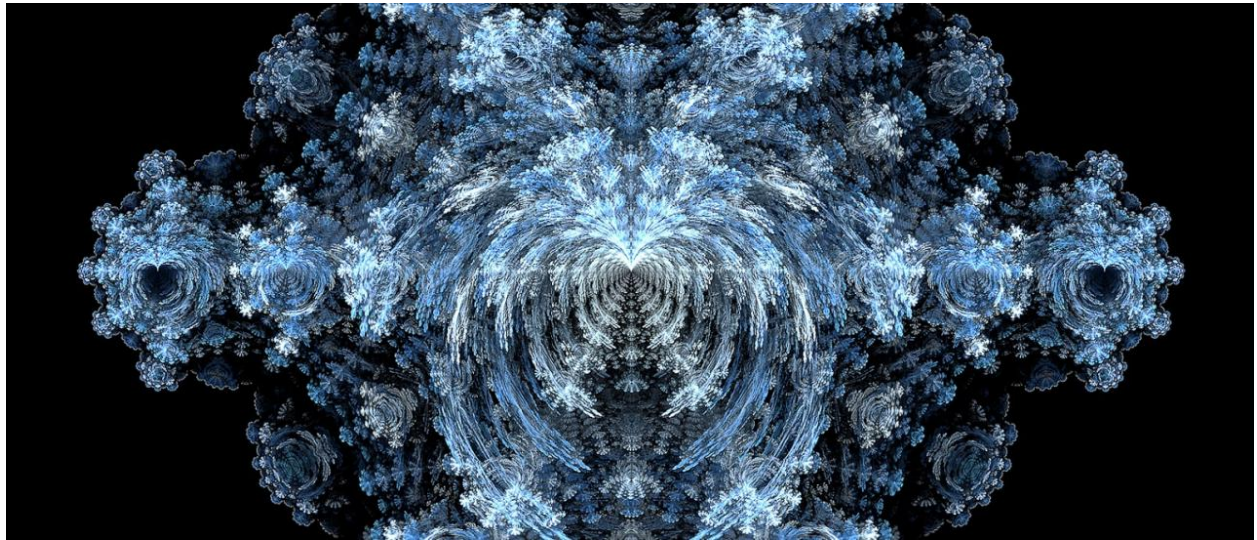


---

# In Times of Chaos, Know Yourself



By Marc Le Menestrel , INSEAD

**Self-aware leaders see the beauty in chaos and look within to find meaningful solutions.**

We are entering a time of catastrophe, a time marked by momentous, tragic events of a destructive nature. For mathematicians of chaos, catastrophes are bifurcations of the dynamics of a system. Instead of evolving linearly, the system presents an increasing number of bifurcations, inevitably leading to chaos.

For those who take a step back, chaos is not an absence of order. Like in the fractal patterns of a snowflake, we can see order and beauty in chaos within the natural universe. It is, however, much harder to approach disrupted situations with the same lucidity in the world of business.

This is because business leaders have long been thinking linearly – choosing the best course of action to get the best results. For decades, the backbone of rational leaders' thinking has been about predicting consequences and doing what is necessary to maximise value.

Alternatively, we can think in terms of process and believe that doing good business boils down to choosing the right course of action, regardless of

what the consequences are for ourselves or others. This is also a linear way of thinking.

The reality is that most of the time, we have to compromise and choose between doing the right thing and striving for the biggest reward.

Take the tragic water shortage in Cape Town in 2018, when the city was counting down to “Day Zero” – the day it would effectively run out of water. As the cost of water became increasingly expensive, companies responded by raising the price of bottled water.

It is tempting to justify that raising the price of bottled water during a drought is necessary because supply is constrained and demand is high. However, the situation should not be reduced to an opportunity to capitalise on a crisis and maximise profits. By exploiting circumstances at the expense of their customers, companies will face ethical risks – unexpected negative consequences such as a boycott by angry customers. The alternative way of thinking would be to simply lower the price. The risk is then to transfer the margin to speculative resellers and lose it all.

### **Dealing with dilemmas**

These are the dilemmas of decision-making in a time of chaos. There is no obvious solution but an inherent paradox at the heart of what we think good business is. In the face of such an issue, decision-makers should acknowledge the problem, identify the risks and strive to create business opportunities. We need to combine the two linear models by accepting the dilemma and transcending it.

For example, retail business Pick n Pay decided not to increase the price of the water sold by the company. General Manager of Online & Mobile, Michael Cotterell (MBA '04D), put in place a well-designed system to limit the selling per IP address and avoid speculative behaviour. In three months, the business experienced a loss of its profit, but by the end of the year they had recovered their eroded margins and more than doubled their market share.

This company did not abandon traditional business thinking altogether but enriched it by acknowledging the ethical risks of exploiting the situation and upholding the value of consumer sovereignty. In one of the most unequal countries in the world, raising the price of water would benefit the rich at the expense of the poor. Likewise, not putting any restrictions on the amount of

water a person could buy would result in panic buying and hoarding among the wealthy.

## **The importance of knowing yourself**

In my teaching, I encourage leaders to think about business in terms of who they are. Strategy focused on the attainment of objectives is simply not enough. Nor is simply doing the right thing. Knowing who you are, and being anchored in your values, not only helps you be true to yourself – it becomes a strategic imperative in a time of chaos. To make better decisions, we need to build self-awareness and consciously open our heart and soul to other avenues of thinking.

This involves harnessing a way of thinking, feeling and dreaming that I call "**wise power**". By being curious about the multiple sides and layers of a situation, acknowledging our emotions and connecting to our dreams and aspirations, we can overcome entrenched beliefs and find meaningful solutions to crises.

In Taoism, the notion of yin and yang describes contradictory but inseparable forces. Drawing from this, attaining a business objective is yang, while introspection and self-awareness is yin. The answer is not shunning rational business thinking but balancing and enriching that thinking.

When we face chaos, we are confused, vulnerable and blinded by the fear of losing control. In the cognitive confusion created by the absence of an absolute truth, we need to become alchemists of our own solutions. Instead of reacting from a place of fear, we can recognise and identify opportunities and seize the right moment for a leap of faith.

In the same way we understand the beauty of a snowflake, so we can change our perception of the chaos by taking a step back and finding the beauty in it.

### **Find article at**

<https://knowledge.insead.edu/responsibility/times-chaos-know-yourself>

---

### **About the author(s)**

**Marc Le Menestrel** is an Affiliate Professor of Decision Sciences at INSEAD. He teaches and coaches senior executives and board directors on high-level performance and leadership as well as the exercise of wise power in governance, sustainability, anti-corruption and risk management.

---

## About the research

This article is based on Marc Le Menestrel's lecture "Ethics & Integrity at Times of Pressured Boards" at [\*\*INSEAD Directors Forum: Governance Imperative in a New World Order\*\*](#).

---

## About the series

### Corporate Governance

Established in 2010, the [\*\*INSEAD Corporate Governance Centre\*\*](#) (ICGC) has been actively engaged in making a distinctive contribution to the knowledge and practice of corporate governance. Its vision is to be the driving force in a vibrant intellectual community that contributes to academic and real-world impact in corporate governance globally.

The ICGC harnesses faculty expertise across multiple disciplines to teach and research on the challenges of boards of directors in an international context. The centre also fosters global dialogue on governance issues, with the ultimate goal of developing high-performing boards. Through its educational portfolio and advocacy, the ICGC seeks to build greater trust among the public and stakeholder communities, so that the businesses of today become a strong force for good for the economy, society and the environment.