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Thread: Status Quo and Escalation of Commitment in a Start-up **Posted Date:** September 21, 2018 7:24 PM
Status: Published

Post: RE: Status Quo and Escalation of Commitment in a Start-up

Author:  John Lyons

Who can forget the dot.com bubble and bust. AOL was flying high when Mark Cuban made his exit and became a \$Billionaire. He is now more famous as the owner of the Dallas Mavericks basketball team. The stock fell substantially after he bailed out along with a lot of other Internet start ups.

Another example was when H. Ross Perot sold his GME class stock to (his Company EDS) GM and became \$ Billionaire. GM went on to bankruptcy and founded another company Perot Systems that was eventually sold to Dell. EDS was later acquired by HP and in 2016 divested or combined with CSC.

The ebbs and flows of companies are hard to predict much less imagine. Not many companies survive as many years as yours.

I believe we are embarking on a journey to learn to be much better decision makers both personally and professionally.

Happy Friday, John

(Post is Unread)

Thread: Status Quo and Escalation of Commitment in a Start-up **Posted Date:** September 20, 2018 7:36 PM
Status: Published

Post: RE: Status Quo and Escalation of Commitment in a Start-up

Author:  Mason Edwards

French Company - Saint-Gobain

(Post is Unread)

Thread: Module 2 **Posted Date:** September 18, 2018 3:00 PM
Post: RE: Module 2 **Status:** Published
Author:  John Lyons

You are absolutely correct Russell. The large complex in San Antonio (more square feet than the Pentagon as it has three floors underground as well as the visible upstairs) is on 300 acres and is TEMPEST certified. Telecommunications Electronics Material Protected from Emanating Spurious Transmissions

They spent \$millions years ago running fiber both vertically and horizontally to all Telecommunications closets and then Cat 5/6 100 megabits to all desktops. The AP wireless connections have been installed in recent years. This location is one of the largest single site call centers in the world with thousands of agents. Backup, recovery and alternative site resources are located at their various sites around the US.

Interestingly, AC power enters the premises underground from two different directions as do all of the service provider's fiber optic circuits. Backup power generators are redundant as well. There has been substantial amounts of disaster recovery planning and expenditures for same.

Thanks for your comments.

(Post is Unread)

Thread: Escalation of commitment and defense acquisition **Posted Date:** September 18, 2018 11:38 AM
Post: RE: Escalation of commitment and defense acquisition **Status:** Published
Author:  Russell Richardson

Nathan,

As one of those defense contractors of whom you speak, I have many things that I could say (most of which would agree with your perspective), but I am really working hard to get over my biases. You are right on the money about not being viewed as a "team player" if you recommend a better solution.

(Post is Unread)

Thread: Module 2
Post: RE: Module 2
Author:  Russell Richardson

Posted Date: September 18, 2018 11:24 AM
Status: Published

Gray,

Shhhh! As someone that lives in the same community as you do, I am also a bit surprised by the price of houses in the area on Zillow. I agree with you, I don't think it's realistic, but there will always be those people who buy property according to what they see and what they like. As long as it is under their budget, they will often make the deal.

(Post is Unread)

Thread: Module 2
Post: RE: Module 2
Author:  Russell Richardson

Posted Date: September 18, 2018 11:02 AM
Status: Published

Chauma,

I like your strategies regarding tax refund monies and windfalls, my wife and I have done the same thing and it works pretty good.

(Post is Unread)

Thread: Module 2
Post: RE: Module 2
Author:  Russell Richardson

Posted Date: September 18, 2018 10:57 AM
Status: Published

John,

As someone with an IT security background, I cringe every time I see BYOD. I know that USAA has a very robust network infrastructure, and they are probably well equipped to mitigate any potential Denial of Service attack, but the use of personal devices provides so many pathways to other problems.

(Post is Unread)

Thread: Module 2
Post: RE: Module 2
Author:  Russell Richardson

Posted Date: September 18, 2018 10:50 AM
Status: Published

Good point Yzzy! Often times the numbers begin to trend slightly in one direction or another. Making a sound and proactive decision based on a thorough business case is a good way of not "going down with the ship." It is in the best interest of an organization's leadership to look at all of the options available to mitigate receding profits before they become worse.

(Post is Unread)

Thread: Escalation of Commitment And a Non-serviceable Copier
Post: RE: Escalation of Commitment And a Non-serviceable Copier
Author:  James Stietenroth

Posted Date: September 17, 2018 9:58 PM
Status: Published

I honestly don't know their logic behind the decision, if any. I know that the client and the functional safety manager had a good relationship and that this client was one of the first clients he landed. Additionally, the client was very senior and not likely to admit that he was the bottleneck. I think our manager felt inclined to appease him.

(Post is Unread)

Thread: Status Quo and Escalation of Commitment in a Start-up
Post: RE: Status Quo and Escalation of Commitment in a Start-up
Author:  John Lyons

Posted Date: September 17, 2018 8:21 PM
Status: Published

Trying to think what company in the US has a 350 year history? Ha

(Post is Unread)

Thread: Escalation of commitment and defense acquisition **Posted Date:** September 17, 2018 8:19 PM
Status: Published

Post:
RE: Escalation of commitment and defense acquisition

Author:  John Lyons

I know your pain and as a former Government worker, I could tell you myriad stories of decisions that were made which left me without a clue. I am pretty sure in retrospect that it is not just government as when I worked in the Regulated Utility Monopoly (telephones) world (what I termed RUM with no coke) we often experienced wastefulness that boggles the mind. The almost ubiquitous response was, "don't worry, it just gets pushed on the rate paying public". In San Antonio, our Electricity is provided by CPS a wholly city owned utility monopoly. Each month we pay a 12% tax that provides much of the money needed to run the city. The good news is that all of the small towns within San Antonio, Alamo Heights, Shavano Park, Fair Oaks, Windcrest, Live Oak, Converse and not sure how many more all get their electricity from CPS so pay into the city coffers without directly realizing it. None of them wants to be annexed thus face City property taxes but they still have to contribute. Since they often benefit from City services there is some fairness to those of us who are within the city limits.

(Post is Unread)

Thread: First Mover **Posted Date:** September 17, 2018 8:09 PM
Post: RE: First Mover **Status:** Published
Author:  John Lyons

As an IEEE Senior Member I am glad to hear of their standards use. I think you are referring to

www.ieee.org ?

I was fortunate to join as a Student and it has been one of my most rewarding Professional Associations throughout my career.

(Post is Unread)

Thread: Escalation of Commitment And a Non-serviceable Copier **Posted Date:** September 17, 2018 8:04 PM
Status: Published

Post: RE: Escalation of Commitment And a Non-serviceable Copier

Author:  John Lyons

There is another saying similar and that is with no limit on time or money any problem can be solved. Of course that is false but I have experienced instances of same. I worked on a proposal effort for the Department of Treasury that stretched on for 2 and 1/2 years while becoming 18 large binders and over 4000 pages. The costs were staggering at near \$3 million. After many amendments and myriad bid conferences the final outcome was that our proposal was judged to be technically non-compliant with the RFQ.

My management sighed with relief as their internal calculations were that we could not have implemented the proposed systems if awarded the contract. I was younger and perhaps a lot more naive but that experience still stands out as an incredibly wasteful exercise.

(Post is Unread)

Thread: Module 2 **Posted Date:** September 17, 2018 7:55 PM
Post: RE: Module 2 **Status:** Published
Author:  John Lyons

Sounds like a great strategy. Good luck.

(Post is Unread)

Thread: Module 2 **Posted Date:** September 17, 2018 7:54 PM
Post: RE: Module 2 **Status:** Published
Author:  Gray Lankford

I can definitely relate to the endowment effect on real estate. I get the feeling that sites like Zillow contribute to this. I look at my home pricing on Zillow compared to what I purchased it for and cannot imaging actually selling it for that price. My wife disagrees. While I'd love to get that much one day, I don't think it is realistic, especially in a market where new houses are plentiful.

