

# ICMIF Advanced Management Course

## Tuesday

# Leading Mutual Insurers with Purpose



Summary of Universal Challenges & Tools #1: Tuesday

# Leading in A Complex World With an Energy-Saving, Predicting Brain

### 1. People Aren't Rational



"When we think we think less than we think we think"

### 2. Energy-Saving, Predicting Brains



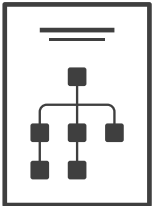
"Your brain's most important job is predicting energy needs so you can efficiently move and survive"

### 3. The Real World is Complex



"The most common leadership failure stems from applying technical solutions to adaptive challenges"

### 4. Rules Fail In Complex Worlds



"For every complex problem, there is an answer that is clear, simple and wrong"

### Diagnose Before Treating



Because 90% of decision errors are are errors of perception

### Work As A Team



Complex situations require multiple perspectives because each is unique and no-one can see the whole system

### Use Models And Tools Not Rules



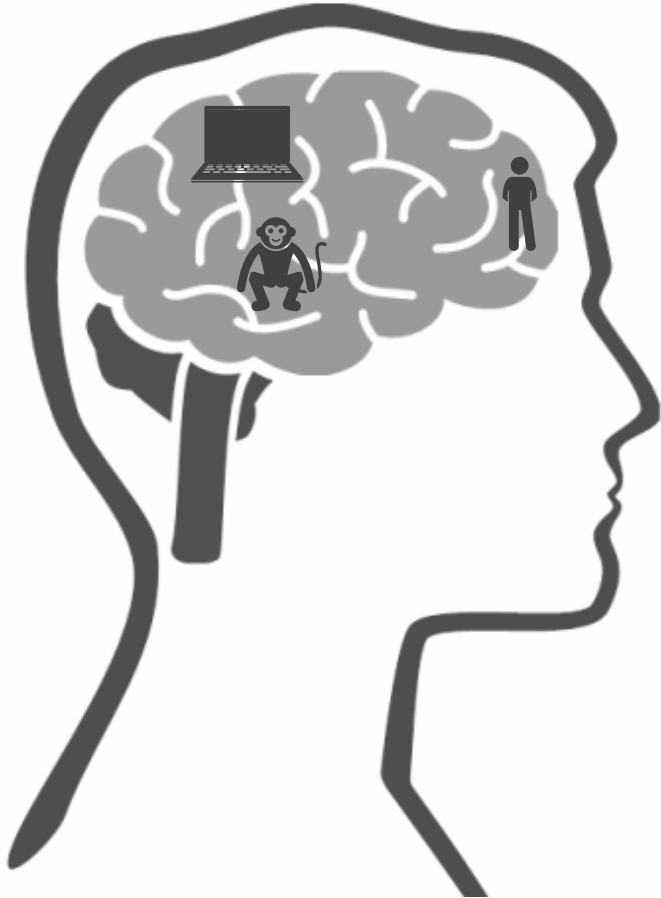
Single rules fail in complex worlds, but a combination of many models makes complex problems tractable

### Lead Eternal Renewal



"There's no end. There's no goal. It's infinite". Lead eternal renewal via new solutions to new challenges

