

Making **Shift** Happen: Managing Perceptions for Tactical Effectiveness

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People don't behave according to strategies and instructions; they behave according to their perceptions of strategies and instructions. In other words, they act on their perceptions. And if people act according to their perceptions, then clearly effective implementation of a strategy will hinge on individual perceptions of the strategy. But this is exactly where top management normally loses the hearts and minds of the people who must act on the strategy: they ignore perceptions.

The likely outcome? The plan is poorly executed, the strategy gets the blame and another strategic planning session is scheduled.

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1 Progress depends on making shift happen

Sometime before he died in 1950, George Bernard Shaw stated that “*The reasonable man adapts himself to the world. The unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man.*”

Since his death, we have witnessed the rapid expansion of psychology and psychiatry as respected fields of study and practice, an explosion in the number of behavior therapists who actively market their services, the social acceptability of having your own psychotherapist, and the popularity of public television shows of what should be private psychotherapy sessions. ‘Reality’ television seduces social misfits with promises of fame and fortune into parading their abnormalities for the gratification of those who think themselves perfectly normal. Dysfunctional behavior has become prime-time television entertainment. And we still don’t know who is abnormal: the viewer or the viewed?

Our world has become so hectic and neurotic, so fast paced and unforgiving, that as a force for progress, *unreasonableness* has become rather tame and ineffectual. Today, if someone insists that the world adapts to him, then we might initially label him as *unreasonable* for we know that every *normal* man can at times be unreasonable. We also accept that if the person is *normal*, then we will be able to reason with him in an attempt to help him overcome his unreasonableness. But if he persists in being unreasonable, then we will suspect him of being a misfit and, encouraged by television pop-psychologists, we will label him *abnormal*. Society today is not as tolerant as George Bernard Shaw.

I do not wish to quarrel about the definition of ‘progress’ and so run the risk of me being labeled both unreasonable and abnormal. What we may agree on is that there are many people who cannot sit still, who cannot let things be or remain as they are. These people feel an uncontrollable urge to change things for what they perceive to be better. These are the people whom we, the ones reasonably happy (note the deliberate use of ‘reason’ here) with the state of affairs, consistently label unreasonable, abnormal, and anything in between. To give them the oomph they deserve, let us label them the abnormally unreasonable people. These abnormally unreasonable people are very often also called Chief, Boss, and in more formal environments, Chief Executive Officer.

But what happens when these abnormally unreasonable people do not have the protection that comes with the highest office? For you are bound to find some of them in your own organization: In the same way that like attracts like, people are attracted to the behavioral context which closely matches their own version of ‘normality’. But mistakes happen and ‘abnormal’ people are sometimes hired. So what happens to these abnormally unreasonable people once they are found out? Do you heed them and engage with them? Or do you sanction and discipline them, have them transferred or made redundant? Or do you ignore them and hope they go away? Or do you label them and once so labeled, do you simply discount them?

And yet, we do not know who is really abnormal: the labeled or the labeler. Nor do we know who is to blame.

Carl Jung believed that we, the so-called normal people, are to blame if we cannot understand those who we claim are abnormal. And R.D. Laing believed that madness is merely a sane response to an insane environment. We should then say that abnormality is merely a normal response to an abnormal environment.

It seems that deciding on what is normal and abnormal behavior depends far more on what is in the mind of the beholder than on the state of mind of the beholder. A prime function of a leader is to behold the behavior and the performance of others. And a CEO has the power to influence and direct behavior. In so doing, the CEO defines the context within which the organization operates and the context within which behavior will be perceived as either normal or abnormal. And thus whether his people will adapt to the world or persists in trying to adapt the world to themselves.

What does this tell us? That your perception of abnormality and response to unreasonableness could determine your organization's rate of progress. For it is often your abnormally unreasonable people who will make the necessary shifts happen.

2 **P**erceptions - your corporate Trojan horse?

Consider the two concepts 'perception' and 'response'. In the 1st century AD Epictetus stated that *"what disturbs people's minds is not events, but their judgement about events."* A bit later on, Carl Jung made a similar point, namely that *"it all depends on how we look at things, and not on how they are in themselves."* Using the wisdom of Epictetus and Jung, we can concoct our own truism applicable to organizational life: *People don't behave according to strategies and instructions; they behave according to their perceptions of strategies and instructions.*

2.1 **P**erceptions - no reality without interpretation:

This is the cause of many a leader's frustration and many a manager's irritation. And yet, we all use the term perceptions quite glibly. So, what exactly is perception? Perception is the way we process, interpret and give meaning to the information we receive via our senses. But to what extent does that which a person perceives correspond to reality? Surely, we can only refer to perception as being objective if there is agreement in all respects between what really exists in the world around us and our perception of it. To achieve this state means that we must add nothing, leave nothing out, distort nothing, and misrepresent nothing in what we perceive. Yet, every individual reconstructs and interprets reality by relying on his or her past experiences. In other words, there is no reality without interpretation.

If every person makes his or her unique interpretation of reality, then it would seem that *there are as many realities as there are people!* Intuitively, we know this cannot be. For if each person was totally unique in his or her reconstruction of reality, then communication with each other would be impossible. Instead, we have come to share a common meaning of reality. Through these shared meanings, the perceptions of different people become similar. This merely means that people have reached consensus about how reality will be perceived and interpreted. For example, we may all have our own way of perceiving and responding to a four-legged animal that barks, but we have agreed to a shared meaning, namely the word "dog". Different societies can, and do, reach different consensus as to their shared meanings of reality. For example, Eskimos have three different words for what they see as three different types of snow. If a Californian were to visit with Eskimos, she would only see 'snow'. Yet, if she had to live as an Eskimo for some time, she would come to 'see' the different types of snow.

What conclusions can we draw from the above? First, if we understood what sort of perceptual categories operate within specific communities, we would better understand the realities they perceive. Second, perception is not merely a response to a stimulus situation. It is a skill that can be learned.

(Together these two points could very well lead to a reduction in interpersonal conflict: The next time you disagree with someone, check your differences. Do you disagree because you have reached different conclusions based on different facts? Or do you disagree because you have different perceptions of the same issues?)

2.2 Response - your corporate Trojan horse:

People work in teams to achieve something together. It should be obvious, then, that perceptual differences between team members can affect the team's ability to be effective. Consider the following: The greater the degree of shared meaning of reality, the better the communication between team members. However, the greater the degree of shared meaning of reality, the higher the risk of 'groupthink'. ('Groupthink' is defined as a situation which may develop within teams where the desire for consensus and mutual agreement overrides the realistic and objective appraisal of alternatives.)

Few stories better illustrate groupthink in action than the Greek legend of the Trojan horse. According to the legend, the Greeks had been unsuccessful in taking the city of Troy until they devised the plan of constructing a huge wooden horse, large enough to hold a number of men. The horse, filled with warriors, was left outside Troy with a dedication proclaiming it to be a sacrifice to the god Athena, and the Greeks sailed away. The dedication appealed to the Trojans, who dragged the horse into their city. That night, the warriors inside the horse climbed out and opened the gates of the city to the Greeks, who had returned in the night. That is the condensed version. The longer version tells that there was at least one senior person, Laocoon, in the hierarchy of Troy who was suspicious of the horse. He tried to persuade the Trojans to first inspect the horse before bringing it into the city.

In my years of working closely with top management teams, I have realized that there is almost always at least one person on the team who sees a trap where others see an opportunity. Often this person suffers the same fate as Laocoon: no one wants to heed the warning. Instead, he or she is often labeled unreasonable or abnormal.

Consider a 'Trojan horse incident' in your organization. With hindsight, can you see that one of the following four situations must have existed at the time?

- (a) No one spotted the threat.
- (b) Someone suspected something, but kept quiet.
- (c) Someone suspected and did speak out, but was not heard.
- (d) Someone suspected and was heard, but ignored (as a discredited source, perhaps).

