

# **Embracing Uncertainty: The Executive's Challenge**

**Phillip G. Clampitt**

University of Wisconsin - Green Bay

**M. Lee Williams**

Southwest Texas State University

**Robert J. DeKoch**

The Boldt Company

October 2001

I feel a responsibility to proclaim ... that doubt is not to be feared, but that it is to be welcomed as the possibility of a new potential for human beings. If you know that you are not sure, you have a chance to improve the situation.

? Richard Feynman

## **Embracing Uncertainty: The Executive's Challenge**

The old news is that organizations function in an increasingly chaotic and uncertain environment. Yet, this familiar storyline suggests some new and important questions: How do organizations and their employees manage uncertainty? What are the consequences of these management practices? And how can executives improve the way their organizations manage uncertainty? These are the issues that fueled our research program (Place sidebar 1 about here).

The good news is that most employees want their organizations to embrace uncertainty rather than suppress it. Our research reveals that employees who work for organizations that embrace uncertainty tend to be:

- ? More satisfied with their job.
- ? More committed to their organizations.
- ? Less cynical about organizational life.
- ? More likely to identify with the organization. (see Table 1)

These tendencies occurred even when employees *themselves* did not fully embrace uncertainty. Therein lies the executive's challenge: to create and sustain an organizational climate that *welcomes, utilizes, and exploits* uncertainty.

That's not an easy task because it means pushing an organization to come to grips with vagueness, complexity, randomness, the unknown and sometimes, the unknowable. For instance, how can executives encourage their organizations to:

- ? Recognize vagueness when reviewing market studies?

- ? Factor in complexity by reflecting on the ripple effects of a new organizational policy?
- ? Acknowledge randomness when planning crisis management strategies?
- ? Speculate about the unknown when projecting future business trends?
- ? Face the unknowable when contemplating the impact of endeavors they choose *not* to pursue?

Wise executives cultivate organizations with the intellectual dexterity, emotional toughness, and operational flexibility to embrace uncertainty implied by these various types of uncertainty. Doing so requires that they 1) recognize different organizational climates, 2) understand how organizations can unwittingly suppress uncertainty, and 3) develop appropriate uncertainty-embracing competencies.

### **The Uncertainty Management Matrix**

We developed the Uncertainty Management Matrix to conceptualize the relationship between the way employees and organizations manage uncertainty (see Figure 1). The Matrix suggests four basic organizational climates:

- ? **Status Quo Climate:** Employees and the organization both avoid uncertainty. Employees want few surprises and they rarely get them.
- ? **Unsettling Climate:** Employees desire certainty while they perceive the organization as embracing too much uncertainty. Thus employees become unsettled and perhaps overwhelmed by the chaotic work environment.
- ? **Stifling Climate:** Employees embrace uncertainty but they perceive that the organization avoids it. The result: employees feel stifled.
- ? **Dynamic Climate:** Both employees and the organization embrace uncertainty. Consequently, the climate is dynamic, energetic, and ever-changing.

By studying over 1000 employees working in organizations ranging from Fortune 500 companies to small businesses, we developed a tool that allows us to ascertain which climate best described employee experiences.<sup>1</sup>

How do these climates impact employees? A sensible hypothesis might be that employees in the Status Quo Climate would be reasonably satisfied and committed to their organization. After all, these employees might find a stable and static organization compatible with their personal proclivities. But our research indicates otherwise.<sup>2</sup> Even though employees may believe they are ill-equipped to manage uncertainty, they want their organization to do so. In fact, employees in the Unsettling Climate report approximately the same degree of job satisfaction and commitment as those in the Dynamic Climate. Overall, these results suggest the Dynamic and Unsettling Climates are more desirable than the Stifling and Status Quo Climates. The bottom line: leading an organization to embrace uncertainty turns out to be more important than ensuring that every employee *personally* accepts uncertainty.

### **How Do Organizations Suppress Uncertainty?**

Given our findings, executives should do everything in their power to build organizations that embrace uncertainty. They often don't. Why not? Some scholars speculate that there are some deep forces at work driving organizations and their employees to suppress the complexity, chaos, and turbulence.<sup>3</sup> But that does not imply that executives are paralyzed. The first thing they can do is understand how organizations suppress uncertainty, often unwittingly, through an array of seemingly important activities.

*Over-Emphasis on Planning Processes* – Proper planning clearly benefits organizations. However, few people address the potential dangers of over-planning. The CEO of the Southwest Airlines, Herb Kelleher, is one exception. He explains:

"Reality is chaotic; planning is ordered and logical. The two don't square with one another.... The meticulous nit-picking that goes on in most strategic planning processes creates a mental straightjacket that becomes disabling in an industry where things change radically from one day to the next."<sup>4</sup>

In short, the company can become a *victim* of its planning processes.

Traditionally the management planning process works like this:

*Step 1:* End point objectives are developed.

*Step 2:* Gaps between current positions and the objectives are identified.

*Step 3:* Action plans, timetables and outcome measures are created to close the gaps and drive toward the desired results.