One of my favorite business topics is sunk cost bias. I remember this topic from my undergrad finance class. Even when a project has been managed poorly, if the future value can make the company money, sunk costs should be ignored. Although, this can be hard when the sunk costs begin to be excessive.

(Post is Unread)

Thread: status quo bias **Posted Date:** September 17, 2018 7:53 PM
Post: RE: status quo bias **Status:** Published
Author:  John Lyons

I remember that well. James Canavino was a Senior VP from Armonk, NY and was sent to Everett, WA to discuss a deal with Bill Gates. James shows up in prototypical IBM attire, Blue suit, white shirt, red tie and highly polished wing tips. He walks in and passes Bill Gates who was slouched over in his T-shirt, jeans and sneakers and tells the receptionist that he is here to see Mr. Gates. IBM had an opportunity to buy Microsoft but in their arrogance were to say the least not successful. The meeting went poorly and ended worse. Microsoft within a few years exceeded the value of IBM. The rest is as it is said, "is history".

We were then stuck with DOS and Windows versions of DOS for the next many years before MS operating systems finally modernized to what we know today.

I guess I am a good history book of the IT world. HA

(Post is Unread)

Thread: Module 2 **Posted Date:** September 17, 2018 7:39 PM
Post: RE: Module 2 **Status:** Published
Author:  John Lyons

I had a similar experience working for IBM on the USAA account. We were tasked with developing and deploying what was dubbed the IWS or intelligent work Station (souped up PC). Our pricing was in the range of \$5000 per copy and while a few were actually implemented, a later decision was made to lease Dell workstations (PCs) with a constant turnover of about every 18 months and there was little if any capital expense with the rental being fractionally as expensive as replacing thousands of work stations at \$5000 each.

Now, USAA has implemented WiFi access points throughout and are allowing BYOD (bring your own device).

(Post is Unread)

Thread: Endowment Effect
Post: RE: Endowment Effect
Author:  John Lyons

Posted Date: September 17, 2018 7:29 PM
Status: Published

And through all the cycles both up and down of the real estate markets nationwide somehow memories are very dim. In the late 1980s the crash hit Texas and California resulting in the Savings and Loan Crisis as well as bank failures and the creation of the RTC or Resolution Trust Corporation. Texas contained one half of all the failed real estate inventory in the nation. One of our fellow Aggies and dear friend in Houston was a Federal Reserve employee (Accounting major). She was tasked with closing banks and liquidating their assets as well as bad loan portfolios. One bank a day was being closed on average for several years.

Of course, everyone knows that, "real estate always goes up". Please be very careful buying and know that one of the largest drivers behind valuation besides neighboring houses is the quality of the nearby schools.

Please be cautious in thinking that a home is an investment as it is often not the case if you define an investment as something that increases in value over time, makes money or at least returns money someday down the road.

As a once Certified Financial Planner I used to try and counsel folks on the above. Have a dear friend who owns a home in a Suburb of Austin that has had immense rise in valuations such that it is now "worth" at least 7 times what was its cost a few years back and it is paid off ergo no mortgage. That is great but along with the rise in valuation has come many fold increase in property taxes and while it is a valuable asset, there is no liquidity unless or until it is sold. An Equity line of credit could provide cash but that also comes with a repayment schedule. If it sold then where do you move or downsize and find something less expensive. Some folks bailed out of California at high valuations and moved to Texas or other lower cost parts of the US but that likely only works once.

Best advice, Buyer Beware and try to avoid becoming emotionally attached or Hijacked as we have been learning in our classes.

If I can help, feel free to email me.

Thanks, John

(Post is Unread)

Thread: Endowment Effect
Post: RE: Endowment Effect
Author:  John Lyons

Posted Date: September 17, 2018 7:14 PM
Status: Published

You are absolutely on track as people buy from someone they trust. Much of the marketing strategy from IBM was for large customers, was to place personnel on site to "assist" their "peers". It then became almost automatic for the customer to come to their IBM peers for anything new that might be needed in their enterprise. I experienced this many times in my IT career where solutions were purchased from IBM and often at much higher prices mostly because we were not perceived as vendors so much as peers.

Another powerful and perhaps humorous in retrospect example was at a government agency where I worked before the "Bell" System aka MaBell was broken up into parts (i.e. Divestiture). This particular agency had almost 20,000 Black, rotary dial phones on which they were paying "rent" of \$1.50 per month. Some of the phones were 30 years old no doubt. In the Washington DC area there were many times that number of the same phones which amounted to \$Millions per year in "rent".

They worked and were very durable but had very little functionality compared to what was eventually done to replace all of them.

(Post is Unread)

Thread: Endowment Effect
Post: RE: Endowment Effect
Author:  John Lyons

Posted Date: September 17, 2018 7:03 PM
Status: Published

Every time I have bought or sold a house or any other piece of real estate. Sadly, what is mal-affecting all of us in Texas is the high and escalating (due to price increases) of property taxes.

Every time I think of buying a nicer or perhaps larger home, I look at the property taxes I would then incur and it makes me appreciate my current humble abode.

John

(Post is Unread)

Thread: Module 2
Post: RE: Module 2
Author:  Russell Richardson

Posted Date: September 17, 2018 12:58 PM
Status: Published

Charles,

One thing I learned from my former boss is "Under promise and over deliver." Working as a defense contractor, I have been asked by a customer to give them the world, and it would be nice if you could give them the world by COB today. Certain requests are just not feasible. In business we do ourselves a huge disservice by making promises that we know we most likely can't keep. The time bias is strong in many industries and setting the right parameters early on is critical to a successful customer relationship.

(Post is Unread)

Thread: Fear of Changing the Company Status Quo
Post: RE: Fear of Changing the Company Status Quo
Author:  Ryan Holt

Posted Date: September 17, 2018 12:56 PM
Status: Published

Soon (within a year or two) after I left for my current company, the company (of discussion), was sold. :)

I don't know if he ever bit the bullet or not.

(Post is Unread)

Thread: Follow-up: Avoiding Escalation of Commitment
Post: RE: Follow-up: Avoiding Escalation of Commitment
Author:  Russell Richardson

Posted Date: September 17, 2018 12:47 PM
Status: Published

Mary,

I was thinking the same thing. I enjoy the lectures as well and I also feel like the imagery does a lot to reinforce the message. So often you see too many words or images that have absolutely nothing to do with the topic. Good post.

(Post is Unread)

Thread: Status Quo and Escalation of Commitment in a Start-up **Posted Date:** September 16, 2018 8:37 PM
Status: Published

Post: Status Quo and Escalation of Commitment in a Start-up

Author:  Mason Edwards

I am always intrigued reading stories about start-ups or companies that have made a major change and been successful. Books like "Good to Great". The tech industry offers many examples of companies succeeding despite failing to make profits for years while other companies that once made profits collapse in a only a few years. Oftentimes, there will be stories about how these successful companies stayed the course even during a point where the company was close to failing or on the opposite side they recognized something and pivoted the course of the company. Sometimes a company will even have both where they stayed the course on product development but pivoted out of manufacturing. Many times regardless of the decisions made there are always those who disagree and will present valid evidence supporting there positions. These often seem like examples of where maintaining the status quo or even escalating the commitment could make one company successful but bankrupt another.

I worked for a short time in a start-up facility and witnessed pivoting because the market changed or a customer changed their needs but also failing to change processes despite consistent failure. Why would a company only a year or two old fail to overcome status quo or escalation of commitment bias in some areas but easily pivot in others? How do you know when the tried and true, industry standard versus the new way will yield the best results? When should you keep investing in a losing proposition with the belief that it will succeed in the future?

I now work with a company with a 350 year old history that is trying to pivot manufacturing into Industry 4.0 but at the same time maintain the status quo of business metrics and processes. When could maintaining the status quo be helpful for business unit performance and shareholders but also be harmful to

getting the company to complete the pivot quickly enough to see the long term benefits?