And therein lies the problem: no organization or team can hope to be truly effective if any of the above four points apply to it. Obviously, it is rather difficult to do something about point (a), but it is within any leader's power to do something about points (b), (c) and (d). The solution is to be found in how the leader deals with the perceptions of the people involved. And to what extent the leader is aware of common perceptual errors.

2.3 Perceptual errors:

The above is only one example of why it is so important for team leaders to understand and manage perceptual errors. Perceptual errors are mistakes in the way we interpret reality, which leads to errors and distortions in our thinking about reality, which in turn leads to ineffective responses or behavior. What causes these errors? Mental laziness, or as psychologists put it, 'cognitive miserliness'. We are all cognitive misers: we will do the minimum amount of mental work we think is required. Much of this behavior we can blame on information overload. We create mental short-cuts, called heuristics, to deal with this overload. (Heuristics are simple decision-making rules which we use to quickly make inferences and draw conclusions.) However, when we use mental short-cuts, we

tend to make up our minds without considering all relevant information and thus run the risk of making errors. For example, biases are errors and distortions in thinking that often derive from heuristics.

(On pages 19 and 20 are 12 common perceptual errors of which team leaders should be aware. These are presented to demonstrate how perceptions and heuristics can impact the dynamics of a team and thus on its effectiveness. More detail on these and other errors can be found in most text books on social psychology.)

3 **P**erceptions - creating behavior?

Previously I made the point that *people don't behave according to strategies and instructions; they behave according to their perceptions of strategies and instructions*. This implies that your people are likely to behave according to how they think they are expected to behave. Let us explore this idea in greater detail. A CEO or leader who wants to be effective should always be interested in action and outcome. Action and outcome are both products of individual and team behavior. But a leader is not interested in any behaviors or actions, but in those specific behaviors and actions which lead to the realization of organizational objectives. In other words, with the organizational objectives in mind, a leader is likely to have certain expectations of subordinate behaviors and actions.

Consider the word 'expectations'. It has two meanings: It can mean *regard as likely* or it can mean *look for as due*. In other words, it can mean likely-to-happen or ought-to-happen. The typical leader, being human, is prone to all the human perceptual errors resulting from mental heuristics and cognitive miserliness. Combine these errors with years of experience and education about the 'true' nature of subordinates, and it is not surprising that in the leader's mind, the *ought-to-happen* expectation of subordinate behavior is outweighed by the *likely-to-happen* expectation. In other words, the leader knows what behavior is required to be effective, but he 'knows' (expects) that some other (ineffective) behavior is more likely to occur.

Although this two-fold expectation of another person's behavior is common to all of us, a leader has an added difficulty: Not only is the leader likely to have expectations of behavior, the leader is also in a powerful position to *create* expectations in others of what behavior is likely to be appropriate. This point is well illustrated by the story of Eliza Doolittle, the flower girl in George Bernard Shaw's play *Pygmalion*. In the quotation below, Eliza complains to Colonel Pickering about the way Professor Higgins treats her:

You see, really and truly, apart from the things anyone can pick up (the dressing and the proper way of speaking, and so on), the difference between a lady and a flower girl is not how she behaves, but how she is treated. I shall always be a flower girl to Professor Higgins, because he always treats me as a flower girl, and always will; but I know I can be a lady to you, because you always treat me as a lady, and always will.

Simply put, people intuit what behavior is expected of them and behave accordingly. They react in a certain way *because* they sense this behavior is deemed appropriate by other people, especially if these other people are significant others (i.e. a CEO or a team leader) in their lives.

Here is the important point: Eliza's 'flower girl' behavior with Professor Higgins and her 'lady' behavior with Colonel Pickering are the result of her *intuiting* what behavior is expected or appropriate. It is not the behavior the two gentlemen instructed her to perform. In other words, her intuition or subconscious guessing could be wrong and could lead to her acting inappropriately. The problem is that Eliza, like all people, tends not to differentiate between what is really "out there" (facts) and the deduction she makes from the facts. Hence she will most likely continue to act like a flower girl in front of Professor Higgins long after he has stopped treating her like one.

This can cause a bit of a vicious cycle: The (often subconscious) expectations a leader has of a subordinate's behavior can determine how the leader treats that subordinate. In turn, that treatment will affect how the subordinate responds, which merely reinforces the leader's expectation of behavior. However, the leader is more than just a significant other in the lives of subordinates. The leader is the powerful figure who shapes the lives of subordinates by deciding on aspects such as salaries, bonuses, promotions, career prospects and even redundancies. This means that the leader's top-down, 'likely-to' expectation of behavior will tend to be the trigger of the cycle in that it 'creates' the bottom-up, 'ought-to' subordinate behavior. Don't assume that the cycle only reinforces negative behavior. The opposite can also happen. If the leader expects positive behavior, like Colonel Pickering expects from Eliza, then he is more likely to get it.

(Still doubt the power of expectations on creating behavior? Then please read the section at the end of this white paper which I have called "Bright Rats, Dull Rats".)

4 **S**hared perceptions - a danger to teams

In the previous section we noted how expectations of behavior can lead to a positive or negative reinforcement cycle: The expectations a leader has of a subordinate's behavior can determine how the leader treats that subordinate; in turn, that treatment will affect how the subordinate responds, which merely reinforces the leader's expectation of behavior. A similar expectation-cycle can be seen within groups of people or teams.

Four specific behaviors of people in groups can trigger group perceptual errors, which in turn make it rather unlikely that individual members will perceive things very differently from their colleagues in the group. The likely outcome? A decline in effectiveness and success. Or, like the inhabitants of Troy, disaster.

4.1 **T**he danger in being normal:

Every organization, group or team has a unique culture, a special *the-way-we-do-things-here*. The culture is meant to smooth the way things are done by defining what is acceptable or "normal". However, the culture can also force conformity in thinking and behavior with the aim of stamping out unacceptable or "abnormal" behavior. And therein lies the danger: the culture, which is meant to make the organization more effective, instead inhibits innovation and change. Keep in mind that 'abnormal' is so defined by those players in any society or group who are numerous and powerful enough to make the definition stick. Therapists run the risk of delaying or inhibiting social change and paradigm shifts by trying to "cure" abnormal behavior. For it is often this same abnormal behavior, perceived as "normal" in a different social context, which triggers change.

4.2 The prejudice of the like-minded:

Organizations are truly strange entities. They are staffed with people who agree to strive for collective objectives in exchange for individual rewards. In doing so, we agree to a code of behavior, a code of dress. Above all, we agree to follow instructions. Those who do not accept the purpose as mutual, the codes as worthy or the instructions as valid, are shown the door. Unless, of course, they find it first. (But, remember, we tend to appoint people who are already like us.) At best, the organization becomes a place where those who *do* think differently, learn to conform. At worst, it becomes staffed with like-minded people. Like-mindedness inclines towards prejudgement and prejudice. And so we have created a place where people with preconceived opinions pass judgement without proper inquiry; where the person who critically assesses proposals and ideas is labeled an obstructionist; where the one who speaks the truth is said to be undiplomatic; where the expert who was hired for his knowledge is told that we've always done it this way; where the one who agrees with us and tells us what we like to hear is promoted; and where the one who continues to express a different view is transferred or made redundant. The question remains: Can like-minded people, who prejudge the world from the same inclination, spot the opportunities visible only from other angles? And will they spot the threats?

4.3 We, the enemy within:

We know that success comes from paying attention to what customers want and that the only way to learn about customers' wants is to listen to them. We know that paying attention to what our competitors are doing can uncover potential threats. These are rules of the game and we give our time and energy to obey them. We also know that we should heed the people inside our organization. But most of our energy is directed towards them in the form of instructions, rules and regulations. Demanding effectiveness through procedures, we get like-mindedness from obedience. And in enforcing instructions, rules and regulations, we spend an incredible amount of time on attempting to neutralize opposing internal forces which sap our strength and drain our energy. When we fail to see our repetitive internal struggles as odd behavior, we have become the enemy within. And we remain the enemy as long as we deny that we are the creators of our own energy blocks.

