The Power of Asking Pivotal Questions

In a rapidly changing business landscape, executives need the ability to quickly spot both new opportunities and hidden risks. Asking the right questions can help you broaden your perspective — and make smarter decisions.

Good strategic thinking and decision making often require a shift in perspective — particularly in environments characterized by significant uncertainty and change. What worked in the past simply may not apply in the future. Asking “what if?” questions about the future may create discomfort, since answers are often not obvious. But asking such questions also forces you to step back and challenge current assumptions that prevent you from seeing breakthrough solutions. This article builds on our new book, *Winning the Long Game: How Strategic Leaders Shape the Future*, by focusing on the art of asking pivotal questions to improve strategic decision making. (“See “About the Research.”) By presenting six questions that challenge executives to incorporate broader perspectives, our aim is to stimulate out-of-the-box dialogues that help leaders make better choices and find innovative solutions sooner.

Are You Solving The Right Problem?

Back in the 1960s, IBM Corp. had the opportunity to buy or license Xerox Corp.’s new reprographic photo process. IBM hired the consulting firm Arthur D. Little to answer a key question: If a more reliable, cheaper and faster process for photocopying were available, how many more copies would people make in a given year? Since copies in those days could only be made from an original specimen, ADL set out to estimate the number. Both companies framed the problem too narrowly as “copies from originals,” ignoring a new segment of the market that turned out to be many times larger (namely, copies of copies of copies). This huge, overlooked opportunity could only have been foreseen if different questions had been posed. IBM might have owned this new revolutionary technology if the key question had been framed as “how might the new Xerox process change when and how people make copies, and what might this grow to in total number of copies made in future years?”

About the Research

This article draws on multiple sources, including our ongoing research at the Wharton School’s Mack Institute for Innovation Management and our consulting work at Decision Strategies International. The discussion of the six questions we examine here draws on our book *Winning the Long Game: How Strategic Leaders Shape the Future* (PublicAffairs, 2014). We pretested the conceptual model underlying the book with many executives and then collected data from more than 30,000 managers representing diverse companies, functions and backgrounds around the world. Using factor analysis and other standard tests of validity, we refined the survey questions and identified remedies. The full-length version of our survey contains 39 items and
has been used for self-assessment, peer-assessment and 360-degree feedback (sample size of 278). A shorter version of the self-assessment was published at Inc.com in March 2012, with a link enabling readers to complete a 12-item assessment online at www.decisionstrat.com (sample size of more than 30,000 at present). These two data sets were used to test the statistical reliability and validity of the instrument.

The questions leaders pose sometimes get in the way of solving the right problem or seeing more innovative solutions. They are often too narrow, overly protective of the current business, or assume that the old habits, business models and regulations will remain largely intact. At Google Inc., CEO Larry Page challenges leaders to anticipate the future better by not just asking what is or likely will be true, but what might be true, even if unexpected. The matter of “what is the right question” should be much more central when leaders tackle complex and important decisions, especially in an era of profound change.

**Think Outside In**

**Question One: How well do you understand the implications of broad market trends and less visible undercurrents for your business and for upcoming strategic choices?** Entrepreneurs like Elon Musk from Tesla Motors, Steve Jobs from Apple and Jeff Bezos from Amazon became known for spotting unmet market needs and figuring out how to serve them profitably. The best entrepreneurs excel at peeking around the corner and seeing the future sooner. We’ve found that leaders can learn to anticipate better by simply being more curious, looking for superior information, conducting smarter analyses and developing broader touch points with those in the know.

In an interview on CNN, Musk was asked where his forward-thinking, innovative ideas come from. He replied, “Just trying really hard — the first order of business is to try. You must try until your brain hurts.” Ever since he was in college in the early 1990s, Musk had a vision of commercializing electric vehicles for the mass market and was questioning how this could be achieved, given the historic pushback against this idea. He mused that getting into the electric car business was probably “one of the stupidest things you could do.” (Even Toyota Motor Corp. chairman Takeshi Uchiyamada, known as the “father of the Prius,” had reservations about electric cars: “Because of its shortcomings — driving range, cost and recharging time — the electric vehicle is not a viable replacement for most conventional cars.”) Musk saw electric vehicles as the future, but if their development was left to traditional car companies, he thought it would take a long time.

