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*Leadership Under Uncertainty:
Guiding Organisations
Through Complexity and
Anticipating Risk in a World
Where Change is Now the
Constant*

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Agenda

- Governing for resilience in a volatile world and risk landscape: the key approach is anticipation.
- The Cynefin framework (Snoden, 1999) and recognition of different complexity environments. Examples and categorisation of these environments from global airline industry.
- Some “truisms” about complex systems and challenges that they create for leaders.
- Recommendations for leaders: anticipating risks in a world that won’t wait.




Governing for
resilience in a
volatile world
and risk
landscape: the
key approach is
anticipation

- The war in Iran and the energy price shock that soon followed have shown that geopolitical fires can rapidly cause global economic disruption. In an environment where conflict, economic shocks and technological disruption can alter the risk landscape overnight, *static plans quickly become liabilities*.
- The risk landscape today is heightened by geopolitical tensions, economic volatility, workforce transformation and rapid technology deployment.
- In conditions of ever-increasing complexity and velocity organisations cannot afford to be reactive. Rather, the most effective approach today starts with *anticipation*.
- Leaders must *anticipate impact* rather than cause.
- Today, sustained uncertainty is a new normal. Resilient leadership, strong governance and dynamic, real-time risk management are now imperative to protect value.



Risk and resilience are the key pillars of governance

- Leadership's focus on resilience capabilities to ensure that their teams operate efficiently while simultaneously developing future capability.
- Boards are accountable for active *oversight of resilience and business continuity capabilities*.
- Dynamic risk management: real-time monitoring, data-driven decision-making and empowering people to manage risks as they emerge.
- Resilience comes from a long-term mindset: take time from day-to-day operations to pause and reflect, to ensure that firm's actions are aligned with long term goals.
- Effective board management: strong governance, dynamic risk management and resilient leadership.



The three C's: Culture, communication and collaboration

- Fostering **culture** where mistakes can be acknowledged without fear, learning is encouraged and calm, resilient behaviour flows from the top.
- **Communicating** transparently and frequently, involving teams in shaping and delivering change, and breaking long-term objectives into achievable short-term priorities.
- **Collaboration** between industry and government [in the resources sector during the COVID- 19 pandemic] enabled the resources sector to implement nation-leading initiatives, adopt new technologies and maintain operations despite workplace and mobility constrains.



International Airlines

Examples

Complex: Air Baltic
BT224 Crew



Complicated:
AirBaltic Airbus A220-300



Chaos:
QF32, 4th Nov. 2010



Clear:
Qantas plane boarding system



Qantas Flight 32, 4th Nov. 2010

- **Qantas Flight 32** was a regularly scheduled passenger flight London to Sydney via Singapore
- On 4 November 2010, an Airbus A380 suffered an uncontained failure in one of its four Rolls-Royce Trent 900 engines.
- The failure occurred over the Riau Islands, Indonesia, four minutes after take-off from Singapore Changi Airport. After holding for almost two hours to assess the situation, the aircraft made a successful emergency landing at Changi. No injuries occurred to the passengers, crew, or people on the ground, despite debris from the aircraft falling onto houses in Batam.
- The subsequent investigation concluded that the failure had been caused by the breaking of a stub oil pipe, which had been manufactured improperly.
- The failure was the first of its kind for the A380, the world's largest passenger aircraft. At the time of the accident, 39 A380s were operating with five airlines: Qantas, Air France, Emirates, Lufthansa, and Singapore Airlines. The accident led to the temporary grounding of the rest of the six-plane Qantas A380 fleet.
- It also led to groundings, inspections, and engine replacements on some other Rolls-Royce-powered A380s in service with Lufthansa and Singapore Airlines, but not in the A380 fleets of Air France or Emirates, which were powered by Engine Alliance engines.



How do you categorise the following?

- An Emirates Airbus A380 flying from Sydney to Dubai diverted to Perth on September 10 after a medical emergency onboard.

Flight EK413 departed Sydney at 12:38 UTC and had been in the air for over four hours when crew requested the diversion. The aircraft, a nine-year-old A380 registered A6-EUJ, landed safely in Perth at 17:34 UTC.

Emirates confirmed the incident on its website, saying: “Due to a medical emergency the flight has diverted to Perth. We are in the process of rebooking any impacted connecting flights.” The airline did not disclose details of the emergency but said the affected passenger received care.

