

What Is the Problem?

The test of a first-rate intelligence is the ability to hold two opposing ideas in the mind at the same time and still retain the ability to function.

F. Scott Fitzgerald

“If you are not part of the solution, you are part of the problem,” and “Don’t bring me problems, bring me solutions” are executive mantras that can be heard all over the Western world. Western management culture has a solution-oriented view on problems. *Oops*, sorry; I am not even allowed to say “problem.” I should refer to it in a more positive way and call it a *challenge*.

We live the *80/20 rule*, where we realize that 80% of a solution can be realized in 20% of the time, while the remaining 20% of the solution would cost 80% of the time. We state that “*better* is the biggest enemy of *good*.” We are action-oriented. Time is money. Any decision is better than no decision. Keep it short and simple.¹

I find this type of management culture worrying, if not downright scary. If we jump to conclusions and implement the first solution we think of, do we really understand the problem (not *challenge*!) at hand? Are we not trading in one problem for the next, which we then quick-fix, too? You may argue that there is a well-known rule here: the *law of conservation of misery*. It says that for each problem you solve, at least one new problem is created, or as many new problems that together equal the trouble

¹Granted, there are cases where it is better to focus on the future, and not to dwell on the past. There is always the danger of “analysis paralysis,” where we spend too much time analyzing an issue, until the window of opportunity has closed. And as the cliché goes, “the pace of business is increasing”; we cannot always afford a perfect solution.

caused by the original problem. The best you can do is create a situation where problems hurt the least, and preferably under someone else's jurisdiction. Problem moved = problem solved. Partly, this is true. Einstein already said no problem can be solved from the same level of consciousness that created it. So the people who caused problems are usually not the ones who solve them. And as long as the situation that created the problem still occurs, all we can do is move the problem elsewhere.

For instance, the corporate scandals in the early 2000s were based on companies evading rules—accounting rules and legal rules. But more rules, like the Sarbanes-Oxley regulations in the United States, did not solve the problem. On the contrary, organizations found different ways of creatively dealing with business ethics, leading to the credit crunch a few years later. The breach of trust of the corporate scandals was replaced by a breach of trust due to the excessive banking bonuses, immediately leading to a demand for even more regulations.

Or consider large multinationals that often have special curricula for high-potentials—a small group of young employees who have the potential to make it to the board level. For decades it was seen as the task of the company to run its executives' development. They were told which trainings to take, and which expat assignments to accept. People's own leadership was not accepted. Times changed, and the opposite approach was adopted. People should be responsible for their own education, and true talent would surface, anyway. But part of being a leader is also learning to take on less popular assignments, such as a project in a remote country. Now it is clear that neither of these opposites work. Truth is in the middle. Corporate objectives should lead the direction of executive development, but the way it is filled in can best be left to people themselves. Different people have different ways of learning the same lesson.

In your personal life, think about repressive medication. If you have a headache, you can take painkillers. Painkillers can cause drowsiness, for which you can take a different medication. As a side-effect this may cause blood pressure problems, for which . . . , and so on. And somewhere down the line you can bet the side-effect of a certain pill is having headaches. One problem causes the next; in this case, it is a vicious circle.

Trying to solve a problem without a true understanding of it leads to "solutions" that are *reactions*. Reactions tend to magnify the problem (by throwing more money at it, or imposing even more regulations), or lead to exchanging one problem for the opposite problem, or create a vicious circle. Only if you do see the true cause of the problem, you can move to a higher level of understanding.

At the core of many thorny problems—personal problems, business problems, or social problems—that somehow keep repeating themselves lies a *dilemma*—a difficult choice of some sort. If you delve deep enough,

it becomes apparent that there is no simple solution. This is not a popular thought in Western management culture. Dilemmas put you on the spot. Whatever decision you take, there is an unacceptable downside. Dilemmas make managers grumpy; there is no way out, no way you can win. Dilemmas cause what psychologists call *cognitive dissonance*. This is what happens if two processes of thought (cognitions) clash. This dissonance is an unpleasant experience, leading to negative emotions such as anger or frustration if the dissonance cannot be lifted. It is perfectly understandable that dilemmas cause strong emotional reactions.

