

Obamacare Paralysis? *Use Adaptive Action to Get Unstuck*

When it comes to employee health care coverage, “not deciding” is not an option. But what can you do when the rules keep changing, a thousand heated opinions vie for precedence in your brain, and the future is as murky as mud? Glenda Eoyang says the answer is to employ a decision-making model that hinges on three simple yet powerful questions that will help your corporate client get unstuck.

Whether your political beliefs are deep red, deep blue, or somewhere in between, the Affordable Care Act is making your life more difficult — or at least more confusing. There’s no end to the speculation on what Obamacare may cost companies.

You’ve heard reports of owners dropping coverage, cutting full-time jobs to part-time, and passing costs along to employees. And if your corporate clients include smaller companies, the possibility of switching to plans purchased through a government exchange adds an extra layer of complication. Your corporate client may be perplexed on what to do.

“At some point, you have to stop worrying and take action, even if you cannot predict the future or control what happens next,” says Glenda Eoyang, who along with co-author Royce Holladay wrote the new book *Adaptive Action: Leveraging Uncertainty in Your Organization* (Stanford University Press, 2013, ISBN: 978-0-8047871-1-6, \$27.95, www.adaptiveaction.org). “You have to decide. And you can — once you get unstuck.”

Health Care is Complex

Why are so many business owners feeling stuck? Quite simply, it’s because they have to make health care decisions in a complex, shifting, and uncertain landscape of regulations and options. No matter how much

research you do, no matter how many experts you consult, the future of health care in the U.S. is as uncertain as the future health of your employees. Insurance decisions are dependent on many variables, and tied up with complex interdependencies.

“These kinds of decisions aren’t just about the raw numbers,” adds Eoyang. “One must factor in ‘intangibles’ like employee engagement and goodwill and the long-term benefits of high productivity and low turnover. In the end, decisions based solely on saving dollars can come back to bite you. Bright, young prospective employees may find better offers elsewhere. And you will surely pay a very high price for health care decisions that create or perpetuate a culture of fear and resentment.”

Adaptive Action

This is where a sound decision-making method can help in such a complex landscape. Eoyang and Holladay call it “Adaptive Action.” Adaptive Action consists of three simple questions that help you deal with any complex problem: What? So what? and Now what?

No matter how messy the challenge, these three questions are certain to get you unstuck. When you consider these questions, you build your capacity to see, understand, and influence patterns even in the most chaotic environments. The discipline of Adaptive Action can help a business owner get the most out of current health care-related challenges.

Eoyang suggests you take out your word processor, legal pad, or video camera and record your most honest answers to these questions.

WHAT? Questions:

1. *What does your corporate client know for sure about health insurance options for the organization and its employees?* Uncertainty is the greatest challenge to good decision-making

in complex situations. Some things you don't know, but you *can* find out. However, other things you won't know, no matter how hard you try. Only time will tell how and when they will become knowable. If you want to use what is knowable to your best advantage, be really clear about what you do not or cannot know.

"Consult experts or do your own research to fill in blanks in what you can but don't know right now, but don't waste time on the unknowns," advises Eoyang. "Name them, write them on a piece of paper, and put that paper into your bottom drawer. Take it out once in a while and ask yourself if any item has moved into the realm of the knowable. Until then, don't waste any more time speculating."

2. *What has worked well in the past for the bottom line?* In these complex times, clients do not have the luxury of thinking of only one variable at a time. Not only are major measures and concerns massively interrelated, but they are also related in unpredictable ways. A small change in profitability, employee engagement, or sustainability may have tremendous and long-lasting effects on any one of the other factors. Or not.

"In chaos theory, this is recognized as the butterfly effect, because a sensitive system might respond in unpredictable and exaggerated ways to a small disturbance like the flap of a butterfly wing," says Eoyang.

"On the other hand, a potential tsunami may show up as a ripple. You may never know the answer, but you can increase your adaptive capacity when you ask the right questions. Focus your questions on patterns that are significant to your success and how those patterns are related to each other."

3. *What opportunities for growth and expansion does your corporate client see for business in the next five years, and how will they affect the bottom line?* It is always tempting to focus on immediate needs and concerns, especially the ones that management can control. For that

reason, the client may be thinking about health care decisions only in terms of current employees and next quarter's income statement. That would be a mistake, says Eoyang.

"The success of business over the long term depends on what is outside just as much as what is inside your sphere of control," she says. "Take some time. Look around. Consider the future and its potential as you make this important decision."

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4. *What is the client willing and able to invest in a healthy and satisfied workforce?* It may be harder than the client thinks to seriously consider this question, but it is more important than he or she may imagine.

"You may be tempted to answer based on your fading memory of your MBA or the flowery

language of your corporate vision or the stories you tell yourself about your values and ethics,” says Eoyang. “None of those will serve you well. Pause and take stock of what really matters to you, your board, stockholders, and other stakeholders. Where does the welfare of workers fall in your hierarchy of values? What are you willing to risk and what do you expect as a reward?”

