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# Before the Next Move

*What leaders need to see about performance, change, and institutional capacity before deciding what comes next.*

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RECOGNITION

## The Numbers Are Good. Look Again.

A program has a waiting list. Revenue is ahead of plan. Patient demand is rising. A business unit has exceeded its targets for the third quarter in a row.

These are the kinds of results institutions know how to celebrate. They are also the kinds of results that make the next decision appear obvious: expand, invest, add capacity, take what is working and do more of it.

Sometimes that is exactly right. Sometimes the result is telling you something else.

The program with the waiting list may depend on three people already working beyond reasonable capacity. Revenue may be rising while margin quietly falls. Patient demand may support another location while the workforce required to operate it does not exist. The business unit outperforming its peers may be succeeding because of local conditions that will not travel with the model.

Nothing is failing. That is what makes the moment easy to misread.

Institutions have learned to investigate poor performance. Miss a target and questions follow. Fall behind budget and someone wants an explanation. Lose enough people and turnover becomes a board concern.

Strong performance receives a different response. We ask how to repeat it, before asking whether we understand it.

That distinction sits at the center of this issue. Performance becomes institutional intelligence only when leaders can connect what is working, what

is changing, what may be possible, and what remains uncertain well enough to judge what should happen next.

> *The numbers matter. They are not the decision.*

INSIGHT

## Performance Is Evidence. It Is Not Instruction.

Institutions have never had more information available to them. Dashboards update in real time. Finance models scenarios. Operations measures implementation. Human resources tracks talent. Boards receive increasingly sophisticated reports. Artificial intelligence can identify patterns across volumes of information no executive team could reasonably process on its own.

Still, information does not tell an institution what to do.

Karl Weick, Kathleen Sutcliffe, and David Obstfeld describe sensemaking as the work through which circumstances become understandable enough to support action.[1] George Huber, writing on organizational learning, similarly distinguished acquiring information from distributing, interpreting, and retaining it.[2] Both point to the same institutional problem: possessing information is not the same as understanding what it means at the point of decision.

We see this problem often. Finance knows one thing. Operations knows another. The board sees a third. The people closest to delivery are experiencing something the dashboard does not yet show. Everyone may be accurate. No one sees the whole.

That is why I distinguish among four things: data measures; evidence supports or challenges what we believe; Institutional Intelligence connects what the institution is seeing; Institutional Judgement determines what deserves weight and what the moment requires.

A hospital can know patient demand, a school can know applications, and a company can know that a business unit is outperforming. In each case, the measure describes performance without deciding whether leaders should scale, protect, standardize, invest, or wait.

> *More information improves the field of view. It does not remove the need for judgement.*

CONSEQUENCES

## Success Can Be Misread Too

Poor performance has an advantage. It creates friction. Something hurts enough to command attention.

Success is quieter. It encourages repetition.

James March's classic work on organizational learning describes the tension between exploitation, refining and extending what an organization already knows, and exploration, searching for new possibilities. He warned that adaptive organizations can become very effective in the short term by concentrating on exploitation while weakening their longer-term capacity to discover what comes next.[3]

The problem is not success. It is what success can persuade an institution to stop examining.

A successful program produces demand. A successful leader attracts responsibility. A successful product attracts capital. A successful partnership attracts expansion. Soon the institution begins scaling what it can see.

The harder question is: what exactly are we scaling? The outcome? The capability beneath it? The extraordinary effort of a few people? A temporary market condition? An operating model already approaching its limit?

McKinsey's 2026 research makes this question timely. Its study of more than 10,000 senior executives found that organizations are placing renewed emphasis on sustained productivity and long-term impact. Yet fewer than one-quarter sustain performance improvements over time. McKinsey points to organizational capital, including management practices, systems, culture, and employee health and well-being, as part of what underlies durable performance.[4]

That should make leaders suspicious of a familiar assumption: if the result is strong, the system producing it must also be strong.

Not necessarily. Sometimes excellent results are produced by healthy capacity. Sometimes they are produced by heroic effort. Those are not the same thing. Confuse them, and the institution may scale the strain along with the success.

IN PRACTICE

## Four Decisions That Look Obvious Until You Examine Capacity

*Illustrative scenarios. These are synthetic examples, not client cases or research evidence.*

Consider an independent school with a program that has become one of its strongest enrollment draws. Families value it. Demand is growing. Community confidence is high. Expansion appears obvious.