Much of this I think relates to our Financial Decision making class but biases are often very present in those interpreting financial metrics regardless of what the numbers appear to indicate. Oftentimes, this might be where framing is used to support the leaders decisions. I witnessed where a KPI (key performance indicator) from a similar industry was used to justify production decisions even though the KPI of OTIF (On Time in Full) was often damaged by these same decisions.

(Post is Unread)

Thread: status quo bias
Post: RE: status quo bias
Author:  Daniel Carmona

Posted Date: September 16, 2018 3:12 PM
Status: Published

Great post on IBM. Interesting read about IBM's SNA. Here at the Cyclotron Institute the winds of change are slow. The last ARCNET control system module was replaced early this year with an Ethernet one. I had barely learned of the old coaxial LAN technology. Given how widely used Ethernet is today in US markets, I find it interesting hearing of past competitors.

(Post is Unread)

Thread: Escalation of commitment and defense acquisition
Post: RE: Escalation of commitment and defense acquisition
Author:  Matthew Wiszowaty

Posted Date: September 16, 2018 8:23 AM
Status: Published

Nate you know I understand every word you just wrote! I see it as the contractor for the government and it can be frustrating when you see the private world doing the opposite. Thanks for your response.

(Post is Read)

Thread: Module 2
Post: RE: Module 2

Posted Date: September 14, 2018 11:32 AM
Edited Date: September 15, 2018 9:59 PM

Author:



Minh Huynh

Status:

Published

I left out that the program manager did not work for the same company as the project managers. I understand the point regarding the gatekeeper not having a stake in the project, however. We could have used a gatekeeper from HR perhaps.

(Post is Read)

Thread:

THE DOUBLE E's - Escalation of Commitment & The Endowment Effect

Posted Date:

September 15, 2018 9:03 PM

Status:

Published

Post:

THE DOUBLE E's - Escalation of Commitment & The Endowment Effect

Author:



Nedra Newman

Professionally:

As an IT Consultant, I have seen multiple cases of “Escalation of Commitment” while working on project deliverables for clients who have put off making any enterprise wide changes due to their reluctance for change, or the fact that their leadership has been working on an implementation for several years that is directly tied to their performance. Because of this, there is little support in changing directions or implementing an improved solution. In my experience, company culture plays a significant role in how long the escalation of commitment can maintain a foothold in the organization.

I see it apply most with clients comprised of a workforce that has been affiliated with them several years and in some ways have grown complacent with the technologies in place, even if the existing topology is outdated and even costing the company more money to maintain rather than upgrade. I believe that as a leader it is important to apply the tactics described in this module and be mindful to take a step back and think strategically, as this could save your company time and money and you won’t compromise your ability to be effective by attempting to remain consistent.

Personally:

Two key concepts resonated with me personally from Module 2, the Endowment Effect and the judgmental bias—Escalation of Commitment. The first thing that came across my mind is the personal example of my first car—my '93 Chevy Camaro. I cannot begin to describe how much money has been poured into this restoration project since 2008, and it is purely based on the fact that I own it, the car's emotional value far surpasses its blue book value, and I have come so far into this project that I could not possibly turn back!

The process has been halted due to finances, poor mechanics, and simple life priorities that took precedence over the completion of the restoration, but at no point did I ever elect to simply sell the car or walk away. To be quite honest, when I did receive offers to sell or part the car out I became immediately offended (emotionally hijacked) .

I am happy to report that the status of the restoration is extremely positive at this point, and I have seen the most progress on my car than I've seen in years. My need to see this through and "stay committed" to the project I started prohibited me from making tough judgement calls. I agree with the lecture that hindsight is 20-20 when escalation of commitment plays a factor, as this is not something I would recommend to any other gear head, and I myself would probably not execute the same way again. (Full analog to digital conversion, Engine and Transmission swap V6 to V8, new paint, custom seats)

~Nedra Newman

Attachment:  RESTORATION PIC 3.jpg (930.73 KB)

(Post is Read)

Thread: Escalation of commitment and defense acquisition **Posted Date:** September 15, 2018 6:09 PM
Status: Published

Post: Escalation of commitment and defense acquisition

Author:  Nathan Smith

One of the challenges for me in this program is the fact that I work for an organization that isn't profit driven, the federal govt. That being said, in defense acquisition, we are still obligated to get good stewards of the tax payers money.

As most have seen in the news or read in the paper, the DOD is filled with high profile examples of escalation of commitment. Many projects have been going on for so long that senior govt personnel don't want to lose their "investment" or have nothing to show for the money spent. The solution is usually to throw more money or people at the project. It's also in the contractors best interest to convince the govt to escalate commitment. The longer the development runs, the more they make. Many times, if you are the one that recommends that cutting losses and finding a better solution to the requirements, you are viewed as not being a team player....

(Post is Read)

Thread:
Follow-up: Avoiding Escalation of Commitment

Posted Date: September 15, 2018 2:56 PM
Status: Published

Post:
RE: Follow-up: Avoiding Escalation of Commitment

Author:  Sharissa Johns

The A3 technique is really helpful, and easy for everyone to use. We use it as a part of our Performance Management Teams. If a team sees that a metric is falling below their set goal, they use an A3 to implement actions to try and right the ship. We can put these directly on the shop floor and everyone can see them daily. We also emphasize that the A3 is not set in stone - if things aren't improving - the team is encouraged to speak up and we will change the A3 and monitor if the new course is working. Our PMTs meet weekly, so it is easy to adjust without too much impact or time lapsing.

(Post is Read)

Thread: First Mover

Posted Date: September 15, 2018 2:50 PM

Post: RE: First Mover

Status: Published

Author:  Sharissa Johns

We do the same at my company - we sit in on industry standard development committees and the one I sit on in particular allows one vote per site when making changes to the requirements. So we are sure to bring one person from each site the requirements could impact. It really bothers other, smaller companies that we do that, because we out number their votes and sway the outcome to our advantage. They typically don't appreciate it when we vote to tighten requirements that are costly to meet, but given the type of hardware we build and the environments it has to survive, we need the tighter requirements.

We also sponsor a consortia, in partnership with other large OEMs, so that we can influence what R&D the consortia does each year and so we can have full access to the data from their R&D projects. This gives us an advantage when implementing new technologies into our hardware - we get the benefit of R&D already completed by the consortia.

(Post is Read)

Thread:	First Mover	Posted Date:	September 15, 2018 1:56 PM
Post:	RE: First Mover	Status:	Published
Author:	 Xiaomin Yang		

James, thanks for sharing IEET and lawn mower examples. Yes setting industry standards provide tremendous first mover advantage.

(Post is Read)

Thread:	First Mover	Posted Date:	September 15, 2018 10:45 AM
Post:	First Mover	Status:	Published
Author:	 James Yelvington		

Dr. Yang you example of oil and gas and standards work hit it right on the head.

In my industry we try to maintain the engineers as the head of IEEE standards committees where the standards directly affect the design of our products. When we developed cost effective Arc Resistant switchgear our goal was to have the standards move in such a direction that they caused other manufacturers to catch up with testing to prove their equipment met the standards. Test that we had already performed and documented.

The other influence we try exert is with insurance companies. If we can prove that our equipment provides a major safety advantage without incurring an unreasonable cost they will start to require those features before a manufacturer can get liability insurance.

This application on even a more basic level if you mow your own yard. You can no longer buy a lawn mower without a blade brake bar. It got to the point that feature provided a significant safety improvement without a major cost change. It got to the point where lawn mower manufacturers could not get liability insurance unless they included the feature.

At about the same time the consumer product safety commission made it a requirement. Those that already had a product had the advantage.

(Post is Read)

Thread:	Fear of Changing the Company Status Quo	Posted Date:	September 15, 2018 10:21 AM
Post:	RE: Fear of Changing the Company Status Quo	Status:	Published

Author:



James Yelvington

It is hard in a small company like that. I know in our company we had engineers that were resistant but because the company drug them along. Eventually it got to a point where we had all the 2D drawings converted so they did not have a choice.