# Three Interconnected Teams



## 1. Subconscious brain

*"The Computer"*

Patterns based on experience  
Beliefs

20x faster  
than the Human



## 2. Emotional brain

*"The Chimp"*

Approach or avoid  
Feelings

5x faster  
than the Human



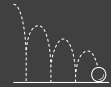
## 3. Thinking brain

*"The Human"*

Logic and analysis  
Facts

# Complex Situations Require Teams Using Models and Tools

## Technical



Repeated patterns



Predict with confidence



Reliable learning



**Engage an expert**



**Apply rules**

## Complex



Hard to understand



Impossible to predict



Hard to learn from

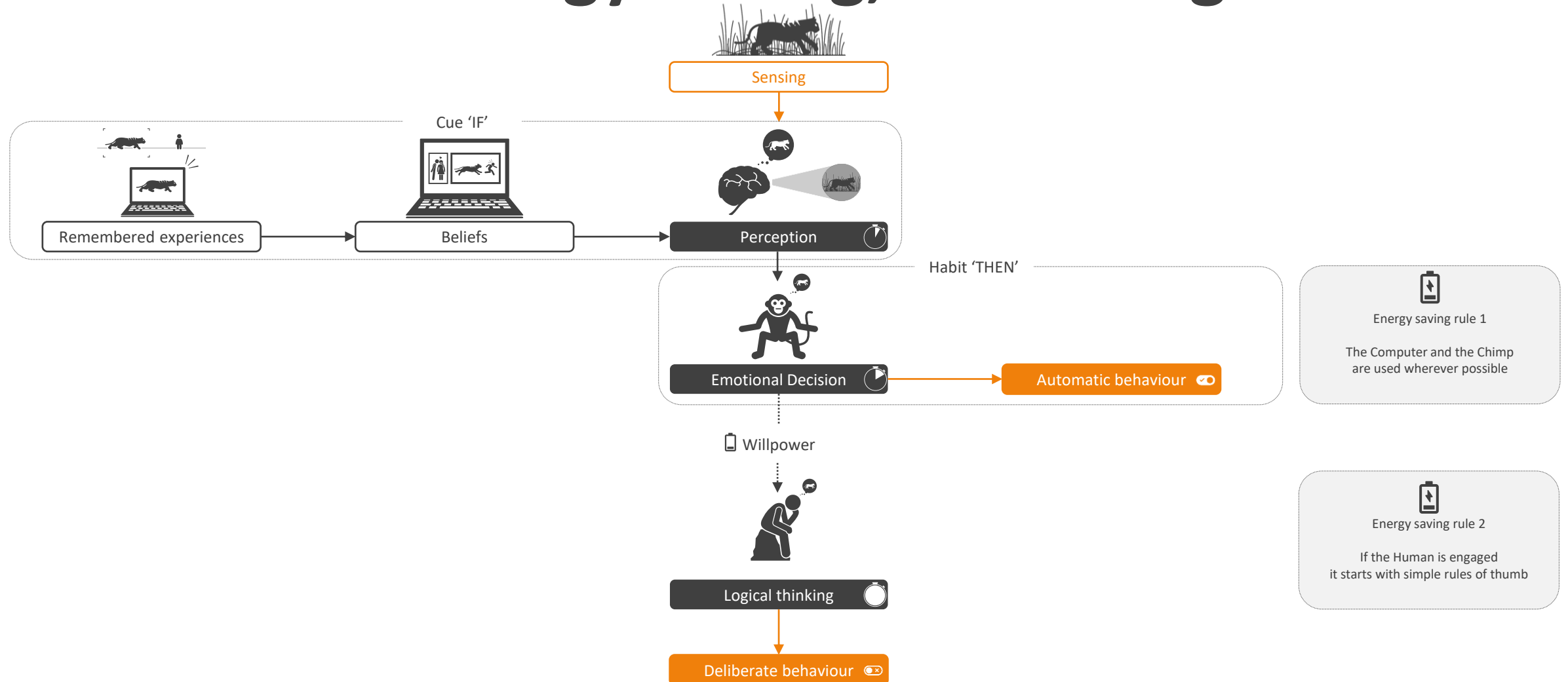


**Work as a team**



**Apply models and tools**

# A Framework for Thinking About Thinking With an Energy-Saving, Predicting Brain



Because 90% of decision errors are errors of perception  
**Key Tool: Diagnose Before Treating**

Where are we?

**A**

Where do we  
want to be?

**B**

From

To

Quick version, “where are we moving from and to?” is highly effective when coaching

# Leading Mutual Insurers With Purpose in A Complex World

## 5. The Principal-Agent Problem



"[Without shared purpose], self-interest causes the goals of the principal and agent to diverge"

## 6. Overlooking Motivating People



"80% of strategies fail, because we forget the most important factor in executing strategy: people"

## 7. Ignoring What Drives People



"Without knowing what drives the people around them, leaders struggle to connect people to the purpose"

## 8. Defaulting To A Finite Mindset



"It's easier to focus on a fixed, finite goal, but the real-world is complex, with no rules and no finish line"

## Lead With a Clear, Shared Purpose



"An authentic purpose delivered with clarity has a positive impact on performance"

## Listen, Learn Then Lead



Listen to understand what drives colleagues before seeking to connect what you ask of them to the purpose

## Connect People to the Purpose



Clarify how the shared purpose also delivers your people's goals and how it translates to their day-to-day tasks