But not understanding, seeing, or acknowledging a fundamental dilemma underlying your problem will not make it go away. At least a dilemma forces you to stop and think about the consequences of what you are going to decide, and equally important, the consequences of what you are deciding against. Studies of human cognition show that when people grapple with opposing insights, they understand the different aspects of an issue and come up with effective solutions.¹ This is true for individuals as well as teams. Particularly in teams with a strong culture, being faced with a problem can easily lead to “groupthink.” One person with formal or informal power suggests a solution, and we all start implementing it, happy that there is a way forward. A dilemma does not allow groupthink to happen. It requires every individual involved to discover where he or she really stands.

I think managers should be happy facing a dilemma—it is a sign they actually have developed an understanding of the problem at hand. Derived from what Einstein said, a dilemma is an opportunity to fundamentally solve a problem, as understanding the dilemma lifts you to another dimension of insight. And there are ways of doing that. Dealing with dilemmas does not have to be a threat.

What Is a Dilemma?

There are many ways to describe the difficult choices that we face.ⁱⁱ A *dilemma* can be defined as a situation requiring a choice between equally undesirable or unfavorable alternatives. It is a state of things in which evils or obstacles present themselves on every side, and it is difficult to determine what course to pursue. It comes from the Greek terms, *di-* (two) and *lemma* (premise). If there are three options to choose from, this would be called a *trilemma*, and more than three options would lead to a *polylemma*.

ⁱⁱDefinitions of *dilemma* and *paradox* are drawn from New Oxford American Dictionary, second edition, 2005, Oxford University Press.

In practice, however, *dilemma* can be used in the case of more than two options as well.

Although it means something entirely different, the term *paradox* is often used in relation to dilemmas. A paradox is a self-contradicting statement or proposition that may have some truth anyway. “I always lie” would be a paradox, or “One must sometimes be cruel to be kind.” This term also has a Greek background. *Para* means “contrary to” and *doxa* means “opinion”; in other words, a paradox represents something other than what you would think. Contrary to a dilemma, a paradox does not force you to choose; it is more of a conceptual exercise.

A *catch-22*,² from a military regulation in a novel of the same name by U.S. novelist Joseph Heller, is a frustrating situation in which one is trapped by contradictory regulations or conditions. For instance, safety regulations may require the use of certain materials in the kitchen of a restaurant, while health regulations clearly forbid this. Or think of needing a physical address to open up a bank account, while the landlady requires you to show you have a bank account before she accepts you as a tenant. Although not correct, a *catch-22* is often referred to as a dilemma as well. Close to the term *catch-22* is a *Mexican standoff*, a strategic deadlock in which no party can ensure victory. In the Western-movie cliché, it is portrayed as several people each pointing a gun at each other. The dilemma that it poses is *what to do*. Doing nothing does not resolve the situation; lowering the gun creates vulnerability while shooting leads to likely being shot as well.

Executive View

Heidi Melin, chief marketing officer at Polycom, emphasizes the difficulty of choice. A dilemma is a problem that makes you stop and think. This can be on the personal level or professional level. A dilemma represents a fork in the road, and the decision you are going to take has a large impact.

Dilemmas can be found in any complex organization, Bill Fitzsimmons, chief accounting officer of Cox Communications, observes. He has a very straightforward description: A dilemma is a multidimensional problem, like most issues that reach the executive level. If it had not had multiple angles, it would not have—or should not have—reached the executive level. It is the task of top management to deal with dilemmas. In Mr. Fitzsimmons’ view, dilemmas should not be seen as a nuisance, but should be understood. Avoiding

dilemmas does not make them go away. Treating them as a nuisance leads to merely passing the problem along instead of tackling it. And the buck stops in the executive offices.

