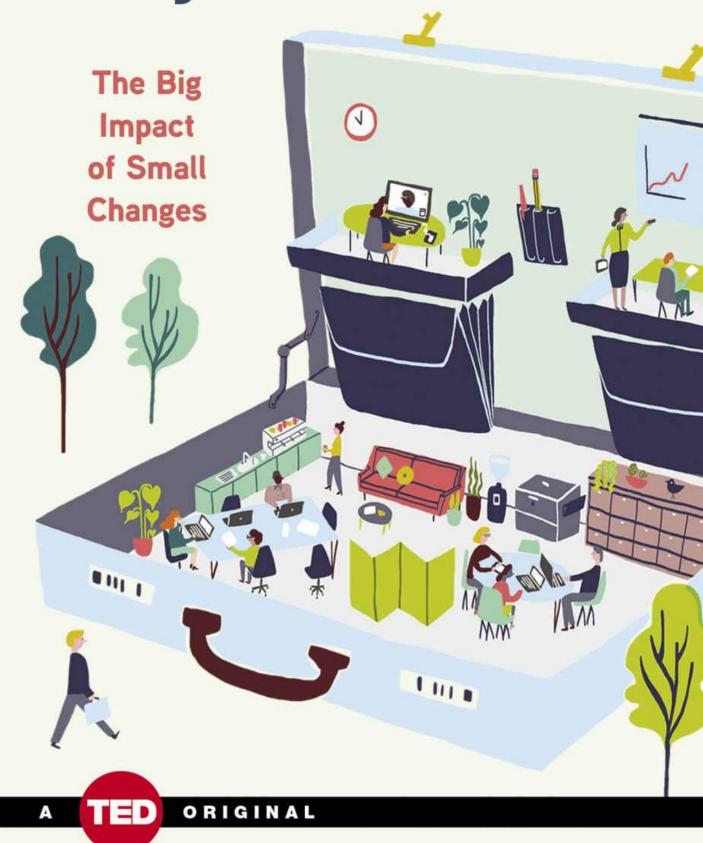
Beyond Measure



MARGARET HEFFERNAN

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Beyond Measure The Big Impact of Small Changes

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For Pamela Merriam Esty

I like what is in the work—the chance to find yourself.

Joseph Conrad

INTRODUCTION

We measure everything at work except what counts. Numbers are comforting—income, expenditure, productivity, engagement, staff turnover—and create an illusion of control. But when we're confronted by spectacular success or failure, everyone from the CEO to the janitor points in the same direction: the culture. Beyond measure and sometimes apparently beyond comprehension, culture ha become the secret sauce of organizational life: the thing that makes the difference but for which no one has the recipe.

The paradox of organizational culture lies in the fact that, while it makes a big difference, it is comprised of small actions, habits, and choices. The accumulation of these behaviors—coming from everywhere, from the top and the bottom of the hierarchy, from inside and outside of the company itself—creates an organization's culture. It feels chaotic and yet, at the same time, is susceptible to everything anyone does.

This represents both a curse and a blessing. For leaders, the curse lies in the sense that culture emerges of its own volition—not just beyond measure but also beyond their control. We may not be able to measure culture but we can measure the high rate of failure for programs aiming at culture change; that stands at around 70 percent. So the idea emerges that culture is elusive, hard to manage, impossible to command.

The blessing lies in the fact that institutional cultures are nonlinear systems. Small changes—listening, asking questions, sharing information—alter beyond measure the ideas, insights, and connections those systems are capable of producing. Each of these small things generates responses that influence the system itself. And everyone, from the CEO to the janitor, makes an impact.

That insight—that great cultures depend for change on small initiatives from everyone—has been central to at least one industry's transformation. When, in 1972, a British European Airways plane crashed three minutes after take-off, killing all 118 people on board, no single leadership change cou address the scale of the tragedy. What made the disaster so bitter was the recognition that the crash had been caused by problems that many people had known about earlier, concerns that—had they bee articulated—might have prevented the deaths. In the subsequent investigation, it became painfully clear that the failure to speak up, ask hard questions, or share concerns had been lethal. All the small barriers between people, functions, and geographies threatened the entire industry.