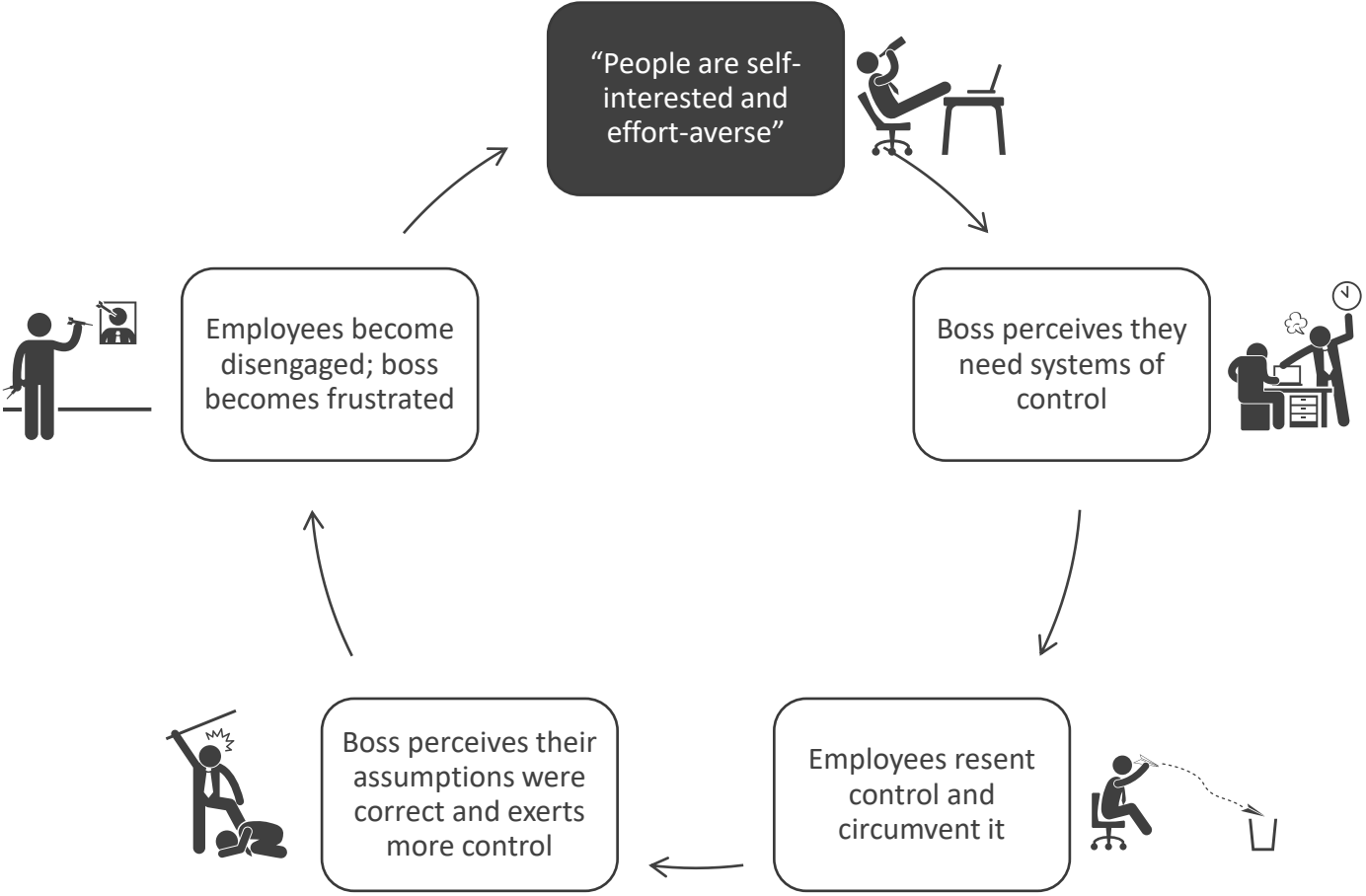
## Lead With An Infinite Mindset



"To succeed long-term, leaders need an Infinite Mindset which sustains trust, cooperation & innovation"