Dr. Edmund Stoiber, former prime minister of Bavaria, the largest state in Germany, stresses a different point: Dilemmas can also appear through bad decision making. Dilemmas can be the consequence of decisions that are not well thought through. When making far-reaching decisions, the consequences for all involved stakeholders should be clear. If this is not done correctly, irreversible damage may be done. You need to be very careful and conscientious in decision making.

Perhaps the best-known dilemma of all is the *prisoner's dilemma*,³ which comes from a mathematical field called *game theory*. In this dilemma, two criminals are being caught for a serious crime. It is clear they are guilty, but there is no definitive evidence. They are put in separate jail cells and cannot communicate with each other. The police make the criminals a proposal. If they both remain silent, there is nothing the police can prove other than illegal possession of a firearm, and both will go to jail for six months. If one testifies against the other, while the other remains silent, the betrayer walks, while the other receives a ten-year sentence. If they betray each other, both get a five-year sentence. It is clear that the best course of action is to remain silent, but you cannot be sure the other will make the same decision. Most likely each will consider what is good for himself first, and turn the other in.

Dilemmas such as the prisoner's dilemma can be a stimulating intellectual exercise. But once confronted with a pressing dilemma yourself, you would probably feel differently.

Many dilemmas exist only in the mind. We have to make a difficult decision, and no matter what decision we make, it has negative consequences. Suppose a dear aunt, at whose home you eat regularly, cannot cook very well. Do you tell her this, as you want to be honest and because your sense of integrity suggests this? The negative consequence will be that your aunt will feel hurt. Or do you simply say dinner was delicious out of empathy, making your aunt feel good? The drawback will be that nothing changes in terms of her cooking.ⁱⁱⁱ This dilemma is based on

ⁱⁱⁱThis dilemma is fairly simple to solve. For instance, suggest to your aunt that you cook together, as you enjoy being with her so much, and over time, teach her some cooking tricks—provided *you* can cook, of course.

a conflict of two positive values both of which you hold dear: truth and empathy. Whatever the choice, you violate your values. Another example: You are in a conversation and you have forgotten the other person's name (and there is no one around you can ask inconspicuously). The longer you wait to ask, the more awkward it becomes. You cannot ask anymore, as it has become embarrassing. But not asking, and not being able to address the other person by her name when saying goodbye, is equally embarrassing.^{iv}

Other dilemmas are more serious. For instance, you need to fire an employee as the company is downsizing. The logical choice may be a senior manager, who is doing very well in his job, but whose area of responsibility is not core to the business. The problem is that your senior manager is 55 years old, is the sole provider of income in his household, and likely will not find another job. Another option would be to fire a young high-potential who came into your department a few months ago. He or she might easily find another job, but the excellent work of this person was just starting to pay off. What would be your decision? Or take a lawyer who learns about an upcoming liquidation of a police informer. The rules prohibit the lawyer from reporting this, but what if the police informer is a friend of a friend? And consider a doctor who is confronted with two immediate cases in the emergency room: a famous older person (a government official) and a nine-year-old child. Only one can be treated at a time, and there is a good chance the other will not make it.

Global Survey

In the Dealing with Dilemmas survey, I asked respondents what they would decide, being the doctor in the emergency room. Of all respondents who chose one of the options I provided, 85% would save the child, 6% the government official, 3% whichever one had family in the waiting room to avoid difficult decisions, and 6% would flip a coin. Respondents were also able to provide their own answers. The most common answer people came up with themselves was to treat the one that came in first. One respondent tried to

^{iv}This dilemma is also easy to deal with. Ask the person for her business card and e-mail address, promising to send something. But I bet you were sweating a bit before you came up with this gentle way out.

reconcile with the politician, telling him there is a nine-year-old kid, and trying to get agreement from the politician to treat the child first. One respondent found a higher moral ground. He would consider the religion of both people. If the politician were religious, he would treat the child first, knowing that if the politician were to die, he at least would know he would be going to a better place. I am not sure how to interpret the responses of a few others. One suggests treating the politician first, because of the ramifications for the hospital, while the parents can always have another child. And someone else added he would treat the one that had family in the waiting room first, assuming that the other would have no caring family or friends. The reality, of course, is that you cannot expect doctors to make calls like this. There are protocols that doctors follow. In this particular case the protocol is called *triage*.