Yet faculty load is already increasing. The leaders carrying the program are stretched. Space is limited. The financial model assumes enrollment growth will cover additional staffing, but the timing of those costs does not align neatly with tuition revenue. The decision is not whether demand exists. It does. The decision is whether the institution has confirmed enough about capacity, investment, and program integrity to act on that demand.

Now consider a nonprofit. Its work has credibility. Partners want more of it. New collaborations could substantially increase mission reach. But much of the available funding is restricted. Staff workload is increasing. Each new partnership introduces reporting requirements and obligations that do not disappear simply because the mission matters. Growth is visible. Its sustainability is not.

A health system encounters another version. A clinic has a strong reputation and rising patient demand. A second location could improve access and shorten waits. Demand alone cannot answer the decision. Can the system recruit enough clinicians? Can administration absorb another site? Are referral patterns durable? Do the economics support the new location? Can the institution reproduce the care model that created the reputation in the first place?

Then consider an enterprise with a service offering performing well in one region. Customer demand is strong. The model looks repeatable. Expansion promises growth. But labor markets differ. Regional operating conditions

differ. Some practices can be standardized. Others are precisely what made the local model effective. The question becomes less exciting and more important: which capabilities must be strengthened before growth accelerates?

Different sectors. Different missions. Different consequences. The same intelligence problem.

There is evidence of strength. There is evidence of change. There is a possible opportunity. There is uncertainty. None, by itself, tells leadership what to do.

Recent research on performance feedback reinforces the point. A 2025 meta-analysis of 74 studies found that organizational responses differed depending on the reference point used to interpret performance. Falling short of historical performance was associated with strategic change, while shortfalls relative to peers were associated with a different response.[5]

> *Performance speaks. Its meaning is not self-evident.*

INSTITUTIONAL INTELLIGENCE

## Seeing More Is Not the Same as Knowing What Matters

David Teece's work on dynamic capabilities describes the importance of sensing opportunities and threats, seizing opportunities, and reconfiguring resources as conditions change.[6] The order matters. Before an institution can mobilize well, it must sense well.

But sensing should not be reduced to scanning the external market. Institutions have an internal reality too: capacity, leadership, decision rights, execution discipline, capital, culture, workload, competing priorities, trust, capabilities worth protecting, and opportunities no single metric was designed to detect.

This is where Institutional Intelligence becomes useful: not as another layer of reporting, but as a clearer view of the institution before judgement is required.

Institutional Intelligence is the integrated understanding that emerges when an institution connects relevant perspectives, priorities, performance evidence, changing conditions, and uncertainty well enough to understand what may require judgement.

It is not a bigger dashboard, a collection of opinions, consensus, or artificial intelligence.

AI can expand institutional intelligence. It can analyze large data sets, expose patterns, compare scenarios, summarize competing perspectives, and identify relationships a person may overlook.

What it cannot do is decide what those relationships should mean for the institution. An algorithm may detect an opportunity. It cannot determine how much mission, reputation, capital, or human strain the institution should risk to pursue it. A model may predict demand. It cannot decide whether the institution should build capacity for that demand. AI can generate a recommendation. It cannot assume responsibility for the institutional consequences of being wrong.

> *Intelligence widens what can be seen. Judgement determines what warrants weight.*

As technology makes confident answers easier to produce, that distinction matters more. The appearance of certainty is not certainty. A clearer prediction is not automatically a wiser decision.

GOVERNANCE

## What Should the Board Be Able to See?

A board does not need every number management possesses. More information can produce less understanding when it obscures the decision. Board packets grow. Dashboards multiply. Presentations become more polished. Directors can still leave without a clear answer to the question that matters: what should we understand differently because we know this?

Governance requires a level of visibility proportionate to the decision. Before a major investment, expansion, restructuring, strategic shift, or capital commitment, a governing board should be able to understand at least four realities.

What is working strongly enough to protect? Not every strategic move should disturb what is already producing value.

What is changing enough to examine? Demand, workforce, economics, regulation, technology, stakeholder expectations, capacity: any one can alter what yesterday's strategy can produce tomorrow.

What may be possible enough to test? An opportunity deserves attention without automatically deserving commitment.

What remains uncertain enough to say so? False precision is not governance. It is comfort wearing the clothes of evidence.