# An Economic Theory of Higher Purpose

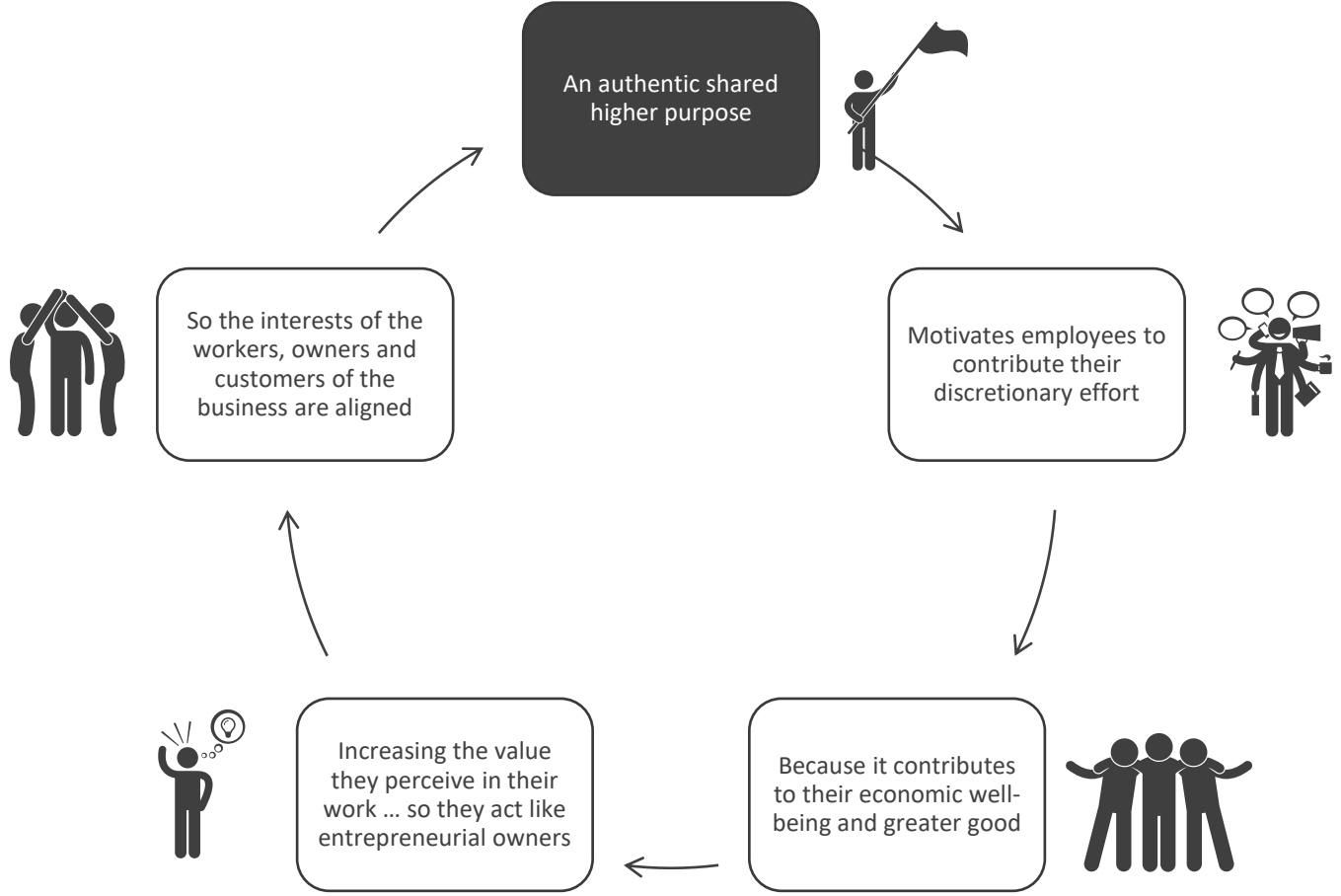
## Vicious circle





# An Economic Theory of Higher Purpose

## Virtuous circle



# Management vs. Leadership

Addresses **can't**

Overcomes **won't**

Management **controls** performance

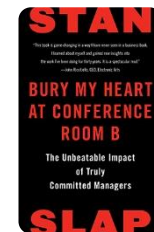
because it impacts skill

It's a matter of monitoring,  
analysing and directing

Leadership **creates** performance

because it impacts willingness

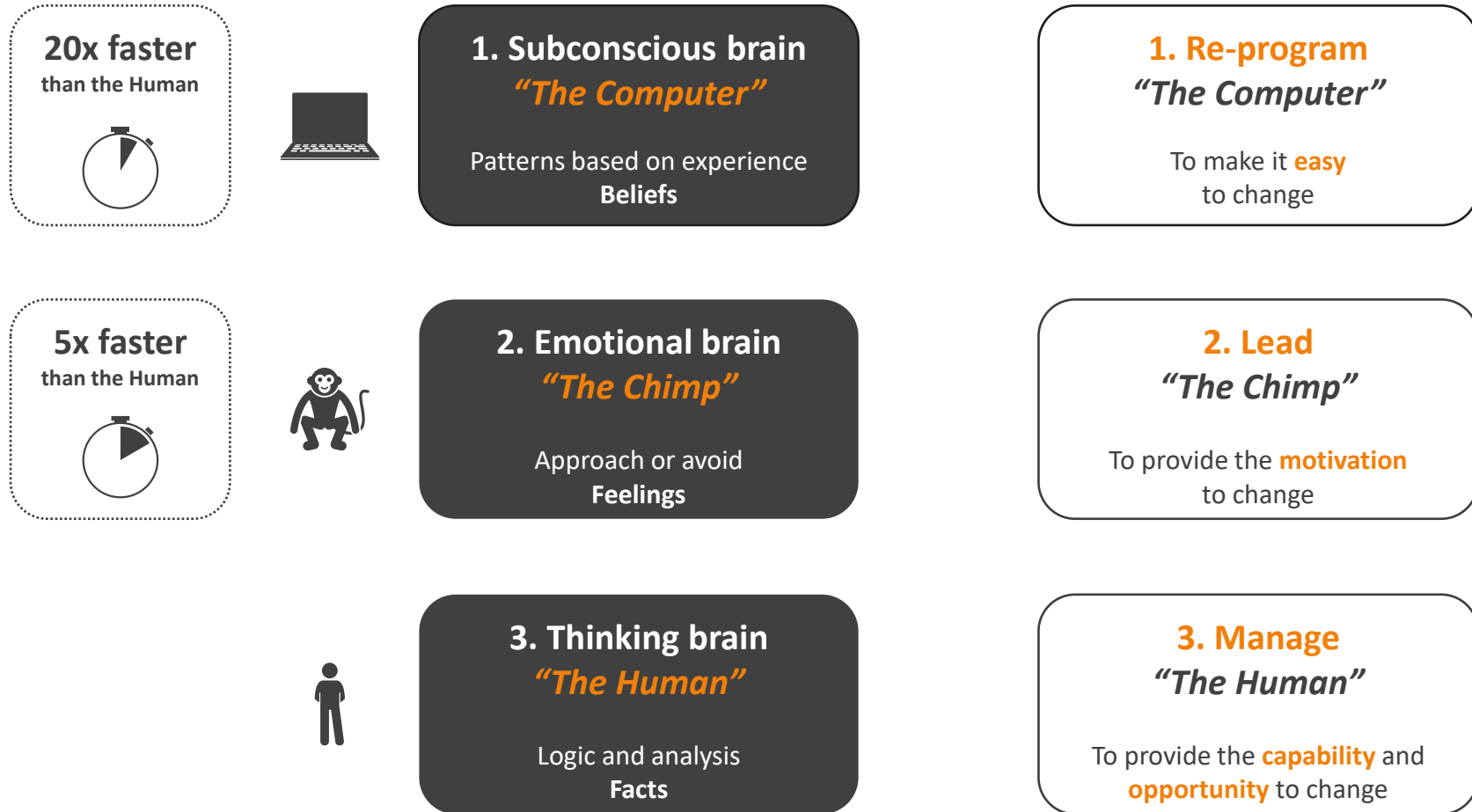
It's a matter of modelling,  
inspiring and reinforcing



**Stan Slap**

Founder, Slap Company

# Three Behavioural Levers



# For Leaders to Activate the Strategy of Purpose-Driven Organisations

1. Clarify the **Purpose**  
to overcome  
self-interest

By providing a vision of a  
**purpose** bigger than any  
one of us

2. Lead to  
unlock the **Drive**  
to act

By helping each person  
**connect** their own  
purposes with the  
organization's

3. Manage to provide  
the **Organisation**  
to act

By providing the  
**capability** and  
**opportunity** each person  
requires to act

# Three **Purpose-Driven** Behavioural Levers

From	Lever	To
<b>Limiting Beliefs</b>	<p><b>1. Re-Program the Computer to make it easy to act</b> Clarify the <b>Purpose</b> to overcome self-interest by providing a vision of a purpose bigger than any of us</p>	<b>Enabling Beliefs</b>