4.4 The curse of kingship:

You can be sure that the people in your organization and on your team understand the ground rules of organizational life. The most important rule is that as long as you, the boss, decides on salary increases, bonuses, promotions, they must keep you happy at all cost and at all times. The kings of old showed how those in power react: the bearer of bad tidings was rewarded with the loss of his or her head. These sort of hints as to what we can expect from those in power have conditioned us to pass on good news rather than bad, to tell the king what we think he wants to hear, and to let some-one else lose his or her head. And so the poor boss must make decisions of great import based on a steady stream of good news. If you listen only to what your subordinates or advisors tell you, then you are most likely hearing (your own) echoes. There are many examples through the ages of the curse of kingship: be wary of the counsel of those closest to you.

5 Identifying the ‘invisible’ success factors

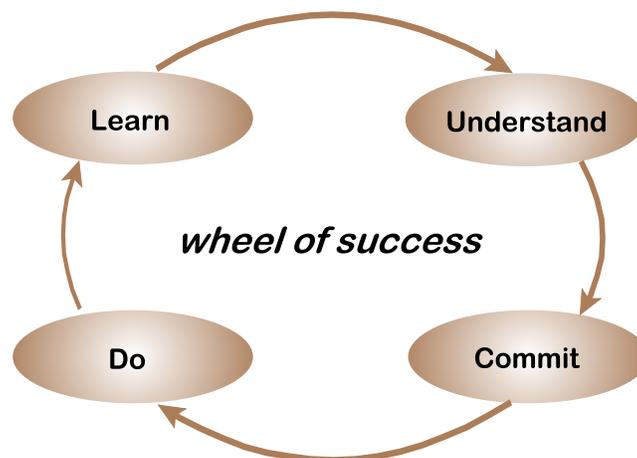
5.1 Success as a cycle:

According to the traditional, theoretical view, management is a process of *planning*, *organizing*, *leading* and *controlling* to achieve some stated goal. At the start of the process, managers must think about their goals and consider what action is required to achieve these goals. In other words, managers are supposed to *plan* what they are going to do, and how they are going to do it, before they do it. They must then assemble and co-ordinate all the corporate resources, including people, as required by their plan. In other words, they must *organize*. However, managers do not *do*, they get others to *do* through a technique called *leading*. Finally, *controlling* is the means by which managers check whether the organization is actually moving towards achieving the stated goals.

It is useful to show this process as a cycle, because in theory a manager should not organize until he has planned, he should not lead until he has assembled the resources and organized them into the appropriate system and structure, and he should not control until he has lead at least one person into doing something. And, of course, whatever the process of controlling uncovers could result in a revision of the plan. In practice, however, these four steps are iterative and not necessarily sequential. For example, the process of organizing can highlight a flaw in the plan, resulting in the plan being revised before it is implemented; the process of organizing must take into account how actions will be controlled.

Normally, when we strive for success in some or other venture, we tend to focus on those factors which directly and visibly impact on the outcome. But there are factors which are so obviously necessary that they become ‘invisible’ and are then ignored. It is the very taken-for-granted-ness of these factors which turns them into potential handicaps to success. Put another way: *The presence of certain factors do not necessarily ensure success, but their absence ensures failure.*

So what are these factors for success, which are so obviously necessary that they become ‘invisible’ and are then ignored? They are simply *understanding*, *commitment*, *doing*, and *learning*. Before you do anything, it is best that you *understand* what is to be done, why it is to be done and how it is to be done. This understanding must result in you being willing to *commit* to a certain planned and measurable *doing* or action. Finally, to ensure ongoing improvement, the actual doing must lead to *learning* which in turn must lead to a refined *understanding*. Success is thus the result of the relationship and iterative interaction between understanding, commitment, action and learning:



In reality, if all the elements are present, then it is more correct to speak of a spiral and not a cycle. A success spiral is born when learning leads to a new understanding on a 'higher plane', as opposed to merely a better or refined understanding. In this sense, learning leads to new insights and revelations. A 'flat' cycle would be an efficiency cycle where one gets better at doing the same thing; in the words of Peter Drucker, *doing things right*. A spiral, on the other hand, would reflect an effectiveness cycle, where one does what is now required by *doing right things*. Ongoing success is then a combination of the two, namely *doing right things right*. This should be intuitively obvious, because when you are *doing things right* you are being efficient, and when you are *doing right things* you are being effective. Being effective, and being efficient at it, means that you are *doing right things right*. However, like most obvious things, we forget this and more often than not focus on being efficient whilst ignoring the need to be effective.

Yes, the success cycle is similar to the management cycle: planning must result in understanding, organizing includes committing resources, leading is about getting things done, and controlling is to ensure that it is done right. The problem is simply that the management cycle is handed down as professional sense; the other is accepted as common sense. And promptly forgotten and ignored. This is why I feel compelled to stress that, although it is management's responsibility to plan, organize, lead and control, it is *the CEO's (or team leader's) role to ensure that everyone understands, everyone is committed, everyone does, and everyone learns*.

5.2 Success as simple hygiene?

Have another look at the statement: *The presence of certain factors do not necessarily ensure success, but their absence ensures failure*. Some (older) readers might recognize the thinking of Frederick Herzberg in this statement. Herzberg first introduced a wider audience to his theories on motivation when his article, *One more time: How do you motivate employees?* was published in the January/February 1968 issue of Harvard Business Review. Herzberg used the term *hygiene factor* to describe a factor whose *absence* would result in people feeling unhappy at work. The presence of an hygiene factor is neutral, until it is absent. It is the absence of the hygiene factor which results in, not *dissatisfaction*, but *no satisfaction*. (On the other hand, it is the presence of *motivator factors* which leads to satisfaction.) In this sense, the opposite of job satisfaction is not *dissatisfaction*, but *no satisfaction*. This is not mere semantics.

In a similar vein, I reason that there are certain factors which are hygiene success factors. However, there are two major differences between Herzberg's hygiene factors for job satisfaction and the hygiene factors for success. Firstly, as with the *no satisfaction* of Herzberg, the absence of an hygiene success factor will be experienced as *no success*. But only initially. If the absence is not addressed, then the ultimate outcome is *failure* and not merely *no-success-as-yet*. Secondly, a hygiene success factor is not neutral. Its absence, or a even a mere weakness relating to it, is a handicap which will ultimately lead to failure. More importantly, its presence is vital for success. The hygiene success factors are those 'invisible' factors stated previously: *understanding; commitment; doing; and learning*.

6 Success handicaps

There are quite a few permutations of understanding-committing-doing-learning. For example, I can understand and do without committing or learning; I can understand, commit and do, but without learning from the experience; and so on. However, it is more useful to explore what impact the absence of one element has on the others and thus on the potential for ongoing success.

6.1 Success Handicap No.1: *no understanding*

It is possible for me to understand something without being committed to it, without doing anything about it and without learning from it. For example, I understand how to mow the grass, but I am not committed to keeping it short, I am not going to do it and I am definitely not interested in learning how to do it better.

But what if you lack understanding? Take the example of yourself as a new recruit. Most new recruits are eager, ready for action and often too impatient to listen carefully to instructions and explanations. A lack of understanding does not initially reduce your commitment, you do what is required with enthusiasm and you might even learn from your mistakes. You could even find the learning exciting as you realize that you are getting better at what you are doing, your motivation is high and your commitment remains strong.

However, like any new recruit, sooner or later you will begin to wonder about why you are doing what you are doing the way you have been told to do it. Once you begin to question your understanding, can you remain naively sure of what you are doing? Can you remain committed once it dawns on you that you might not really understand? Can you then still perform with your old gusto? And how do you then know that what you seem to be learning is of any real value? Understanding comes only through direct experience, and direct experience is learning through doing. In other words, doing and learning is critical to understanding. If whatever learning which does happen does not influence understanding, then instead of an upward spiral of constant renewal, there is a downward spiral into stagnation. As was mentioned previously, ongoing success depends on being efficient as well as being effective. Efficiency has to do with *doing it right*, while effectiveness has to do with *doing the right thing*. Without understanding, there can be no certainty that the right thing is being done right and therefore there can be little hope for ongoing success. Understanding can be seen as the initial spark of knowing which triggers the upward spiral.

