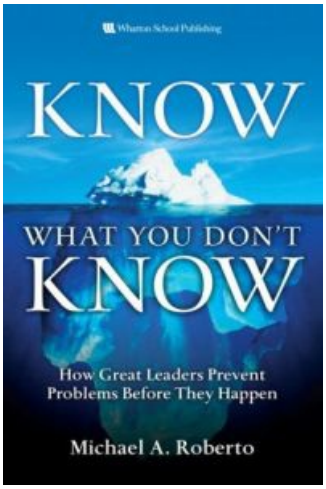

Book Know What You Don't Know

How Great Leaders Prevent Problems Before They Happen

Michael A. Roberto
Wharton School Publishing, 2009
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Recommendation

Sir Winston Churchill, Great Britain's intrepid prime minister during World War II, was an amazingly perceptive leader. He was one of the first to warn of the military threat Germany posed prior to both world wars. How did he know? He routinely sought out rank-and-file members of the British military and low-level English government bureaucrats to find the truth. In the same way, you should dig deeply into your organization for unbiased, accurate information so you can detect problems before they turn into disasters. In his case-filled, albeit pretty much one-note, book, management professor Michael A. Roberto explains why finding problems is harder than solving them. He shows how danger hidden beneath the surface can present the greatest peril to your company. *BooksInShort* recommends Roberto's engaging book to managers at all levels. Spot those icebergs before they sink your business.

Take-Aways

- Identifying a problem can be more important than solving it.
- Minor problems left to fester can quickly turn into major disasters.
- Low tolerance for errors, zealous gatekeepers and complex reporting lines combine to conceal problems. Hone these seven skills to become an expert "problem-finder":
- Get around the gatekeepers to learn what is really going on.
- Observe firsthand how customers interact with your products or services.
- Start looking for patterns and use your intuition.
- Promote better communications so everyone can "connect the dots."
- Learn to tolerate some failure to get to success.
- Listen to uncover issues, and train staff to raise problems sooner.
- "Watch the game film" to study what went wrong and what went right.

Summary

What Don't You Know?

Most executives see themselves as "problem-solvers" when they should really be "problem-finders." Ignorance about the crises you may face could lead to your biggest problems. Undetected, minor issues can turn into major disasters. Identify your concerns early, before they become too big to correct.

"Leaders need to become hunters who venture out in search of the problems that might lead to disaster for their firms."

Some managers sweep small problems out of sight, hoping they will just go away. Many executives worry that revealing a problem will reflect badly on them. Others work for firms that won't tolerate mistakes and that consider any failure a sign of weakness.

Several hospitals in Australia and the U.S. set up "Rapid Response Teams" (RRTs) to jump on small problems before they become big ones. These teams handle seemingly trivial patient problems that could signal incipient heart attacks. When nurses perceive that a patient is manifesting certain warning signs, such as an unusually slow or fast heartbeat, they have the authority to call in onsite RRTs, whose members can determine quickly if a patient is at risk and then take preventive measures. RRTs are "detecting smoke" for doctors who are "fighting fires." Staffers at many companies gloss over problems because:

- Employees fear negative consequences if they bring up mistakes or failures.
- Complex organizational structures make it difficult for information to get to the right people.
- Gatekeepers prevent issues from reaching senior executives.
- Some firms overemphasize analytics and ignore or downplay hunches and intuition.
- Many companies do not educate staffers about how to spot problems.
- Senior executives who fall victim to "the isolation trap" remain unaware of problems until small issues become crises.

"Small problems often precede catastrophes."

Maxine Clark, founder and CEO of Build-a-Bear Workshops, a chain where children create and decorate teddy bears, allows staff to "experiment freely and view every so-called mistake as one step closer to getting things just right." Her employees vie for the "Red Pencil Award," which recognizes employees who use mistakes to make improvements in the business.

"People fear the repercussions of admitting a mistake or pointing out a problem."

Follow these seven steps to become a good problem-finder:

1. "Circumvent the Gatekeepers"

Leaders often rely on filtered information, which can be misleading. Subordinates routinely screen data for their bosses, who depend on their staffers for efficiency. Gatekeepers hold back information that seems nonessential or intelligence that does not conform to the corporate mindset.

"Far too many senior executives of large companies become isolated in the corner office."

Often the filtering is unintentional, since people automatically discount news that contradicts their biases. Other times, employees purposely sift data to support a point of view they want a senior executive to adopt.

To obtain good decision-making information, declare yourself open to hearing all the pertinent data, including that which runs counter to prevailing wisdom. Here are five ways to get the facts:

1. **"Listen with your own ears"** – Speak directly with your core constituents and hold everyone on your team responsible for acting on any issues these customers raise.
2. **"Seek different voices"** – Talk to people from all levels, including your frontline staff and your customers.
3. **"Connect with young people"** – Relate to those inside and outside your company who can keep you up-to-date.
4. **"Go to the periphery"** – Communicate outside your normal routine with your firm's staffers in far-flung locations, employees who work with advanced technology and people involved in start-ups in your industry.
5. **"Talk to the 'nons'"** – Connect on a regular basis with those who are not your customers, workers or suppliers to learn what outsiders perceive about your organization that might give you new awareness.

2. "Become an Ethnographer"

To uncover issues sooner, use ethnography. In the 1920s, anthropologist Margaret Mead popularized the science of directly observing people in their normal environments in her book *Coming of Age in Samoa*. Ethnographic research provides more reliable information than focus-group research because people's actions often belie their words.

"If leaders hope to uncover key problems...before they mushroom into large-scale failures, they must understand why subordinates...filter out bad news."