**The Challenge**

Strategic leaders are focused on the future and are masters at asking discerning questions and exploring ideas and options that are outside the mainstream. They are wary of status quo views and prefer honest, transparent questions that focus on how much, or how little, is really known about the issue at hand. Many studies emphasize the importance of strategic thinking and anticipation, while also lamenting the shortage of leaders who do this well. Those who miss the early signals often come late to the party when customer tastes are changing or when nontraditional competitors are preparing to disrupt or blindside them.
To protect themselves, companies must keep an eye on innovations from both existing companies and startups. Some of the ideas could become game changers, and you may have to team up with the innovators, as a number of big pharmaceutical companies have done with biotech companies.

**Tips and Pointers**

1. **Learn from startups.** What are they doing and why? What do they see that you don’t? Examine their moves to detect market shifts and emerging opportunities from the outside in.

2. **Go to conferences outside your function or industry.** In its “Connect + Develop” innovation program, Procter & Gamble Co. reaches out to companies outside the consumer products industry to share lessons and explore joint challenges. Follow events in other regions and sectors, even if they seem unrelated to your business at first.

3. **Leverage current networks and join new ones.** How might you engage your existing networks more systematically to stay on top of new developments? Join interest groups in adjacent businesses or areas to expand your worldview and examine questions you don’t typically consider.

**Explore Future Scenarios**

**Question Two: How thoroughly have you analyzed major external uncertainties and future scenarios that could significantly impact your business decisions?** Leaders must not only understand the deeper trends but also the key uncertainties that can rock their world. One way to do this is through scenario planning and war gaming. For example, a pediatric hospital in the U.S. Midwest was grappling with rapid consolidation in its market. Larger hospitals focused mostly on adult patients and were actively looking to merge or to form strategic alliances. In anticipation, the CEO of the pediatric hospital engaged his board in a simulation, presenting them with a hypothetical scenario: a merger between two particular adult-patient hospitals. He asked board members to identify potential alliance partners, decide on an action relative to competitors and assess their hospital’s readiness to execute the plan.

Then, the CEO introduced a second scenario: a disruptive technology coupled with onerous new legislation. The exercise spurred new questions and helped the CEO crystallize a plan. The CEO determined that, if certain adult hospitals merged, the competing pediatric hospital would likely want to merge as well. Shortly thereafter, when two adult hospitals in the region announced a major consolidation, the CEO and his board were prepared to act. They proposed a partnering arrangement to the other pediatric hospital and were able to stay ahead of the curve.

**The Challenge**

Developing different views of how the external environment may change allows leaders to better determine whether the organization has sufficient strategic flexibility to succeed. Scenarios can pick up early indicators about how emerging technologies or social trends might disrupt your
current business model, how customers’ preferences may change or why new regulations could alter your industry. Asking what could happen in the future involves imagination and curiosity. It pays, for example, to ponder how and where a well-armed rival could attack your business.

Even though good tools exist to raise important questions about future uncertainties, time-pressured executives occupied with putting out fires or exploiting short-term gains aren’t always receptive to them. For example, for several years leading up to the U.S. subprime mortgage crisis that began in 2007, the investment community overlooked or largely ignored the possibility that the subprime mortgage boom might go bust. In a congressional hearing in the fall of 2008, Standard & Poor’s president Deven Sharma claimed, “Virtually no one — be they homeowners, financial institutions, rating agencies, regulators, or investors — anticipated what is occurring.” Yet leading economists, including Paul Krugman and Robert Shiller, and savvy investors, such as Steve Eisman and John Paulson, had been sounding the alarm. The intriguing question is not why top executives at large rating agencies failed to acknowledge the elephant in the room but why some investors and analysts spotted the elephant sooner than others.

**Tips and Pointers**

1. **Identify weak signals at the boundaries of your business.** Strategic leaders ask questions about the external business environment that have far-reaching implications and then ask team members to scout the periphery for emerging trends.

2. **Conduct war games to assess the perspectives of competitors and stakeholders.** Gauge their likely reactions to novel opportunities or threats.

3. **Analyze rivals, especially nontraditional ones, and examine which of their moves puzzle you — and why.**

**Be a Contrarian**

**Question Three: Do you regularly seek out diverse views to see multiple sides of complex issues, and do you purposely explore important problems from several angles?** A persistent problem for many teams is promoting diverse thinking and creative friction. Leaders must always ask if the team has sought sufficient contrarian input and been exposed to all sides of an issue before reaching a decision. This can counter the tendency of many team members to go along to get along. Offering contrarian views is particularly essential when tackling major strategic decisions in an uncertain environment.