6.2 Success Handicap No.2: *no commitment*

It is possible for me to be committed to something without understanding it, without doing anything about it and without learning from it. For example, I am committed to nature conservation, but I don't fully understand it, I don't do anything in particular about it and I am not learning more about it. But I still believe it is a good idea.

What if you do understand, you are willing to act and to learn, but you are not committed? This often happens when you do not believe that what is proposed is 'right'. In other words, you might believe that something else should be done, or that what is proposed has no meaning, or that top management has it wrong, or you could have a moral objection. Although you are not committed, you might still be prepared to do what is requested, possibly because you don't feel that strongly about the issue, but more often than not this happens because of fear. The fear of being disciplined, of not getting a salary increase, of being demoted or transferred, of even being fired can be a great spur to do things you would not normally want to do.

However, without the motivation that flows from being committed, your performance will be below par. Poor performance will lead to inadequate learning and ineffectual learning will create little, if any, refinement in understanding. And if your understanding has not changed, then it is unlikely that you will suddenly feel committed. Without commitment, there is no willingness to do the right thing right and therefore there can be little hope for ongoing success. If understanding is the initial spark of knowing which triggers the upward spiral, commitment is the latent energy which can power it.

6.3 Success Handicap No.3: *no action*

It is possible for me to do something without understanding it, without being committed to it and without learning from it. For example, I don't understand why my wife wants to go dancing or what the point of dancing is, I am not committed to go dancing nor am I interested in learning how to dance properly, but sooner or later I know I will have to go dancing, if only to keep the peace.

There are, of course, people who prefer theory to practice, dreams to action, and then some are merely lazy. But what if you understand and you are committed, but do not do what is expected, or as expected? For example, if you have not been trained to physically perform the expected task correctly, your feelings of incompetence may inhibit action. This happens in spite of your understanding what must be done and feeling committed to making it happen. Unexpected or inadequate performance can be witnessed both in inappropriate action and insufficient progress. Without action, there can be no measurement, no way of confirming success and therefore no understanding of the need for corrective action.

If there is no doing, then any learning is vicarious, indirect and second-hand. This is learning acquired through watching others perform or through reading books and articles. If any learning does take place, it lacks depth and does not stick: indirect learning is never as lasting as direct experience. If understanding is the initial spark of knowing and commitment is the latent energy, then doing is the directed force which turns the spiral.

6.4 Success Handicap No.4: *no learning*

It is possible for me to learn something without understanding it, without being committed to it, and without doing it. For example, there were a few subjects at school which I learned parrot-fashion merely to pass the examinations. Enough said.

What happens when you understand, you are committed, you perform, but you don't learn from the doing? Firstly, without learning, there can be no getting better at what is already being done and efficiency declines. Secondly, the business environment is never static, but is ever-changing. Actions which might have been acceptable yesterday, might not be effective tomorrow. If there is no learning which can revise understanding, then effectiveness will decline. As stated previously, initial understanding is never complete and ongoing success depends on understanding always being refined and modified through active learning. If understanding is the initial spark of knowing, commitment is the latent energy and doing is the directed force, then learning is the illuminating flash of insight which lights the spark of understanding.

7 Effectiveness matters

7.1 Why effectiveness matters:

Effectiveness is about outcome and results. More importantly, it is about consequences. As with success, effectiveness depends on ensuring that the right things are being done correctly and efficiently. Keep in mind that it is possible to be efficient without being effective. In other words, you can do the wrong thing very well, and still call yourself efficient. How does an organization become effective? By determining what the right thing is which must be done; and then doing it right. The finding of the right thing is what *strategy-making* is all about. The right strategy for your organization, coupled with focused execution and continuous improvement (i.e. efficiency), results in effectiveness.

Why do I think CEOs would want their organizations to be more effective? Well, as I stated above, effectiveness has to do with outcomes and results. And the first result or outcome of effectiveness should be profitability. Or at least positive cash flow. These are outcomes which all shareholders and most CEOs seem to treasure. Secondly, an effective organization has a tremendously positive impact on customers, because effectiveness impacts on all aspects of customer service. Thirdly, I have seen what effectiveness means to employees: it brings clarity, focus and meaning to what they do daily, with less wasted effort and time. But I am sure that you have your own suspicions of what increased effectiveness could do for you and your organization.

7.2 Why strategy (still) matters:

Every organization has a strategy and a plan. Even when it is not formalized or written down, it still exists. Thus, your starting point should always be “Is your strategy working for you? Is it delivering the planned results? Can it be more effective?”

Strategy is about profitability (or positive cash flow), which is why strategy is about creating a sustainable competitive advantage. And this is why strategy is about making choices; choices to be different, especially in the wallets of customers. You had better not have the same strategy as your competitors, for if you are trying to offer the same things as your competitors, then you are not being clever. You are merely being arrogant in believing that you can do it better. Maybe you can, but for how long? For you cannot build sustainable superior profitability on efficiency alone. What is required is a very clear strategic direction and continuity of that direction to create sustainable competitive advantage, as well as continuous operational improvement (efficiency).

Developing the right strategy is not easy. It is complex because our world has become complex. And it is difficult because it is about making choices and making trade-offs. Most managers are very good at being operationally efficient, for they practice this daily. In the same way, you can become better at strategy-making if you practice it more often. And if you do, it is likely to become easier.

7.3 Why efficiency is not a strategy:

Operational efficiency is often been presented as a strategy, as a strategic response to the market. It is not. Operational efficiency is what every business should be doing as a matter of course. Your competitors are likely to be doing exactly the same things to be operationally efficient; things such as total quality management, just-in-time, re-engineering, six sigma.

Efficiency is normally defined as the ratio of useful work done to total energy expended. At best, efficiency is about doing more with less; at least, it is about doing things right. It has to do with getting better at what is already being done and has nothing, or at least very little, to do with innovation. Innovation has to do with newness, whereas efficiency has to do with sameness, albeit ‘better’ sameness.

The Internet and other information era tools have finally destroyed the ability of organizations to thrive on sameness. Why? Because consumers and investors now have access to information quickly and globally. This means that purchasing and investing can change rapidly. Therefore, to bet on the incompetence of your competitor, as you are doing when you compete on efficiency, is not only stupid, it is downright dangerous. Furthermore, if all competitors are trying to use operational efficiency as a strategy to entice customers (through lower prices), then industry profit margins will fall automatically as consumers shop on price.

For more on this topic, see the white paper *Why Effectiveness Matters* on our website.

8 **M**ake your strategy more effective

8.1 **M**ake or break your strategy:

There are 4 main internal factors which will make or break your strategy: whether your people *understand* your strategy; are *committed* to your strategy; *act* on your strategy; and *learn* from your strategy. Depending on the level of each, these factors are either *contributors* or *handicaps* to the success of your strategy. Keep in mind that the presence and strength of a factor does not necessarily ensure success, but its absence or weakness ensures failure. Also, remember that peoples' understanding, commitment, action and learning are influenced by their individual perceptions of strategy. Managers most often address any problems with strategy (or plan of action) by:

- (a) assuming that the problem lies with 'understanding', and that if the strategy was reformulated or restated, then it would be more effective; or by
- (b) assuming that the problem lies with 'action' and if people only executed the strategy better, it would be more effective.

These approaches have been supported by two 'competing' beliefs. First, having the right strategy matters most, because to execute the wrong strategy brilliantly is still a failure. Second, having the ability to execute matters more because even a brilliant strategy will fail if it is executed poorly. Both of these beliefs are right: Many brilliant strategies have failed because of poor execution, and many inferior strategies have been effective because of brilliant execution. But both beliefs are also wrong: Unless you are starting a new venture, you already have a strategy that is being followed and executed.

