All who wish to do well should repeat this motto daily: Do good carefully."*

### **How tiny Qatar ran rings round its giant neighbor Saudi Arabia**

For four years, the bitter dispute between Saudi Arabia and its tiny neighbor Qatar simmered on. Then in January 2021, it came to an end with a simple hug in a desert resort. Saudi Crown Prince Mohammed bin Salman embraced Emir Sheikh Tamim bin Hamad Al-Thani, Qatar's head of state.

The rivalry between the two states dates back decades. Essentially it boils down to a test of will between the Saudis, who are the Middle East's pre-eminent power and expect to be treated as such, and the diminutive Qataris, who want to chart their own course. While the Saudis have the weight, the Qataris have the nimbleness.

In June 2017, tensions came to a boil when a group of Gulf sheikhdoms led by Saudi Arabia imposed a total air and commercial blockage on Qatar. Then the Saudi-led coalition laid out 13 conditions on Qatar. They were intended not merely to be as humiliating as possible but also to turn Qatar into a puppet state.

The Qatari ruling family decided that compliance was something that they would never do. Qatar proposed negotiation, which was summarily rejected. In their darkest moments, they found new avenues of sustenance. Diplomatically they cultivated relationships with other friendly Gulf states. Working with Iran, Qatar Airways began serving more destinations than before and became an important source of food imports. They strengthened their defense agreement with Turkey to forestall any invasion. In a show of solidarity, Turkey deployed more troops to their military base in Qatar, and sent cargo ships and hundreds of planes loaded with food to break the blockade.

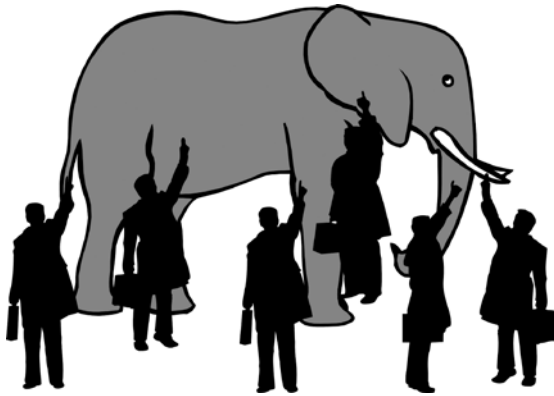
Qatar not only survived, they emerged more resilient and better prepared for the Covid-19 pandemic that came soon after.

### **Lessons learned from the DDT and Saudi-Qatar sagas**

The examples just cited demonstrate that the traditional problem-solving approach that we have all been taught has severe limitations when tackling complex situations. It is called linear thinking. Linear thinking is cause-and-effect thinking. One cause has one effect. If you want to resolve that effect (also called the symptom), identify that one cause and get it fixed. That should be the end of the problem.

Do refer to the picture below. It is a depiction of the celebrated poem entitled *The Blind Men and the Elephant* by John Godfrey Saxe. This is based on an ancient parable that can be found in Jain, Hindu and

Buddhist scriptures dating as far back as 1500 BCE. Each man is figuratively blind, as people in organizations tend to be. Individually they focus only on their functional responsibilities, oblivious to their peers' concerns and the interdependencies. Thus, the person who feels the tusk of this huge animal will think that the elephant is a spear. Another who touches the ear is convinced that it is a fan and so on. The result is that they will all be locked in conflict about what the elephant is. Everyone has a fragmented view, missing out on the complete picture. And so it is with the DDT situation and the Saudi-Qatar standoff.



WHO rightly identified mosquitoes as the carrier of malaria. And malaria destroyed human lives. To stop this effect, mosquitoes must be eradicated. Hence DDT was prescribed. But the full impact of DDT on the ecology in Borneo was not considered at all. WHO also wrongly assumed that DDT would not affect other living things apart from mosquitoes. This unleashed a chain of unintended consequences.

In the case of the Saudi-Qatar confrontation, Saudi Arabia thought that an effective way to bring Qatar to heel would be to overwhelm them with a massive blockage. This powerful display of force would surely snuff the life out of the Qataris. In line with linear thinking, action leads to reaction. The expected reaction was capitulation. But Qatar had ideas of their own. When placed in an existential crisis, they drew upon

a complex web of relationships that the Saudi coalition did not or could not foresee. The Saudi action galvanized a series of creative maneuvers by the Qataris.

### What is systemic thinking?

Linear thinking is still immensely useful when we are dealing with situations which are predictable and relatively self-contained. For example, your automobile has broken down. To get it up and running will require a certain level of knowledge and expertise. A layman may not be able to do it. Therefore you send it back to an authorized repair agent. Trained and experienced technicians assisted by sophisticated diagnostic software can troubleshoot and identify the underlying causes quite readily. They do it systematically and methodically.

But when the situation you are facing is complex and unpredictable, linear thinking will lead you down the wrong path. As we have seen, linear thinking tends to focus on surface-level behaviors or symptoms. Unfortunately, making a symptom go away won't solve the problem. In fact, it may make things worse and cause trouble elsewhere.