To promote diverse thought, Hala Moddelmog, former president of Atlanta, Georgia-based Arby’s Restaurant Group Inc., a fast-food chain with about 3,400 locations, surrounded herself with colleagues of different races, geographies, socioeconomic classes and personality styles. “You really don’t need another you,” she said. Staying open to different viewpoints helps ensure leaders are not unduly hindered by decision traps and can instead open their eyes to information or solutions that they may not have previously considered.
Research shows that creative tension promotes better idea generation and group problem solving. Constructive dissent and debate encourages people to reexamine current assumptions to make room for creative thinking. John Lasseter, chief creative officer at Pixar, Walt Disney Animation Studios and DisneyToon Studios, has practiced a powerful form of team challenge. Each morning at Pixar, the team working on a movie would review their previous day’s output and explore how to improve. They were asked to provide tough questions, offer honest critique and put alternatives on the table. This practice was based on the belief that team decisions were superior to any individual’s, but only if you pushed people out of their comfort zones. Some team members had to get used to being challenged and critiqued, but most came to see how the product and decision improved.

Author Malcolm Gladwell has noted that the best entrepreneurs and innovators are usually quite disagreeable — they love debate. He has gone so far as to argue recently that an important role of senior management in “creating an atmosphere of innovation is allowing people to be disagreeable.” This echoes an idea philosopher John Dewey presented in 1922: “Conflict is the gadfly of thought. It stirs us to observation and memory. It instigates to invention. It shocks us out of sheep-like passivity, and sets us at noting and contriving. … Conflict is a sine qua non of reflection and ingenuity.”

The Challenge

The opposite of using questions to promote divergent thinking is to coalesce around shared viewpoints or succumb to groupthink. Amazon’s Jeff Bezos decries “social cohesion” as the “cloying tendency of people who like to agree with each other and find consensus comfortable.” In response, he says he tries to create a culture at Amazon where leaders challenge decisions they disagree with, “even when doing so is uncomfortable or exhausting.”

Bezos isn’t the first business leader to value dissent. As chairman of General Motors Corp., Alfred P. Sloan Jr. told senior executives at the end of a board meeting, “I take it we are all in complete agreement on the decision here. … Then I propose we postpone further discussion of this matter until our next meeting to give ourselves time to develop disagreement and perhaps gain some understanding of what the decision is all about.” Of course, how conflict is handled differs strongly by culture. Finding the right balance between encouraging people to express diverse views and not offending others requires cultural sensitivity, especially in multinational settings. The benefits of frank debate can dissipate quickly if they trigger resentment or backstabbing.

Tips and Pointers

1. Foster constructive debate in meetings. Help leaders and team members to get used to a more candid dialogue with creative friction about ideas.

2. Keep teams small. Amazon forms task forces of just five to seven people, which makes it easier to test ideas and guard against groupthink.
3. **Push back when consensus forms too quickly.** Insist on alternatives. Like GM’s Sloan, challenge teams if they agree too fast on a complex issue, and ask them to reflect more deeply and develop constructive disagreement.

4. **Use devil’s advocates.** Before meetings, ask someone to prepare the case against the prevailing view, and rotate this role. Train people to question the status quo and get them to appreciate the benefits of such questioning.

**Look for Patterns**

**Question Four: Do you deploy multiple lenses to connect dots from diverse sources and stakeholders, and do you delve deep to see important connections that others miss?** As the then-CEO of DuPont, Charles O. Holliday Jr. picked up several weak signals in the fall of 2008 that helped him prepare his company for the deep recession that followed. While visiting a major Japanese customer, Holliday learned that the CEO had instructed his staff to conserve cash, an indication that the company was seeing or expecting a decline in profitability. That got Holliday’s attention, both in terms of the potential for weaker economic conditions and specific fears about DuPont’s own cash position. Upon his return, Holliday sought to get a fix on DuPont’s financial resilience. The leadership team found that the initial signs of weakness were spreading to the broader economy and beginning to affect DuPont’s business across the board.23

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But how big a problem would it be? Holliday learned that reservations at the Hotel du Pont, located near the company’s Wilmington, Delaware, headquarters, had dropped 30% in 10 days, which was highly unusual for the end of the year. He also discovered that many corporate lawyers were settling disputes rather than exposing clients to the financial uncertainty of a trial. And several U.S. automakers, huge DuPont paint customers, were scaling back on production schedules. Holliday wanted to know why. The answer wasn’t complicated: Orders for new cars were dropping as the number of U.S. mortgage foreclosures increased, and the economy was going downhill.

**The Challenge**

What was impressive about Holliday was his ability to amplify discrete data points, connect them and take decisive action. Combining seasoned intuition with vigilant questions, Holliday figured out that his company was about to hit a wall. To test his fears, he engaged his team and asked for candid feedback. His team put a plan in place so DuPont would be ready if financial markets hit rock bottom.