In another question, I asked the respondents to imagine they were the CEO of a small company ('you') and had been working on a large deal for almost a year. If you win the multimillion-dollar deal on the table, you could expand the business. If you lose the contract, you would have to fire 20% of the employees, some of them in their fifties, and others having families with small children. The dilemma is clear, a choice between integrity and responsibility. Your contact is indicating that if you would pay him \$10,000, the contract is yours. Forty percent of respondents would expose the employee of the prospect to his boss, 48% would not pay, 9% would actually pay, and 3% would even resort to blackmail ("If you don't give us the deal now, I will report you to your boss"). Some respondents were very creative in their schemes, including establishing a bank transfer, and then exposing it to the prospect's employee's boss, or even spending the same amount of money to hire a private detective to find something with which to blackmail the contact. Some respondents place themselves outside of the dilemma. It is simply "cost of sales" in certain countries. Others make it depend on the circumstances. One person—I guess with a sales background—asks if it is a transactional deal (deliver the goods and move on) or a relational deal (service delivery and repeat sales opportunity). In the former case, he would pay; in the latter case, he would not. Others ask themselves what are the chances it would come out publicly. They define the dilemma differently, namely between the chance of success or of being exposed themselves. One wonderful answer came from someone who wanted to know

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what the prospect's employee would use the money for—it could be for a good purpose.^v One person found a moral middle ground for himself: Pay the bribe out of his own pocket. This is one of those dilemmas that can be easily avoided—it appears only if you do not think through your customer-interaction process. In case you feel there is a chance of ethical issues arising in a deal, make sure there are always several people in the meeting and involved in any decision. Involve other stakeholders at the customer level, and make sure several people of your own company attend.

Other dilemmas may appear among people, between you and someone else, or between two other people who turn to you for a decision or input. In dealing with dilemmas like this, we can learn from the field of negotiations. Successful negotiations are based on a win-win situation, where parties focus on what binds them, instead of what divides them. Dilemmas between people are often based on strong mutually exclusive desires. For instance, in a personal relationship, one partner may want to have a child, while the other does not want that at all. That is a pretty binary choice that has to be made, with not much middle ground. In business terms, two executives may have a strong disagreement about the strategic direction to take. Making a certain acquisition or not is also a clear and binary choice—it is either yes or no. Colleagues from different cultural backgrounds may have completely opposing views on what it means to respectfully treat each other, and may even play the “either he is leaving or I am” card.

Dilemmas between people can be full of emotion, indeed. And in the heat of the fight, we forget that the choices presented might constitute a false dilemma, often called a *sucker's dilemma*.⁴ The choices presented are not at all the only options on the table. “Either he is leaving or I am” is narrowing down an argument to an escalation path only—an ultimatum. “Clean up your room now, or go to bed early,” “my way or the highway,” “now or never,” “either you're with us or against us,” or “if you don't listen, the consequences will be yours” are sucker's dilemmas we have

^vLater we will see that philosophers call this style of decision making *consequentialist*, making a decision depend on the context, instead of its being fundamentally right or wrong.

all heard.^{vi} Who says it is one or the other? There might be many different ways to deal with the issue. The moment you get sucked into such a dilemma, you do not think about solving the matter at hand, but feel you have to make a choice. You are thinking *or*, and not *and* anymore. How could I satisfy my mother and clean up my room, while first finishing the videogame I am playing? How can his way be combined with my way, so there is a mutual way instead of a highway? Is it possible to delay “now” a bit while satisfying the other person’s sense of urgency, so that “never” never comes?

