The Inner and Outer Game of Leadership

By Neil Stoul

This article explores leadership development through an elegant framework of three essential questions:

**What matters?** **What’s missing?** and **What’s next?**

Within the context of each question, a leader’s developmental challenge is to explore what we call the “inner” and “outer” game, to learn how to see the “story” which underlies how the leader thinks and acts, and ultimately to create a coherence or alignment between all three questions, and the inner and outer games.

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In all our work, my Kenning Associates colleagues and I focus on a particular aspect of being human, meaning-making. Human experiences are woven together to create a sense of coherence or continuity. We live in time, in which our present experiences relate to both our past and our future by a subjective sense of sequence. We perceive that sequence as a narrative. In other words, we make sense of our experiences by representing them as stories. In its simplest form, a story is nothing more than our account of the relationship between an effect (“what happened”) and its cause. In fact, any time we hear another person use the word “because” we may as well prepare ourselves to listen to a story.

Regardless of their degree of accuracy, stories reveal a person’s view of how the world works, and their place in the world. Stories reveal our “distinctions.” Distinctions represent how we use language to describe what we notice. For example, if I am gazing upon a desert landscape, and you ask me what I notice, how I describe what I see will reveal to you all I am able to notice about the desert. If a Bedouin tribesman describes the same desert landscape, not only will he use different language, his language will incorporate language/distinctions different from my account – the Bedouin can see/notice things that I cannot. This is not a trivial matter. I can only be competent in domains in which I am able to notice what is significant, in which I have distinctions. Our lack of distinctions, our inability to notice, can jeopardize our effectiveness and even our survival.

Many executives operate from a substantial “body of distinctions” in such matters as strategy or finance or marketing. Their leadership distinctions, however, may be impoverished. A coach helps clients better understand the significance of their stories, how those stories shape what they are able to notice (or not), and what distinctions might be operating.

Coaching unfolds in the context of a conversation, and in the coaching conversation, executives will tell their “stories,” their accounts of what happened and why. One of the tasks of a leadership coach is to listen to an executive client’s stories purposefully, to discern the client’s body of distinctions, and therefore be able to discern the client’s “inner game.” Leading involves both an “inner” and “outer” game. The inner game
involves not only the distinctions per se, but those distinctions, in turn reveal an assortment of mental habits and predispositions. The coach must help the client “see” these habits and predispositions, to move them into awareness. With awareness comes choice, or as we like to say, either you have the story or the story has you.

For example, Marilyn was recently promoted from Director to Vice President. In her previous role as Director of Market Research, she was instrumental in planning a variety of consumer studies designed to pinpoint how her firm’s products were perceived compared to their competitors. She oversaw the selection of vendors to conduct the research projects. Her ideas on brand management were key components in her firm’s strategies regarding packaging, advertising and product placement. The managers and staff members who worked on her team praised her vision, decisiveness, guidance, and organizational skills, and admired her “multitasking abilities.” In her new position as Vice President for Strategic Marketing, however, the praise is less forthcoming. Marilyn herself senses that something is “off,” and is feeling uncertain and insecure.

What shifted for Marilyn? Were there specific skills required for the new position that she lacked? Did she fail to grasp what was expected of her in her new role? Were the expectations of the senior vice president to whom she reported unreasonable?

Any of these explanations might have been contributing factors. Marilyn’s expectations for herself were consistent with her boss’s, and both she and boss believed the job demands were within range of her abilities. Yet something had shifted for Marilyn, and the shift had more to do with Marilyn’s inner game. The story she adopted as a director was not working in her role as a vice president.

As a director, she viewed herself primarily as an implementer. Her “story” in her role as director was that she was a marketing expert whose primary job responsibilities involved project management and technical consulting. She saw vice-presidents and other senior executives as customers, not colleagues. She believed in offering her input only when it was solicited. Her current peer group believes that she is not a colleague and partner, and doesn’t grasp her role in strategy formulation.

Marilyn’s previous story is not only a product of how she defined a role, but also includes some “habits” she acquired from being a good student and previous relationships with authority figures. Through coaching, she learned to see her story as a story, and recognized that she had other choices about how she could behave in relationship to her new peers. Her story represented her inner game. With this new awareness she also could recognize that she had more choices in how she interacted with other executives.

Once Marilyn became aware of her choices, she could experiment with new behaviors in relation to other executives. Designing experiments involving new behavior is how coaches help executives work on their outer game. In subsequent issues of *Growth Edge*, I’ll explore in more detail how executives’ stories influence their inner and outer games.

### Three Essential Leadership Questions

For leaders, the answer to the question “What’s missing?” begins with how we answer the initial question, “What matters?” What matters involves clarifying what matters to us as individuals, and what matters to those parties we identify as stakeholders.

When we clarify what matters, we are able to appreciate the conditions under which we feel most alive. We are sufficiently clear on the values we cherish. For some aspiring leaders what’s missing involves being able to identify their stakeholders and determining what matters to themselves and their stakeholders.
Leaders who are clear on what matters to themselves and to their stakeholders are well positioned to craft and communicate an agenda. An agenda is similar in concept to the creation of a platform in an election campaign. Just as political candidates need to attract voters, organizational leaders need to attract followers. Ideally, voters cast their ballots because they support a candidate’s platform. Similarly, we will follow a leader because we support that leader’s agenda. We believe that if we follow the leader, we will realize a desirable future.