Leaders are often limited by selective perception and seek information that confirms what they wish to believe. Unlike Holliday, most don’t ask tough questions because they filter out weak signals that don’t fit their mental models. When faced with complex issues and conflicting information, it is easy to fool yourself: If you torture the data hard enough, it will confess to
almost anything! At Eastman Kodak Co., for example, leaders failed to ask the right questions soon enough to fully understand and act effectively on the signs that photography was rapidly moving to digital. This misperception reflected middle management’s belief that digital technology was inferior to film and top executives’ belief that the demands of Kodak’s shareholders mattered more than those of its consumers and engineers. These flawed assumptions allowed Kodak to continue deluding itself about the urgency for change for much too long.

Tips and Pointers

1. **Look for competing explanations to challenge your observations.** Engage a wide range of stakeholders, customers and strategic partners to weigh in.

2. **When stuck trying to recognize patterns or interpret complex data, step away, get some distance and then try again.** Sleep on the data, since the mind continues to process information when resting. Each time DuPont’s Holliday took a break, and then reengaged, he got a deeper understanding and asked better questions.

3. **Use visual graphs or flowcharts to juxtapose the larger picture with the individual puzzle pieces.** Pattern recognition is easier when all the information is clearly laid out and presented in different ways. Try to leverage the power of visual thinking.

Create New Options

**Question Five: Do you generate and evaluate multiple options when making a strategic decision, and do you consider the risks of each, including unintended consequences?** It may seem obvious that leaders should examine multiple options before making a big decision. Yet in the heat of the battle, few leaders actually engage in creative options thinking. A common refrain is: “We don’t have time, we’ve got to move.” Research shows that when people feel pressed for time, they become less flexible and will much prefer certainty to ambiguity. Ambiguity aversion is typically heightened in crisis situations and can lead to cognitive myopia, a narrow focus that can be counterproductive. Weathering storms, real or metaphorical, requires strategic leaders to counter this ambiguity aversion. Asking good questions about alternatives or unintended consequences, even if done quickly in a crunch, will provide a wider-angle lens to include the less obvious and potentially more strategic course of action.

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When a devastating storm hit the annual Sydney to Hobart Yacht Race in Australia in 1998, nearly all of the more than100 yachts that started the race were either trying to outrun the storm or heading directly for the shore. A notable exception was the crew of AFR Midnight Rambler. They asked a critical question in the midst of the life-threatening storm: Are there other options? Rather than getting ahead of the storm or racing to shore, the Midnight Rambler saw a third possibility: sailing directly into the storm. Although it was a nonconventional choice, the
Midnight Rambler crew concluded that it would be the safest and the fastest option. They also believed they had the skill to execute this bold plan. The Midnight Rambler not only survived traumatic moments; it won the race. Many boats were capsized and destroyed, few finished and six sailors tragically died. The Midnight Rambler had the smallest boat and fewest resources. But its crew was the only one to ask a crucial question in the face of the storm: Are there creative options?

The Challenge

Major disruptions, such as the appearance of new or unexpected competitors, often lead to quick action with little reflection — akin to the fight-or-flight response of animals. When we are under the gun, we frequently cut corners. This makes us prone to the traps of narrow focus and inside-out thinking that limit choices. We rely too much on ourselves or on an inner circle. This can blind us to possibilities that reflect outside perspectives and potential consequences for customers or external stakeholders.

In 2011, Netflix Inc., which had been very successful with its DVD rental-by-mail model, added a second delivery system based on Web downloading. To be competitive, CEO Reed Hastings decided to unbundle the streaming service from the traditional model and offer it at a lower price. However, the combined fee for both subscriptions ended up being 60% higher than the original service. This infuriated consumers. In the following year, Netflix lost 800,000 customers, and its stock price fell 65%. By not asking the right questions, Netflix failed to fully explore options that might be more flexible and user-friendly. Although Hastings quickly owned up to the mistake and publicly apologized, the episode caused a lot of grief for both customers and the company.

Tips and Pointers

1. Rather than presenting binary go/no-go decisions, reframe a situation to always examine several more options. Always ask, “What else might we do?”

2. Use impromptu meetings when time is limited to generate more options, including unconventional choices. The Midnight Rambler crew did this during a major crisis.

3. Review alternatives based on clear criteria and rank options accordingly. Clearly define decision criteria, make them explicit, weigh them and then score each option against the criteria to identify the best choice. Be disciplined when it comes to making tough trade-offs.

