

Knowledge Edition 28



Leadership and Cognitive Psychology: How to take everyone with you!

INTRODUCTION

Evidence suggests the way we make sense of the world is by comparing unfamiliar concepts with things we have experienced before and classified into long-term memory. The obvious benefit is in the defensive mechanisms that stop us from repeating silly, stupid and, perhaps, fatal things.

In this seminar, we will be bringing together the two powerful concepts of the ability to see opportunity and the ability to communicate opportunity as a genuinely safe option. **Blue Ocean strategy and associative thinking** are brought together, explained, tested and applied in the usual fun Corpra way.

Explore with us the blue ocean of **low competition and high margin**, and work out how to navigate those waters with confidence and certainty.



Spotting distant opportunities and explaining why they are a lower risk than the closer ones.

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Strategic leaders are frequently constrained by the drivers of beating the competition and achieving budget. There can be a disciplined, almost mechanical approach to strategic leadership that has the merit of predictability as people know what is expected in their performance, the “what” and “when”, as well as who the competition are.

This style produces an effective “them and us” competitive environment for business leaders that keeps us on our toes, as well as creating **cycles that are defensive in nature, rather than offensive.**

This “red ocean strategy” is intended to represent the **blood of direct competitor battle** – and, of course, has victory, often at all costs, at its heart (Kim and Mauborgne, 1997).

What is more, the mechanical approach to leadership risks the creation of an **insular business climate**, which can lack innovation and change and divert an undue proportion of the company’s energy and resources. On the other hand, if strategic leaders are able to see beyond what is presented in front of them, they find they can develop business strategies that are both innovative and successful.

There needs to be a part of the business that competes for the **commoditised slices of the corporate cake, as well as a part that creates a new cake.** Persuading stakeholders to see, understand, believe in and support this type of investment is the challenge of cognitive psychology.

Such an approach to strategic leadership gives you the chance to examine other business systems or markets with **lower competition, higher value and different execution challenges.** To understand and communicate these new opportunities, a different way of thinking is required.

Existing markets require deep and detailed analytics to spot micro patterns and the opportunities within those patterns. New and emerging markets, and new and emerging ideas, do not stand up to that type of scrutiny. Instead, they require what has been referred to as **associative thinking**, which is a fundamental element in modern leadership and cognitive psychology.

Stripping away business school jargon, it simply means skilfully using metaphors and analogies to communicate and understand the approach required to **explore and exploit these new markets.** Then, to make decisions based upon data, encounter and instinct. Still highly rational, but neither simple, nor obvious.



The beauty of this approach is that it is an ancient but more practical and flexible version of the campfire stories told by the wise men of the tribe and returning explorers. It relates to examining the legacies, myths, apocryphal stories and tales people naturally recognise, but set within a modern economic framework.

Evidence suggests the way we actually make sense of the world is by comparing unfamiliar concepts with things we have experienced before and classified into long-term memory. The obvious benefit is in the defensive mechanisms that stop us from repeating silly, stupid and, perhaps, fatal things.

But, at the same time, a great lens is created through which positive and expansive things can be seen and a group emergence created that becomes a **powerful force in delivering the results for the enterprise**. As leaders, we are using notions, metaphors and analogies to **communicate powerfully and reduce fear - because they feel familiar** (Gavetti, 2011).

The big questions for all strategic leaders are: how to select the right concepts, initiatives and ideas at the right time and how to weave these novel approaches, methods and markets into our conventional strategies and action plans?

Developing a new vision for strategic leadership will be the focus of our forthcoming **Autumn Reflection Seminar**, and we will be encouraging a dialogue on how leaders can develop sustainable and innovative strategies in our changing business environment.

The objective of the seminar is **to enable our participants to leave with an understanding of how to create these strategies**, in order to move towards becoming industry leaders in their sectors.

Our seminars are free to you. What we want in return is your presence and your passionate contribution to the debate.

Professor Paul Winter, CEO

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