The process often works well. But taken to extremes, managers may drive out even more uncertainty by making the plans more specific and detailed. This quest can turn into a single-minded crusade that builds momentum, but blinds the organization to opportunities and dangers. Managers may become less open to input from others along the way and more blind to new information that might suggest a needed change in direction. Ironically, complete deterministic planning makes outcomes *more* unpredictable because they are not flexible enough in adapting to new information. *The more they attempt to drive out the uncertainty, the more unpredictable the results really are.* Why? Because they systematically avoid information that might alter or change their plans.

*Over-Use of Research Studies* – A research study can provide insight into a difficult problem, but sloppy research studies can deceive. Merely changing the order of the words in a survey question can elicit vastly different responses. Moreover, surveys are often not accurate predictors of actual behavior. For instance, a detailed analysis of 100 marketing

studies revealed that consumers are generally not very good at forecasting their own purchasing behaviors.<sup>5</sup> A consumer might tell a researcher that she is going to purchase a car in the next year, but that response often does not correspond to an actual sale. Consumers may not be lying; they may just be responding in socially acceptable ways. A mother is unlikely to tell a female researcher that she spends more on dog food than baby food. But that is exactly what some studies reveal.<sup>6</sup> Skillful researchers can deal with many of these concerns. But unprofessional researchers can administer surveys and analyze data in such a way as to create a false sense of certainty. The bottom line is that if executives want “scientific” research to bolster their claims, then it usually can be produced.<sup>7</sup> Hence, some research can be dismissed as a mere tactic to increase the organization's confidence in something that is essentially uncertain.

*Over-Reliance on Computer Modeling and Forecasting* - Computer models are always based on assumptions, many of which are arbitrary. Moreover, there is usually pressure to make the model conform to the prevailing wisdom. Two noted business scholars concluded that, “misinforming the public under the guise of forecasts and computer models, appears to have taken firm root in the culture of many organizations”.<sup>8</sup>

According to their research, senior management frequently asks for adjustments in some base-line figures in order to make the projections appear more favorable. Over 60% of the forecasters reported that these adjustments decreased the accuracy of their models. Even independent analysts can fall prey to these pressures. One study reported that corporate earnings projections had an error rate of over 65%. Even one of the pioneers of mathematically-based forecasting, Thomas Naylor, admitted that, “there is increasing evidence that the *politics* of model building may be the single most important factor in determining the success or failure of a particular corporate modeling project”.<sup>9</sup> The

underlying lesson: the computer can be just another sophisticated tool to produce artificial certainty.

*Inappropriate Use of Consultants* - A consultant's credibility may create artificial certainty for an organization - "The consultant said we should execute this plan; therefore, we must do it." A consultant's credibility flows from past successes, experiences or credentials. The problem is that the consultant's ethos rather than *logic* may be at the crux of the persuasive appeal. Credibility is something that the consultant does not possess but an attribution assigned by those who do the hiring. The consultant may have expertise, but the value of that expertise is based on the *perceptions* of the organization.<sup>10</sup> In a weird twist, the company *buys* the certainty by the very act of assigning high credibility to the consultant. It is a perfectly subtle method of self-deception. Organizations drive out the uncertainty by letting the "expert" do it for them, whether it is warranted or not. In fact, some consultants are hired for the unstated purpose of putting their stamp of approval on a predetermined solution that minimizes complexity or randomness.

Executives, who inappropriately use any of the techniques described above, can simultaneously suppress their own uncertainty, while stifling their employees' uncertainty. For example, excessive planning may make the senior management team feel more secure but discourages employees from expressing their concerns and uncertainty. When the inevitable implementation failure occurs, each side blames the other. The executives argue, "if only they had followed the plan, then it would have worked," while employees think, "if only they had listened to our concerns, then we could have made it work." Such destructive cycles of accusation and blame permeate organizations that

overlook the value of developing a dynamic climate in which all employees seek to embrace uncertainty.

### **How Can Executives Build Uncertainty-Embracing Organizations?**

We discovered that organizations embrace uncertainty by mastering three basic competencies<sup>11</sup> (see Figure 2):

- ? Cultivating an awareness of uncertainty.
- ? Communicating about the uncertainty.
- ? Catalyzing action in an uncertain environment.

While these competences may be learned and understood separately, their value emerges when implemented simultaneously. Therefore, executives must not only modify organizational policies, alter procedures, and change behaviors, they must also coordinate these activities in a meaningful way. As a result, plans may be in flux, the rules of the game might vary from day-to-day and leaders may need to quickly determine when it is time to adjust focus. This is like the quarterback who has studied the training films, called the play, but realizes at the line of scrimmage that he should call an audible to change the play. He *cultivated an awareness* of the uncertainties while watching the game tapes, *communicated the alternatives* in the huddle but *acted according to the dictates of the situation by changing the play*.

This model departs from the traditional approach to decision making (see Figure 3). Many managers are taught to think in a linear fashion by planning first and then implementing the plan. Organizations using this approach often lack the flexibility to rapidly adapt to changing conditions, just like the quarterback who sticks with the called play regardless of the defensive alignment. Our approach emphasizes more fluid movement. We explore each of these competencies in more depth below.