Yet from this disaster emerged a way of working together—building trust, sharing information and ideas—which, taken together, changed the culture of civil aviation. New routines were introduced the made it easy to raise concerns, ask questions, sound the alarm or share proposals. Where there had been secrecy, now there was openness. Where mistakes had been covered up, now they were acknowledged as learning, and widely disseminated without shame or blame. Where there had been deference, now vigorous contribution was invited and gradually emerged from all sides. This new was of working was called a 'just culture' and it transformed the least intuitive form of transport into the safest.

Today, we need just cultures across all our working environments, not just to prevent crashes but t draw from every single employee the best ideas, observations, concerns, and concepts inside every mind. We can't afford to let some thrive while others sit passively, demotivated or disenchanted. Ou challenges are too big, the times too urgent, and the human capacity locked inside organizations too rich to let any of it go to waste. Just cultures tap the ingenuity, initiative, and sheer cleverness of eve single individual; they reward imagination and celebrate truth-telling. They recognize that, while the road to success is littered with mistakes, it matters more to build trust and encourage ambition than t

reward obedience. At the heart of any robust culture is an idea of leadership that isn't about second-guessing—markets, shareholders, stakeholders, bosses, and peers—but having the courage to think and speak for oneself and on behalf of others.

Because organizational cultures are nonlinear systems, they can't depend on just a few lauded superstars but draw their energy from the vast collective intelligence of every employee, affiliate, partner, and customer. In that, they're inherently democratic, demanding a generous and humble mindset. Information isn't cherished and held close to the chest because it represents power; instead is shared and diffused for the inspiration and insight it provokes. If there is a single diagnostic indicator of a healthy workplace, it may just be the quality of connectedness and the ease of idea flow that characterizes them. In just cultures, every single person counts. As Randy Papadellis, the CEO of Ocean Spray put it, nobody wins unless everyone wins.

This sounds self-evident and it should be. But having run businesses both in the U.S. and in the U.K., I am staggered by the degree of passivity I see in companies around the world. I work with CEOs who are frustrated by the lack of energy and ingenuity they see in their workforce—while I tal to employees who feel equally frustrated by the rules and routines that constrain their thinking and deplete their initiative. I advise leaders immobilized by their belief that they are supposed to know everything—and I see their followers silent but wishing to contribute more. Everywhere everyone complains of silos, as though the last seven years of austere efficiency have left the barriers between people stronger than their connections.

I've lost track of the number of entrepreneurs I've interviewed who had what turned out to be a great idea—but which they hesitated to share, for fear of seeming foolish, out of line, off strategy, to wild, too pushy, too crazy. Passivity, articulated through silence, exacts a price not just when people feel they can't warn others about problems but also when they feel they can't challenge and explore new ideas. It's in that silence that opportunities—for redress or innovation—vanish.

In every country I've visited, locals have insisted this challenge is uniquely theirs. In Hungary, history is held accountable for a fear of speaking up; in Singapore, the desire to save face is implicated; in Latin America pride is the culprit; the Dutch hold Calvinist modesty accountable, whi the British blame traditional reserve, and Americans describe themselves as conformist. From these and many more places, I've concluded that conflict aversion and a desire to please are universal, eviscerating our energy, initiative, and our courage.

When I talk to individuals about these wasted opportunities, they tell me the same thing: it's the culture. Culture has become the alibi, the scapegoat, for everything that is wrong. But who can fix it? Only everyone. That's why this book is aimed at everyone and anyone—from the CEO to the janitor-who wants a better place to work. It looks at the accumulation of small, everyday thoughts and habits that generate and sustain culture: ways of speaking, listening, arguing, thinking, seeing. These aren't multimillion dollar, multi-year programs; these are small steps that anyone can take at any time, the small steps that mark the beginning of big change.

