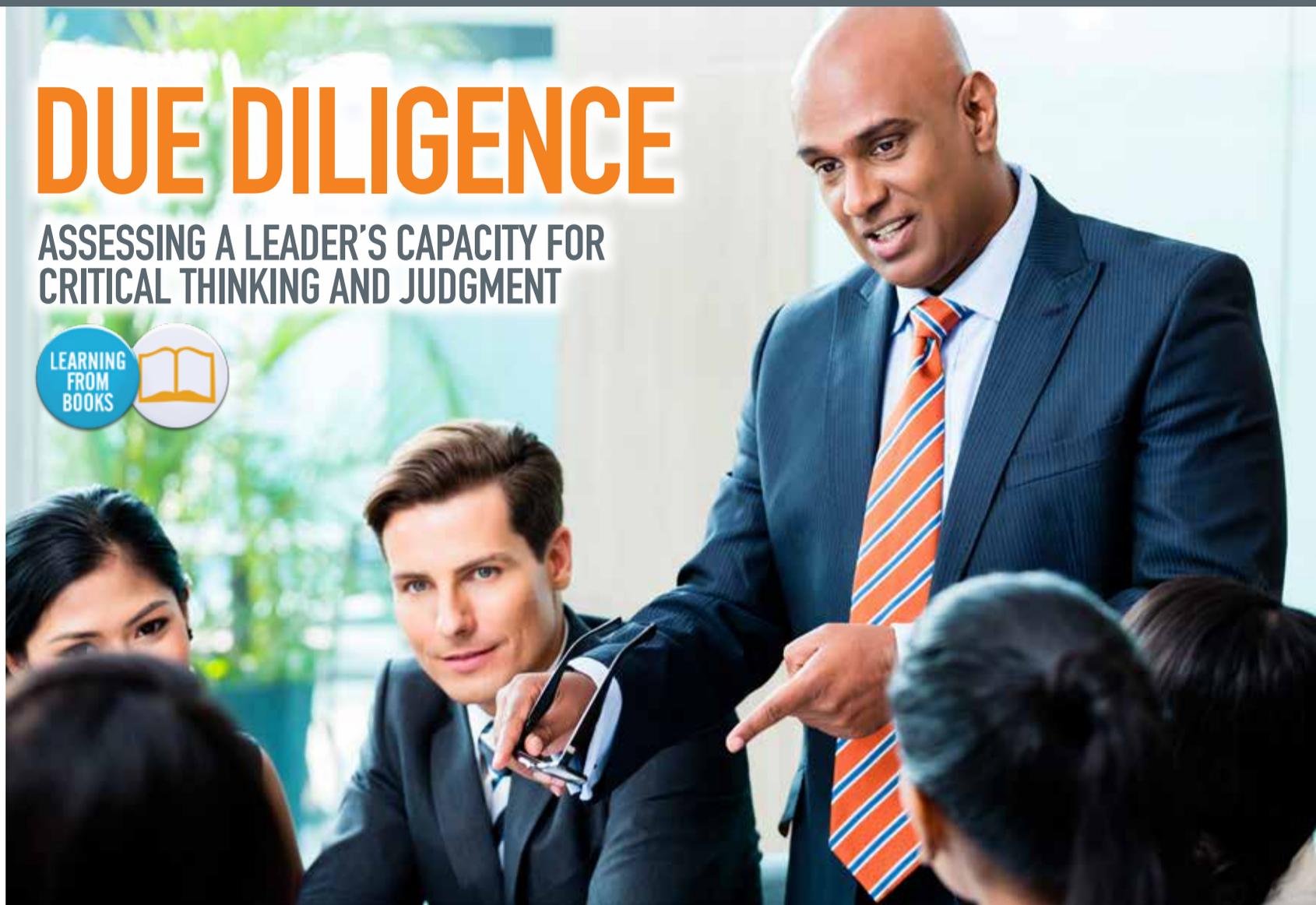


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DUE DILIGENCE

ASSESSING A LEADER'S CAPACITY FOR CRITICAL THINKING AND JUDGMENT



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YOU might assume that “capacity to think” is something you don’t have to worry about if you’re in the process of selecting a new leader, whether it’s a new chief executive officer (CEO) or the founder of a company you’re investing in.

You’d be wrong. Surprisingly, great credentials, a record of success, and an impressive education do not guarantee that someone has the ability to do the high-level thinking required of a leader whose decisions have fateful consequences.

Every search committee looking for a new CEO or an organisational president and, every investor evaluating the strength and promise of a business’ founder should include evaluation of the capacity for judgment and critical thinking.

This should be part of the vetting process when deciding to put the fate of their company in the hands of a new leader.

How can someone even get close to a position as CEO or leader of a great organisation without these fundamental cognitive strengths?

It happens all the time. Charisma, connections, luck, caniness, creativity and vision can propel someone into a position of power. It doesn’t mean their judgment is up to snuff.