## **Cultivating an Awareness of Uncertainty**

The first challenge executives face lies in shaping an environment in which the organization not only recognizes uncertainty but actually cultivates it. (Place sidebar 2 about here.) They can plant the right seeds by using the following strategies and techniques:

1. **Occasionally “shake the platform.”** “Platforms” represent the set of beliefs and practices about “how things are done best around here.” Sometimes, in the quest for certainty, groups get a little too comfortable. This is precisely the time to “shake the platform.” Consequently employees begin to think about the unknowns, complexities, ambiguities and conflicting perspectives implicit in the status quo. Consider the case of a senior executive who shook the platform during an off-site strategic planning meeting. For several days, one executive after another laid out the strategic plan for their division using well-crafted slides and highly organized notebooks. But this executive’s handouts weren’t in any particular order. He watched in amusement as the buzz grew around the room. “What order are these supposed to be in?” they queried. As he approached the podium, the murmurs faded and he said:

I watched what happened when I passed out the handouts. You wanted to know what section they went in. This is a perfect illustration of what I want to talk about today. The truth of the matter is that I don’t know. No one knows the precise steps that we have to take to develop this new business. *We do not know* because we *can not know* at this point. We know the general direction we want to go, but we simply can’t provide you all the details at this time. So let me talk about our direction....

At the end of his presentation, someone raised his hand and asked, “I enjoyed your presentation, but what order **do** the handouts go in?” Clearly, sometimes the innate desire for certainty proves to be overwhelming.

2. **Challenge existing heuristics or rules-of-thumb.** Organizations, like people, have fairly well-developed heuristics designed to reduce complexity. Unfortunately, these rules-of-thumb can lead to systematic thinking errors. Moreover, researchers have also determined that most people are over-confident in estimating the accuracy of their judgments.<sup>12</sup> Challenging existing heuristics can break the spell of over confidence. For instance, conventional wisdom in the 1940s was that only the wealthy would invest in the stock market. Merrill Lynch tested that rule-of-thumb by deploying mobile brokerage offices in refurbished buses and marketing services to those on "Main Streets" of cities and towns all across the land. Consequently, they built one of the largest and strongest brokerage businesses in the United States. That never would have happened without executives cultivating an awareness of uncertainty by challenging the existing heuristic.
3. **Orient organizational identity around core competencies not particular products or services.** Consider the position of The Oscar J. Boldt Construction Company. Over a 100-year period, the organization grew from a small family-owned company operating in Wisconsin to a large national enterprise with offices located around the United States. They have a world-class reputation in the construction industry. Several years ago, executives recognized an industry shift from a value-driven market to a price-driven one. As a result, they decided to exploit their knowledge of the construction process, repositioning the company as a beginning-to-end provider of services to help customers wisely spend their construction dollars. This means the

company will become involved in strategic planning, analysis, design and even facilities maintenance.

Such a change required a shift in identity both internally and externally. A new branding scheme based around The Boldt Company rather than The Boldt Construction Company provided the external tool. Internally, the identity shift required a more fundamental understanding of how the company can serve customers. Currently executives do not merely focus on building the hospital or constructing the paper mill. They emphasize the more powerful and fundamental core competency; namely, *knowing how* to build the hospital, paper mill, and stadium. Consequently, the company has entered into new markets. In short, as the identity shifts to more fundamental competencies, new company processes, procedures and services have emerged that embrace the complexities and possibilities of the changing marketplace.

4. **Monitor the internal and external environment.** Perhaps the most fundamental survival skill in an uncertain environment is effectively monitoring changes. Only a foolish sailor expects the wind to always blow from one direction. Indeed, one of the great disservices of certainty-providers is that they create a false sense of security by decreasing our watchfulness for relevant changes in the environment. In contrast, a reliable monitor warns of shifting winds. Internally, it may mean taking into account subtle shifts in the needs of recently hired employees. Externally, it may mean astutely assessing changes in the marketplace. The bottom line: monitoring encourages organizations to make quick adjustments to the new contingencies.

### **Communicating about the Uncertainty**

Creating greater sensitivity to uncertainty is the easy part. Executives often find communicating about uncertainty more challenging because it requires time and special

discipline. It means encouraging employees to discuss opportunities, perceive nuances and play around with fuzzy ideas. Below we review some of the specific ways to foster this kind of dialogue.

**1. De-emphasize formal presentations.** In the typical hour-long presentation, only five to ten minutes are devoted to questions. These questions are often perfunctory or merely asking for clarification. Allocating half the allotted time for discussion changes the nature of the questions and allows for alternative viewpoints to be entertained. Or, leaders could decrease the formality of the presentation by allowing more discussion *during* the presentation, instead of at the end. This encourages more give-and-take. Assumptions can be challenged, critical relationships explored and core values tested. The core objective is to change the nature of presentations from a stereotypical “sales pitch” to a more engaging consideration of possibilities. In fact, General Hugh Shelton, the former Chairman of the Joint Chiefs of Staff for the U.S. military, took on the "PowerPoint Rangers" and issued an order calling for more brevity and sanity in briefings; fewer bells and whistles, more salient information.<sup>13</sup> He, no doubt, recognized that monologue tends to support convention, while dialogue fosters innovation, flexibility and mental acumen.