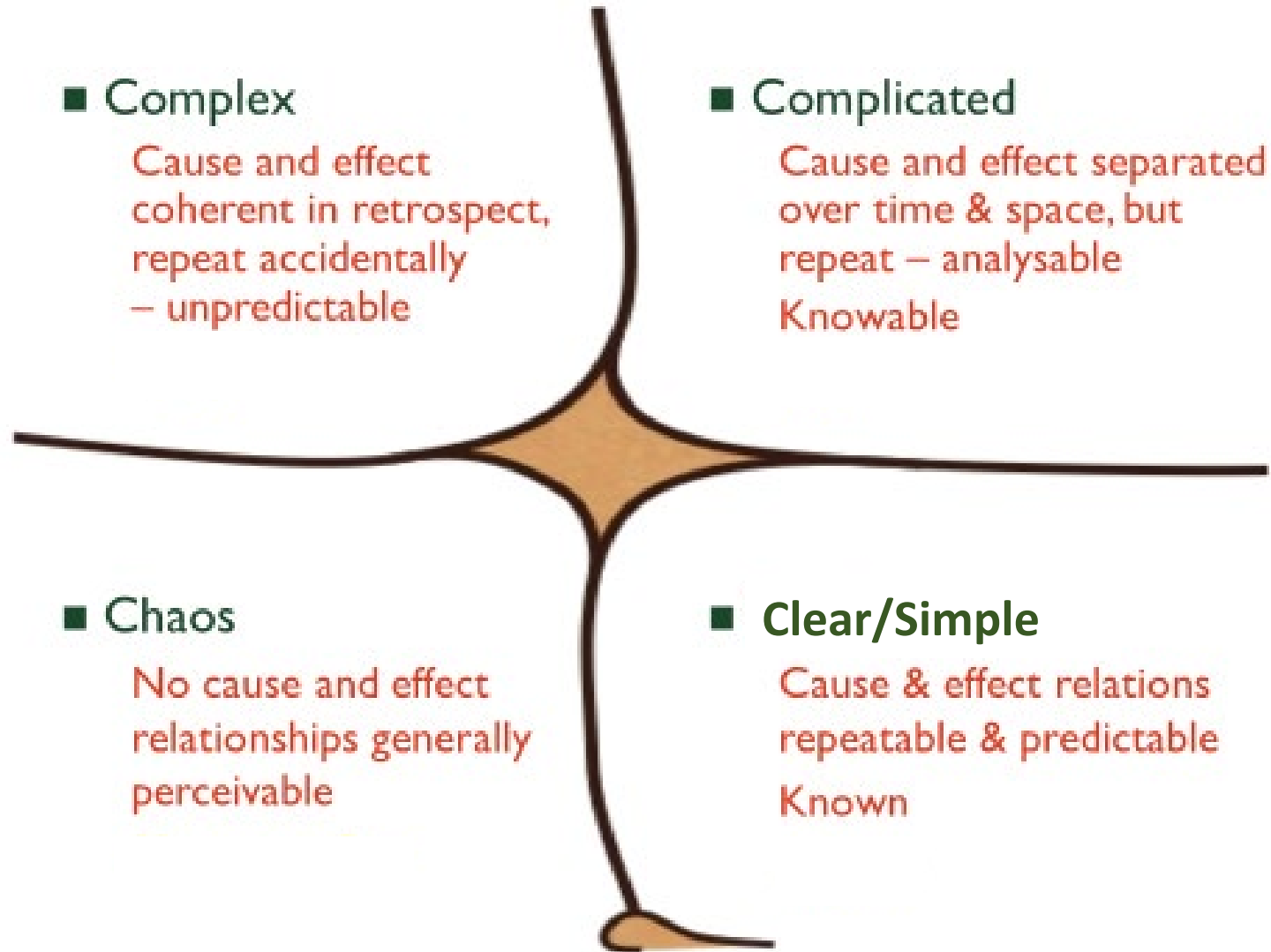
After a three-hour stop, the flight continued to Dubai, arriving nearly five hours behind schedule at 06:29 UTC.

This is the second Emirates A380 diversion for medical reasons this year, following a January flight from Dubai to Kuala Lumpur that landed in Bengaluru to assist a passenger.

- <https://www.facebook.com/water.photo/videos/emirates-airlines-airbus-a380-flight-ek414-from-dubai-uae-to-sydney-australia-di/1375313330753026/>
- Source: FlightDrama



Cynefin© framework





Complex (Abduction):

- Safe to fail experiments
- Set boundaries
- Dialogue, consultation

Complicated (Induction):