SO WHAT? Questions:

1. ***So what are the best and worst scenarios for your client’s balance sheet? For employees? For the future of the business?*** The decision is sure to have many consequences, but it’s only possible to predict some of them. Whatever the decision, there are likely to be unintended consequences — there always are. Spend some time envisioning both the likely and the unlikely consequences of possible paths.

“Don’t get stuck in analysis paralysis, but *do look* at multiple possibilities from multiple perspectives to keep surprises to a minimum,” advises Eoyang.

2. ***So what are the expectations of your client’s employees? Their hopes? Their fears?*** Your client may not be in the habit of consulting employees on issues of policy, procedure, and practice. But on this issue, it is critical that your client consider their perspectives. Why? Not just because health care is literally a matter of life and death, but because it is the most tangible evidence they have of the investment in them as workers and human beings.

“This is something your employees will notice, and they’ll remember it every time they show their insurance card, write a check for a co-pay, or choose not to take a sick child to the doctor,” promises Eoyang. “It matters to them, so if you want them to support you, it has to matter to *you*.”

3. ***So what is the health profile of my community, and how likely is it to support healthy behaviors for employees and their families?*** No man is an island, and the same is certainly

true of any company and its employees. Health is a systemic pattern that emerges from myriad factors from available paths, to local grocers, to accessibility of drugs and alcohol, to firearms restrictions, to school lunches, and community clinics. The health profile of a given community will influence the health care needs of employees and their families, so it should be one of the factors the client considers in making this critical decision.

“Your investment in health care depends on the health of your employees,” says Eoyang. “If they’re healthy, there’s less risk, and you can afford to invest less. And that depends on the support of the community.

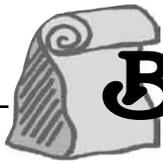
The more supportive the community, the healthier the employee, the less the risk, and the lower the investment. This leads, ultimately, to the question about what your client can or should do to influence the health profile of the communities in which their employees live and work.”

4. ***So what are the options for action, and what are the risks and benefits of each?*** Depending on how your corporate client answers the other questions, they will have identified a range of opportunities and constraints. As they bring them together, they will recognize a short list of reasonable options from which they can choose. They need to make those options explicit and be creative as they identify the risks and benefits to the company, employees, and their families.

Summary

“The simple questions of Adaptive Action will not give you answers, but they *will* help you make the most of the information and options you have,” assures Eoyang. “Then, they will help you do it again. Repeating that cycle is all you will need to do as this complex environment of health and health care continues to evolve toward an unknowable future.”

❖ NOW WHAT? Questions are addressed in the Handout section on page 4.



Proceeding to ‘Now What?’ Questions

1. *Now what* will your client do in this decision-making cycle, realizing that your corporate client will have other chances to make different decisions as more evidence accumulates? When the client has identified options, all he or she has to do is choose *one*. This is almost as easy as it sounds. The client may want to include other people in the decision-making process as he/she considers Adaptive Action questions. The client may want to wait awhile to see if some of the unknown factors become known. But, ultimately, the client will make a choice from a finite list of well-considered alternatives that emerged from So what? questions.

“Every Now what? is followed by the next What?” states Glenda Eoyang, co-author of *Adaptive Action: Leveraging Uncertainty in Your Organization*. “So, depending on what happens next, you will have more information and be more ready to answer the questions in your next Adaptive Action cycle.”

2. *Now what* indicators will your corporate client use to evaluate consequences of this current decision and prepare for decisions in the future? This question constitutes risk mitigation in complex systems because it leads into iterative Adaptive Action cycles. Because the environment is changing, assumptions will change, the answers you’ll give to these questions will change, and choices should change along with them.

“When you are forced to make a decision in an uncertain environment, your best and safest option is to prepare right away for the next decision,” advises Eoyang. “What? So what? Now what? Next what?”

3. *Now what* should the client communicate, to whom, and how? What should the

client say about these choices and the reasons behind them? The client does *not* have the option to keep this decision to oneself. This is a topic that is out in the open, and it is loaded with fear for every employee. Even if the client has to limit their involvement in the decision or their options for health care, one *must* share what you can with them, says Eoyang.

“You can tell them what you decided, why you decided it, and how you plan to revisit that decision, if and when the situation changes,” she explains. “If you absolutely could not absorb the added health care costs and stay in business, let your employees know that. Of course, in such a situation, you should also engage them in brainstorming ways to make your business more profitable so that, hopefully, the situation will be remedied in the future.”

4. *Now what* have I learned, what do I need to learn, and how will I learn it to be better prepared the next time such a challenge/opportunity arises? Learning is the most important leadership competency in times of complex change. Any corporate client (e.g. business leader) has to stay current, keep his or her options open, and focus on adaptive action. Use Ask What? So what?, and Now what? in iterative cycles about all important decisions and in all places and times.

Summary

Yes, there will be a next time. That is the central, and oddly reassuring, truth at the heart of Adaptive Action. Things will surely change, and you’ll get, if not a do-over, at least a *do-next*.