**2. Modify organizational language.** How executives talk about things has a powerful influence on the way employees structure their views of the organization. Those who typically talk in bipolar terms tend to create a world full of artificial certainty. For instance, an executive who insists that employees either *accept* or *reject* his/her plan discourages the creation of alternative plans. Yet the executive who says, “if we assume X, then I think this plan is best,” has created an opportunity to modify the

plan should employees feel different assumptions are operative. Even this minor stylistic change can open the door to some uncertainty (see Table 2).

Metaphors also exert considerable but tacit influence on an employee's tolerance for uncertainty. Contrast these statements:

- ✍ The wheels are set in motion; we will be at full production in a month.
- ✍ The plan should go off like clockwork.
- ✍ We don't see any storm clouds on the horizon. As we see it, the forecast is for full production next month.

The first two statements allude to a machine metaphor. Machines are linear and predictable - the outcome is certain.<sup>14</sup> The last statement is based on a weather metaphor. The weather is dynamic and not very predictable. The outcome is less certain. If an executive wants to reach a specific deadline, a linear metaphor might be best. However, an executive seeking to prepare employees for a more uncertain world would find the weather metaphor superior. In fact, some remarkable changes can occur when management makes a conscious effort to use the weather metaphor as opposed to certainty metaphors. Expectations are tempered and employees express a greater willingness to adapt to the unexpected. They become less dependent and committed to a single plan while becoming more adept at sensing changes in the business climate. They are less disappointed when projections don't pan out and they don't blame management.

3. **Discuss contingencies.** It's not always possible to "plan with the end in mind," because executives only have a vague sense of the end point. Instead, when there is uncertainty, we must learn to "plan" with possibilities in mind. Exploring possible contingencies is one way to embrace uncertainty. Scenario-based training focuses a

team's attention on the uniqueness of an ever-changing situation. Indeed, this is why officers of the Marine Corp are exposed to hundreds of hours of cases and scenarios in their elite training schools. The rationale is simple: This is the only way to develop the fundamental pattern recognition skills necessary to flexibly respond to truly chaotic situations riddled with incomplete and often erroneous information.<sup>15</sup> Therefore, scenarios and case studies encourage us to see critical relationships, anticipate various courses of action, and discover the core patterns of success.

4. **Ask penetrating questions.** The right question can unmask artificial certainty.

Consider the following:

- ✍ How certain are you of that fact, projection or idea?
- ✍ Do we really need to know all this before proceeding?
- ✍ Can we draw another map of the same situation?
- ✍ Are we rushing to a decision?

Answers to these questions have a way of introducing more doubt into conversations. It may even foment some temporary confusion, which is another way of increasing the uncertainty.

5. **Focus the internal communication system on thinking routines and speed.**

Organizations often treat communication as a highly scripted affair based on formal quarterly meetings and monthly newsletters. The messages focus almost exclusively on *what* the company *knows* rather than *how it thinks* about issues. There is a more effective alternative.

By reorienting the communication system, we assisted one paper manufacturer in encouraging its 1,000 employees to more readily embrace uncertainty.<sup>16</sup> We did this by first introducing a bi-weekly “pulse” survey that systematically questioned a

random group of employees about several key plant issues. For instance, employees were asked to respond to the question, “If you could ask the plant manager one question, what would it be?” We then issued a report, the Pulse Report, which summarized several key issues that emerged from the survey.<sup>17</sup> Supervisors in the plant received a separate “Talking Points” document that briefed them on the responses to Pulse Report issues and served as the basis for discussions with their crews. The standard format of the document contained four basic pieces of information:

- ? The key issues
- ? A story or learning opportunity
- ? What the company knows *now* about the issue
- ? What the company *does not* know *now* about the issue

What did this achieve? We used the Pulse Report to increase the *speed and focus* of communication efforts. Checking the “pulse” of the plant and issuing employees a rapid response addressed issues as they emerged rather than unveiling them in the bi-annual climate survey. Also, the “story” or learning opportunity tapped into how management thought about these issues; in essence their “thinking routines”. Unlike most information, the “thinking routines” tend to endure, providing employees with a greater sense of stability. Initially employees were shocked to see management admit that there were things they did *not* know. Over time, though, the employees developed trust in the communication system, realizing that partial, but fast information could provide the necessary degree of comfort. In short, we discovered that speed trumped completeness. In fact, as a result of the Pulse Report, Talking Points and related procedures, the percentage of employees who reported they

“understood the direction of the plant” increased from 30% to 80% over a two-year period.