Do you know if he has still not made the change. I know for us it is pretty much a requirement of both our customers and vendors that we supply 3D solid models. I would imagine that either he is loosing business or his cost is going up. If you having parts CNC machined it more cost effective to do the programing with a 3D model

(Post is Read)

Thread:

Endowment Effect

Posted Date:

September 14, 2018 11:00 PM

Post:

RE: Endowment Effect

Status:

Published

Author:



Xiaomin Yang

Your company's pricing approach sounds interesting. Government contract is new to me, I would like to hear more about this topic when we have a chance to chat in the future. Thanks. XY

(Post is Read)

Thread:

Module 2

Posted Date:

September 14, 2018 10:53 PM

Post:

RE: Module 2

Status:

Published

Author:



Xiaomin Yang

Charles, I suggest you think about the disarm anchor video. There are several things you can do to deanchor it in a constructive manner. Just remember, upper management is the essential skill of a leader. For example, instead of saying it's difficult, just say it will take four weeks because of the scope, quality requirements, and resource limitation. Then you explain the details. At the end you can ask for more resources if the company really needs to have the job completed in two weeks. This way, you might get more people reporting to you and make your boss happy.

(Post is Read)

Thread: Module 2
Post: RE: Module 2
Author:  Xiaomin Yang

Posted Date: September 14, 2018 10:46 PM
Status: Published

Very good point, Charles, a Gate Keep must be qualified to do the job. Ideally, an experienced senior manager.

(Post is Read)

Thread: Follow-up: Avoiding Escalation of Commitment
Post:

RE: Follow-up: Avoiding Escalation of Commitment
Author:  Xiaomin Yang

Posted Date: September 14, 2018 10:45 PM
Status: Published

Mary, Thank you. I also enjoy working with all of you on this topic. You all help me see different aspects of the world. Learn a lot from you everytime I read the discussions.

(Post is Read)

Thread: Follow-up: Avoiding Escalation of Commitment
Post: RE: Follow-up: Avoiding Escalation of Commitment
Author: 

Posted Date: September 14, 2018 10:42 PM
Status: Published

Mary, Thanks for sharing the A3 process. I definitely learned something form the class today. You made my day. Thanks.

(Post is Read)

Thread: Endowment Effect
Post: RE: Endowment Effect
Author:  Sharissa Johns

Posted Date: September 14, 2018 9:47 PM
Status: Published

We work closely with our customers on requirements from day one, and they still want the product for less than what it is worth - and we are always challenged to reduce our costs to somehow make it happen. But in addition to the endowment effect, we also have the political landscape at play since we are a DOD contractor, which puts even more constraints on us.

It has been interesting the last few years trying to drive costs down while adding capability for the customer. We have an entire team that focuses on affordability now, and we have started framing the conversations around cost in regards to value. We don't price out the lowest cost technical solution - we price out the best value - that gives them what they are asking for and then some plus ups that are easy to add on but don't raise the price significantly.

(Post is Read)

Thread: Fear of Changing the Company Status Quo
Post: Fear of Changing the Company Status Quo
Author:  Ryan Holt

Posted Date: September 14, 2018 8:35 PM
Status: Published

At my previous company (a small company of about 55 employees), my manager, who was also the president and the chief engineer of the company, would not break down and purchase any 3D modeling software licenses; he was absolutely stuck on 2D AutoCAD and on a prehistoric version of it, at that. Moreover, the company manufactured and repaired bearings and seals for refinery based turbines and compressors, so 3D modeling was more than a suitable application for providing digitized technical information and manufacturing drawings.

Even after the case was made that 3D modeling was much more efficient and applicable to the company product than 2D drafting, he hesitated to change the company status quo, and hop on board with the status quo of that of the industry. I don't know if the driving force behind his reluctance to change was the emotion associated with the mental strain over the change of the company SOP that would have to occur, the costs associated with the change, indecisiveness, or a combination of it all, but change he did not.

(Post is Read)

Thread: Module 2
Post: RE: Module 2
Author:

Posted Date: September 14, 2018 7:59 PM
Status: Published



Charles Lang

One of the problems I have to deal with quite a bit is time bias. A project manager will come to me with a project and tell me he will need it completed in two weeks. Even if I worked 24 hours a day, the project can't be done in two weeks. I once would argue with them and state it would be very difficult to complete in the time frame they suggested. They almost always say "well I could do it in two weeks" I even once broke the projected down minute by minute and they still disagreed. However, I learned that you have to agree to their timetable and make up some excuse as to why it wasn't done on time and they always extend the deadline sometime by 3-6 weeks. They almost never agree to a reasonable timetable, but will always extend the deadline. After years of talking to other people in the field, they just say that is the way it is done. It falls under Status Quo bias, but I refer to it as "Time Bias".

(Post is Read)

Thread:	Module 2	Posted Date:	September 14, 2018 7:44 PM
Post:	RE: Module 2	Status:	Published
Author:	Charles Lang		

Couldn't there be some circumstances where the gate keep could damage a project because of some bias and a lack of understanding of the project and actually cause more harm than good?

(Post is Read)

Thread:	status quo bias	Posted Date:	September 14, 2018 7:41 PM
Post:	RE: status quo bias	Status:	Published
Author:	Charles Lang		

That is interesting. I always wondered why companies will hire outside managers instead of hiring from within the company.

(Post is Read)

Thread:	Posted Date:	September 14, 2018 3:39 PM
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Follow-up: Avoiding Escalation of Commitment

Status:

Published

Post:

RE: Follow-up: Avoiding Escalation of Commitment

Author:



Mary Montgomery

Dr. Yang,

I really enjoy your lectures they are put together well and the imagery reinforces what you are talking about. It is such a pleaser, and rare event, to view such a quality presentation. Having a background in technical document and presentations it is a pet peeve of mine.

Also I do think the A3 training could be beneficial for our program.

(Post is Read)

Thread:

Follow-up: Avoiding Escalation of Commitment

Posted Date:

September 14, 2018 3:34 PM

Post:

RE: Follow-up: Avoiding Escalation of Commitment

Status:

Published

Author:



Mary Montgomery

Missy,

I think a way to deal with this situation might be the training class I attended at work this week. It taught us a new tool to use to solve problems and gain agreement. The tool is "A3" management process. It is also the international size of a sheet of paper, 11x17, that the process fix on. Which makes it portable, enables everyone touching the issue to see through the same lens.

The A3 is a visual manifestation of a problem-solving thought process and contains these items:

1. What is the problem or issue?
2. Who owns the problem?
3. What are the root causes of the problem?
4. What are some possible countermeasures?
5. How will you decide which countermeasures to propose?
6. How will you get agreement from everyone concerned?
7. What is your implementation plan - who, what, when, where, how?

8. How will you know if your countermeasures will work?

9. What followup issues can you anticipate? What problems may occur during implementation?

10. How will you capture and share the learning?

So to answer these questions it requires going out to the GEMBA to collect the data need to answer the questions because you can't just make assumptions. Also it can't just read like a book and needs to tell a story. So graphs and picture of data are good. You know the saying a picture is worth a 1000 words.

I hope this helps it would be a good tool to work the issue you have because it could then be used to show the upper level manager how he is hanging on to a lost cause because it would be back up with data and layed out in front of him in one simple document, 11x17 piece of paper, and flow easily like a story. It's hard to dispute facts when they are spelled out right in front of you.

(Post is Read)

Thread: Module 2
Post: RE: Module 2
Author:  Brandon Manley

Posted Date: September 14, 2018 12:20 PM
Status: Published

James,

Oh yeah, right out of the gate we got the strengths finder. I have been using them for years, and work with my department on them constantly. When I finally became self aware and recognized my tendencies, I noticed them everywhere (work and life). It's been fun to go through and use them, and even more fun to help people come to terms with who they are as people.

