


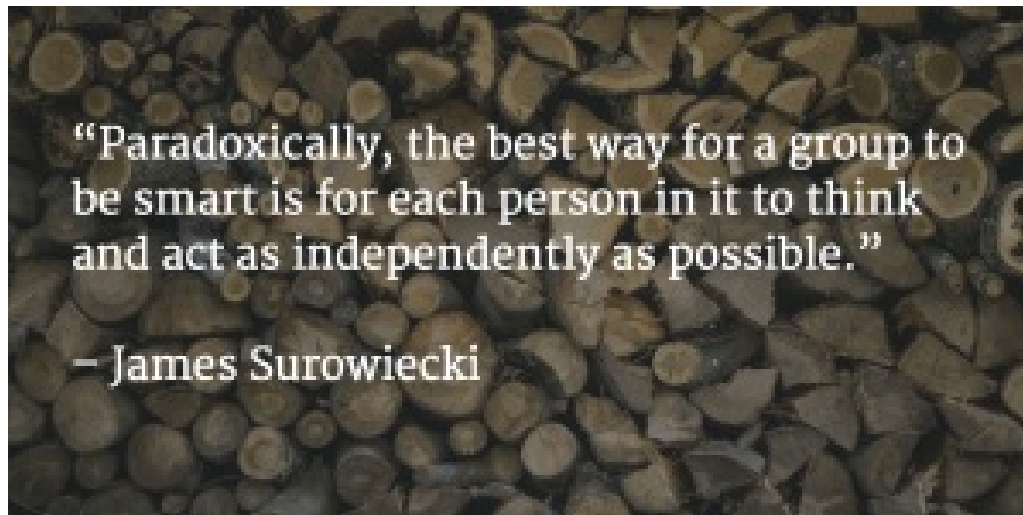
The Wisdom Of Crowds Summary

 fourminutebooks.com/the-wisdom-of-crowds-summary

1-Sentence-Summary: *The Wisdom Of Crowds* researches why groups reach better decisions than individuals, what makes groups smart, where the dangers of group decisions lie, and how each of us can encourage the groups we are part of to work together.

Read in: 4 minutes

Favorite quote from the author:



The Wisdom Of Crowds has been sitting in my library for a long time. I expected something about crowdfunding and the power of the internet, but was surprised.

James Surowiecki managed to explain a really cool idea (which is actually quite old), using plenty of pre-internet examples. He’s a staff writer for The New Yorker, the book was published in 2004.

Here are my lessons:

1. Big crowds make smarter decisions than any individual.
2. Herd behavior weakens the power of crowd decisions.
3. Think more like a pedestrian.

Ready to get smarter? Let’s go!

Lesson 1: Big crowds reach smarter decisions than individuals.

When Francis Galton visited a livestock fair in 1906, he surely wasn’t expecting this. Over 800 contestants entered a contest where they had to guess the weight of an ox.

Being a true scientist, Galton took a close look at the statistical data (hard work by the way, without Excel), and found no one guessed the true weight of the ox (1,198 lbs), correctly.

The closest guess was 1,207 lbs, still 9 pounds off.

However, when he calculated the average weight guess of all participants, he was shocked: 1,197 lbs. **The crowd as a whole was just 1 lb off.**

This phenomenon persists, even though weight guessing contests have gone a bit out of fashion.

A modern example would be [Wikipedia](#). While no single person could have provided all the information for [Mr. Galt's Wikipedia article](#), the combined power of Wikipedia's open contributor model helped create a sound report on the man.

Lesson 2: Herd behavior can weaken the power of crowd decisions.

Sometimes groups reach wrong decisions, despite being big and diverse. One of the reasons can be [herd behavior](#).

Humans are social beings, and thus we naturally **feel safer if we go with the common opinion of the crowd**. It lets us hide inside the crowd and protects us from potentially looking like a fool or even being expelled from the group.

Remember when you told your parents that you “have to stay till 12 am at Jake’s party, because **everyone else gets to stay that late?**”. Yeah, that’s what I’m talking about.

Note: The cool thing about this particular example was that it worked if everyone told this to their parents, none of whom had originally agreed to staying out that late

There are 2 factors that strengthen this natural tendency of ours:

1. Social proof
2. Social rank

Social proof is what most websites nowadays use to [make you buy their stuff](#). It can come in the form of “X number of customers”, “[join 40,000 subscribers](#)”, or [the number of people who backed a Kickstarter project for 3D printed soles](#).

If we know members of a group have used a certain service, or trust a person, **it’s easier for us to trust the same brand or individual**.

However, this goes wrong when we accept social proof and use it as a replacement for doing our own thinking.

In a similar fashion, hierarchy can have a big influence on whether we follow the herd.

This happens all the time in politics, where only a few are allowed to speak, but the entire group has to reach a decision, such as the [German Bundestag](#) or the [US senate](#).

Because the leader is assumed to be an authority, we follow his or her opinion. A worst-case-scenario of herd behavior can be seen in the [mass suicide of Heaven’s Gate](#), a UFO-related sect, where 39 members followed the leader into death to be taken away from earth by [UFOs](#).

Even if we are smarter in groups, we should still always think independently and make up our own mind. Only then will the group reach the best decision.

Lesson 3: You should think more like a pedestrian.

Why do groups work in the first place? Because **they automatically coordinate themselves, as long as everyone's looking out for other people.**

Take walking on the street as an example.

When you walk around, do you bump into other people all the time? Of course not!

You adjust to the group and walk faster or slower, in order to avoid crashing into people, and you also anticipate where others are going, so you can pass them left or right.

Note: Have you ever noticed how hard it is to pass someone once you've made eye contact? Once we consciously note someone coming towards us, it becomes a 1-on-1 exchange, and there's no group to adapt to. That's why you might find yourself going left, right, left, only to end up right in front of the person you just looked at.

The summary made a great analogy for life here: **People who look where others want to go reach their own goals faster.**

So think a bit more like a pedestrian, and everyone will win!

The Wisdom Of Crowds Review

I loved the introductory example, I did not expect this idea to be "so old". Again, the non-internet examples were a lot of fun and made me think about coming up with more modern examples on my own.

This summary is a bit older (as can be seen by the way it's structured on Blinkist), but still a good one.

I'd definitely consider getting the book, I expect it to have lots more examples. Highly recommended read for anyone who's trying to build a company.

What else can you learn from the blinks?

- Why group diversity is important for good decisions
- If bigger really means better
- What can completely ruin the wisdom of crowds
- The structure of the most intelligent groups
- How to keep people in a group for the long run

Who would I recommend The Wisdom Of Crowds summary to?

The 14 year old, who's curious about math and a bit of a hobby scientist, the 32 year old who's in the early stages of his small business with few team members, and anyone who

doesn't really pay attention when walking around on the street.

[Learn more about the author](#)

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