### **Catalyzing Action**

Merely fostering an awareness of uncertainty and talking about it is not enough. (Place sidebar 3 about here.) Executives can catalyze action by considering the following practices:

- 1. Hire the right people.** Recently researchers have coined terms like "emotional intelligence" or the "adversity quotient" to explain the differences between successful and unsuccessful employees. The researchers have concluded that even very intelligent people can fail because they lack these qualities.<sup>18</sup> Regardless of the label, the more fundamental quality of successful people appears to be the ability to act in the face of uncertainty. "Emotionally intelligent" people can work with others to reach a consensus solution that satisfies *most* if not all of their aims. People with a high "adversity quotient" can overcome the inevitable setbacks associated with attempting new tasks. One company executive, focusing on becoming an innovative leader, put it this way: "We used to hire people who were great at implementing our long-term plans. Now our long-term plan lasts for one quarter (of a year). We've got two alternatives: either change the thinking of the people we have or hire people who think differently. And, frankly, I don't think we'll be able to transform our implementers into innovators."
- 2. Look for the deeper pattern.** Often times the only way to deal with complexity is to look for a deeper pattern. For instance, making accurate weather forecasts is notoriously difficult. There are a host of factors to consider: wind speed, wind direction, moisture, temperature, and atmospheric pressure, to name a few. Then, of



course, all these factors interact, making the task of prediction even more daunting. Yet, despite the many improvements in technologies and mathematical models, the accuracy of a typical 5-day forecast did not significantly improve until the discovery of jet streams. Meteorologists soon learned that the position of a jet stream was a pivotal factor that influenced temperatures, wind directions and humidity levels. The discovery of the deeper pattern provided a viable way to understand the immense complexity of our local weather. Likewise, prescient businesses look for deeper patterns in their environment. For instance, executives at several leading breweries in the United States are quietly seeking ways to avoid the same calamities experienced by tobacco companies.<sup>19</sup> They have discerned a pattern that begins with warning labels and ends in debilitating lawsuits.

3. **Experiment.** Experiments are a useful alternative when faced with complexity or the unknown. The chances are good that the company can learn something and discover a useful principle or rule-of-thumb. One company facing a declining market for its traditional product line embarked on a series of new product launches designed to test the marketplace. Some products were miserable failures, others were not. But they expected this and used the "failures" to hone their marketing and production skills (see Sidebar 3).
4. **Use technology as a lever.** Technological progress almost always outpaces organizations' capacity to effectively utilize the innovations. Herein lies an opportunity to build an uncertainty-embracing organization that readily adapts to a subtly changing business climate. During the mid-1980s Schneider National Inc., a national trucking firm, seized such an opportunity. Just-in-time manufacturing was evolving from an enticing concept to a practical expectation. The only problem was

that manufacturing in this manner often required tight coordination between geographically dispersed plants, warehouses, and the like. Trucks provided the link but it was difficult to ascertain when deliveries would actually occur. At the time drivers would rely on (land-based) phones to get further instructions or provide information about their location. Every time they stopped the truck to make a call, they further delayed delivery. But that was how every trucking company operated at that time.

Executives at Schneider recognized the opportunity as well as a potential solution; namely, equipping each rig with satellite technology to track location and communicate vital information. There was internal resistance to the idea. Drivers were concerned about the “big brother” aspect, financial analysts groused about the potential return on the investment, and others were doubtful because “no one else had done this.” But executives pressed on, fostering “creative discontent” by routinely arguing that the technology presented an incredible opportunity to embrace a market shift. An executive with the company, Wayne Lubner explained, “We listened to the market, trusted our gut instincts and strategically used the technology to adjust our organization in that direction. Consequently, we developed tremendous flexibility; our customers depend on it and our organization profits from it”.<sup>20</sup> In fact, since Schneider National led the industry into this new era, the company has enjoyed a 10% annual rate of growth.

5. **Decide at the last possible moment.** When matters are complex, making a hasty decision may be the worst possible decision. Sometimes postponing a decision allows organizations the opportunity to discern the deeper issues. Delaying decision-making

can also provide more flexibility in meeting challenges. For instance, four-star general Dick Cavazos perceptively observed:

... most savvy tactical commanders wait until the last minute to decide something. Why is that? Well, that gets back to what you are trying to do. That gets back to this: you want to stay out ahead of the enemy. That means you don't want to decide too far in advance what you're going to do. If you do that, by the time you execute, the situation may have changed, and you may have another option available to you. ... What the [commander is] looking for is the right intuitive moment to act. Then he executes very forcefully without looking back.<sup>21</sup>

6. **Play the odds.** In some cases, there is a pattern to the randomness that allows some level of prediction. Professional odds-makers do a pretty good job. Even though they are often wrong with their individual predictions, over time they are pretty close to the mark. In the long run, the casino wins. So if organizations can ascertain the general odds in an uncertain situation, it would be wise to play them. For instance, general managers of professional football teams routinely make personnel decisions on this basis. They may not know *who* will be injured but they make decisions about the number of backups based on *the odds* of injuries. For these reasons, few teams carry backup punters.

Likewise, businesses cannot expect every marketing initiative to pay off. For instance, Rockwell Automation has used traditional marketing distribution channels for many years. Recently, they made a major investment into another approach based on an e-commerce model while simultaneously augmenting the traditional distribution channels by investing in electronic automation. Julie Sadoff, manager of e-business communication explains, "We've hedged our bet by investing in both the

traditional system and e-commerce. This dual investment strategy distinguishes us from our competitors.”<sup>22</sup> Given the underlying nature of B2B commerce, the odds are that one or both approaches will pay off.