They've changed a bit over the last few years, but still a good foundation for starting to learn about one's styles and actions.

(Post is Read)

Thread: Follow-up: Avoiding Escalation of Commitment
Post: RE: Follow-up: Avoiding Escalation of Commitment
Author:  Xiaomin Yang

Posted Date: September 13, 2018 11:00 PM
Status: Published

Missy, thanks for sharing. Frankly speaking, it will be really hard to avoid escalation of commitment if someone closely ties the success of a project to his/her career progress. Younger leaders must keep this in mind because such a mindset is counter productive. My suggestion to all of you is to have a peaceful mind: be passionate about your projects but also be realistic. Just accept the odd that some of your brilliant ideas are flawed, just like many of failed projects that great leaders have tried. Learn something from a failing project, minimize the loss and move on to next great ideas.

(Post is Read)

Thread: Endowment Effect
Post: RE: Endowment Effect
Author:  Xiaomin Yang

Posted Date: September 13, 2018 10:43 PM
Status: Published

Andrew, thank you very much for sharing your pricing practice, very insightful. XY

(Post is Read)

Thread: Module 2
Post: RE: Module 2
Author:  Xiaomin Yang

Posted Date: September 13, 2018 10:41 PM
Status: Published

Excellent suggestion. The gate keeper shouldn't have a stake in the project because otherwise it will be hard for the gate keeper to be objective. XY

(Post is Read)

Thread: Endowment Effect
Post: RE: Endowment Effect
Author:  Xiaomin Yang

Posted Date: September 13, 2018 10:39 PM
Status: Published

Excellent point. Thanks for sharing your story.

(Post is Read)

Thread: Escalation of Commitment And a Non-serviceable Copier	Posted Date: September 13, 2018 9:59 PM
Post: RE: Escalation of Commitment And a Non-serviceable Copier	Status: Published
Author:	 Minh Huynh

I like your final analogy. Your example of commitment to escalation sounds like the ours where people will not see the data that is in plain sight. I find that it's astounding that they would send more resources even after the bottleneck was identified. Why do you think they did so?

(Post is Read)

Thread: Escalation of Commitment And a Non-serviceable Copier	Posted Date: September 13, 2018 9:53 PM
Post: RE: Escalation of Commitment And a Non-serviceable Copier	Status: Published
Author:	 James Stietenroth

I've seen escalation of commitment regarding project work. We have a client that we had an ongoing project to document their functional safety program to keep them in compliance. After several months with little productivity, the client demanded an explanation as to why things weren't getting completed faster. A short investigation determined that the client was in fact the bottleneck. There was only one person on the client side that was providing the data to create the reports and that same person was responsible for reviewing the completed reports. Our engineers suggested destaffing and limiting the number of people who could charge to the project. The functional safety manager made a trip to the client's site to deveop a plan of attack. The new plan was to increase the size of the project team and to send two engineers to the site so that the client can directly oversee their work. However, there was still only one person on the client side that could provide the data and review the packages. I guess they hadn't heard the saying that nine pregnant women can't make a baby in a month.

(Post is Read)

Thread: Endowment Effect	Posted Date: September 13, 2018 9:31 PM
Post: RE: Endowment Effect	Status: Published
Author:	 James Stietenroth

My wife is a real estate agent in Houston, so I hear all about the endowment effect regarding buyers and sellers on either side of a contract. There have been several times where a seller wouldn't budge on price or repairs to their own house and then complain that the sellers of the house they are buying aren't being reasonable. I've always reminded my wife that buying a house is usually the largest financial decision most people make in their lives so it is understandable that they are stressed and being a bit irrational. It is interesting to see that the endowment effect is present when there is no additional stress due to financial decisions.

(Post is Read)

Thread: Module 2
Post: RE: Module 2
Author:  Mason Edwards

Posted Date: September 13, 2018 9:09 PM
Status: Published

I sometimes chase an idea which can be a terrible waste of my time resource. I have a white board in my office where I separated projects into different categories Active, Support (role in someone else's project,) Inactive, and Ideas. I try to look at the board to determine if I am investing my time into the right efforts. Is it for a real project or is the idea even worth putting on the board.

My mentor one day asked why I had moved one of the active projects (that he had started and given to me) to inactive. I had to explain that while I liked the concept I believed even if I invested weeks of my time it was missing a critical component. This component would be a large project in itself and I had 6 or so higher priority projects at the time. He reluctantly agreed with my assessment but I would occasionally see him working on it because escalation of commitment he wasn't ready to give it up.

(Post is Read)

Thread: Follow-up: Avoiding Escalation of Commitment
Post: Follow-up: Avoiding Escalation of Commitment
Author:  Melissa Boysen

Posted Date: September 13, 2018 8:05 PM
Status: Published

Howdy !!

I'm writing as a follow-up to the question I posed last week...looking for help

dealing with the outcome of senior leadership decisions related to the roll-out of a project against our recommendations. Having posed that question before we were exposed to the concept of Escalation of Commitment, I now realize that the leader mentioned actually demonstrated ALL of the traits we use to identify with over-commitment.

Having now learned about the different tactics to avoid escalation of commitment, I can confidently report that he would have answered YES to ALL of the questions we should ask periodically to check for over-commitment.

1) Trouble hearing others concerns: Check! We brought our concerns with the aggressive roll-out to his attention, shared data supporting our recommendation, and he still moved forward.

2) Evaluate others skills based on support for the project: Check! Those of us who recommended against moving forward were not viewed as favorable by this leader as those "yes men" (as I call them) who supported his decision to continue on despite our data.

3) Evaluate events and actions affecting project before consider the organization: Check! As I mentioned last week, the decision to move forward with the roll-out was negatively impacting other areas of the company.

4) Link career to project outcome: Check! Many times this leader would say "if we do not launch we won't have jobs".

So yes, this leader was/is clearly over-committed to moving this project forward, regardless of outcome. It is clear that his "it will work out, we just need to stay the course" is more about his self-justification as a result of his over optimistic view. He views a "pause to regroup" as personal failure and as a result has pulled more resources and dedicated them to making the project work.

As it is clear this leader is reacting emotionally and intends to stay the course and continue to put good money, time, and effort against the project rollout, the team can only hope to demonstrate that we tried to direct the ship in a different direction, and continue to voice our concerns backed with data.

My thanks to those who offered support and advice. I plan to add bias understanding and mitigation to my next data session and recommendations.

Missy

(Post is Read)

Post: RE: Endowment Effect
Author:  Andrew Burgess

Status: Published

Appreciate the input Jay,

Yes, these external factors are something I hadn't considered in all honesty and should take into account as my search gathers momentum.

I suppose there is no way around the zip code lottery of school districts and again is something to factor into my decision making process (as well as family planning!).

BR,

Andrew

(Post is Read)

Thread: Endowment Effect
Post: RE: Endowment Effect
Author:  Andrew Burgess

Posted Date: September 13, 2018 4:48 PM
Status: Published

Cheers for the message Matthew,

I see a lot of symbiotic qualities to our professions and the conflicting mindset that comes with having to bring out the qualities and value added features of our products as opposed to the refusal to accept these aspects in our personal lives!

To ease the burden, I find it easier to manage this conflict of interest (for want of a better phrase) by truly believing and being passionate in the product/service I'm selling as this enthusiasm is definitely communicated (both verbally and non verbally) to the customer. (as in, if you're not excited about it, then why should I be?).

Building trust between a seller and buyer I also find to be of primary importance (whichever side of the equation I am on) as this is a cornerstone to any relationship I aim to cultivate.

Appreciate the feedback!