Fortunately, most daily dilemmas are small and not of cardinal importance. In fact, most dilemmas are not even real. They are what I call “chicken-or-beef” dilemmas, based on a psychological phenomenon called *loss aversion*. People prefer avoiding losses over acquiring gains, or in other words, when facing a choice, they focus more on what they do not get than what they will. The biggest problem in choosing between chicken or beef for dinner is that if you choose chicken, you will not have beef, and vice versa. Despite how good the chicken looks, the idea of not having beef is stronger. The only loss in this dilemma is the loss of the *option* of beef, not even the beef itself.^{vii} If you truly examine everything you would call a dilemma, the majority of them would be in this category.

A Short Overview of History

The basis of a dilemma is a contradiction—often the contradiction between good and bad. Doing the right thing might lead to bad results; for instance, helping one person in the emergency room does not improve the chances of the other. Doing something bad might lead to good results, such as saving the company by winning a large order involving a bribe. The idea that everything consists of opposites goes back to the concept of *yin and yang*⁵ in ancient China. Originally meaning the shadowy and sunny side of the mountains, yin and yang came to represent all dual or polar aspects of the world: dark and bright, good and bad, noisy and silent, soft and hard, slow and fast, feminine and masculine. Yin and yang are opposites,

^{vi}My favorite one came from a bumper sticker: “Would you like to have sex, or do you want a cookie? By the way, we’re out of cookies.” But this is so politically incorrect, I could not write that down in a business book.

^{vii}As the chicken-or-beef dilemma is deeply rooted in human behavior, the easiest way to deal with this dilemma is to appeal to the same feeling your table companion may have. One orders the chicken, the other the beef, and you share. On an airplane this may work only if you actually know the person sitting next to you.

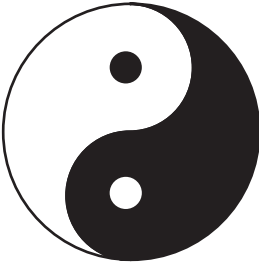


FIGURE 1.1 Yin and Yang

but part of a mutual whole. (See Figure 1.1.) There cannot be one without the other. Yin and yang also interact; they transform each other. After high comes low, after day comes night. In the traditional yin-yang symbol, this is represented by the small dot of white in the black part of the symbol, and vice versa.

The Greeks adopted similar thinking; however, they used the idea of opposites to find truth, through a rational and logical discussion. This concept is called *dialectical inquiry*, or *Socratic reasoning*.⁶ The Socratic way is based on formulating hypotheses (“So, if A is the case, logically B must follow”) and asking questions (“And what would it look like if we add C to the mix?”). Philosophers have used Socratic reasoning to ask themselves the big questions, for instance, about what is right or wrong, or what is good or bad. Can something bad lead to something good? For instance, “If we agree that killing a person is bad, is it also bad to kill a person who is about to kill several other people, in order to prevent those killings?” Or can something good lead to something bad? For instance, “If marriage is a holy institution, should one be encouraged to get married to a person with a history of domestic violence?” In the modern age and in business terms, we can use dialectic inquiry to challenge assumptions and best practices.

In his books, Mintzberg is known for his Socratic style, challenging what we believe is true about management sciences. For instance:

It has become a popular adage in some quarters that if you can't measure it, you can't manage it. That's strange, because who has ever really measured the performance of management itself? I guess this means that management cannot be managed. Indeed, who has ever tried to measure the performance of measurement? Accept this adage, therefore, and you have to conclude that measurement cannot be managed either. Apparently we shall have to get rid of both management and measurement—thanks to measurement.⁷

The Socratic method is still in use today—for instance, in law schools, where the teacher continues to ask questions and solicit answers from the students. The aim of the approach is to explore different sides to a complex legal matter. Many *what-if* style questions are being asked to explore how tiny circumstantial differences can lead to entirely different outcomes. But in most business educations, dialectic inquiry is not taught and not understood.

