Learning through Paradox

Marianne W. Lewis
The problem isn’t the problem, the problem is the way we think about the problem.
Agenda

- **Tensions** – The Energy of Paradox
- **Cycles** – Dynamic & Double-Edged Swords
- **Management** – Paradox Mindset & Engagement
A case in point...

- A family tradition, the toy of the century
  - Stagnation – tradition/core vs. change/explore
    - Textbook innovation
      - Complexity to brink of takeover
        - Leading (thriving) through paradox
We experience **tension** when competing demands are juxtaposed (appear simultaneously)
The problem isn’t the problem, the problem is the way we think about the problem. - Watzlawick et al (1967)
Knotted Paradoxes

complex systems fuel dual processes: collaborate/compete, empower/direct, control/flexibility

competing views of success: profit/good, efficiency/quality, productivity/commitment

conflicting roles, memberships, identities: we/they, diversity/inclusion

new knowledge builds upon/destroys past: new/old, stability/change, radical/incremental

Sheep, Kreiner & Fairhurst (forthcoming)
Dynamic and Double-edged Swords

Reinforcing cycles

Vicious – paralyzing, polarizing, demoralizing

Virtuous – energising, enabling, learning
Traps

- **Anxiety** – negative emotional trigger
- **Defensiveness** – seek short-term comfort, but...
- **Vicious cycle** – Intensifies tensions
# Tensions of Governance

<table>
<thead>
<tr>
<th>Control</th>
<th>Collaboration</th>
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</table>
| **Agency theory**  
(economics and finance) | **Theoretical basis**  
(sociology and psychology) |
| Individualist  
Opportunism | Assumptions |
| Extrinsic  
Goal conflict  
(risk differential)  
Distrust | Human tendencies  
Motivation  
Management-owner relations |
| Discipline  
and monitor | Board’s primary role  
Board structure |
| Outsiders  
Nonduality | Executive stock ownership  
Fosters firm identification and long-term relations |
| Reduces goal conflict, avoids increasing risk differential  
Constrains self serving behavior | Fosters firm identification and long-term relations |

Vicious Cycle of Control
Vicious Cycle of Collaboration
## Innovation Paradox

<table>
<thead>
<tr>
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<th>Core</th>
<th>Explore</th>
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<tr>
<td><strong>Upsides</strong></td>
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*Adapted from Barry Johnson, “Polarity Mapping”*
## Innovation Paradox

### Core

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## Innovation Paradox

### Core
1. **Strong core values** – family business
2. **Cohesive culture** – Danish headquarter driven, loyal fans
3. **Sharp focus** – disciplined system of building blocks

### Explore
3. **Divergent insights** – global design centres
   - **Innovation emphasis** – radical developments
   - **Expanded concept** – to digital & experience

### Upsides
- Isolationism – group think, internal emphasis
- Arrogance – ‘we know best’, wary of partners
- Rare product development – stagnant and incremental

### Downsides
# Innovation Paradox

## Upsides

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<td><strong>Isolationism</strong> – group-think, internal emphasis</td>
<td><strong>Inefficient</strong> – lacked cost discipline</td>
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<td><strong>Arrogance</strong> – ‘we know best’, wary of partners</td>
<td><strong>New product binge</strong> – retail fatigue</td>
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<td><strong>Rare product development</strong> – stagnant and incremental</td>
<td><strong>Market confusion</strong> – disappointed fans</td>
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Management: Learning Potential

How wonderful that we have met with a paradox. Now we have some hope of making progress.

— Niels Bohr —
Dynamic Equilibrium

Sustainability
ST coping and learning for LT resilience and agility

Paradox
Co-existing & Persistent

Experience of Tensions

ENGAGE: Differentiate & Integrate

Focus on A
Connect A-B
Focus on B

Paradox Mindset:
Comfort and Acceptance

Sustainability

Problem
• Tradeoff
• Compromise

VICIOUS CYCLES
• Anxiety
• Defensiveness
• Consistency & Inertia

Smith & Lewis (2011) *Academy of Management Review*
Learning through Paradox

Paradox Mindset

Differentiate

Integrate
Paradox Mindset

**Comfort** – energised by tensions, comfort in discomfort

**Acceptance** – embrace as inherent, opportunities
Traditional (Either/Or Tradeoffs)

**Understanding:** Truth
- one right answer
- need to discover it

**Resource:** Scarcity
- zero-sum game
- implies competition

**Leadership:** Provider of
- certainty
- motivation

What matters – traditions-enabled brand loyalty OR possibility-driven innovation?