What this book won't offer is a simple recipe for overnight transformation, the over-the-counter tips'n'tricks beloved of motivational speakers and corporate cheerleaders. Instead, there's a great defin here about thinking: a rather prosaic, low-tech concept, easily forgotten and routinely underrated. But when we think, we have to stop what we're doing. If we let it, our mind will wander beyond cliché, jargon, second-guessing. That's when we find what we believe, who we are, and what it is we need to say. It's when we stop and think that we rediscover the courage, wit, compassion, imaginatio delight, frustration, discovery, and devotion that work can provoke—in short, all the things at work that do count, beyond measure.

1 Creative Conflict

Imagine a room of twenty-one successful executives working for a global luxury brand. They're well dressed, well paid, well mannered, and well off. But that is their problem. They are so immaculate they can't connect. So while on the surface everything looks and sounds fine, in fact not nearly enough is going on. The silence isn't golden; it's suppressed conflict.

Although the luxury of the company was unusual, nothing else about this scene was. Most people-from CEOs to janitors—would rather avoid conflict than embrace it. We fear our own emotions and we fear the feelings of others even more. So we develop habits and mannerisms to ensure that the argument never emerges. Psychologists call this "covering" and what it really means is that we obscure distinctive aspects of our personality, values, and passions when we come into work. In devoting so much energy to avoidance, however, we fail to move ideas forward; we get and stay stuc But just cultures aim specifically at ensuring that conflict and ideas come out where they can be seen explored, and confronted safely.

Scilla Elworthy can read the signs of silent conflict instantly. Three times nominated for the Nobel Peace Prize, she has devoted much of her life to developing effective dialogue between people who make weapons and those who want to ensure they're never used. The executives of luxury brands might not be her most natural constituents, but she has a lot to offer them.

"It was just a twenty-minute exercise," she told me. "They had to work in pairs, sitting opposite each other, in a comfortable place where they wouldn't be interrupted. The first person has to ask a nontrivial question—something like 'tell me who you really are' or 'what is it you most want from life?' For the next five minutes, their partner has to give the question their full attention, think about with their whole body, heart, and mind, and report anything and everything they feel. Both have to maintain eye contact for the full five minutes. Listening must be inexpressive: no smile, frown, or expression should be allowed to steer the response. Then they trade places. And repeat."

What Elworthy described was a simple but far from trivial exercise. It demanded focus, concentration, and honesty. By formalizing the exchange, the detritus that mostly obscures dialogue daily work was removed; small talk or second-guessing couldn't get in the way. Instead, each person had the experience—so precious in a working day—of saying what he or she truly believed and felt, and of being heard.

"We don't call it conflict resolution but conflict transformation. Buried under the dragon's foot is always a gem—something to be learned from conflict. And so you have to be able to name what is going on—and then to talk about it in a way that isn't explosive."

The experience proved so powerful that now, when the organization gets stuck, the team returns to Elworthy's process: they stop, sit down, and reconnect. The questions can escalate: What do you love What do you fear? What are your highest aspirations?

"The effect was so strong that it put our concerns in perspective," one participant recalled. "We became more real with each other. Fifteen minutes of that is worth four hours of discussion."

The purpose of a just culture is to surface all the information, intelligence, and insight required to make the best decisions. That means working in groups because, at its best, teamwork provokes the kind of constructive conflict from which better ideas emerge, honed by the clash of disciplines and the friction of divergent minds. And yet, when asked, most people will say that they are afraid of conflict and even fewer claim to like it. Leaders don't find this easy either, with 42 percent of CEOs

acknowledging that the area in which they feel least confident is conflict resolution. Yet done well, it can indeed become what Scilla Elworthy calls conflict transformation: a positive process in which everyone grows.

Difference Makes a Difference

Truly creative conflict requires a complex array of personalities, backgrounds, thinking styles, and attitudes. But there are good reasons why this often does *not* happen. We are all biased. Our brain achieves much of its efficiency by searching for matches. When I see something similar to past experience, I take a shortcut and trust it, assuming it's roughly the same thing, and skip over any taxing new learning. But there's a catch. What is most familiar to me—is me. I'm the face I see in the mirror every day and the voice I hear all day long. So my brain prefers, feels more comfortable with and confident in, people like me. That's why, statistically, individuals overwhelmingly choose as the life partners people who are roughly the same height, weight, age, background, IQ, nationality, and ethnicity. And it's why, as an ambitious young TV producer, when I sought to hire the best team I could find, I hired female liberal arts graduates who spoke several European languages, were under five-six and all had their birthdays in June: people just like me. Great teams need windows on the world, but biases mean that we mostly get mirrors.