Learn From Failure

Question Six: Do you encourage experiments and “failing fast” as a source of innovation and quick learning? David Ogilvy, the advertising genius, purposely ran ads that he and his team did not believe would work as a way to test their own theories about advertising. One of the experiments they tried was the famous Hathaway shirt advertisement featuring a man with an eye patch. This version of the ad (there were 17 others) was an impromptu experiment whose
success took Ogilvy by surprise.29 The ad, in fact, was a brilliant success, ran for a long time and received several industry prizes.

Biologist Max Delbrück, who received a Nobel Prize in 1969, believed in “the principle of limited sloppiness.” He advised his students to be sloppy enough in their lab experiments to allow for the unexpected, but not so sloppy that they could not identify the reasons for their anomalous results.30 Case in point: the eccentric Scottish scientist, Sir Alexander Fleming, who received a Nobel Prize in 1945. His peers considered him brilliant but somewhat sloppy. In 1928, after a long summer holiday, Fleming returned to his lab and began gathering up the contaminated petri dishes for a good scrubbing. Suddenly, he noticed something different about one of them: There was a halo where a blue-green mold appeared to have dissolved the bacteria. Many biologists might have missed the small irregularities, but Fleming knew bacterial growths as an artist knows the color spectrum; in fact, he had occasionally shaped colonies of Staphylococcus into portraits of his coworkers. His keen perception and curiosity led to the first breakthrough in what later became the wonder drug penicillin.31

Talking about and even celebrating failure has become central to the folklore about entrepreneurs. Sara Blakely, who founded Spanx Inc., a fast-growing maker of slimming undergarments and other apparel based in Atlanta, Georgia, got the idea for the company’s products from her own dissatisfaction with the undergarment options available on the market. She credits her success in part to a question her father used to pose at the dinner table when she was growing up: “What have you failed at this week?” The message she got was that failure wasn’t about making mistakes — it was about not trying new things.32

**The Challenge**

Learning from mistakes has much to do with a leader’s mind-set and the questions that he or she asks both before and after an unexpected event occurs. Strategic decision makers abandon the pursuit of perfection, allow some room for well-intentioned mistakes, and examine what went wrong and why. What matters is how well a team learns from setbacks and what mode of inquiry it allows. The best teams try to fail fast, often and cheaply in search of innovation.33

Few leaders are willing to give more than lip service to failure; most corporate cultures view missteps as crippling rather than as sources of innovation. Only in Silicon Valley, perhaps, do people wear their failures with pride.34 The “blame” culture that permeates most organizations paralyzes decision makers so much that they don’t take chances and they sweep missteps under the rug. Many companies don’t learn and adapt fast enough from missteps, as we saw with Blackberry, Nokia and Microsoft in their early responses to the iPhone.

To help a team learn faster, leaders must (1) frame mistakes as valuable learning opportunities; (2) respond to failure as temporary, isolated and not personal;35 and (3) emphasize that learning from a decision is a goal in itself.

In the U.S. and Israeli militaries, after-action debriefs have become the norm.36 Debriefing in the Israeli military is so highly valued that everyone is graded on this skill, including their ability to create a climate that accepts mistakes as natural and a source for learning. This background training has spread beyond the military to Israel’s venture community. Nearly all entrepreneurs
in Israel have served in the military, since such service is mandatory for both men and women. These shared experiences, especially tolerance for failure and after-action reviews, have helped Israel become a technological innovation hub.  

**Tips and Pointers**

1. **Shine a light on mistakes as sources of new learning.** Blakely of Spanx grew up in a home where her parents admired her for trying and failing. She incorporates this view into her leadership philosophy.

2. **Conduct after-action reviews to extract insights.** Define mistakes and successes in terms of process rather than outcomes. Teach team members to ask questions that elicit learning rather than defensiveness.

3. **Publicize stories about failed projects that led to innovative solutions.** Praise those who learned from their errors and try to extract learning from near misses.

**Start With Questions — Not Answers**

Typically, we don’t judge leaders on the quality of their questions, nor do we design our educational systems or corporate training to develop this crucial skill. If anything, we do the opposite. Television game shows reward contestants who know answers to preset questions — and usually very trivial questions at that. Having encyclopedic knowledge may win you a million dollars on a TV game show or yield good grades in school, but it won’t necessarily make you successful in today’s complex business world. In changing environments, the big prizes go to those who ask better questions and learn faster. In organizations, this comes down to leaders teaching and coaching others to think more strategically and ask deeper questions. If you think like everyone else, you are likely to be average. The best strategic thinkers, leaders and entrepreneurs distinguish themselves by how they frame decisions, the kinds of questions they ask and their mode of inquiry.

**REFERENCES (38)**


ABOUT THE AUTHORS