How do we beat our rivals (Billund vs. outsiders, brick vs. digital)?

Can I manage self-managed teams? I am responsible, but need to empower; provide stability, but encourage improvements.
Mindset

Paradoxical
(Both/And Synergies)

<table>
<thead>
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<th>truth and truth and truth</th>
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<td>- multiple right answers</td>
</tr>
<tr>
<td>- need to explore/invent</td>
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<th>Abundance</th>
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<td>- positive-sum game</td>
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<tr>
<td>- implies collaboration</td>
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<table>
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<th>Leader enables</th>
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<tr>
<td>- individuals / collective to thrive</td>
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<tr>
<td>- disciplined creativity</td>
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How do we fuel innovation that reinforces our traditions and thrills our loyal fans?

How might we create opportunities that fuel our efforts and raise all ships?

How might we co-create an energising, innovative and high-performing team?
### Paradox Mindset Measure

<table>
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<th>Tensions between ideas energize me.</th>
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<td>I enjoy it when I manage to pursue contradictory goals.</td>
</tr>
<tr>
<td>I am comfortable dealing with conflicting demands at the same time.</td>
</tr>
<tr>
<td>I am comfortable working on tasks that contradict each other.</td>
</tr>
<tr>
<td>I feel uplifted when I realize that two opposites can be true.</td>
</tr>
<tr>
<td>I feel energized when I manage to address contradictory issues.</td>
</tr>
<tr>
<td>In general I accept the contradictions I face.</td>
</tr>
<tr>
<td>I often experience myself as simultaneously embracing conflicting demands.</td>
</tr>
<tr>
<td>When I consider conflicting perspectives I gain a better understanding of an issue.</td>
</tr>
<tr>
<td>Accepting contradictions is essential for my success.</td>
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Miron-Spektor, Keller, Ingram, Smith & Lewis (hopeful AMJ)
Paradox Mindset & Thriving

Recognizing Tensions

Job Satisfaction

Paradox Mindset low
Paradox Mindset high
Paradox Mindset & Thriving

![Graph showing the relationship between Paradox Mindset and Performance]
Engaging Paradox

Integration

Differentiation

Higher Purpose – bold, clear and consistent

Create Space – simple frameworks that enable collaboration and synergy
Engaging Paradox

Integration

Higher Purpose – inspire and develop the builders of tomorrow

Differentiation

Core
Discipline
Tight Supply Chain
Values Driven

Explore
Global Networks
Open Innovation
Creative Emphasis

Create Space – simple, clear, and rigorous rules enable improvisation
Engaging Paradox

Product Design Firms

Exploration vs. Exploitation
Vicious Cycles – Success & Failure Traps

Structural Ambidexterity – Differentiation
Contextual Ambidexterity – Integration

Andriopoulos & Lewis (2010) Organization Science
## Engaging Paradox

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<th>Innovation Paradox</th>
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<th>Differentiation</th>
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<tr>
<td><strong>Strategic Intent</strong></td>
<td>Nurture a paradoxical vision</td>
<td>Diversify project portfolio</td>
</tr>
<tr>
<td>Breakthroughs-Profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customer Orientation</strong></td>
<td>Stress improvisation</td>
<td>Iterate between client-creative team</td>
</tr>
<tr>
<td>Tight-Loose Coupling</td>
<td></td>
<td></td>
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<tr>
<td><strong>Personal Drivers</strong></td>
<td>Socialize ‘practical artists’</td>
<td>Vary work (roles, projects)</td>
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<tr>
<td>Passion-Discipline</td>
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Andriopoulos & Lewis (2010) *Organization Science*
Paradoxical Inquiry

• Action Research

• Iterative
  – Sparring
  – Reflection

Discussion

Tensions – The Energy of Paradox

Cycles – Dynamic & Double-Edged Swords

Management – Paradox Mindset & Engagement
We cannot solve our problems with the same thinking we used when we created them.

- Albert Einstein