What is required to successfully implement an agenda? What resources and actions are required? To craft a leadership agenda, what needs to happen?

Agendas vary in their level of detail. For the sake of this article, we’ll work with a simple, high level version of an agenda: What would the future look like if we could create a vibrant environment which expressed our cherished values and was simultaneously responsive to stakeholder values? Now, compare the current state to the desired future state. What’s missing?

Like the question of what matters, what’s missing involves both inner and outer game dimensions. As in what matters, the inner game is fueled by self-awareness; in what’s missing, self-awareness takes the form of accurate self-assessment. Leaders need to be able to be honest with themselves about their strengths and limitations. In particular, leaders need to understand how they appear to their followers.

Leaders and followers forge a reciprocal, social contract. Leaders hold expectations of their followers, followers hold expectations of their leader. Leaders must be able to hold themselves and their followers accountable for their mutual contract to create the future. In pursuit of their agendas, leaders will discover that they will need certain capabilities and/or capacities. Capabilities refer to knowledge, skills and abilities. Acquiring capability involves learning and training.

Leaders need to discern the degree to which the required capabilities are available. To the extent that they personally lack capabilities, they must determine what’s involved in learning/acquiring them. To the extent that acquiring the knowledge or skill is problematic, leaders must consider addressing the need through capacity building rather than by acquiring capability. A leader can create capacity in a variety of ways, including leveraging technology, forging an effective organizational design or structure, or recruiting talented followers. The single most indispensable capability for a leader is the ability to recognize, attract, develop and retain talent – which creates, as a byproduct, an effective followership. As they develop their inner game, leaders need to be able to assess with accuracy what’s required to successfully implement an agenda, be self-aware enough to assess their own capabilities, understand the best way to engage in learning, and determine the pros and cons of acquiring capability as opposed to building capacity.

In addressing what’s missing to make a successful outer game, leaders must focus on execution. What does the leader need to do in terms of learning, optimizing organizational structure, articulating direction, generating work streams, etc.? How does the leader effectively communicate an agenda to the organization?

In the final analysis, leading is a public act and leaders need to be able to perform on a stage in which they engage meaningfully with an audience of capable followers.

**What matters?**

This involves the leader uncovering a deeper appreciation of determining under what conditions he/she feels most alive as well as which values are most sacred (inner game) and then conducting him/herself in a manner...
that reflects those conditions and values (outer game).

Zeroing in on what matters also requires the leader to understand what matters to others – in this case, what matters to key stakeholders in the leadership context. The outer game involves execution. As the leader strives to execute an agenda based upon what matters, he/she will discover developmental challenges regarding what’s missing. The inner game of what’s missing involves accurate self-assessment. It involves coming to terms with one’s blind spots.

What’s missing?

This requires the leader to examine the talent around him/her, to assess to what degree the current organizational structure aligns with purpose, etc. The outer game of what’s missing involves learning. Does the leader need to acquire new skills or expand capacity? Does he/she need to study organizational design and change management?

There is a dynamic relationship between responding to what matters and what’s missing that resembles the phenomenon of double-loop learning. As leaders strive to move from the inner game to the outer game, they will encounter the discrepancies and limitations of how their inner game is reflected in their outer game. Developmentally, they will engage in an iterative process of error detection and self-correction. If they are steadfast on their developmental path, over time they will increasingly deliver results that correspond to their aspirations and intentions, which begs the question...

What’s next?

What is distinctive about leadership? Leadership is multifaceted, and some of its core properties include notions like leadership is a values-based endeavor or that leadership relies on leaders’ abilities to effectively enroll followers. Another distinctive feature of leadership is that leaders create the future. A critical function of leadership is to envision the future. The greatest leaders are able to evaluate current circumstances in light of future needs; they are able to visualize what the future could be, and deduce what actions, if taken in the present, could actually create the future they’ve imagined. In other words, leaders are all about “What’s next?”

In their seminal book on leadership, *Leadership on the Line*, Ron Haifetz and Marty Linsky draw on a very apt metaphor in exploring the challenges of leading: The view “from the dance floor,” vs. the view “from the balcony.” At the simplest, level, the dance floor is where things happen. The dance floor is a swirl of motion. But as Ernest Hemingway so astutely observed, one shouldn’t confuse motion with action. From the balcony, the leader is able to see the entire dance floor and adopt an elevated view, a view of a wider landscape and a larger context. The inner game of What’s next? encourages leaders to climb up on the balcony and not only notice a more expansive set of current conditions, but to also envision a better set of conditions that could be created in the future, perhaps even conditions that would not be considered possible using current ways of thinking. Thus, the inner game of What’s next? is very much related to the capacity for seeing from multiple perspectives.

The outer game of What’s next? is the game of strategy and tactics. How does one actually create the path from the present to the future? The outer game of what’s next resembles a construction project. The leader is both architect and engineer. The architect designs a blueprint that serves as a roadmap for how to actually build the structure. But in the real world of construction, the project must be divided into phases. You don’t embark on Phase 2 until Phase 1 is complete. In the real world, the engineer encounters problems and obstacles not necessarily anticipated during design. Similarly, the leader imagines the future and unveils a
vision, which must then be converted into an agenda. As leader and followers implement the agenda, they inevitably encounter real world challenges that must be worked through or around. Together, through their collective ability to design strategy and execute tactically, they create the future.

And, in doing so, they constantly ask the question, “What’s next?”