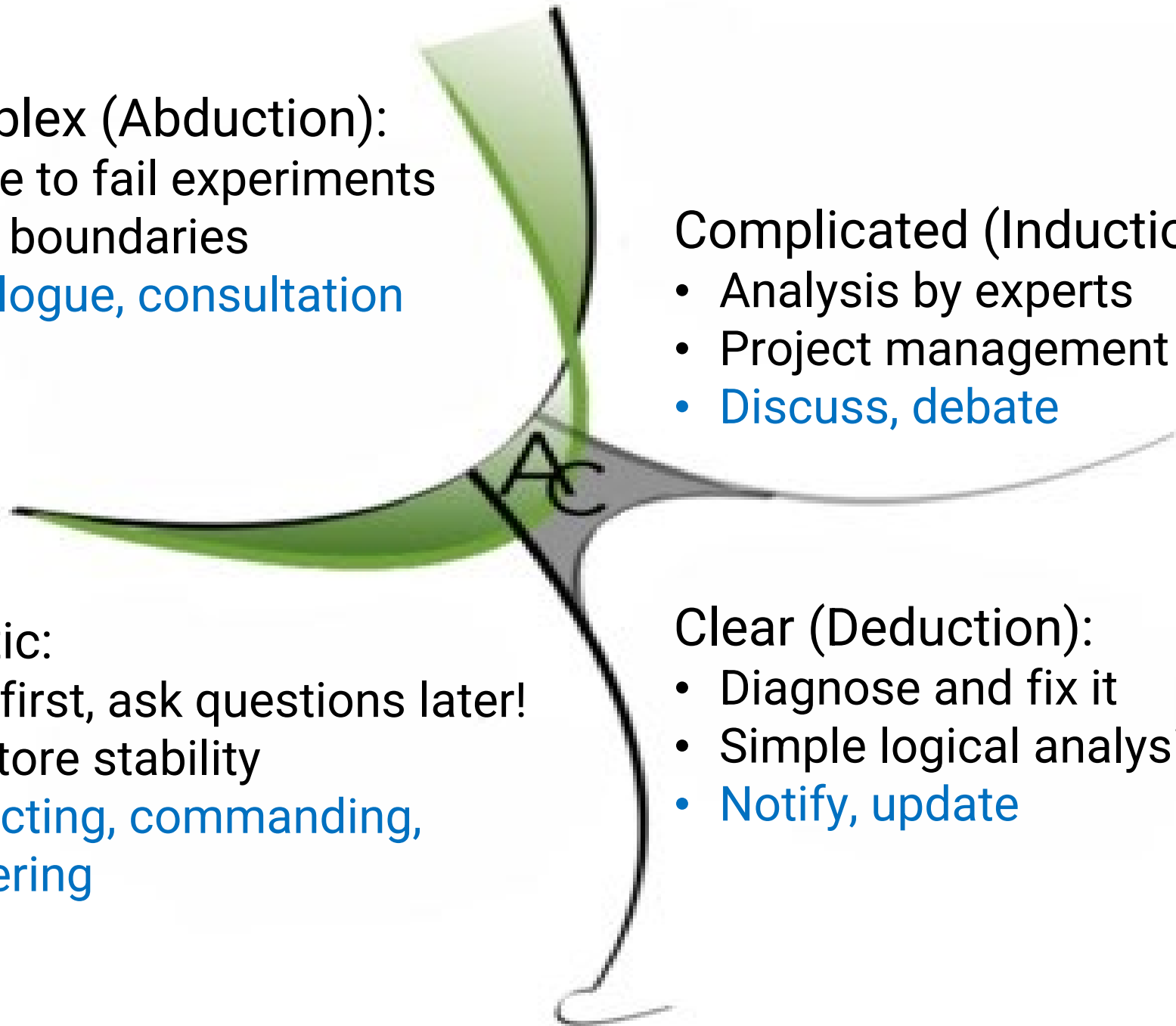
- Analysis by experts
- Project management
- Discuss, debate

Chaotic:

- Act first, ask questions later!
- Restore stability
- Directing, commanding, ordering

Clear (Deduction):

- Diagnose and fix it
- Simple logical analysis
- Notify, update



Some 'truisms' about complex systems



“Insanity is doing the same thing over and over and expecting a different result”

*But...In a complex environment, doing the same thing twice **will** give a **different** result*

“You can’t fix what you can’t measure”

*But...You **can** intervene in a complex environment, even though you can’t measure it reliably*

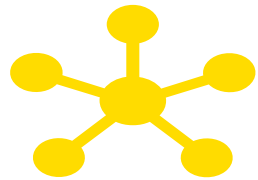
“**Predicting** the behaviour of a complex system is like predicting the weather by looking at a single cloud”

But... “In complex systems, clarity is just another form of confusion”.



Some 'truisms' about complex systems

- A complexity worldview understands the world as dynamic, interconnected systems with emergent properties and,...



recognises that modern business systems are often complex, i.e.,

- made up of diverse, interconnected elements
- dynamic and open to wider environmental influences
- give rise to emergent properties from interactions among system elements
- Self-organise – patterns emerge spontaneously from local interactions
- hard to predict and control

Final thoughts:
Takeaways for leaders and
educators in Management
and Leadership

Implications for leaders: How can we predict and anticipate complexity?

- **Complexity:** diversity, interdependence, and autonomy among many interconnected parts.
- **Adaptiveness:** adaptability and learning from past experiences; evolution and superior performance in dynamic environment.
- **Interconnectedness:** everything is connected and interactions play a crucial role.
- **Emergence:** not predictable solely based on the properties of individual parts, e.g., collective behavior, and self-organization.
- **Nonlinearity:** even small changes can have disproportionate effects (the “butterfly effect”).
- **Self-Organization:** without central control.
- **Holism:** looking into context and inter-relationships.
- **Uncertainty and Ambiguity:** predictability is limited due to nonlinear dynamics and emergent properties.



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