8.2 **Y**ou cannot stop it, so shift it:

If you don't have the luxury of stopping everything while you figure out a new brilliant strategy, what should you do? You can assume that over the short term the most critical is *action* (execution of strategy) and work to refine your strategy from there. Look at it this way: Your people must understand the strategy. That is obviously important. But deep understanding, real nitty-gritty understanding which empowers, is only gained through learning. Effective learning only happens through experience and experience is only gained through direct action. So, help them execute and learn from what happens next.

What is the likely outcome of action driving learning, and learning resulting in better understanding? Either your people are now committed to the strategy and the goals to be achieved, or they are not committed. No more grey areas, no more maybes. They are either in or out. You are left with those who want to do, because they have "learned to understand" and now "know that it is right". This may sound simple and straightforward. And in theory it is. But as I stressed previously, people don't behave according to theories, they behave according to their interpretation of reality. In other words, they act on their perceptions. And if people act according to their perceptions, then clearly effective implementation of a strategy will hinge on individual perceptions of the strategy.

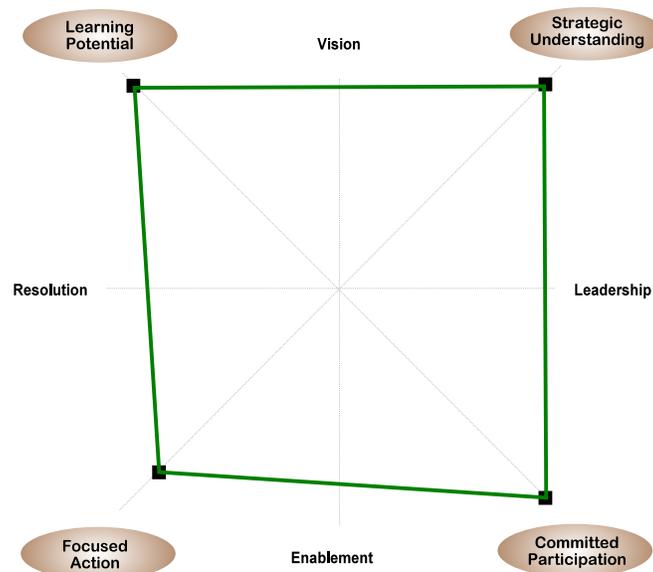
But this is exactly where top management normally loses the hearts and minds of the people who must act on the strategy: they ignore perceptions. The likely outcome? The plan is poorly executed, the strategy gets the blame and another strategic planning session is scheduled. A solution is to find a way of determining the level of understanding, commitment, action and learning in your organization, or at least amongst your senior managers. This will give you a very good idea of where you should focus your energy to maximum effect. In the next section I will present one way of doing this.

9 Concepts in action: a case study

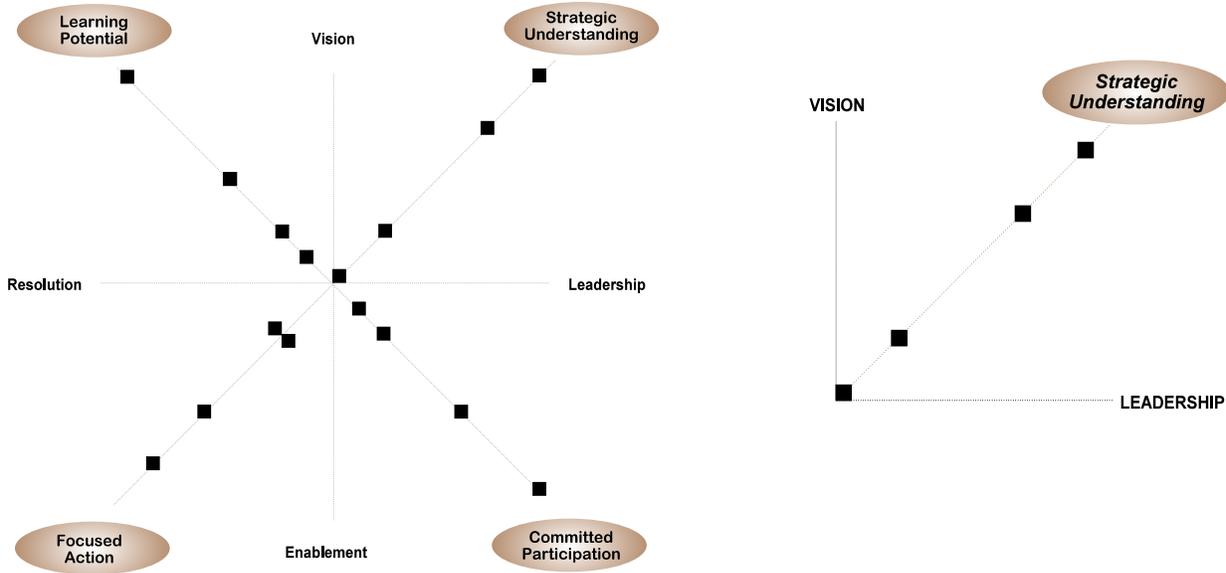
In this section I explain how I use individual perceptions and ‘invisible’ success factors to trigger a shift in a management team towards tactical effectiveness. I use a proprietary tool, originally developed in 1990 and now called the SHIFTSM Trigger.

What this tool does is to enable each member of a team to identify which specific factors contribute to success and which ones inhibit success. The reasoning behind this model is that the right strategy plus commitment plus focused action plus continuous improvement results in effectiveness.

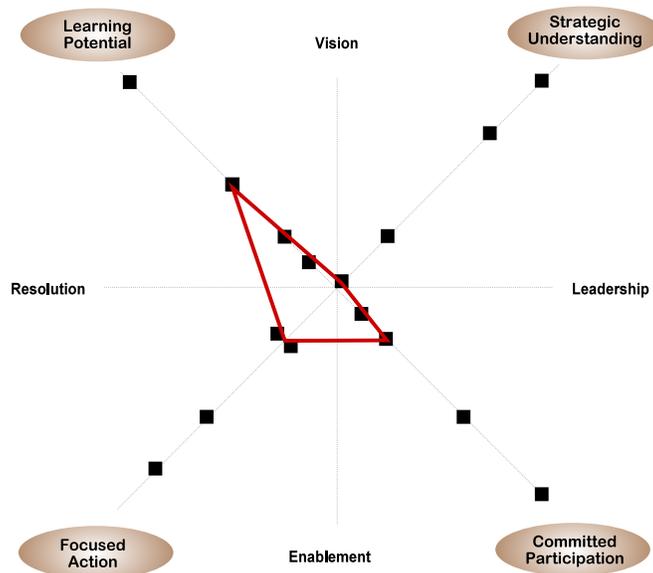
The case study is of a small management team of only four executives. The first profile shown below is that of the team leader. It is a very positive profile – it is balanced around the quadrants and far away from the center. What this profile tells us is that the leader believes that his colleagues are effective at setting a shared strategic direction; at getting people to commit and to participate in achieving strategic goals; at ensuring that actual performance delivers the planned results; and effective at creating the potential for organizational learning:



At this stage we do not know whether the leader’s perceptions are accurate, nor whether they match those of his colleagues. So the obvious next step is to give his colleagues the same opportunity to express their views using the SHIFTSM Trigger. The team profile is shown on the next page, top left:



Each black square on each axis represents the score of one of the four participants. The first aspect which catches the eye is the spread of dots on each axis, which represent the spread of individual perceptions concerning that area. For example, the ‘understanding strategy’ quadrant of the profile (diagram above right) shows that there is little agreement within this team concerning the strategy: One individual perceives no problem with strategy (far away from center), while another member has major concerns (zero score, black square at the center). The similar spread in the other quadrants tells us that there is not much agreement on the level of commitment to the strategy, on whether action is focused on the strategy, nor on whether learning from the strategy is likely to take place. These individuals do not seem to be on the same path. In fact, this profile should remind you of the story of the Trojan horse. The only problem is, who on this team has the most accurate perception of reality? To find out more, we must identify each individual’s profile. Below is one such profile, where the solid line connects the perceptions of one individual across the quadrants:

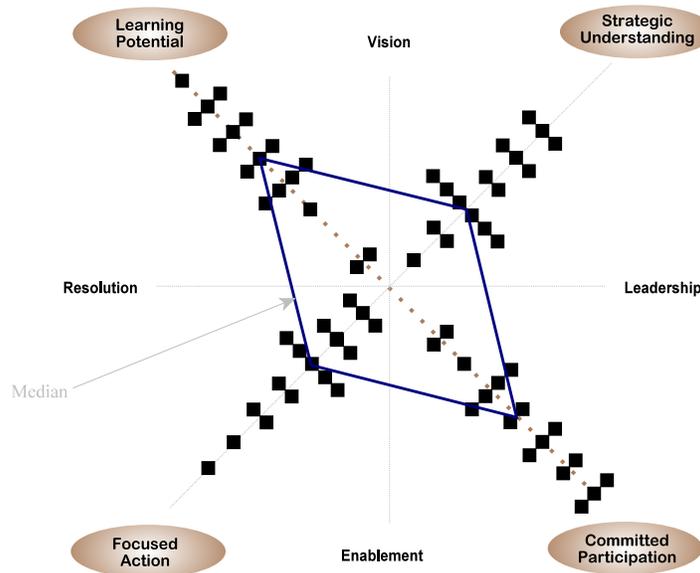


The key question here, of course, is how can one team member differ so radically in opinion from the team leader (see the first profile shown above), and also from other members? Remember, this individual perceives a serious problem with the shared understanding of strategic direction (zero score; black square at the center), while the leader does not see a problem (maximum score; black square furthest from center). If nothing else, it would be useful for this leader to consider the consequences of individual perceptual errors; group perceptual errors; and perceptual expectation of behavior.

Given this information, how high would you rate this team's chances of becoming more effective? And of ongoing success? That is why I stress that every leader must understand the power of perceptions in strategy making and in strategy execution, and manage accordingly. And if you were the CEO, should you not know where to focus your energy for maximum effect? Based on only this information, I would suggest that the leader in the example above now do the following:

- (a) validate the existing strategy and changes it as appropriate;
- (b) secure commitment to the strategy;
- (c) validate that the operational plans and actions do indeed support the strategy; and
- (d) ensure that his team learns how to improve the strategy and learns how to maintain operational focus on the strategy.

Below is another example. This one is of a 17 member senior management team. This team is somewhat effective at getting people to commit, and at creating the potential for organizational learning. However, the team is ineffective at setting a shared strategy, and at ensuring that actual performance delivers the planned results. If these perceptions are accurate and these weaknesses are not addressed timeously, then this team's success and continuity could be at risk.



[Explanation: **Median score** (—): very low for *understanding strategy* and *acting on strategy*; and average for *commitment to strategy* and *learning from strategy*. **Standard deviation** (spread of ■ 's): very high for *commitment to strategy* and *learning from strategy*; high for *understanding strategy* and *acting on strategy*.]

Experience the SHIFTSM Trigger for yourself.

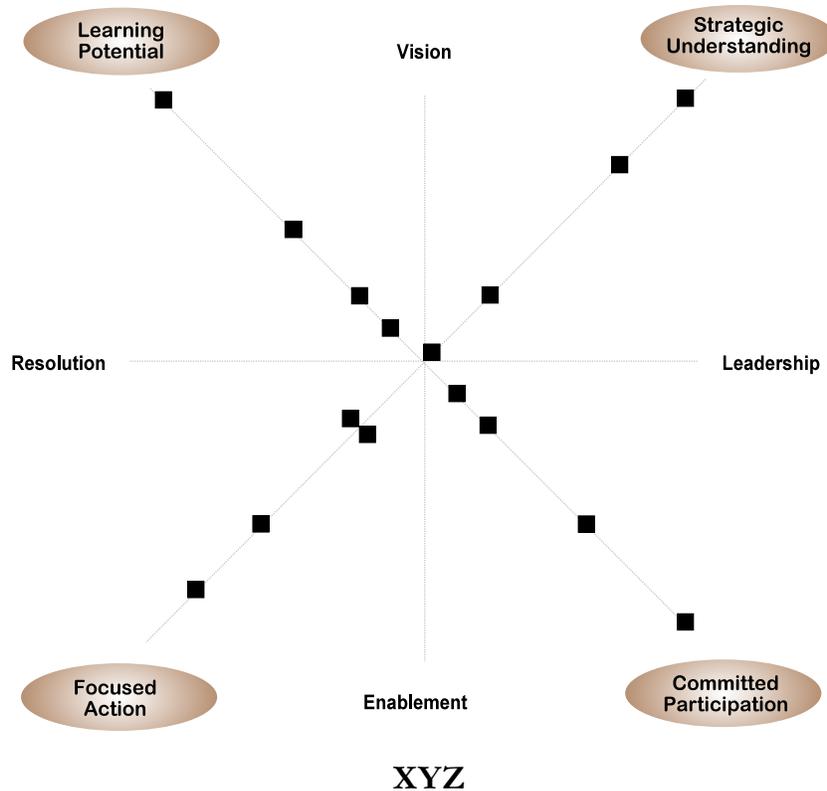
At no cost.

Send an email to james@nonsenseatwork.com

to get your password

for free access to
the abridged questionnaire and feedback.