The board itself must also remain fit for the institution it governs. Timothy Rowley and Stanislav Shekshnia argue that boards can be structured in ways that reinforce the preferences of founders, CEOs, or owners, and that even once-effective boards can fail to evolve as organizational needs change.[7]

That creates an uncomfortable possibility. The institution may have changed. Its governance lens may not have. A board can therefore be experienced, committed, and competent while still interpreting a new reality through an old frame.

Good governance does not require directors to see everything identically. It requires enough shared understanding to distinguish evidence from assumption, strength from strain, possibility from enthusiasm, and uncertainty from ignorance.

> *That is the visibility required before the next move.*

APPLICATION

## What to Protect. What to Examine. What to Test. What to Admit.

Leadership conversations about strategy often begin with problems: what is wrong, what must improve, where are we behind. Necessary questions. Incomplete ones.

Institutions also need to recognize what is working strongly enough that changing it would create unnecessary risk: a source of trust, a distinctive capability, a program, a relationship, or a way of working that produces value precisely because it has not been standardized into mediocrity. The next move

can damage an institution by overlooking strength just as easily as by overlooking weakness.

Other conditions deserve examination: a growing workload, an operating bottleneck, a decision that keeps returning, a widening gap between demand and delivery, a strategic priority that succeeds only because people keep inventing workarounds around it.

And then there are opportunities: an adjacent market, a new partnership, a capacity that could travel, a technology that changes the economics of what was once impossible, an institutional strength the current plan never expected to become strategic.

Before committing, leaders should be able to answer four questions:

| Question | What it asks |
|---|---|
| **What is working?** | What deserves protection because there is credible evidence that it contributes to performance? |
| **What is changing?** | Which conditions could alter the institution’s ability to execute, sustain, or adapt? |
| **What may be possible?** | What opportunity is sufficiently grounded to warrant examination or testing? |
| **What remains uncertain?** | What needs corroboration before confidence becomes commitment? |

Only then comes the question executives often ask first: what should we do?

Linda Argote and Ella Miron-Spektor describe organizational learning as the interaction of experience and context through which knowledge is created.[8] Experience alone is therefore insufficient. So is performance.

An institution has not learned because something went well. It has learned when it understands enough about why it went well to make a wiser next decision.

CONVERSATION

## What Are You About to Build On?

Every consequential move builds on something: a belief about demand, a claim about capacity, a view of the market, a reading of the institution, confidence in leadership, trust in the operating model, an assumption about what people can carry, a story about why the last decision worked.

Some of those beliefs will be well supported. Some will be inherited. Some will have been true once.

That is why the question before the next move cannot simply be: what should we do next? It must also be: what are we about to build on?

Are we building on genuine strength, or an outcome we have not yet understood? On sustainable capacity, or extraordinary effort that has quietly become normal? On real opportunity, or enthusiasm moving faster than evidence? On institutional learning, or a story we have repeated long enough to mistake it for fact?

And there is another question institutions ask too rarely: what is already working that our strategy has failed to notice? The answer may be a program, a market, a team, a relationship, a capability, a form of trust.

The next consequential move does not always begin by fixing something. Sometimes it begins by seeing value that was already there.

Strong institutions protect what deserves to endure. They examine what is changing. They test what might be possible. They name what they do not yet know. Then they judge.

> *The next move should not begin with what leadership wants to do. It should begin with what the institution can now see.*

## EXECUTIVE STRATEGY CONVERSATION

Some institutions are not facing a crisis. They are facing a choice.

Performance is strong in one part of the system and uneven in another. Demand is growing faster than capacity. A board is considering expansion, investment, restructuring, or a new strategic priority. Leadership senses an opportunity but does not yet know whether the institution can carry it.

The data may already exist. The difficulty is understanding how the pieces fit together and what they mean for the next consequential move.

An Executive Strategy Conversation is a confidential working session for boards and executives at that point of choice. The purpose is not to manufacture another recommendation. It is to sharpen the institutional question.

Where a structured view of the institution is needed, LeadAxis™ can support the intelligence beneath that work by bringing leadership perspectives, institutional priorities, performance evidence, changing conditions, and uncertainty into clearer relationship.

LeadAxis does not make the decision. That remains the work of judgement.

***See what matters. Judge what it means. Make the next move count.***

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## NOTES

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*All eight citations were independently verified against primary sources on October 19, 2026. See the project's source-stack document for the full verification record.*