This has been, of course, the rationale for several decades of diversity programs; teams do better when they consist of men *and* women. The most effective information networks include a broader range of people, backgrounds, expertise. And most companies seek to reflect the markets they serve. But if our biases work against us, how can we create and tolerate the diversity on which creative conflict depends?

Ted Childs knew how. I first met Childs at a diversity conference in London at the headquarters of IBM. These events were nearly always led by women, so I was surprised when an African-American man joined us. But when he started to speak, I knew why he was there.

Childs spoke of the experience of bias: its insidiousness, its invisibility, and the way that it was blind to itself and to talent that looked different. He described the battles he had waged inside IBM to implement policies that successfully attracted thousands of smart women who didn't leave when they had children but were supported and promoted throughout any careers they wished to pursue. Childs spoke with more authority on the subject of gender equality than anyone I had ever heard. Years later asked him why he had been able to achieve so much. Was it because he was *not* female?

"Absolutely," he insisted. "Fighting for a group that is not yours is a completely different fight. When I got the diversity job at IBM, I was not going to lead with a focus on blacks. Women, the gay, and the disabled were my focus. That gave me my best shot at disarming people and getting them to believe that I am intellectually honest."

Childs was explaining what I'd felt that night in London: the unarguable moral authority of someone not out for himself. In truly creative debate, self-interest is always a liability, but selflessness is power.

Creative Conflict Takes Practice

Too much homogeneity makes rich conflict impossible. But so, too, does fear.

There's very little in most people's upbringing or education that prepares them for the ambiguity and uncertainty of heated debate. But that can be learned.

"You practice for auditions, for exams, to improve your tennis game," Brooke Deterline told me. "So why wouldn't you practice the kinds of arguments and conflicts that are bound to come up at work?"

Deterline works with companies on what she calls courageous leadership: teaching individuals at a levels of an organization to be able, calmly and clearly, to raise the issues, concerns, and ideas that they have at work. You could say that her whole mission is the reduction of organizational silence, teaching people to identify the moments at which they want to stand up and offer an idea or counterargument.

"One of the first series of programs that we did was at Google," Deterline told me. "Their value is 'do no evil.' The hard part is: how do we empower people to do good? Very few people come into work knowing how to do that or feeling that it is something they're allowed to do. So they have to learn and to practice."

A decade ago, aware that data privacy was bound to become an inflammatory issue, Google create a "Liberate" group that is passionate about protecting personal information. The data liberation group's fundamental function is to stop internal teams from imagining they can hold information captive. They have a specific remit to provoke debate because that's how the teams they work with stay honest.

Conflict in companies shows up in many guises. Sometimes it manifests as a rather polite ritual, of the kind that Elworthy found in luxury brands. Often it is contained in silence that represents a fear of stepping out of line—with good news or bad. And in many companies it hones in on trivial issues—food, parking—as a displacement for the substantial creative arguments that no one dares to initiate.

All of these conditions cry out for people with the courage, skill, and honesty to focus creative conflict on the issues that count. Books like Mary Gentile's *Giving Voice to Values*, Roger Fisher and William Ury's *Getting to Yes*, and Kerry Patterson's *Crucial Conversations* all demonstrate that however much people want to be open, they experience genuine difficulty living up to that ambition. All we have is a voice—and the time it takes to learn how to use it.

One participant in Deterline's program, Luke, had to stand his ground against a combative CEO who believed the only way to negotiate a contract was through intimidation and brute force—but this flew in the face of everything he believed in. So he worked through Deterline's simple prescription: I spent time thinking about the conflict, consulted his peers, and practiced his approach.