Elsewhere, I’ve written about five core character traits and cognitive abilities that every leader who is responsible for the fate of an enterprise and its people must have.

Perhaps the most vital is the capacity for critical thinking and judgment. This is not to minimise the importance of the other four: empathy, trust, self-control/discipline and self-awareness.

This model of the fundamental requirements for a leader is distilled from two broad sources – my own 35 years’ experience as a psychiatrist, psychoanalyst and organisational leader, using the long traditions of thought and research in psychology and psychoanalysis, and a remarkable document (itself based on the same theoretical and empirical foundation), the *Army Field Manual on Leader Development*.

MORE THAN JUST A THOUGHT PROCESS

Good judgment depends on the ability to think critically and strategically. This can be broken down into multiple essential functions, including the ability to plan ahead in a way that is thoughtful and organised, the ability to organise information into a coherent and logical narrative, and the ability to understand cause and effect.

To my mind, the most important aspect of critical thinking is the capacity to anticipate consequences.

The leader who can think clearly is able to set aside his own ego and self-esteem as he evaluates a situation

At the basic level, this is linear – what are the immediate, mid-term and long-term consequences of a decision?

But the best leadership mind anticipates consequences more expansively, perceiving a multidimensional outcome and, immediately, the range of complex secondary and tertiary outcomes that will spin off in response to each level of change.

A leader’s thought process needs to be dominated by reason and facts, not emotion. But it’s equally important for a leader to know the effects stress and emotion have on his own thinking and be able to discern when irrational forces are overtaking dispassionate logic.

This is harder than it might seem since we are all subject to unconscious mental forces that can distort thinking without revealing they are at work.

Critical thinking requires the ability to compare current situations to similar

ones encountered in the past, using the richness of previous experience with problems to inform present assessment.

But this necessary use of past experience has to be tempered by alertness to unconscious biases and fears.

Doctors are taught to beware of the “last grave error syndrome” – the tendency to overcompensate because you screwed up last time.

Just because you missed a case of heart disease doesn’t mean every patient you see now needs excessive cardiac testing.

In investing, just because you left a short position too soon and lost a mint doesn’t mean you should stay in your current short positions.

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Critical thinking requires the ability to approach a problem with an organised assessment process: knowing what information to gather, considering alternative explanations and points of view, actively seeking contrarian opinions and perspectives, identifying gaps in information and knowledge and identifying a process to fill them.

ASSESSMENT CHECKLIST

Since problem-solving is dependent on thinking and judgment, these capacities can be assessed by observing how the leader organises her response to a crisis, an unexpected situation or a stalemate.

How can you identify inadequacies in a potential leader’s critical thinking and judgment? Look for these specific signs of deficiency.

I’ve extracted many of these from the *Army Manual*, which does an invaluable job of operationalising what otherwise would be abstract and difficult to assess capacities:

- Signs of disorganisation in thinking or speech.
- Over-focus on details; inability to see the big picture.
- Lack of clarity about priorities.
- Inability to anticipate consequences.
- Failure to consider and articulate second and third-degree consequences of an action or decision.

- Inability to offer alternative explanations or courses of action.

- Oversimplification.

- Inability to distinguish critical elements in a situation from less important ones.

- Inability to articulate thought process including the evidence used to arrive at a decision, other options that were considered and how a conclusion was reached.

- Unable to tolerate ambiguity/over-certainty.

- Difficulty outlining a step-wise process to solve a problem or implement a change.

- Thinking that is driven by emotion or ego.

OTHER APPLICATIONS

Besides recruitment and promotion, this conceptual model provides a useful framework in other contexts.

Leadership coaches can use it to identify areas a client needs to attend to and strengthen. Mentors and managers developing leadership potential in individuals they’re working with can pinpoint strengths and weaknesses.

Anyone in a leadership position or who aspires to be in one can also use this model, with its breakdown of the components of critical thinking as a self-assessment and capacity development tool.

This helps identify personal deficiencies and look for ways to improve in this essential area.

Each of us has a unique hard-wired and learnt set of cognitive tools and none of us has a toolkit that isn’t missing a few pieces.

CONCLUDING THOUGHTS

Critical thinking and judgment are among the most advanced and sophisticated cognitive skills, demanding difficult and fluid mental processes of synthesis, discrimination and complex analysis.

Even the best thinker will lapse to a lower level of cognitive functioning at times of enormous stress, emotional overload, illness, sleep deprivation or fatigue.

Knowing when one’s capacity for critical thinking is sub-par is just as vital as being able to do it well.

■ Are you afraid of conflict? Fear of conflict can turn leaders, managers and employees into “psychological hostages” who are paralysed and unable to challenge others. George Kohlrieser shares six skills leaders need for managing conflict at: bit.ly/GKmanagingconflict

■ Prudy is the founder of *InVantage Advising*. She has 35 years of experience as a psychiatrist and psychoanalyst and advises leaders in business and finance on the underlying psychology of critical decisions. Email us at editor@leaderonomics.com to share your thoughts on the article.