The SHIFTSM Trigger of an Executive Team

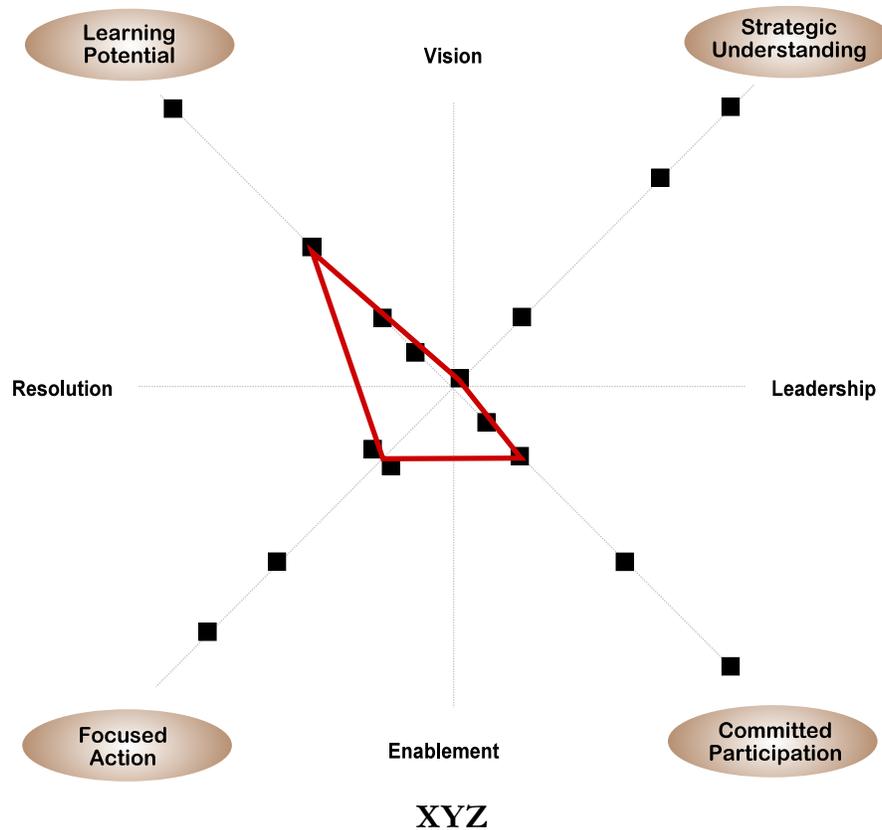


Participants: X; Y; Z; and W

Date: July 2002

Overview:	This group profile shows quite a spread of individual perceptions. In each quadrant, there is at least one individual who perceives the team far more favorably in that quadrant than two of his colleagues. In other words, one person sees favorable characteristics or behaviors where others see weaknesses
Positive Areas:	There are only two specific factors which this team perceives as strengths: Firstly, the team members appear to <i>buy-in</i> and, secondly, there is <i>effective definition of tasks</i> .
Major Concerns:	The following factors stand out as areas of real concern: <i>inadequate knowledge of the external environment; risk to organizational (or team) continuity; poor team work; little individual empowerment; ineffective allocation of tasks; poor actual performance; ineffective measurement of progress; abuse of power; tendency to group think; and an inadequate follow through on new ideas</i> .
Solution:	This is a team analysis; it does not identify individual perceptions, nor why an individual feels strongly about a particular issue. (For example, in the understanding strategy quadrant, there are two individuals at exact opposite poles of each other: one with an extremely positive view and one with decidedly grave concerns.) It is now critical for the ongoing success of this team that the team members discuss their differences openly and honestly. There are three reasons for this: Firstly, if those individuals with concerns are right and not heeded, then XYZ's long term success could be in jeopardy. Secondly, if those with concerns are wrong and not convinced to change their views, then their motivation and commitment could suffer, making them potential liabilities to the team. Thirdly, now that these disparate perceptions have been highlighted, individuals will not automatically find common ground; instead, the situation could deteriorate rapidly. However, there is a <i>positive aspect</i> : With such a wide range of perceptions, these individuals can learn much from each other, especially if they are given an opportunity to explain their disparate views within a structured and controlled format. Then this team will be able to decide constructively on the most effective action to secure their ongoing success.

The SHIFTSM Trigger of an Executive Team Member

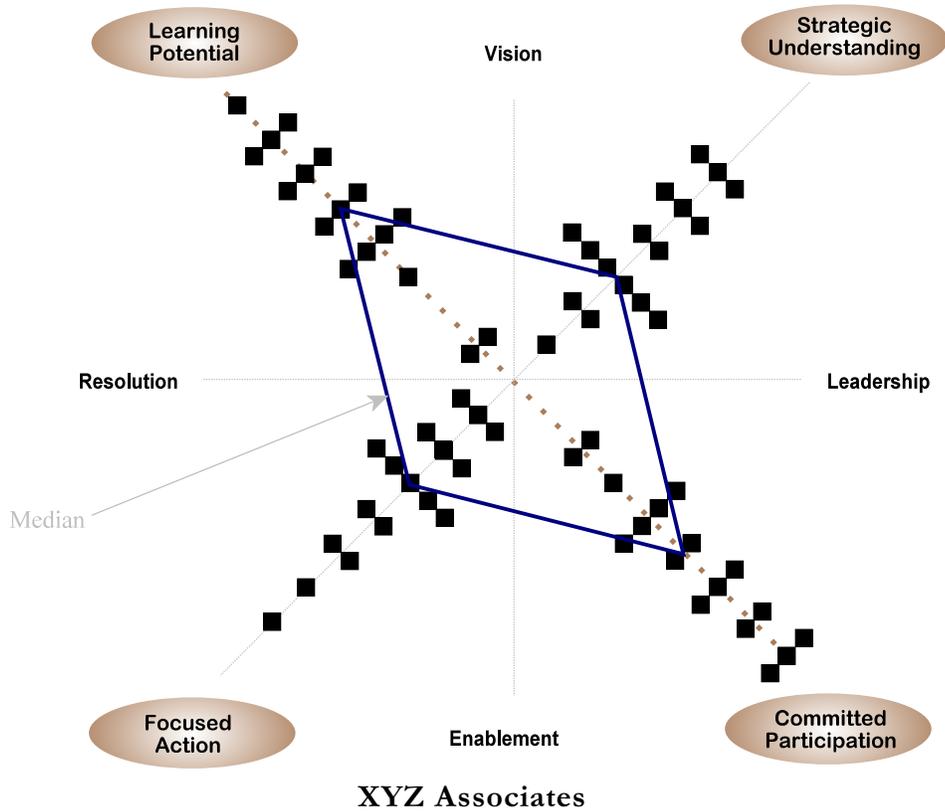


Participant: ■ Mr X

Date: July 2002

Overview:	You perceive that XYZ has a serious weakness in understanding strategy, as well as weaknesses in the areas of getting people to commit to strategic goals and ensuring that actual performance delivers the planned results. A positive is the reasonable strength reflected in learning from strategy. This shows you feel that management is willing to learn from experience and to allow learning to influence strategic direction. However, if the weaknesses are not addressed timeously, the openness to learning without a clear direction could deteriorate into confusion. This will easily be exploited by competitors and so put XYZ's success and continuity at risk.
Positive Areas:	The only factor which you perceive as a strength is that the team does not <i>resist change</i> .
Areas to Watch:	You perceive the following as potential weaknesses: <i>corporate culture; individual buy-in; definition and allocation of tasks; abuse of power and a tendency to group think.</i>
Major Concerns:	You perceive the following factors as weaknesses: <i>unclear corporate purpose; inadequate knowledge of the internal and external environment; risk to organizational continuity; poor team work; little individual empowerment; poor actual performance; ineffective measurement of progress; and an inadequate follow through on new ideas.</i>
Solution:	You have raised many warning flags. These should be explored for two main reasons. Firstly, if you are right and not heeded, then XYZ's long term success could be in jeopardy. Secondly, if you are wrong and not convinced, your motivation and commitment could suffer, making you a potential liability to the company. Therefore, it is critical that you are given an opportunity to explain your concerns, objectively and honestly. Equally important, your colleagues must be given the same opportunity to express their views in a similar structured format. Only then will you, as a team, be able to decide on the most effective action to secure XYZ's ongoing success.

The SHIFTSM Trigger of a 17 Member Team



Participant: ■ Senior Management Team (median score)
 (■ 's: 17 individuals)

Date: January 2005

Overview:	This team is somewhat effective at getting people to commit, and at creating the potential for organizational learning. However, the team is ineffective at creating a shared understanding of strategy, and at ensuring that actual performance delivers the planned results. If these perceptions are accurate, and these weaknesses are not addressed timeously, then XYZ's success and continuity could be at risk. <u>Explanation:</u> Median score (■): very low for <i>understanding strategy</i> and <i>acting on strategy</i> ; and average for <i>commitment to strategy</i> and <i>learning from strategy</i> . Standard deviation (spread of ■ 's): very high for <i>commitment</i> and <i>learning</i> ; high for <i>understanding</i> and <i>action</i> .
Positive Areas:	<u>Quadrants:</u> No quadrant appears to be strong. <u>Specifics:</u> As a team, you perceive the following aspects as strengths: <i>individual buy-in</i> ; and the <i>follow-through on new ideas</i> .
Areas to Watch:	<u>Quadrants:</u> <i>Commitment</i> and <i>learning</i> should be monitored (weak median score and spread of perceptions). <u>Specifics:</u> The following aspects in all quadrants should be monitored: <i>organizational purpose</i> ; <i>organizational culture</i> ; <i>team work</i> ; <i>individual empowerment</i> ; <i>allocation of tasks</i> ; and the <i>use of power</i> .
Concerns:	<u>Quadrants:</u> The areas of concern are <i>understanding</i> and <i>action</i> (a low median score and a high standard deviation). <u>Specifics:</u> As a team, you are concerned about the <i>knowledge of the internal and external environments</i> ; <i>organizational continuity</i> ; <i>definition of tasks</i> ; <i>action (or doing)</i> ; <i>measurement of progress</i> ; <i>tendency to groupthink</i> ; and a <i>resistance to change</i> .
Solution:	Now that these disparate perceptions have been highlighted, do not assume that your colleagues will automatically find common ground with each other - the risk remains that the situation could deteriorate. Therefore, it is critical for the ongoing success of this team that they discuss their differences openly and honestly, and continue to do so. Never forget that individuals with differing perceptions can learn much from each other - therein lies competitive advantage.