"I felt real pressure to act counter to what I believed was the right course of action," Luke recalled "Before, I would have shifted automatically into conflict avoidance. But because we'd practiced thes kinds of conflict, this time, I acted on my beliefs and secured the autonomy to run the remainder of the negotiation as I saw fit. Rather than losing sight of what I valued and giving in to pressure from the founder, I stood my ground, I met the deadline, and, working my way, I exceeded the financial goals for the project."

Recognizing that his values were at stake was a critical first step; when you're tired, distracted, or heavily focused on deadlines or targets, even that can be difficult. Experiments show that we often don't even notice the moral moment, and by the time we do, it's too late. But what Luke found was that identifying the moment at which he was tempted by silence made him stop to think about his choices. Advice, allies, and rehearsal gave him the confidence to stand his ground.

Whenever I talk to people who have resisted the urge to duck the argument, I hear the same story: "There was more give in the system than I imagined. And now I'll do it again." They come to see the articulating your values, beliefs, and ideas enriches work and turns what could be a sterile, souldestroying confrontation into genuinely creative conflict. Or, as one executive recalled, "I began to see my whole professional life as an experiment, so much so that I began to welcome challenging situations—actually seeking them out—not only for my growth but for the growth of others and the overall health of my organization."

Crucial Differences

The German philosopher Hannah Arendt defined thinking as having a conversation with yourself. Bu for organizations to think, that conversation has to be with colleagues: testing, stretching, challengin observations, ideas, data, interpretations. The richness of the ensuing dialogue requires information and great questions.

Information wants to be different. If everyone brings the same knowledge, then why have five people in the room when you could just have one? Unanimity is always a sign that participation isn't wholehearted. Instead of seeking to confirm each other's biases and beliefs, why not bring data, stories, experience that enrich and expand? Great thinking partners aren't echo chambers—they bring well-stocked minds, new perspective, and challenge. Ask yourself: What do I have to offer that no or else can bring? That's what you are there for.

When Herb Meyer served as special assistant to the director of the Central Intelligence Agency an vice chairman of the CIA's National Intelligence Council, he was responsible for producing the US National Intelligence Estimates. But he grew increasingly uncomfortable with the data he received. As in most organizations, everything he was told just confirmed prevailing opinions: the Cold War was still going strong, the USSR was as powerful as ever. The lack of *disconfirming* data puzzled and unsettled Meyer. What if the prevailing wisdom were *not* true; what might the intelligence services expect to see?

I think Meyer's question is one of the best I've ever encountered for shaking up and enriching the

exploration that should lie at the heart of critical decision making. What might we see if we were wrong? Meyer compiled a list of everything that could happen if the Soviet Union were collapsing ar sent it to the spy networks. This was a low-cost experiment: if they saw nothing, then prevailing wisdom ruled. But one of the first pieces of data that came in was news of a weekly meat train that he been hijacked and all the meat stolen. The army had been called out—but then the politburo told the army to back off but tell no one.

"Well, that's not what happens when everything in the economy's just fine, is it?" Meyer asked. "You don't have people stealing meat and you don't have the army letting them get away with it. So that started to tell us something. And then there was more like that."

Meyer is widely credited with being one of the first people in the world accurately to forecast the collapse of the Soviet Union—not because he had a hunch but because he acted on it, sought disconfirmation, and had the courage and wit to ask a great question: What would we expect to see if we were wrong? He didn't just sit on his concerns; he reached out to get the data and the allies he needed to challenge and change the conversation: conflict at its best.

Better Questions, Better Decisions

Questions are the heart and soul of constructive conflict. They open up the exploration, bring in new information, and reframe debate. When I attended London Business School, I compiled a book of questions because I realized that while the case studies dated quickly, the questions were perennial and could become habits of mind.

- Who needs to benefit from our decision? How?
- What else would we need to know to be more confident of this decision?
- Who are the people affected by this decision; who have the least power to influence it?
- How much of this decision must we make today?
- Why is this important? And what's important about *that*?
- − If we had infinite resources—time, money, people—what would we do? What would we do if we had none?
- What are all the reasons this is the right decision? What are all the reasons it is the wrong decision?

