Discussion Guide – Confidentiality Reminder
One Word Check-in
Update – Personal, Business, Leadership

"But when Peter came to Antioch, I had to oppose him to his face, for what he did was very wrong. When he first arrived, he ate with the Gentile believers, who were not circumcised. But afterward, when some friends of James came, Peter wouldn't eat with the Gentiles anymore. He was afraid of criticism from these people who insisted on the necessity of circumcision. As a result, other Jewish believers followed Peter's hypocrisy, and even Barnabas was led astray by their hypocrisy." Galatians 2:11-13 (NLT)

Change is constant. Markets change. Competition changes. Shareholders, leaders, and staff leave. Clients change personnel and procurement processes. The economy changes. Funding changes. Organizations go bankrupt. Organizations merge. Environmental issues and regulations change. The list is endless, but it is obvious that organizations must adapt to these and other issues; if not, they will go out of business sooner or later. This lesson is focused on changes that must be tackled in any organization.

Adaptive challenges involve solving complex problems that do not have straightforward solutions. Since the problems are complicated, they are not easy to define. It is somewhat easy to see the symptoms, but difficult to define the problem in a simple, high-level manner. If the problem were simple to solve, it would have been solved long ago. An overarching issue is that solutions are developed by people for people, which leads to self-interested solutions. Below are the characteristics and how to define an adaptive challenge.

Characteristics of an adaptive challenge: [1]
- Words and actions of senior leaders do not match.
- There are significant competing commitments, beliefs, and values within the organization.
- Even after previous attempts to fix the issue, the problem persists.
- People are not free to express their opinions, or worse, scared to express their thoughts. Watercooler talk does not match conversations and conclusions of meetings.
- People procrastinate or avoid the work because they do not support what they are asked to do.

Defining an adaptive challenge: [1]
- Identify why this has become an issue.
- Start with a high-level overview of the issue where all parties agree.
- Continue working through the details of the issue until conflicts begin to emerge.
- At each level identified, ask the question, "What would it take to do that?"
- When conflicts begin to emerge, this is the adaptive challenge.
- Write everything that can be identified about the issue and why that has become an issue.
- Research all attempts to solve the issue.
- Establish what people have suggested previously that has been ignored.
- Clearly articulate the adaptive challenge, including its scope, implications, and the need for adaptive work.
- Review and refine as it is shared with other stakeholders.
- Finally, go to work solving the adaptive challenge. As solutions are developed and implemented, be willing to adapt. Know there will be competing interests that may affect you or your team.

Shared Experiences:
- Even though you did not call it an adaptive challenge, can someone share an adaptive challenge your organization has dealt with in the past? What did you learn from this?
- How well do leaders' words match their actions in your organization?
- How has your organization handled conflict on major issues?

Bottom line: Every organization has adaptive challenges and only so many can be tackled at one time. It is important to focus on the most important, just as Paul did when he confronted Peter on his misguided thinking.

Adaptive Leadership
Lesson 8-3: Diagnose the Adaptive Challenge

Dig Deeper

Want to learn more?

- [1]*Book:* [The Practice of Adaptive Leadership: Tools and Tactics for Changing Your Organization and the World](#) by Heifetz, Grashow and Linsky, published by Harvard Business Press. This is an excellent book.
- *Video:* [Ronald Heifetz - On Leadership](#) speaking at The Brainwaves Video Anthology. Mr. Heifetz founded the Center for Public Leadership at Harvard Kennedy School.
- *Article:* [What It Takes to Lead Through an Era of Exponential Change](#) by Aneel Chima and Ron Gutman, published by Harvard Business Review
- *Article:* [Success Through Adaptive Leadership: Principles To Cultivate](#) by Michael Shribman published in Forbes.com
- *Book:* [Transforming Church: Bringing Out the Good to Get to Great](#) by Kevin Ford. This book is cited by Heifetz in reference 1.
- *Video:* [Is Change Hard?](#) Nick Tasler, Keynote Speaker at SpeakInc
- *Article:* [Trends in Medicine: Adaptive Leadership: Making Progress on Intractable Challenges](#) by Alice McCarthy and published by Harvard Medical School

Examples of adaptive challenges

1. Walmart's adaptive challenge to beat Amazon

Walmart is the largest company by revenue in the world, and it aims to maintain that position instead of suffering a decline like Sears. Being a company built on large retail stores, it must adapt to compete with Amazon. Amazon's revenue is $574 billion and currently growing at 12.5%, while Walmart's revenue is $648 billion and growing at 6%. It is easy to see that Walmart needs to adapt.

Walmart is constantly evaluating and implementing online retailing and Amazon is doing the opposite, trying to build strategic retail locations. Each company is constantly assessing its competitor and adapting. Walmart has tried their own version of Amazon Prime, called ShoppingPass, as well as offering free shipping for anything over a $35 order. None of these have worked to the level needed. Currently, Walmart is using the "endless aisle" concept. You can learn more at [Walmart's Strategy to Beat Amazon Prime](#).

2. Basecamp by 37signals: A reinvention born from necessity

Basecamp is a project management software that design firm 37signals developed as a solution to organizational challenges. When 37signals created Basecamp, it was a small company with 15 employees. As the company grew and the number of clients and projects increased, 37signals found itself frequently "dropping the ball" in project execution. They tried various project management tools, but none met their needs, so they decided to develop their own solution. This decision to adapt led to a complete reinvention of the company.

Initially developed for internal use, the software soon proved invaluable not just for 37signals, but also for their clients. The company asked clients to use the software to ensure full integration; clients quickly saw its value and wanted to use it for their own projects. As Jason Fried, one of the founders, put it, "The lightbulb went off." Recognizing the potential, 37signals polished the software and started selling it to clients. Within a year, Basecamp became their largest source of revenue, marking a pivotal transformation for the company.

This adaptation, driven by the necessity to improve project execution, resulted in a new and sustainable business. While Basecamp is privately held and does not disclose its number of customers or revenue, it is widely believed that the company generates "tens of millions in profit each year." Their excellence in project management software even attracted investment from Jeff Bezos. For more information, go to [Basecamp.com](#).