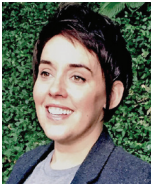


# The Power of Contextual Intelligence



IN GREEK, THE WORD *EIDO* means two things: ‘to see’ and ‘to know.’ In English, we use the term ‘intuition’ to describe the unique application of one’s observations and learned knowledge. Many business leaders and CEOs apply their intuition to make tough judgement calls and decisions. This is one of the many reasons why they are called to serve in the role.

However, intuition alone has its flaws. Behavioural Science teaches us that it can be significantly influenced by cognitive biases. Yet alternatively, there are myriad business success stories illustrating how a CEOs’ intuition — not data and analytics alone — can generate revolutionary outcomes. **Apple** is one of the most well-known examples of the successful application of leadership intuition.

Why is intuition sometimes spot-on, while in other cases, it takes us down a path of organizational catastrophe? The difference is not between good or bad intuition, but rather, a different competency altogether — that of Contextual Intelligence.

## What is Contextual Intelligence?

Contextual Intelligence is fundamentally the ability to recognize quickly and intuitively—and diagnose—the dynamic variables inherent in a circumstance, resulting in the intentional adjustment of behaviour to appropriately influence outcomes. It involves being adept at appropri-

ately assimilating broad insights into a current situation, irrespective of where the original insights were gleaned from.

Researchers **Erik Dane** and **Michael Pratt**, who published an article in *Organizational Behavior and Human Decision Processes* titled “When Should I Trust My Gut?,” note that despite a growing body of insight on the concept of intuition, there is little empirical research spotlighting the circumstances in which this form of decision making is effective. They argue that in a contextually-rich world, one plus two doesn’t always equal three. Today, the correct answer to a challenge is rarely linear, meaning the accuracy of an individual’s insight is highly influenced by context.

Context is all the external, internal and interpersonal factors that contribute to the uniqueness of a situation or circumstance. It is often both real and perceived, and includes such things as: environment, genders, industries, experiences, attitudes, beliefs, values, politics, cultures, packaging, organizational climate, the past, the preferred future and personal ethics.

Compounding the difficulty of understanding a given context is the need to recognize these variables in yourself as well as in external and internal stakeholders. The presence of these variables — and any number of other variables—makes each context unique. The implication is that the ability to understand context is a skill that transcends specific organizational roles.

Fundamentally, Contextual Intelligence (CI) is the proficiency of adapting *what you know* from one situation to another. Someone with CI is knowledgeable about how to do something (i.e., has technical knowledge from formal education), but also has the wisdom to know what to do.

Knowing *what* to do, as opposed to *how* to do it, enables an individual to act appropriately in a context of uncertainty and ambiguity, where cause and effect are not directly predictable. This implies that CI doesn't solely manifest from formal education or intellect but is drawn from the connections between experiences — and, not exclusively the longevity of experience.

Typically, we consider intelligence as analytical, referring to abilities such as reasoning, processing of information and analyzing. Alternatively, creativity is the ability to combine seemingly unrelated facts to form new ideas, which is typically not measured by traditional intelligence tests. But CI is different from both. It entails using the practical application of broad and specialized knowledge, both adapting to and modifying it in an environment to accomplish a desired goal. Leaders with CI approach every context with the intent to extract knowledge from it and that knowledge becomes transferable to any future setting.

### Three Tiers of Knowledge

At the technical level, every leader needs to be grounded in 'factual knowledge' and information. This includes business theory and methodologies, ranging from organizational models to competitive strategies. Leaders must also have 'process knowledge,' which is insight into the more fluid challenges that the organization confronts. For a CEO, this can range from team dynamics to project workflows. This knowledge is often used to help drive initiatives and organizational goals throughout the company.

But what often goes unconsidered is 'contextual knowledge' — the understanding of environmental and cultural nuances that truly influence how employees operate. Knowing the historical and philosophical evolution of that context, as well as its formal and informal political structure and decision-making processes — is the difference between a leader with CI and one without.