Rich debate and argument are critical activities in any organization because, done well, they surface fears and doubts and they reveal ideas. They help us to see what we're prone to ignore, challenging u to think for ourselves, think better, think differently. And this is critical at every level of an organization. Donna Hamlin coaches board directors on how to ensure that the right debates are had. Her rule of thumb: ask three questions for every statement you make. That keeps the conversation open.

For critical decisions, appoint a devil's advocate: someone whose specific task is to probe for disconfirmation, argue opposite positions, and surface data or arguments that have been trivialized, minimalized, or marginalized. No one should ever get stuck in this role—after a while, even the staunchest advocate will get tuned out. Revolving the role, however, presents a fantastic opportunity for critical, constructive conflict: an experience everyone needs to refresh his or her thinking.

The president of Pixar, Ed Catmull, vividly describes the ferocious Braintrust meetings that accompany the development of every movie. Debates are intense; arguments are heated; what makes them great at problem solving is candor. No one wastes time positioning remarks. Instead, everyone offers their best suggestions to a director who—crucially—is under no obligation to accept any of them. Some airlines put on their boards safety directors from their competitors, appreciating that pee

to-peer challenge is the best way to gain confidence on issues that count. Both are forms of collaboration in which experience, asking questions, listening, and long-term trust combine to get problems and original ideas out into the open.

Making the Most of Mistakes

Just cultures require that everyone bring their ideas, experience, attention, questions, and arguments forge the best initiatives and systems they can. These won't be perfect; mistakes will be made along the way. But if people are too afraid of error, they won't be able to speak and think freely. Critical to the idea of just cultures, therefore, is the belief that as long as they are well-intentioned, mistakes are not a matter for shame but for learning.

At Massachusetts General Hospital, the orthopedic surgeon David Ring performed a carpal tunnel operation on a patient whose complaint was trigger finger. Only when writing up his notes did he realize his error and move, quickly, to correct it. But Ring wasn't content with that. He conducted his own, in-depth investigation of how he had come to make the mistake. And then he went one step further; he published his findings in the *New England Journal of Medicine* and became headline new

Since then, Ring has become an outspoken champion for patient safety and the critical importance of sharing mistakes. "If you can't talk about mistakes," he told me, "you learn nothing. If anything, i convinces you that you're perfect—which is dangerous. If you can own up to mistakes, then others can, too. And that's how you learn. It's how whole organizations learn."

At Torres wine vineyard, there is a big black book. It isn't a list of disgraced former employees or disappointing suppliers. The Black Book of Torres is the book of mistakes. Whenever a mistake is made, the person who made it writes it up. One entry came from the chief financial officer, acknowledging a \$200,000 error he had made in a currency hedge. But the value of the book goes beyond writing: every new recruit reads it on joining the company. So this simple book both shares the learning from the errors—so they aren't repeated—and sends a powerful message: everyone makes mistakes. Power and status confer no infallibility; mistakes are the way stations of progress.

Every decision is a hypothesis. Given the available information, a choice was made that will or won't deliver intended results in the future. When things turn out as we imagined, we call ourselves smart; when they don't, we call that a mistake. But really the hypothesis was just not proved. Being able to see that as new information, rather than error, turns debate into exploration, argument into thinking. Being able easily to say "I was wrong about that" removes the pressure to be perfect.

Most organizations pay lip service to the importance of mistakes—but few people believe it's safe to talk about them. In one recent study, of those questioned, 88 percent said they would address mistakes only in private; just 4 percent were willing to do so openly in front of others. But the correlation in medicine—between openness about errors and patient safety—is a compelling argume that openness about mistakes is what makes systems safer and smarter. How often, how easily, do yo acknowledge when you were wrong? Doing so gives others permission to do likewise. Just as in aviation, highly complex procedures become robust only when everyone looks after them, takes responsibility, and cares.