<b>Won't</b>	<p><b>2. Lead the Chimp to provide the motivation to act</b> Unlock the <b>Drive</b> to act by helping each person connect their own purposes with the organization's</p>	<b>Will</b>
<b>Can't</b>	<p><b>3. Manage the Human</b> Provide the <b>Organisation</b> to deliver the capability and opportunity each person requires to act</p>	<b>Can</b>

# Three Behavioural Levers For Leaders to Activate the Strategy of Purpose-Driven Organisations

20x faster  
than the Human



## 1. Subconscious brain "The Computer"

Patterns based on experience  
Beliefs

## 1. Re-program "The Computer"

To make it **easy**  
to act

## 1. Clarify the Purpose

Overcome self-interest by  
providing a vision of a purpose  
bigger than any of us



5x faster  
than the Human



## 2. Emotional brain "The Chimp"

Approach or avoid  
Feelings

## 2. Lead "The Chimp"

To provide the **motivation**  
to act

## 2. Lead to unlock the Drive to act

By helping each person connect  
their own purposes with the  
organization's



## 3. Thinking brain "The Human"

Logic and analysis  
Facts

## 3. Manage "The Human"

To provide the **capability** and  
**opportunity** to act

## 3. Manage to provide the Organisation

By providing the capability and  
opportunity each person requires