For centuries, no new philosophical developments in this area occur, until the German philosopher Georg Wilhelm Friedrich Hegel (1770–1831) comes along with a breakthrough, trying to explain the evolution of philosophy. Hegel's dialectic consists of a three-step process: thesis-antithesis-synthesis.^{viii} The process starts with a current situation or common wisdom, called the *thesis*. The situation usually has a strong disadvantage, such as an unexplainable phenomenon in a theory, or needs of people not being met. This at one moment leads to people adopting the opposite belief, approach, or situation. This reaction is called the *antithesis*. It solves the previous disadvantage, but brings new disadvantages as well. We are now in the stage of a dilemma: Both thesis and antithesis present dominant disadvantages. So far, this is nothing new, as yin and yang provided the same insight. But where with yin and yang the pendulum keeps swinging between opposites, Hegel offers a way out. He introduces the idea of *synthesis*, where over time the two opposites will fuse, or reconcile, creating the best of both worlds. And then, interestingly enough, the synthesis becomes the new thesis, what is believed to be true, to be eventually challenged by an antithesis once again. The pendulum swings after all, but on a higher plane.

In our own time, for instance, self-regulation in a free market was deemed unacceptable after the corporate scandals in the early 2000s. It led to a strong reaction, with strict regulations, such as Sarbanes-Oxley, consisting of many specific rules with which to comply. It introduced a huge bureaucracy in large enterprises and, although certain fraud attempts may have been prevented, discussions around executive compensation and risk management were still prolonged, into the economic recession of 2009. The synthesis? Regulations should not be based on strict rules, but based on principles, where organizations need to *explain* how they adhere to the principles of good corporate governance. Or think of the development of Western society itself, starting out as a tribal environment where every

^{viii} Although this model is often named after Hegel, he himself never used that specific formulation. Hegel ascribed that terminology to Immanuel Kant. Carrying on Kant's work, Johann Gottlieb Fichte greatly elaborated on the synthesis model and popularized it.

tribe was self-sufficient. The antithesis to this became the feudal society, with kings and emperors ruling their countries. These were more efficient, but were taking the needs of only the few into account. The synthesis between the tribal and feudal societies is the democracy. We are ruled by elected leaders, but the key to a democratic society is that the government aims to take the needs of all stakeholders into account. Closer to business, think of competition. The thesis of business was collaboration—entrepreneurs in a certain trade in a certain city would be part of a guild. This led to the antithesis of all entrepreneurs competing with each other, as that would be better for the price of goods and quality of service. Today, many organizations engage in “coopetition,” where they compete and cooperate at the same time. Think of airline alliances, or automobile manufacturers sharing certain parts to create economies of scale.

Recently, dealing with dilemmas as part of leadership has got the attention of management thinkers in multiple disciplines. Trompenaars, widely recognized as a leading thinker in intercultural management, even defines leadership as the ability to reconcile dilemmas⁸—to be able to inspire as well as listen, be strategic as well as have an eye for detail, and centralize your organization around local responsibilities. Called one of the most influential psychologists of his generation, Howard Gardner defined the synthesizing mind as one of the five important mindsets for the future. Management guru Jim Collins speaks of the tyranny of the *or* and of embracing the genius of the *and*.⁹ The tyranny of the *or* makes proclamations such as “you can have low cost *or* high quality,” and “you can have change *or* stability.” Collins describes visionary companies as the ones that can embrace both extremes. He specifically points out that this is not about balance or compromise, but about doing *both* to an extreme—yin and yang.

Although I will borrow from multiple sources, such as psychology, intercultural management, ethics, economy, and other areas, this book will focus on strategy management, ranging from strategy formulation to strategy implementation and strategic performance measurement.