### **Conclusion**

As members of Special Operations, the United States Air Force’s air para-rescue units (PJs) are the “elite of the elite.” Their mission involves extracting pilots from hostile territory and they are trained to handle virtually any medical situation in almost any circumstance ranging from perilous mountain ranges to violent seas. But no matter how rigorous, the training regimen could not possibly include all the potential situations a unit could encounter. One officer explained it this way: “ We’ve been put in so many ‘what if’ situations that I know I’ll find a way out.”<sup>23</sup> He explained that his team might be dropped into a treacherous mountain range for a mission and then asked to perform their task under a variety of conditions such as:

- ? What if we had no air support?
- ? What if our food supply runs out?
- ? What if our communication equipment malfunctions?

By routinely dealing with uncertainty, his team develops an enormous capacity to think of innovative solutions. *They develop a unique confidence NOT from knowing all the answers ahead of time, but from their ability to creatively and quickly solve problems.*

Despite the low pay and hazardous duty, the Navy creates a climate that PJs find motivating, satisfying and meaningful. Such are the rewards of embracing uncertainty.

Few corporate executives devote the amount of resources to training that military units do. Yet, they can still build the PJ mindset into their organizations by cultivating awareness of possible situations, communicating about them, and catalyzing decisive

action. Like a PJ unit, such organizations learn to trust their processes, procedures, and personnel to face uncertainty. In short, skilled executives can build a dynamic climate in which their organizations thrive on ambiguity, change, and challenges. Nothing less fulfills the executive's challenge.\*

\* Parts of this article were adapted from *Embracing Uncertainty: The Essence of Leadership* by Phillip G. Clampitt & Robert J. DeKoch.

## Notes

1. The instrument can be completed online at [www.iMetaComm.com](http://www.iMetaComm.com) by selecting the “Working Climate Survey” under the “Tools” menu bar.
2. P. Clampitt, M.L. Williams, & A. Korenak, “Managing Organizational Uncertainty: Conceptualization and Measurement” (paper presented at the International Communication Association, Acapulco, June 2000.)
3. D. Miller, & P.H. Friesen, “Successful and Unsuccessful Phases of the Corporate Life Cycle,” *Organizational Studies* 4 (1983): 339-356; E.H. Schein, “Organizational Culture and Leadership” (2<sup>nd</sup> ed.) (San Francisco: Jossey-Bass 1992).
4. K. Freiberg and J. Freiberg, “Nuts! Southwest Airline’s Crazy Recipe for Business and Personal Success” (Austin: Bard Press, 1996), 85-86.
5. V. Morwitz, J. Steckel, & L. Stern, "When Do Purchase Intentions Predict Sales?" working paper 97-112, Marketing Science Institute, June 1997.
6. J. Mach, “The New Market Research,” *Inc.* (July 1998): 86-93.
7. C. Crossen, “Tainted Truth: The Manipulation of Fact in America” (New York: Simon & Schuster, 1994)
8. C.S. Galbraith and G.B. Merrill, “The Politics of Forecasting: Managing the Truth,” *California Management Review* 38 (Winter 1996): 29-45.
9. T. Naylor, “The Politics of Corporate Model Building,” *Planning Review* (January 1975): 3-28.
10. E. Shapiro, R. Eccles, and T. Soske, “Consulting – Has the Solution Become Part of the Problem?” *Sloan Management Review* 34 (Summer 1993): 89-95.
11. P.Clampitt et al., op.cit.
12. J. E Russo and P.J Schoemaker, "Managing Overconfidence," *Sloan Management Review* 33 (Winter 1992):7- 17.
13. G. Jaffe, “What's Your Point, Lieutenant? Just Cut to the Pie Charts,” *Wall Street Journal* (April 26, 2000): A1,13.
14. See for example discussion by G. Morgan, “Images of Organizations” (Thousand Oaks, CA: Sage, 1998)
15. D. Freedman, “Corps Values,” *Inc.* (April 1998): 56-65.
16. P.Clampitt, B. DeKoch, and T. Cashman, “Communicating Strategically: A