Kimberly-Clark uses ethnographic methods to learn how to make baby wipes easier for parents to grab when they are struggling with an infant. Procter & Gamble employees visit customers' homes to see how they actually use P&G products. Become an ethnographer by getting out in the field and observing how your customers use your products and how your frontline employees behave. As you watch:

- Put away your preconceived ideas.
- Observe from different vantage points and in varying circumstances.
- Make accurate notes. Take pictures. Record your observations.
- Listen intently and "don't ask leading questions."
- Take particular note of your reactions when challenges to your assumptions come up.
- Keep an open mind about what your observations reveal.

3. “Hunt for Patterns”

People derive meaning from events by comparing the present to the past and looking for patterns. The human mind is wired to search for patterns, and, indeed, your intuitive powers and “pattern-recognition capabilities” sharpen as you go through life. However, to derive an accurate understanding of how patterns can help you assess a situation, you must be aware enough to deduce logical analogies from them. Drawing erroneous conclusions, U.S officials in 1976 linked a swine flu outbreak to the deadly 1918 flu epidemic. Subsequent swine flu vaccinations led to more deaths from adverse reactions than resulted from the flu itself. To hone your inferences, ask yourself these seven questions:

1. What facts do you know to be true?
2. What is still ambiguous?
3. What assumptions – both stated and implied – have you made?
4. What facts are really just your conjectures?
5. What would an impartial bystander say about your assumptions?
6. What would change if your suppositions proved faulty?
7. What testing can you do to determine if your hypotheses are correct?

4. “Connect the Dots”

The September 11, 2001, terrorist attacks succeeded in part due to intelligence failures within the U.S. government. Multiple agencies received disparate information about possible air hijackings in the weeks prior to the attacks, but did not share it. Large bureaucracies are not alone in their inability to connect the dots; members of small work groups also hold data back from their teammates, mainly for reasons of social status. Strategically, try to understand group dynamics. Encourage employees to express their views and contribute their know-how.

> “Most executives do not have a clear set of criteria for differentiating the unacceptable failures from the ones that may be useful learning opportunities.”

Large organizations should encourage robust social networks where workers can readily compare notes. In addition, to help information flow, encourage “job rotation programs, the creation of informal gathering places, off-site retreats and leadership development programs.” Provide opportunities for group collaboration among workers so they can exchange ideas easily.

5. “Encourage Useful Failures”

Before he hit it big with his innovative vacuum cleaners, U.K. inventor James Dyson made “5,127 prototypes.” He explains, “There were 5,126 failures, but I learned from each one.” Alberto Alessi, a product design superstar at his family firm in Italy, works with a top clientele of famous artists and architects. Despite Alessi’s successes, the designer greatly values his big mistakes. “I like fiascoes,” he says, “because they are the only moment when there is a flash of light that can help you see where the border between success and failure is.” Both Dyson and Alessi believe failure leads to success. Company leaders want their employees to take chances and to innovate, but often don’t tolerate the inevitable letdowns and mistakes.

> “Courage is what it takes to stand up and speak; courage is also what it takes to sit down and listen.” (Winston Churchill)

To keep your firm vibrant, encourage risk taking. Alert everyone that your organization will not penalize new approaches. When you learn what doesn’t work, you are closer to discovering what will work. As employees at IDEO, the well-known industrial design firm, put it, “Fail early and often to succeed sooner.” Signal your tolerance for a certain degree of failure. To assess what’s acceptable, examine your staff members’ actions and decisions “before, during and after the failure.” Focus on the lessons learned. The best failures are those that enable workers “to learn quickly and inexpensively.”

6. “Teach How to Talk and Listen”

Promote clearer communications among your subordinates and colleagues. Good communication is always vital, but never more so than when groups hand responsibility to others.

> “In the beginner’s mind there are many possibilities, but in the expert’s there are few.” (Shunryu Suzuki, Japanese Zen priest)

For example, members of changing hospital shifts brief incoming teams on patient care, and airline crews share information at each destination about aircraft, weather patterns and airport conditions. At such moments, critical project data must pass clearly from one group to another. Follow these steps to ensure efficient handoffs:

- Make all communications face-to-face.
- Provide pertinent written information prior to the handoff.
- Ensure that no distractions occur during coordination meetings.
- Require all team members to participate in the briefings.

> “Many firms only conduct postmortems – they study failures, but not successes.”

Effective listening is just as important as clear speaking. Good listening depends on a concentrated engagement with the person who is speaking to you. Turn off your cellphone and don’t let email or other interruptions distract you. Pay close attention, and don’t plan what you will say next while the other person is speaking.

7. “Watch the Game Film”

Football legend Raymond Berry of the Baltimore Colts was one of the greatest receivers who ever played the game. Early in his career, no one thought Berry would

accomplish much because he was thin and slow, and he suffered from a bad back. Yet Berry was an exceptionally hard worker. He spent hours watching films of his opponents, intently studying their moves to find weaknesses to exploit.

> "Problem-finding requires a certain amount of intellectual curiosity."

Today, athletes regularly study videos of themselves and the opposing team. Savvy organizations use "after-action reviews" (AARs) much like game films. Handled correctly, these "lessons-learned" exercises provide useful feedback.

Conduct AARs not just to identify your company's errors, but also to learn from its successes. To gain new perspectives, hold in-depth reviews of your competitors and even companies in other industries.

"The Mindset of a Problem-Finder"

Develop the right point of view to uncover festering problems before they become major catastrophes. Adopt these three attitudes:

1. Bring a healthy curiosity to all your experiences. Welcome the new and different. Question your own attitudes and assumptions.
2. Examine whether routine, minor problems may indicate a deeper, systemic issue.
3. Maintain a constant edge of constructive paranoia. Remain vigilant so that small glitches don't turn into calamitous disasters.

About the Author

Michael A. Roberto is a management professor at Bryant University in Smithfield, Rhode Island. He is an expert on strategic decision making and senior management teams.