BR,

Andrew

(Post is Read)

Thread: Module 2 **Posted Date:** September 13, 2018 10:33 AM
Post: RE: Module 2 **Status:** Published
Author:  Chauma Smith Guss

Regarding tax refund monies and other windfalls, we opened a separate bank account for those things. We listed the things it could be used for (vehicle maintenance/repair, vacation, christmas, wardrobe, for example), and put both the checking card and check book for that account away in a drawer in our home office. I keep a checklist with dollar amounts to budget those things separate from our monthly budget.

Regarding project failure, I think there might be a problem with process or project management in play. Breaking the pieces down into smaller tasks and moving components to different team members might re-energize the team. For example, my team is writing an executive summary for the service we provide. The team is composed of 2 team members, myself as lead and my manager. For the first part, I asked one team member to document existing hardware, the other to document software, and I documented the use cases. For phase 2, we swapped hardware with software and added information about support contracts, licensing, and usage, and I took our use cases to our project management team and am turning them into TAC-216 business use cases. Phase 3 will be compiling all of these things, getting pricing and vendor information from our manager, and phrasing our request for expansion funds for the service we have now to support our department vision statement. If any one person had to do one or more of the three legs, it could easily drag on through Christmas. By rotating it, we capitalize on consistency of verbiage and spreadsheet formatting style, and everyone learns more about the service than they did previously.

(Post is Read)

Thread: Endowment Effect **Posted Date:** September 13, 2018 10:17 AM
Post: RE: Endowment Effect **Status:** Published
Author:  Chauma Smith Guss

In Mitigating the Endowment Effect, the strategy is described as jointly developing the new product by involving the buyers and the developers. So to implement this in a new generation of a product that you want current customers to adopt and new customers to purchase for the first time, the first step will be to talk to customer reps, not just the buyers, but also the end-users if possible. Find out what they like about the product in question, and get feedback on what they wish they had and what is important to their industry or company.

For software, like a VDI platform, the generation break between new revision vs

new generation, might be the adoption of an entirely new service monitoring system plus a new application streaming product bundled with additional security features.

Existing customers may need better insight into how well the product is performing, and may welcome a new way to deliver some standalone applications. Information security from an IT perspective will make the company's data (and their customers' data) more secure, which is a tremendous benefit in an age when every day you can find new stories in the news and on the web about network breaches and stolen information. Offer the existing customers what they are asking for, or if you offer customization get things as close as you can get. This leaves you open to streamline the service to them more specifically afterwards as a contract component. Afterwards, ask them to participate in a marketing article or white-paper to publish, increasing the visibility of both software developer and the customer. This visibility can be used as leverage in marketing to new customers along with the new components.

By developing a reputation for listening to and working with customers, it increases the value of what you have to offer, as well as opening the door to additional services that can be offered in addition to the baseline package. This can justify higher prices with better value and historical customer satisfaction based on relationship dynamics.

(Post is Read)

Thread:	Endowment Effect	Posted Date:	September 13, 2018 9:37 AM
Post:	RE: Endowment Effect	Status:	Published
Author:	 Andrew Burgess		

Appreciate the feedback Dr. Yang,

If I was product manager, the first thing I would do would be to put together a technical specification checklist of requirements for the new product to review against the current needs of our existing customers (by listening / asking them for feedback about ways to improve our existing products) and also do some research about what is currently competing with that product in the market place. I would want to keep any core features of our existing product (e.g. O/S) to maintain continuity with our existing customers and keep our brand recognition.

If most of our sales of the existing product were to a single customer, we could propose a joint development so that the technology buyers also develop a similar level of emotional attachment to the product as we, the technology providers do.

Once the specification is agreed on, I would then looking at allocating resources and come up with a timeline for completion of a prototype which we would ask our most loyal customers to trial (under

an NDA if they were not part of a JD). This collaboration would hopefully negate some of the endowment effect as both us (the manufacturer) and the customer would have a say about what they like / don't like about the prototype allowing us to refine the specification in accordance with what the market desires.

Once this beta version has passed which ever goals we have set, we would then look to set a price for market and roll out the new product. A couple of ways to do this would be as follows:

- Market penetration – charging lower 'introductory' prices for new products to help them enter the market and gain market share quickly. We could call this the early adopters price and market aggressively to our existing customer base. Once this strategy is successful, we could then raise the price accordingly to any new customers who wish to buy through the fear of missing out.
- Competitive pricing – pricing at slightly lower prices than competitors (whilst emphasising that the quality supersedes that of our competitors).

To obtain a non - partisan view, I would want to periodically discuss the project with an assigned gatekeeper who could provide a go / no-go response at any time in the project based on his/her non-bias judgment of the situation as he/she sees fit.

BR,

Andrew

(Post is Read)

Thread:	status quo bias	Posted Date:	September 12, 2018 11:45 PM
Post:	RE: status quo bias	Edited Date:	September 13, 2018 7:45 AM
Author:	 Minh Huynh	Status:	Published

In an interesting twist of fate, IBM approached Microsoft for an operating system for its new personal computer. Microsoft referred IBM to Digital Research owned by Gary Kildall. Kildall and his wife did not want to sign the NDA with IBM, and did not move forward with the deal. Microsoft bought QDOS and licensed it to IBM. Thus, Microsoft entered the operating system business. Digital Research had the first mover advantage, but in a fast growing industry competitors are likely to overcome the advantage.

<https://forwardthinking.pcmag.com/software/286148-the-rise-of-dos-how-microsoft-got-the-ibm-pc-os-contract>

(Post is Read)

Thread: Module 2
Post: RE: Module 2
Author:  Xiaomin Yang

Posted Date: September 13, 2018 12:10 AM
Status: Published

Ysabel, you make a very good point. Stage-Gate is one of the pprocesses that we can implement to mitigate the escalation of commitment bias.

(Post is Read)

Thread: Escalation of Commitment And a Non-serviceable Copier
Post:

Posted Date: September 13, 2018 12:05 AM
Status: Published

Escalation of Commitment And a Non-serviceable Copier
Author:  Minh Huynh

We have a Sharp copier on our research ship. In 2016 the unit was 8 years old and began to exhibit mechanical and compatibility problems. The Sharp service model is to send a technician from an authorized dealer to repair and maintain Sharp copiers on site. With the ship being thousands of miles from shore and 8000 miles from the United States, the cost of sending a technician is prohibitive. When I suggested that we cut our losses and buy an HP unit that can be serviced by HP technicians local to the port of call, I was met with escalation of commitment. I was told that the dealer lied to the company about their ability to support the unit. I was told that the unit worked better than the previous unit. My supervisor said that the unit wasn't mission critical and that we will not replace it. In late 2017 and early 2018, the unit encountered fatal errors that needed parts unavailable for purchase. No dealers in the foreign ports that we visited would agree to repair the unit. We went two expeditions where the copier failed mid-expedition and the users complained about impact to their operations due to not having the copying and scanning functions. We had to quickly buy new HP units to replace the copier. To further demonstrate escalation of commitment, when it came time to replace the copiers in the shore office, we once again bought Sharp copiers from the same dealer.

(Post is Read)

Thread: Module 2

Posted Date: September 12, 2018 11:32 PM

Post: RE: Module 2
Author:  **Minh Huynh**

Edited Date: September 12, 2018 11:33 PM
Status: Published

I worked as a project manager on workstation deployment project at Baylor Scott and White. There were three project teams with each responsible for a line of business. The Main Hospital and the Regional Hospitals team ran into problems from the start. The automation tools did not work properly. The processes were cumbersome and time consuming. Technicians were poorly paid and received minimal training. We were losing many good techs as we were hiring. It took the program manager to recommend a change in staffing vendor for us to set the project back on track. The program manager acted as the gatekeeper as described in tactic number 2 of the Avoiding Escalation of Commitment slides. In your case you may have to find a gatekeeper who will break away from the current business process.

