

MIT

# Leadership Center

## Passion to Action Newsletter

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### Learning from Leaders

#### Fostering leaders at all levels.

In some organizations, vision and motivation energize all employees. James Parker, Former C.E.O. and Vice-Chairman of the Board of Southwest Airlines Company, and Barbara Stocking, Director General, Oxfam, Great Britain [share ideas](#) for creating a culture that inspires leaders at every level.

**Succession planning for student leaders.** MIT student leaders learned to mobilize group members and recruit new leaders at "[Leading and Changing Campus Organizations.](#)" The course was co-sponsored by the MIT Leadership Center and the Division of Student Life in January 2006.

**Contrarian view.** Most MBAs aren't worth the paper they're printed on, suggests Henry Mintzberg, author of *Managers not MBAs*. [Watch Mintzberg and Ricardo Semler examine](#) the question, "Is management a science?" Semler heads the Brazilian company, Semco and

### Dear Jonathan,

Welcome to the first issue of *Passion to Action*, featuring news and information for friends and supporters of the MIT Leadership Center.

This issue highlights **sensemaking**: leaders' critical ability to learn about, react to, and continually assess a constantly changing environment. Sensemaking expert Karl Weick and former Citigroup chairman John Reed came together with other academics and practitioners to explore the topic at MIT.

You can also view global and student leaders exploring distributed leadership, the value of an MBA education, and the challenges of leading across boundaries, as well as learn about a new program for MIT student leaders.

We welcome your comments and ideas.  
Deborah Ancona  
Faculty Director, MIT Leadership Center

### Sensemaking for Success

Firefighters making life-or-death choices amidst the smoke and chaos of a Western wildfire. Community leaders engulfed by a bewildering tide of youth violence. Managers reacting to the Exxon Valdez oil spill. Just another day on the job.

Change, chaos, confusion and crisis challenge every manager. Leaders must constantly take action amid uncertainty, while "making sense" of the environment and, in some cases, inventing and shaping the terrain as they move forward. University of Michigan Professor and sensemaking expert Karl Weick along with former Citigroup and New York Stock Exchange Chairman John Reed joined other leaders at MIT recently to examine and discuss how sensemaking requires subtlety, patience, analysis, and even action.

Effective sensemaking distinguishes the most effective leaders, whether they be corporate executives, community activists, CEOs or firefighters.

#### One of the world's largest oil companies makes sense of China

Many management successes are rooted in an ability to accurately respond to and anticipate a shifting, murky environment. For example, managers in one unit of a major oil company's looked around and decided their performance benchmarks did not match up with their evolving competitive environment.

Industry data looked good. But one manager reported that an upstart Chinese competitor seemed to be building better plants at lower cost. Although the manager didn't have numbers, he was impressed by what he'd seen.

wrote *Maverick: The Success Story Behind the World's Most Unusual Workplace*.

**MIT leaders improving the world.** “The enemy is the status quo,” warns Robert Metcalfe, founder of 3Com. Metcalfe, Nobel Laureate Phillip Sharp and other visionaries, as well as student leaders, spoke about the challenges of leading in a technology-driven world, inspiring a new generation of leaders, and creating organizations in developing nations at the [launch of the MIT Leadership Center](#).

The company took this hunch seriously. After reexamining its practices, the oil giant created a new strategy. Now, it partners with firms that it formerly considered to be competitors. For just one project, this strategy is translating into millions of dollars in cost savings.

#### **Management by looking around**

This example shows the importance of sensemaking, of “management by looking around.”

Sensemaking is the capability to quickly assess a constantly changing environment and to continually readjust as you take in new information and impressions. It’s one of the four core capabilities in the [Distributed Leadership Model](#), developed by faculty at the MIT Leadership Center.

Sensemaking involves a lot of common sense. By taking an activity you perform intuitively and looking at it analytically, you can improve the way you execute this important management task.

#### **How to sensemake**

Sensemakers engage in five tasks: They observe, question, act, reassess, and communicate. At every step, they look for signs of change.

**Observe: What is changing?** Look for inflection points, anything that seems different from what you expect.

**Question: What do others say?** Peers, competitors, managers in other industries, customers, investors. The more participation you invite, the more insights you gain.

**Act: What should change?** Do existing benchmarks make sense? Can you make a small change and see how your environment changes?

**Reassess: Are my assumptions reasonable?** The oil company engineers thought they had identified their competitors. But the players changed, knocking the pins from their underlying assumptions.

**Communicate: Am I candidly describing the situation?** Sensemakers help other understand and solve problems. Give others a solid briefing so they can innovate for results.

To learn more about how top leaders use sensemaking effectively, [read our Theory and Practice Brief, “Making a Difference by Making Sense”](#).

## About the Center

The MIT Leadership Center is dedicated to advancing the knowledge, perspectives and experiences that enable leaders to transform their passion into action and improve the world. The Center’s world-class researchers and practitioners create cutting-edge theory and applied research, pragmatic tools for action, innovative education, and dialogues and networks to connect diverse individuals, organizations and communities around the globe.

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