Harnessing the power of diversity of thinking
In his latest book, *The Success Formula: How Smart Leaders Deliver Outstanding Value,* Andrew Kakabadse, a professor of governance and strategic leadership at Henley Business School in the United Kingdom, argues that smart leaders create value and deliver success through evidence-led stakeholder engagement. But they can only do so by marshaling the disparate views of an organization’s stakeholders, coming to understand the organization’s “defining difference,” and then creating an effective global corporate strategy.

Critical to this process is harnessing the power of “diversity of thinking” — the capacity of the organization to seek out and reckon with multiple points of view and, based upon the knowledge gained, act in a systematic, repeatable fashion. Indeed, diversity of thinking is integral to value delivery and must be embedded into the culture of the organization if it is to truly differentiate itself from its competitors.

This view is distinct from the traditional corporate focus on diversity, which is usually characterized along the lines of gender, race, faith, and other factors as the best way to allow different voices to be heard in an organization. While diversity is important, and a laudable goal that companies should pursue, it requires a receptive culture to unleash its power. In a manner of speaking, diversity of thinking can be thought of as a modus operandi — a process — driven by the board that catalyzes the creative energies and contributions of a diverse leadership team.

In the book’s introduction, Kakabadse explains the importance of diversity of thinking to the success of an enterprise in this way:

The insights from my research have a deceptive but refreshing air of simplicity: success is about delivering value, and this is best and most reliably achieved through engaging with people, markets, and data and then gathering evidence on that reality and making decisions accordingly.

Sounds simple. Reality is quite different. Engaging with people within their context in order to win over their commitment, appreciating the finer points of competitive advantage, locality by locality, and pulling all that together through a cleverly thought-out global corporate strategy require a sophisticated level of what I describe as diversity of thinking. When managers are comfortable with complexity and are able to leverage that defining difference, then leaders can genuinely claim that the organization delivers value. Value delivery and diversity of thinking are inextricably linked. They are the two sides of the same coin, and both are required to create organizational riches.

Kakabadse goes on to identify five components of diversity of thinking that leaders must understand in order to enable their organizations to excel. A closer look at each of these components, adapted from *The Success Formula,* offers lessons for senior executives of all stripes and can hopefully even spark a frank and productive conversation among your top team about the ways your organization is — or isn’t — harnessing the power of diversity of thinking.

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1 The book is the product of a two-year research collaboration between Andrew Kakabadse and Heidrick & Struggles.
Passion

The desire to search for something new and escape from routine and predictability is the first sign of possessing a passion for diversity of thinking. Leaders with such a passion often hold many interests and are able to converse across a number of subjects. Their presence attracts welcome attention as they are able to impress others, quite unintentionally, with their range of knowledge. As one senior Chinese executive said to me, “John is an interesting person to do business with. We do not just talk numbers and results, but have conversations across many fields. My people have really taken to him. It’s his insights into the Chinese psyche that they find most attractive.”

The best leaders are open to new experiences and perspectives. They have a passion for learning about themselves and discovering the world. They develop in stages, but they do develop a worldview as well as new views about themselves.

International exposure

Having international exposure is not preordained. Many of the leaders I talked to had actively sought it out. What I found amazing while talking to business leaders was the global momentum of their careers. It was not that the careers appeared predetermined, but once they got moving they appeared to take on a life of their own. Take Sam Su of Yum! Brands in China. This is how he explained his career:

My family is from mainland China, but I grew up in Taiwan and finished all my education up to university level there. I served in the army; then I came to the United States to study for an engineering degree. After two years, I went back to Taiwan and worked there. I worked for a petrochemical company for three years, and then I decided it wasn’t the career I wanted, so I came back to the States and studied at Wharton. I got an MBA there, and so restarted my career. I was recruited by Procter & Gamble for their international business. I went to Germany and worked there for three years and became a brand manager.

I joined KFC International, first in Japan. And then things changed. After six months they had a reorganization, and I was asked to move to Hong Kong. So I became the marketing director of Asia Pacific. And because of the reorganization, my territory expanded to include China, so I came to China at the end of 1989.

For successful leaders, truly global experience is now essential, but, like Sam Su, they have to go looking for it and be able to maximize its organizational and personal value.

Open communication

I asked Catherine Livingstone, chair of Telstra, about the makeup of her board:

The first order value is challenge. There’s no one on the board who’s a shrinking violet, that’s for sure, and they will challenge from different perspectives. I think the board adds value because they come from different perspectives, different industries; it’s the diversity of thinking. Kevin Lobo, chairman and CEO of Stryker Corporation, was born in India, grew up in Montreal, and has worked in the United States and Europe. What knowledge had he acquired along the way?

I learned to be more open-minded by living in different countries, as well as changing industries. I became more receptive about what business models are needed to drive success, and you just don’t use the same hammer for every nail.
Exposure to different cultures stimulates the learning of how to integrate in different environments. This surfaces a deep instinct about working with others and gaining their respect. Key to this is open and frank communication. The message is simple: open up.

[Engagement] with the center

Diversity of thinking is an important element of the relationship between the corporate center and its operational centers. The interplay between the two is often fraught and unproductive. Diversity of thinking requires the presence of open and honest communication. [. . .]

The problem, seen from the viewpoint of the general manager, is often that the center won’t listen. [. . .] There are two sides to every story, of course. There are examples where the GM is unable to see the bigger picture or could be achieving more than they are. But, and this is the point, if successful organizations are those that welcome and encourage diversity of thinking, then ignoring the point of view of a key layer of senior managers is misguided. [. . .]

Listening first and making managers feel they have been heard is an integral part of evidence-based leadership. This does not mean that all evidence and opinion are taken at face value. But it should mean that they are taken into account. General managers are prone to the usual human frailties of ego and arrogance, but they have an unrivaled perspective on how the strategy will play out in their markets. They should be included in the conversation, not shut out of it. [. . .]

The [right] team

The selection of the right people for the top team is critical. This must be based on a desire to learn rather than tokenism. Attracting a team made up of people with diverse skills, experiences, and outlooks enables the team to avoid group thinking and to make the right decisions for the business.

This was brought home when I was talking to Doug Elix, chairman of Advance Global Advisory Council, Australia, and former senior vice president, Group Executive Sales and Distribution, IBM:

To me, when I hear someone talk about cultural diversity, I think of it not only as diversity of people, employees, managers, board members, and so on but also as diversity of the markets in which you operate.

It’s a globalized world, it’s highly interconnected, and any medium-sized business is probably never going to be able to say they operate in a local market and they only have local competitors. [. . .]

It is one thing for the top man or woman to applaud the diversity in the enterprise, but the real test is the opinion of the general managers and key country heads.

Here’s the view of Stephan Gerlich, who was managing director of Bayer, India:

Bayer AG’s CEO is Dutch-American; our CEO for Bayer crop science is from Ireland; the head of pharma in China is from India. [. . .] This diversity, I think, has come to us very naturally because of our global setup and access to talent all over the world. You just have to pick the best man or woman for the job.
At the end of the chapter, Kakabadse concludes:

Diversity of knowledge, experience, background, and diversity of contribution are at the top of the list when it comes to what organizations require of their leaders. In order to make sense of the range and diversity of challenges, developing a global, overarching mindset is vital. Only then can those who think differently be appreciated and the space made to attract a diverse group of people.

For the high-performing organization, the message is that it matters little who you are or where you have come from. What is critical is to have developed that necessary diversity of thinking that appreciates the nature of challenges and dilemmas and the engagement necessary to work through contrasting agendas.

Diversity of thinking is at the heart of this book and of the success formula. It is the sense-making part of value creation.

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