(Post is Read)

Thread: Module 2
Post: RE: Module 2
Author:  **Ysabel Ledezma**

Posted Date: September 12, 2018 10:25 PM
Status: Published

The time to walk away from a project is when the numbers tell you it is time to try another path. I have always found that the best way change the business' mind on a project is to build a business case. You may find that things are not as bleak as your gut is telling you or you may find that things are actually worse. I do not know your business structure or business type but you will need to find metrics that are being used to measure your project. The projects in my work are usually made with "gates" or milestones where measurements/decisions are made concerning the future of project. On one of my projects I wanted to change out 6 generators proactively. The person holding the money for this decision did not want take this course of action. I had my site manager build a case where we costed the jobs out individually as the equipment failed versus doing them all at once. Our research showed that we could save the company 250K doing them proactively. Once our Warranty Manager saw this, he gave us the green light to move forward with replacing the generators proactively.

(Post is Read)

Thread: Endowment Effect
Post: RE: Endowment Effect
Author:  **Xiaomin Yang**

Posted Date: September 12, 2018 8:23 PM
Status: Published

Andrew, Good point. I also suggest you, and others in class, think one step deeper about the endowment effect. If you are a product manager and want to resign a new generation of your product. How do you apply endowment effect to help you make decisions about the design customization? What can you do to make a new product that customers want to pay a premium for?

XY

(Post is Read)

Thread: status quo bias **Posted Date:** September 12, 2018 8:13 PM
Post: RE: status quo bias **Status:** Published
Author:  Xiaomin Yang

John, Thanks for sharing the Forbes' article. XY

(Post is Read)

Thread: Endowment Effect **Posted Date:** September 12, 2018 2:54 PM
Post: RE: Endowment Effect **Status:** Published
Author:  Matthew Wiszowaty

Andrew agreed on many levels of your post. I too cannot believe home prices in my area and think they are far too high but I like what it has done to my house. Funny we speak of this 10 years to the date of the crash. I do look at other houses and go that house is that much!!!! Mine is much better, but that is because I like the features.... Go figure.

As for work, I totally sell the features as well. To me, this is what puts us ahead of the competition. Or does it? the endowment effect makes me think now... In my mind its been cost savings, longer intervals, smaller footprint, blah blah blah to some customers. To my company, these are all advantages to us but in the end is the shipowner happy he saved maybe 1 buck a day because of the savings in our equipment? I am not sure but I am sure we feel more towards this dollar he saves because it's our equipment than he cares about the ship he owns.

Not really an answer to your post but you aren't alone and it's interesting to think about.

BR Matthew Wiszowaty

(Post is Read)

Thread:	Endowment Effect	Posted Date:	September 12, 2018 2:51 PM
Post:	RE: Endowment Effect	Status:	Published
Author:	 James Yelvington		

In Houston, especially in nicer neighborhoods, your price is driven by things external to the structure like location, school district etc.

In the community I live in there are two school districts. Both are good but one is better known for quality. The developer built out the side of the community in the "better" School district first. The endowment effect moves to cover the schools.

Knowing roughly where he lives I bet Dr. Yang can attest to this effect on house pricing as well.

(Post is Read)

Thread:	Endowment Effect	Posted Date:	September 12, 2018 2:33 PM
Post:	Endowment Effect	Status:	Published
Author:	 Andrew Burgess		

Hi All,

Just wanted to acknowledge that after going through the course material, I am highly prone to engaging in the endowment effect

No more so than in my recent effort to look into purchasing a house (in Houston where the market surprise surprise in my opinion is ludicrously overpriced).

As Dr. Yang states, the Realtor described in great details the house's unique design and quality, which add a significant value to the property.

But when I'm listening to the Realtor describe these 'custom-designed features' all I am thinking (in a state of shock) is how much?!! for what is essentially a bit of timber frame and some dry wall! I.e. essentially stripping back what the Realtor has told me to the bare commodities.

I suppose the answer to my problems is to find some sort of compromise and recognise that the house prices are relative to the supply and demand for that area. Either we look elsewhere or buy a plot of land and build our own timber frame and drywall.

Trying to look at this objectively, from the other side of the fence (i.e. my occupation), it was always

about highlighting the custom features in the products and services we offered in order to add value to the proposition, so I suppose I too (like the Realtor) am guilty as charged!

Anyone experienced anything similar to this?

Your feedback is welcomed,

BR,

Andrew

(Post is Read)

Thread:	status quo bias	Posted Date:	September 12, 2018 12:45 PM
Post:	status quo bias	Status:	Published
Author:	 John Lyons		

While reading about the status quo bias I remembered a story I will share from days working for IBM.

Before I do that I want to share a link that is from IBM regards everyday Ethics for Artificial Intelligence.

<https://www.ibm.com/watson/assets/duo/pdf/everydayethics.pdf>

Status quo bias nearly destroyed IBM in the late 1980s and early 1990s. They had a long and proud heritage with very little Executive turn over. Thomas Watson Sr. from 1914 to 1956 and then his son Thomas Watson Jr. ran the company 1956 to 1971. There were three more CEOs between then and 1985 when John Akers took over. Six CEOs in 79 years. During Aker's tenure the once solid and seemingly invincible Big Blue stumbled and in his last year lost an unprecedented \$9 Billion (before much larger and more spectacular failures transpired). The Board of Directors fired him and brought in a first ever outsider by the name of Lou Gerstner Jr. who proceeded to "right size" the company by eliminating over one half of its then work force of over 400,000 employees world wide.

In reading about Status Quo bias I think that what happened to IBM is a classic example of this applied on a very large scale. PCs were at first ignored as a fad and later when IBM finally entered the market their machines became a de Facto standard. They did not have an OS readily available but had the opportunity to buy Microsoft for very little but misread that opportunity and Bill Gates ran with what became the MicroSoft we know today. IBM realized their mistake too late and tried to obviate it by coming out with a closed software called OS 2. Too late and the genie was out of the bag. IBM also tried Micro channel architecture to try and lock out PC competitors but again too late.

The same mistakes were made with networking since IBM's Systems Network Architecture (SNA) was the de facto standard for connecting mainframes and end user terminals. TCP/IP and Ethernet were perceived as non competitors. IBM developed and introduced Token Ring to compete with Ethernet.

All of their efforts had huge R&D budgets and technologically were sound but the market was already off in a different direction with open systems and architectures that surpassed the powers in Armonk, NY's ability to respond.

The rest as is said, is history.

A Forbes article sums up why they survived as follows:

"If you look more closely at why IBM survived its near death experience of 1993, it had little to do with funding big expensive long-term projects. At the time, IBM was losing more money than any company had ever lost in U.S. history—US\$8.10 billion loss for the 1992 financial year. This was because IBM's core mainframe business had been disrupted by the advent of the personal computer and the client server. IBM couldn't compete with smaller nimbler less diversified competitors."

"John Akers decided that the logical and rational solution was to split IBM into autonomous business units (such as processors, storage, software, services, printers,) that could compete more effectively with competitors that were more focused and agile and had lower cost structures. If IBM had continued to follow the Akers path, IBM would not be celebrating its 100th birthday this year."

"What happened was quite different. After Akers was fired as CEO, IBM hired Lou Gerstner as the new CEO. It was the first time since 1914 that IBM recruited a leader from outside its ranks. Even more striking was the fact that Gerstner had no background in computing."

"With massively enhanced customer power, the only road to resilience is, like Gerstner at IBM, adopting an outside-in perspective by solving clients' most pressing problems or finding unexpected ways to delight them."

I hope that this has been interesting and instructive. Status Quo bias is something that has very personal experience for me and something that I know I must continue to work on to avoid.

(Post is Read)

Thread: Module 2
Post: RE: Module 2
Author:  John Lyons

Posted Date: September 11, 2018 3:23 PM
Status: Published

Make a wise investment with your tax refund and perhaps spend some of it for fun. Realize it is not some free largess from Uncle Sugar but rather is your own money that was over withheld from your paycheck all year long (i.e. a free loan you gave to the IRS).

I have also discovered things I have done most of my life without realizing and am hopeful that much of what we are learning is definitely applicable and perhaps even life changing.