*“Business and human endeavors are systems...  
We tend to focus on snapshots of isolated parts  
of the system. And wonder why our deepest  
problems never get solved.”*

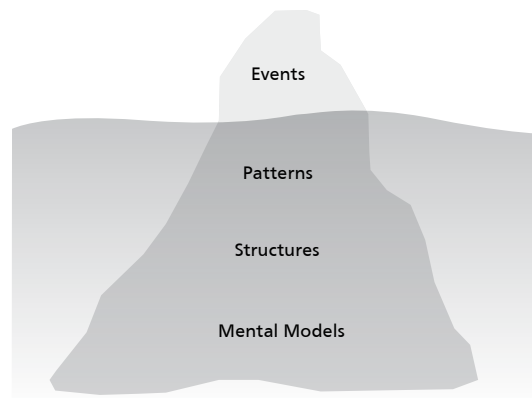
Peter Senge, Systems Scientist,  
MIT Sloan School of Management

Systemic thinking approaches problems by first asking how various elements within a system – which could be an ecosystem, an organization, or something more dispersed such as a global supply chain – interact with one another. Rather than trying to isolate and tackle individual problems that arise, a systems thinker will wish to understand inter-relationships within the system, look for patterns over time, and seek root causes.



Very often the question is raised about the confusion between thinking “systemically” and “systematically.” “Systemically” means to think about the whole system, focusing on the interactions and relationships within the system. “Systematically” means breaking a problem into parts and analyzing it through a logical, disciplined and structured method. In work, we may have to adopt certain processes as laid down by our company. This is being systematic. But it is not what is meant by systemic.

The iceberg model is helpful in understanding the systemic thinking approach. We know that only 10% of its mass is above water while 90% is underwater. But in our behavior at work, our thinking and action are influenced by the 10%. Systems thinking tells us to pay attention to the 90% before making our decisions. Each level down the iceberg offers a deeper understanding of the system being examined as well as increased leverage for changing it.



- **Events level:** This is the 10% level at which we typically perceive the world. For example, we notice this event happening: two co-workers in a team are frequently disagreeing. We then infer that they are the cause of the team’s inability to meet their goals. Or when defective products are coming off an assembly line, we

think that it is because it is poorly supervised. The iceberg model reminds us not to jump to such a conclusion as it is only a surface-level observation.

- **Patterns level:** If we look below the events level, we start to see patterns. For example, we notice that the disagreement between the co-workers is related to a few specific issues. Apart from these, they get along well. It is only during shift changes that the number of defective products rises.
- **Structures level:** This relates to the ways parts of a system are organized. Structures include the following in an organization: its hierarchy, the relationship between functions, the power dynamics, policies such as performance targets, rewards and compensation, incentives, rules and regulations, corporate culture, facilities and so on. All these may lead to the events and patterns observed. When roles and responsibilities are ill-defined, co-workers will bicker because they lack clarity. When shift changes take place with no overlap between outgoing and incoming shifts, there’s a greater likelihood of defects during such times.
- **Mental models level:** This is related to people’s assumptions, beliefs, values and prejudices. In the Saudi-Qatar rivalry, the Saudis could have held the view that Qatar was just too vulnerable to resist. In the unfortunate DDT episode, WHO did not think there would be any side effects from DDT. Or they weren’t aware of any, and did not explore further. What if someone in the discussions offered opposing assumptions and beliefs?

### Putting it all together

In the next few chapters, we’ll discuss several organizational situations that are more effectively handled by taking a systemic approach.

In preparation for this, I would like to suggest that you attempt to apply the iceberg model to recent events that are important and challenging to you. Work your way down the iceberg from events, patterns, structures and finally to mental models. Do not rush. Observe, reflect and seek different perspectives. Having a few trusted colleagues to bounce ideas off will be beneficial. Be prepared to revisit your inferences at every level again and again. After you complete the exercise, ask yourself how your understanding of the situation has deepened as you recognize interconnection between seemingly unrelated aspects of the situation. Are there more holistic approaches that you can consider that didn't occur to you previously?

# RESOLVING CONFLICT SYSTEMICALLY

**Moving from blame to accountability**

*“To be effective in the midst of change, leaders must be able to step back out of the moment and assess what is happening from a wider perspective. It is called getting off the dance floor and onto the balcony.”*

Ron Heifetz, Harvard University

Whenever something goes wrong in an organization, the first question that people ask is, “Whose fault is it?” This is a natural reflex when individuals are interacting with each other. But by starting with assigning blame, minds become closed, curiosity ceases and the parties involved are more concerned about covering up their errors than seeking a more complete understanding of the whole situation. As silo-thinking becomes reinforced and finger-pointing intensifies, the atmosphere is highly charged. This will be yet another blow to the espoused intention to collaborate and be creative.

A few years ago, the project team of a high-tech company providing solutions to the automotive and power semiconductor industry faced a crisis. A key client, an enterprise-level account no less, threatened to pull the plug on the project after 12 months. Deliverables were not being met, the timeline was slipping and cost was creeping up.

# ABOUT THE AUTHOR

BH TAN is a leadership consultant, executive coach and author specializing in leadership development in a culturally diverse environment. He is the president of Lead Associates based in Singapore. He has coached CEOs, presidents, VPs, senior managers and executive leadership teams in APAC, the United States and Europe.



He is particularly interested in the development of women leaders, Millennials and Gen Z. These are the three constituencies that will reshape leadership in the Digital Age. The workforce of the future deserves a more collaborative, human-centric and empowering playing field. This shift will happen only if all organizations commit to gender equality in their leadership ranks, especially at the highest levels.

BH is a lifelong student of Eastern and Western thinking and leadership. He takes a wide interest in current affairs and delights in being the devil's advocate in conversations. Married with two grown-up daughters, he is the author of three books on leadership: *The First-Time Manager in Asia*, *Leading with New Eyes* and *The Way of the Leader*.

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