Constructive conflict isn't a fight club and neither is it a social club. At Pixar, Ed Catmull says that in the beginning, all their movies suck. The same is true for ideas, doubts, concerns: they all start off roughly hewn, imprecise, and out of place. The first glimmer of an idea or an observation is like gold dust—highly cherished but hard to spot and not immediately valuable. We come together in groups and teams to refine, reshape, and polish them. The ensuing arguments are the signs that we care. It's through that conflict that the real luster starts to emerge.

2 Social Capital

Running a software company in Boston, I recognized—and my board told me—that we needed to reposition the business. Our product was too bland, too generic to stimulate excitement or loyalty. I needed a team to help me and ended up working through the problem with a motley crew: a young we developer, a seasoned and eccentric media executive, a visual artist, and myself. We spent a week, ensconced in the private room of a burger joint, exploring options, rejecting easy answers, pushing of another to find something none of us could see. Looking back, I recall that intense period as one of the most thought-provoking learning experiences I've ever had. The team was outstanding—and successful—but why? How did such an eclectic combination of people manage to work together so well? What made this experience of creative conflict so productive?

You could argue that we had a lot of brains in the room—and we did. But we also had something more important. We had social capital: the trust, knowledge, reciprocity, and shared norms that creat quality of life and make a group resilient. In any company, you can have a brilliant bunch of individuals—but what prompts them to share ideas and concerns, contribute to one another's thinkin and warn the group early about potential risks is their connection to one another. Social capital lies a the heart of just cultures: it is what they depend on—and it is what they generate.

In a fascinating study of collective intelligence, Thomas Malone, together with a team of MIT researchers, analyzed groups that proved exceptionally effective at creative problem solving. Their goal was to identify the salient features that made some teams much better than others. What they found was that individual intelligence (as measured by IQ) didn't make the big difference. Having a high aggregate intelligence or just one or two superstars wasn't critical. The groups that surfaced mo and better solutions shared three key qualities. First, they gave one another roughly equal time to tall This wasn't monitored or regulated, but no one in these high-achieving groups dominated or was a passenger. Everyone contributed and nothing any one person said was wasted.

The second quality of the successful groups was social sensitivity: these individuals were more tuned in to one another, to subtle shifts in mood and demeanor. They scored more highly on a test called Reading the Mind in the Eyes, which is broadly considered a test for empathy. These groups were socially alert to one another's needs. And the third distinguishing feature was that the best groups included more women, perhaps because that made them more diverse, or because women tend to score more highly on tests for empathy. What this (and much more) research highlights is just how critical the role of social connectedness can be.

Reading the research, I can see my old team. We were all smart enough and had a wealth of different experiences, but no one deferred to anyone; that made us curious about what each could offer. We knew we needed an answer but we also knew that no one of us had it; we would have to work together to craft something we could not make alone. At times we were frustrated, scratchy, impatient. But nobody had any agenda. We all cared passionately about our shared success. In all of this, we'd been lucky; but can't we do better than luck?

Teaching Empathy

When I described Malone's research to a conference of five hundred business leaders, one asked whether it was possible to teach empathy. Did you have to hire for it—or could it be developed inside teams and companies? On the face of it, hiring for empathy—the ability genuinely to imagine how the

world looks through the eyes of others—is fundamental. Customers and colleagues won't see everything as you do and sharing others' perspectives is how we learn. But none of us enters the workforce fully formed, and crucial skills always have to be developed.

Teaching empathy reminded me of Carol Vallone. She's now run three successful businesses, but when I first met her, she ran WebCT. The company was the result of the merger of her Boston-based venture capital—backed business (originally called Universal Learning Technology) and a Canadian nonprofit. The cultural differences made Vallone confront the challenge of pulling a disparate bunch of people into a smart, functional team with empathy and respect that were not guaranteed.

When it came time to draw up the company's annual budget, each department head drew up a budget for that department—but then had to explain it so cogently to one colleague that the colleague could defend it at the leadership team meeting. The chief technology officer would argue the case for marketing, the head of sales spoke on behalf of operations, customer care explained technology's needs. The impact of this simple exercise was profound. Everyone had to see the *whole* company through eyes not their own. They felt duty bound to do the best job possible—if only to ensure their counterpart did likewise. They had to listen to everyone, not just wait their turn. In effect, Vallone we teaching empathy: getting each executive to see the company through the eyes of others and to appreciate the vital connections and dependencies between one another.