(Post is Read)

Thread: Module 2
Post: RE: Module 2
Author:  Matthew Wiszowaty

Posted Date: September 11, 2018 3:17 PM
Status: Published

I have a situation I can see my company falling down this line. We have a new technology that is taking the shipping world by storm with new regulations. We partnered with a great group to use their expertise from wastewater. The system is great besides it is missing its US Coast Guard approval. The company is not doing much of anything to get this approval. Instead, we continue to back them and just had the unit displayed at the show I was at in Germany. When I asked the reps from the company when we will get approval they keep saying its coming but look at this cool new flow meter we just installed and look at this new bulb structure we installed. I feel they are continually dumping money into this project where I feel like they need to go back to step one and design a unit that will get approved or my company needs to walk away from the venture knowing we have already spent way too much money and it is a lost cause. Sounds like we are down the escalation commitment rabbit hole.

(Post is Read)

Thread: Module 2
Post: RE: Module 2
Author:  John Lyons

Posted Date: September 11, 2018 3:16 PM
Status: Published

Without knowledge of your exact equipment, I can only suggest that you seek advice and counsel from someone who has more experience with the product. If the new equipment truly is inoperable then it is better to find it out quickly.

I have worked in manufacturing in the past (Motorola) and in that environment the impetus was to turn out product as fast as possible. One day I came to work and one of 17 assembly lines began turning out 100% dysfunctional radios. I sought permission to stop the line long enough to assess what the root cause was but was told that production was key. The line ran the entire day resulting in over 500 radios that would not operate. Turns out that one assembly worker for no apparent reason had begun installing a piece incorrectly resulting in a lot of extra time and work. A 15 or 20 minute halt to the line would have been far less expensive than the repair work.

Good luck.

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Thread:	Module 2	Posted Date:	September 11, 2018 3:07 PM
Post:	RE: Module 2	Status:	Published
Author:	 John Lyons		

I could definitely identify with your fixer description as I have a strong proclivity to do the same. This class thus far if nothing else has greatly increased my awareness of that aspect of my personality whether in the work world or personally in relationships.

I believe that one outcome I strive for is to become a better listener and less of an immediate jump to a solution finder.

Thanks for your insights.

John

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Thread:	Module 2	Posted Date:	September 11, 2018 3:03 PM
Post:	RE: Module 2	Status:	Published
Author:	 John Lyons		

My take on perfection and I am certainly not perfect is summarized with what I

termed the three Ps.

Perfection

Procrastination because very little is ever perfect

Paralysis we become paralyzed by and inability to produce or finish anything as it is never perfect.

Then of course there is the other age old adage that you have no doubt heard,

"never enough time to do it right but always enough time to do it over again".

Early in life my parents and particularly my dad was instrumental in teaching to do it right the first time else continue doing it until I had completed a task to his satisfaction.

In the Air Force, I also learned early in my career that there is no sorta/kinda working on airplanes as the safety and welfare of the crew depended on doing things right each and every time even under sometimes extreme conditions.

Learning about my biases and judging in decision making has been instructive to say the least.

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Thread:	Module 2	Posted Date:	September 11, 2018 8:39 AM
Post:	RE: Module 2	Edited Date:	September 11, 2018 12:25 PM
Author:	 James Yelvington	Status:	Published

In what I do; I live by reallocation of resources. In fact so much so that one of the categories I have to classify test lab projects is "deferred". A reallocation of resources doesn't mean you have to abandon a project it can simply mean you don't do it right now. The reasons I typically defer is it is a) a low priority that has no immediate impact to the business. b) I don't have the labor to do the project. c) I don't have the in house expertise and need to go shopping. d) I don't have the facilities. e) I don't have the budget.

Also depending on business finances a reallocation does not have to be to an internal resource. For small finite or special projects , if managed well, contractors can be a wonderful thing.

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Thread: Module 2
Post: RE: Module 2
Author:  James Yelvington

Posted Date: September 11, 2018 12:25 PM
Status: Published

Brandon,

I saw your post and immediately before seeing anything else I saw "my number one strength is...." and knew you had taking the strength finder test.

I am a Relator, Responsibility, Empathy, Strategic, Belief person...

I have several employees that when they encounter certain problems I have to urge them to "Let it go!" They report to me so it is not there management that is forcing them to keep going. They, like you, get to close to the problem they can't see that they could be better using their talents on other tasks.

People who have perfectionist tendencies, like my wife, tend to also get to a point where the problem is technically solved it is just not up to her standards. She has learned peer review is valuable in those cases because her work product far exceeds the most stringent requirements. The flip side to that is because her work is that way, when she was working for consulting companies, she was a sought after commodity because clients would follow her.

Life is a balancing act.

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Thread: Module 2
Post: RE: Module 2
Author:  Brandon Manley

Posted Date: September 11, 2018 7:22 AM
Status: Published

Kirra,

Good question and for myself this is one that not only represents work but also people. When I started my employment with my current company, we were required to take the Gallup Strength Finder's Assessment. First, actually acknowledging my strengths was difficult because I didn't see them. Secondly, what was even more difficult for me was recognizing one of them was directly related to the escalation of commitment.

My number one strength is Restorative. Basically, I enjoy problem solving and fixing things. Now, with that comes a strong desire to fix things, and can quickly become something that I pour energy into even though I know I should walk away. This goes for projects and people. Often I find that I have employees who I strongly believe will eventually turn the corner and begin progressing to significant contributors. The same can be said for projects. I think that with a little more time, or more input, will get the project back on track or suddenly become successful.

I am blinded though by my desire to fix or drive the project to see that it is not going to be successful, and that the resources being put in are wasted. With projects it is easier for me to walk away, sometimes, as long as I run the numbers to see how much it's going to cost. I think that is what has helped me is to look at forecasting and trends to determine if a project can be salvaged. With people it is difficult, because there is not cost measurement. It has taken experience, and being "burned" by employees who never turn the corner and end up leaving to pursue other interests. Eventually when we have gone through the process with projects, or people, you can start to recognize when it has ventured off the path, and when to cut the project, or people loose. As managers, and leaders those are the decision we are expected to make.

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Thread: Module 2
Post: RE: Module 2
Author:  Xiaomin Yang

Posted Date: September 11, 2018 6:46 AM
Status: Published

Thanks for sharing your practical insights.

(Post is Read)

Thread: Module 2
Post: RE: Module 2
Author:  Samantha Kellerman

Posted Date: September 10, 2018 10:35 PM
Status: Published

Unfortunately, I have a project at work that I believe I will be unable to complete. The project was to get a bed of nails tester equipment up and running to test 2 product lines. The company purchased the equipment before I was hired, but since I was new I had the open availability to try and learn the equipment and

get it running. I stopped putting my time into getting the equipment operational when I realized I was the only one doing anything about it and the failure was out of my realm of expertise. I put in some time to solve it, but realized there was more to it than I thought.

When a project ends up being out of everyone's realm of expertise, I think is a good point to reallocate your resources.

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Thread: Module 2
Post: RE: Module 2
Author:  Xiaomin Yang

Posted Date: September 10, 2018 9:49 PM
Status: Published

Kirra, Good point! Can anyone in the group provide your insights about this topic? I will provide my opinion before the end of this week. XY

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Thread: Module 2
Post: Module 2
Author:  Kirra Brooks

Posted Date: September 10, 2018 9:03 PM
Status: Published

For module 2, I found I was able to relate on a personal level to the topics covered before Quiz 2. The endowment effect and mental accounting were things I have been doing most of my adult life but I never knew they had a name for it. Over the past few weeks, I've already started thinking about what I'd do with my tax refund money.

However, escalation of commitment was a topic that was not lost on me. I've seen managers steadily try to motive their team to continue on a project that everyone else has lost the motivation for but they seem convinced that if they stay strong it will all work out in the end. At what point do you realize that project may be a failure and reallocate your resources into something more productive?

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← OK