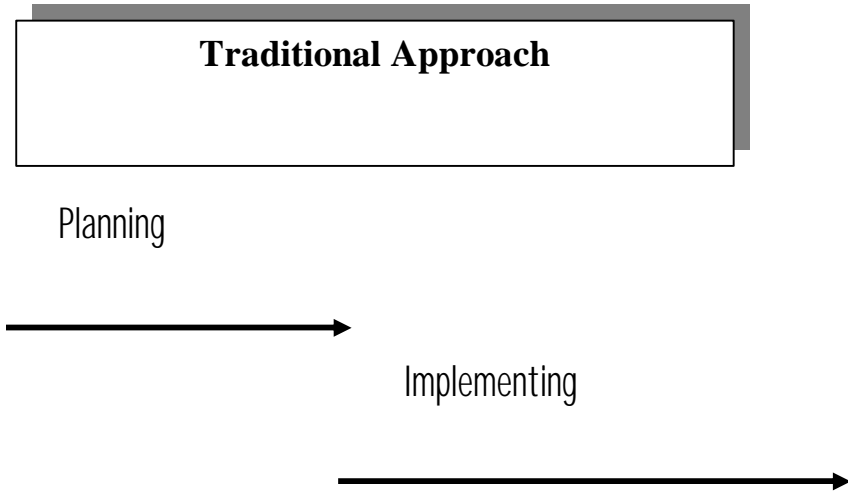
- Perspective and Case Study of Creating Comfort with Uncertainty," *Academy of Management Executive* 14 (December 2000): 41-57.
17. O. Hargie and D. Tourish, "Handbook of Communication Audits for Organisations" (London: Routledge, 2000)
  18. D. Goleman, "Emotional Intelligence" (New York: Bantam Books, 1997)  
P. Stolz, "Adversity Quotient: Turning Obstacles into Opportunities" (New York: John Wiley & Sons, 1999)
  19. Personal communication with Dr. Tim Meyer.
  20. Personal communication with Wayne Lubner.
  21. T. Clancy, "Into the Storm: A Study in Command" (New York: G.P. Putnam, 1997), 101.
  22. Personal communication with Julie Sadoff.
  23. Personal communication with Captain Giaccino.





*Figure 3*

*Traditional Management of Uncertainty*



**Table 1**

*Uncertainty Management Matrix Database Findings*

<i>Embrace</i>	<b>Stifling Climate</b>	<b>Dynamic Climate</b>
	78% Satisfied with their Job 80% Committed to their Organization 58% Cynical about Organizational Life 70% Identify with the Organization 22% of Employees 22% of Executives & Managers	89% Satisfied with their Job 98% Committed to their Organization 23% Cynical about Organizational Life 90% Identify with the Organization 28% of Employees 35% of Executives & Managers
<i>Avoid</i>	<b>Status Quo Climate</b>	<b>Unsettling Climate</b>
<i>Employee's Perspective</i>	68% Satisfied with their Job 74% Committed to their Organization 42% Cynical about Organizational Life 59% Identify with the Organization 30% of Employees 26% of Executives & Managers	96% Satisfied with their Job 96% Committed to their Organization 29% Cynical about Organizational Life 88% Identify with the Organization 21% of Employees 17% of Executives & Managers

*Avoid*

*Embrace*

Organization's Perspective

**Table 2**

*Communicating to Foster Uncertainty*

Statements to Avoid	Alternative Expressions
That's the way it is, period.	This is the way I see it.
The complete and final answer is ...	One of the answers is ...
The last word on the subject is ...	If we assume X, then Y follows.
My way or no way.	One alternative is ....
This is the definitive answer.	This answer is based on these facts:

## Side Bar 1

### Research Program

Our research spanned several years and involved five phases. In *phase one* we reviewed all the relevant literature regarding uncertainty management. We not only examined traditional social scientific and business scholarship, but also studied ideas from the hard sciences such as Heisenberg's Uncertainty Principle. With this conceptual backdrop, we constructed the Uncertainty Management Matrix (see Figure 1).

In *phase two* we created relevant quantitative measures for the Uncertainty Management Matrix. In particular, we developed an instrument to measure how employees and organizations managed uncertainty. We started with a pool of 90 survey items based on issues discussed in the literature. Organizational liaisons distributed the survey to over 200 employees. We used factor analysis, tests of reliability and other statistical procedures to refine the survey. Items were then clarified, replaced or deleted. Next, we administered the survey to another group of employees (n=239). We used standard psychometric techniques that confirmed the validity and reliability of our instrument. Our final "Working Climate" survey was composed of 12 questions, clustering into three factors, and designed to measure how employees manage uncertainty. Another 12 items measured employees' perceptions of how their organizations manage uncertainty. These also clustered into three factors. (For more details see the research paper at [www.iMetacomm.com](http://www.iMetacomm.com))

In *phase three*, we built a large database based on the instrument. Using organizational liaisons, we administered the "final" version to approximately 1000 employees across the United States and Canada. Consequently, we were able to use the data to make empirical judgements about where employees fit in the Uncertainty

Management Matrix. By using other measures we were also able to determine how uncertainty management practices related to other critical organizational issues such as job satisfaction and employee commitment.

In *phase four*, we analyzed the trends in our database. We discovered, for example, that employees in the Dynamic and Unsettling Climates (both of which are climates where employees see their organization embracing uncertainty) express more satisfaction with their job, commitment to their organization, identification with their organization, satisfaction with organizational communication, satisfaction with communication with their supervisor, and less cynicism about organizational life. Employees in the Status Quo and Stifling Climates (both of which are climates where employees see their organization avoiding uncertainty) express less job satisfaction, less commitment, less identification, less satisfaction with organizational communication, less satisfaction with communication with their supervisor, and more cynicism. Overall, these results suggest the following order, from most to least desirable organizational climates: Dynamic Climate, Unsettling Climate, Stifling Climate, Status Quo Climate.

In *phase five*, we investigated actual organizational practices that either hindered or encouraged development of Dynamic and Unsettling Climates. Factor analysis of our database revealed three basic issues that merited further investigation: awareness of uncertainty, communication about uncertainty, and action during uncertainty. We used these categories as a general guide to search out relevant organizational practices, policies or procedures. In particular, we examined ideas in the relevant literature, interviewed executives and reflected on our collective experiences.