The ability to transform data into useful information, information into knowledge, and then assimilate that

knowledge into practice is driven by the ability to intuitively extract wisdom from a wide range of different experiences. CI, in turn, is the culmination of skills and knowledge that enables future contexts to be more effectively diagnosed.

The concept of CI may also help explain what happens (or what is missing) when, in one context a leader flourishes, but that same leader, when promoted or transitioned into another context, is not as successful. Successful leadership requires understanding the context in which one operates — knowing what works with which people in which situations. It is more than 'knowing what' to do; it is 'knowing how' to get it done.

This means identifying and understanding the context through which someone views and functions in a particular situation. A leader can then use this context to present information in a manner that is consistent with another's view of reality. However, they must have a framework to make that happen — essentially, a cognitive map.

There is unlimited information in any given situation that could be incorporated within a cognitive map, and cognitive maps can be quite different depending upon the individual or group. However, cognitive maps can be designed simply through:

1. Identifying the **structural context** that influences behaviour, including formal and informal hierarchies.
2. Examining the **operational context** that influences behaviour, both process-driven and environmental.
3. Understanding the **cultural context**, which influences potential behavioural opportunities and obstacles, both real and perceived.

For example, contextually-intelligent leaders recognize the importance of knowing both the formal and informal structures that exist within their organization to effectively assert influence — in essence, the 'structural context.' This includes an understanding of who is authorized to make which decisions; and who is *informally* recognized to make which decisions; who the informal leaders are; and who are the followers. There are also various characteristics of the team structure to take into consideration. Is it rigid or flexible? Is

## Contextually-intelligent leaders understand that there are typically both formal and informal patterns to consider.

the sense of hierarchy rigidly locked in place and applicable to all situations, or is there a flexibility in structure where roles are liable to change in response to changing situations?

Just as there is a 'structural context', there is also 'operational context.' How does information flow? Who does what at which points in time when making decisions? Again, contextually-intelligent leaders understand that there are typically both formal and informal patterns to consider. In addition, there is 'cultural context,' considering employee attitudes and mindsets that reflect their values, predispositions and prejudices. The contextually-intelligent leader considers all of these elements when making decisions.

### Power, Influence and Perspective

As a rule of thumb, influence is often more useful than the simple notion of power. Power is essentially a linear concept where influence is simply the result of interactional aspects of relationships. For instance, a coach can cut a player from a team, but may not actually have the power to make them play better. A team owner may have the authority to fire a coach, give financial rewards and other efforts at influence, but does not have the absolute power to make the coach successful.

A contextually-intelligent leader recognizes a person at the bottom of an organization's structure does not have much power; but he or she can still have extremely effective means of influence. These may include a range of actions, such as complaining to higher ups, expressing support for organizational superiors, working to build up a skill deficit, or organizing a mutiny.

Leaders with CI understand how influence or power works within a system, using that context to identify how they might influence individuals within the system, as well as how individuals within the system influence others. This requires widening the lens to avoid becoming locked in a single perspective, such as seeing an individual as simply bad or good. For instance, viewing an individual as being passionate rather than resistant can facilitate shifting to this broader perspective. In doing so, it becomes easier to present ideas or change concept in a way that reflects their view of reality. A contextually-intelligent leader sees and appreciates the broader context and reality of each individual or department.

### In closing

Leaders who exercise Contextual Intelligence think differently about the circumstances and context surrounding their employees, providing them the ability to succeed more consistently than their peers. By continuously scanning for insights, they gain more clarity on the structural, operational and cultural contexts that influence mindsets and behaviour change. And by routinely going outside of their existing environment to acquire new contextual insights, they can integrate that information into making, faster and more effective decisions.

As we look to create a new generation of leaders — as well as improve the performance of existing ones — Contextual Intelligence should join the ranks of Emotional Intelligence as not just a 'nice to have,' but a *required* business skill. **RM**

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