Twelve Perceptual Errors

- 1 The false consensus effect:** People tend to assume that others behave or think like they do to a greater extent than is actually the case (e.g. smokers tend to believe that more people smoke than the number of people who actually do smoke). Why do we do this? Firstly, we like to think that others agree with us because this means that we are "right". Secondly, we tend to choose friends who share our views. (Note that although it is comforting to assume that others think and behave like we do, there are times when we prefer to stand out from the crowd.)
- 2 The fundamental attribution error:** We have a strong tendency to explain other people's behavior or actions in terms of internal (dispositional) causes rather than in terms of external (situational) causes. For example, when we see someone trip in the street we are inclined to see that person as being clumsy (internal cause) rather than to assume that the person tripped over some physical object (external cause). Yet, if *you* tripped in the street, you would most likely attribute this to an external cause and not to being clumsy. Why do we do this? When we observe other people's behavior, we tend to focus on their overt actions, while treating the context in which the action takes place as less important.
- 3 The actor-observer effect:** This is closely related to the fundamental attribution error. The actor-observer effect is our tendency to explain our *own* behavior in terms of external or situational causes and to explain the behavior of *others* in terms of internal causes or traits. For example: you fell, but I was pushed. Why do we do this? It seems that we are quite aware of the external factors that effect our own behavior and thus see these as causes of our behavior. But when it comes to others' behavior, we seem to ignore situational causes and attribute behavior to personality traits.
- 4 The self-serving bias:** We tend to view success or good outcomes as due to our own doing or characteristics (internal causes), while we tend to blame failure or bad outcomes on chance or external causes. Why do we do this? If we can claim responsibility for good things, then our self-esteem and our public image are enhanced. And if we can blame failure on external factors then we can protect our self-esteem and our public image. An added problem caused by the self-serving bias is that when we make a mistake, these are seen as not that serious. But if someone else makes a mistake, we tend to view it as serious. In other words: "I can do no wrong and you can do no right". Research has shown that the self-serving bias is especially prominent in behaviors that are very important to the person (i.e. ego-involving). And that men are more likely than women to show the self-serving bias.
- 5 The self-reference effect:** We tend to process, remember and recall information relating to ourselves more easily than other types of information. Why do we do this? Simply because we pay more attention to information about ourselves.
- 6 The representativeness heuristic:** We often make judgements based on how similar something or someone is to what we view as typical. For instance, the more similar we think someone is to typical members of a given group, the more likely it is, we believe, that the person belongs to that group. Why do we do this? Because we are mentally lazy, or to use the correct jargon, because we are cognitive misers.

- 7 **The MUM effect:** People do not like being the bearers of bad news. This is called the MUM effect, because people tend to either keep quiet about bad news or to distort it to make it more palatable. Why do we do this? Apparently, it is not because we feel personal discomfort about sharing bad news or because we feel sorry for the recipient of the bad news. It is because we realize that bad news results in bad feelings and we feel we risk being disliked for passing on bad news.
- 8 **The reinforcement-affect model:** It seems obvious enough that people like anything and anyone that makes them feel good and dislike anyone or anything that makes them feel bad. But less obvious is the fact that we also tend to react to whatever we merely associate with our feelings. For instance, if you receive good news the chances are that you will like the person who merely happened to be with you at the time, even though he or she was not responsible for the good news in the first place. Why do we do this? We tend to transfer an emotional response to people or even to neutral objects.
- 9 **Balance theory and reciprocity:** According to the balance theory, balance is created when two people like each other and express similar views. But imbalance results when they like each other and disagree. Imbalance, like dissonance, is an unpleasant state and each individual is then motivated to do something to restore balance. One person could now convince the other to change his or her views. Or they could decide to dislike each other. Once they dislike each other, they become (relatively) indifferent as to whether they agree or disagree; and a state of non-balance is created. Why do we do this? We tend to like people who express similar attitudes and evaluations as ourselves because they are providing "evidence" that we are correct. And it feels nice to be correct. Obviously, if someone disagrees with you, it will have the opposite effect. A concept closely related to that of balance is reciprocity: if you like me then I like you. Almost everyone likes a positive response from others and dislikes any hint of disapproval.
- 10 **Framing and Anchoring:** Our judgements concerning people or events are often strongly influenced by the way information is presented. This is known as framing. For example, if we are told that a project has a 40% chance of success, we tend to view it more favorably than if we were told initially that the project has a 60% chance of failure. Anchoring is similar to framing. It refers to the tendency for a starting value to unduly influence judgements or decisions. If we are told that a project is likely to take three weeks, we tend to start negotiating to get more time. This means we have accepted the three weeks as a reference point and we have then 'anchored' our thinking around that point, instead of discussing how much time is realistically needed to do the project properly. In both instances, framing and anchoring, our judgments are influenced by information which should rationally not have any effect.
- 11 **Primacy and Recency:** Impressions we form are more strongly affected by information we receive first, even when information still being received contradicts earlier information already received. Why do we do this? Obviously, information we receive first is used to interpret information received afterwards. But more importantly, once we have some information, we don't bother to pay as much attention to additional information.
- 12 **Priming:** After watching a late-night horror movie, every creak in the dark house sounds ominous. And every time we read about another corporate earnings restatement, we suspect fraud. Why do we do this? Being cognitive misers, we process information based on what we can easily recall from memory.

Bright Rats, Dull Rats

Imagine you are asked to participate in a study to evaluate whether rats can learn to be good at solving a maze. You are told that the rats were specifically bred to be either clever at solving the maze, or to be stupid at it. Furthermore, you are told that the rats labeled as maze-bright are expected to perform well, and those labeled as maze-dull are expected to perform poorly. You and the other participants each get five rats. Half of you are told that you have been given maze-bright rats, and the other participants are told that they have been given maze-dull rats. At the end of the experiment you are asked to rate your own attitude and behavior toward your rats.

The results of the experiment show that the maze-bright rats out performed the maze-dull rats by a statistically significant amount. It also shows that those of you who had been given maze-bright rats rated them as brighter and nicer, and behaved more pleasantly towards their rats and treated them more gently.

But there is a slight problem: The rats had not been specially bred as being maze-bright or maze-dull. In fact, the only difference between the rats was the designation 'bright' and 'dull'. And the rats had been handed out at random to the participants.

What happened? The participants had unwittingly influenced the performance of their rats! They had managed to get the rats to behave as expected. This experiment was first performed by Rosenthal and Fode in 1963. You can read similar accounts in *Pygmalion in Management: Productivity as a Self-Fulfilling Prophecy* by Dov Eden. Lexington Books 1990.

About the author:

James McIntosh has worked as an independent executive consultant since 1990. His consulting purpose is simply to make organizations and management teams more effective. His special skill is to uncover what an organization can become and then to assist management in creating it. He achieves this by creating shifts in perceptions and in behaviors: He ensures that managers share a common strategic understanding of any necessary changes, secures commitment for participation in the change process, focuses action for effective execution, and encourages organizational learning as the changes are implemented.

James has spent more than 20 years consulting in different business environments, including the public sector and non- profits. He has been directly involved in diversification strategies, the integration of acquisitions, start-ups, the sale of business units and corporate turnarounds from bankruptcy. He has an MBA and an Honors degree from Stellenbosch University, and a BS in Agricultural Economics from the University of Pretoria, South Africa.

James is also an affiliate of MindForce Consulting, a select group of independent consultants and entrepreneurs dispersed geographically throughout the US and select non-US locations. James leads the Strategy Alignment and Execution Services practice area and represents MindForce in the region from Washington, DC to Raleigh, NC.

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