## Side Bar 2

### **Cultivating Uncertainty at Appleton Papers Inc.**

For years, Appleton Papers has been a dominant force in the Carbonless paper market. Consumers use this kind of paper whenever they sign their credit card receipt or fill out a multi-part form. But all the industry players recognize that because of the greater use of computer technology, the Carbonless market is on a slow but definite downward trend.

Appleton Papers' legendary commitment to Customer Focused Quality (CFQ) provides the company with a powerful edge in the marketplace. But the marketplace trends suggest that the company's customers and product focus might change in the future. Even the notion of quality might evolve in a different direction. Making such a transformation requires a considerable infusion of uncertainty.

The company decided to "shake the platform" by developing the "GO" (Growth Opportunities) process. Their objective is to find an array of new products that the company could produce that exploits their unique knowledge and capabilities to coat paper. Their five-year "plan" is based on a dozen different initiatives designed to transform the company. They are challenging long-established rules in a number of ways:

- ? Creating a higher profile for new products.
- ? Developing new positions and teams around the "GO" process.
- ? Revamping training efforts to focus on experimentation and flexibility.

Cultivating uncertainty has proven challenging. Some employees cling to the security of the "good old days" when "Carbonless was King". Others appear overly anxious for the next big success; the GO projects appear to be slow-moving pawns. But executives are encouraged because these are signs that everyone recognizes that the game has changed.

### Side Bar 3

#### Catalyzing Action at a Medical Clinic

Years ago, a group of medical specialists maintained offices in the two major U.S. city hospitals. Their clinic was thriving from word-of-mouth referrals by patients to their family and friends. But the 1980s changed all that with the growth and power of HMOs. The doctors discerned a new pattern emerging in the marketplace: patients would now need a referral from their primary doctor to see these specialists rather than have the freedom of choice they had under traditional insurance plans. The group recognized that referring physicians would exert greater influence on patients' choices of specialists, and in effect, these referring physicians were becoming the "customers". This change in referring patterns produced a lot of uncertainty at the clinic.

The executive team recognized that despite all the changes in the business environment, the fundamental issue was how to form better relationships with referring physicians. If those relationships could be further developed, then the clinic could continue to thrive and expand. Sensing this underlying trend proved helpful but no one knew exactly what to do. So the clinic started experimenting with a number of ideas, "playing the odds" that one or two would prove particularly effective.

One idea involved establishing other satellite offices, strategically located around primary care physicians and staffing them on a part-time basis. In the past, they would not have considered such an option. But over time the satellite offices proved an important tool in forming relationships with the referring physicians. Currently they are hiring new physicians to staff an ever-growing number of satellite offices. Ironically, now the executive team views the strategy as relatively straightforward and inevitable. But during the initial discussions about the uncertainties in the medical field, the path forward

was not at all clear. In fact, there was a great deal of hesitation to do anything. But by selectively experimenting, the executive team allowed a viable strategy to emerge.



## About the Authors

**Phillip Clampitt** received his Ph.D. in organizational communication from the University of Kansas. He is a full professor at the University of Wisconsin-Green Bay in the Information Sciences Program. He has published in various journals including, *The Academy of Management Executive*, *Journal of Communication Management*, *Journal of Business Communication*, *Management Communication Quarterly*, *Journal of Broadcasting*, and *Communication World*. He is on the editorial board of numerous professional journals. He authored *Communicating for Managerial Effectiveness* (2<sup>nd</sup> edition), which is based on the research from past communication assessments. M.E. Sharpe published his most recent book, *Embracing Uncertainty: The Essence of Leadership*, co-authored with Robert DeKoch. Professor Clampitt is also the founder of **MetaComm**, a consulting firm that enables organizations to take their communication practices to a “higher plane”. (see [www.iMetaComm.com](http://www.iMetaComm.com)) He has consulted with numerous organizations over the past twenty years on communication strategy.

**M. Lee Williams** received his Ph.D. from the University of Oklahoma. He is a Professor in the Department of Speech Communication at Southwest Texas State University, where he has received the Presidential Award for Excellence in Teaching. His work has been published in various journals including, *Human Communication Research*, *Communication Monographs*, *Journal of Applied Communication Research*, *Communication Research Reports*, and *Journal of Leadership Studies*. He has conducted numerous communication audits and employee feedback surveys in organizations, and he serves as a consultant in communicating organizational change.

**Robert J. DeKoch** received his Bachelor of Arts Degree from Lawrence University, Appleton, Wisconsin and his Masters Degree in Business Administration from the University of Wisconsin - Oshkosh. His career has spanned numerous manufacturing industries where he has held various management positions in manufacturing, engineering, and research. He is currently the Chief Operating Officer with a major U.S. corporation, the Boldt Company. Throughout his career, Mr. DeKoch has focused on developing work environments for high involvement and continuous learning. He has instituted progressive communication processes in the workplace to promote understanding and focus. He strives to build work relationships that foster innovative thinking, recognition of achievement, and genuine teamwork.