In large organizations, I've seen pairs of people choose to work out their problems this way. A functional head will challenge a regional head and then they will reverse roles. This way, they learn the exigencies and contingencies of both positions; they start to see common themes, ways they can help and support each other, and empathy grows. While many people recoil from conflict because the fear it will endanger their relationships, the paradox is that honest conflict—during the hard work together—makes social connectedness *grow*. When we avoid the argument, nothing happens. Only when we both engage in debate is our capacity to see each other's perspectives realized.

Mortar and Bricks

It's the mortar, not just the bricks, that makes a building robust. The mortar, in this context, is social capital: mutual reliance, an underlying sense of connectedness that builds trust. The idea of social capital grew out of the study of communities and what made them survive and flourish in times of stress. But the concept takes on vital importance when applied to organizations that are now routinely beset by change, surprise, and ambiguity. At work, no less than in communities, social connectedness plays a critical role in making individuals and companies more resilient, better able to do conflict well.



Exploring and acknowledging the interdependence of her department heads, Vallone's budget exercise built the bonds that helped to make them willing to work together in search of better ideas and decisions. High levels of social capital produce trust of a kind that makes conflict safe, more vigorous, and open. There's a virtuous circle here: creative conflict, done well, generates social capit that, in turn, makes conflict safe and constructive. (By contrast, an absence of social capital makes it impossible for people to speak and think openly—which means that they never develop the social connectedness they need from one another.)

Building social capital sounds like an abstract idea but it derives from an accumulation of small actions. When I talk to business leaders about this, many of them have reexamined small initiatives that fundamentally transformed their organizations. One told me about the silos of his business: geographical regions and technical functions found it hard to connect and trust one another. So he'd asked that each make short films about one another. He wasn't expecting anyone to invest much effo in the project but went to the trouble to gather the entire company in a cinema to watch what they'd made. The outcome startled him: movies of immense passion, inventiveness, and humor that delighted, motivated, and inspired the whole company.

"I didn't realize it at the time," he told me, "but I guess building social capital was what we were doing." Making the films meant the teams got to know one another; being in each other's films made them care about one another. Giving the activity a name made the CEO appreciate that getting people to invest time in the group was a fundamental business need.

Some companies now ban coffee cups at desks, not to protect computers, but to ensure that people hang out together around the coffee machine. ASE Global won't let employees eat lunch at their desks. In part, this is to ensure that everybody takes a break. But both policies create the opportunity for people to know one another.

"We had a nice lunchroom. But just having it wasn't enough," CEO Rob Jones told me. "We made it a rule so that people would see that we valued the value they find in each other. We think that matters to our business."

The Swedes have a term for time together at work; they call it *fika*. It's a moment when everyone gathers for coffee and cake, dispenses with hierarchy, and talks together about work and nonwork. The word *fika* signifies more than a coffee break because it fosters a sense of togetherness. The Swedish researcher Terry Hartig calls this "collective restoration," arguing that the synchronicity is what give the time its social and business value.

When Alex Pentland studied the communication patterns at a call center, he recommended that

coffee breaks be rescheduled so that everyone in a team took a break at the same time. On the face of it, this didn't sound efficient, but providing that one opportunity to build social capital yielded the company \$15 million in productivity gains—while employee satisfaction increased by up to 10 percent. Not bad for a coffee break.

I didn't know any of this when I started my first software company. We had gathered plenty of young, smart, energetic, motivated people who all worked furiously. But everyone was so focused on tasks and targets that there was little give-and-take. Everyone worked hard, but they worked alone. Even in the first year, turf warfare threatened: engineers thought marketers made too much noise, and accountants thought salespeople were awfully expensive for people who were always absent. Work was being seen, and executed, as a transaction; the relationships between people weren't growing.

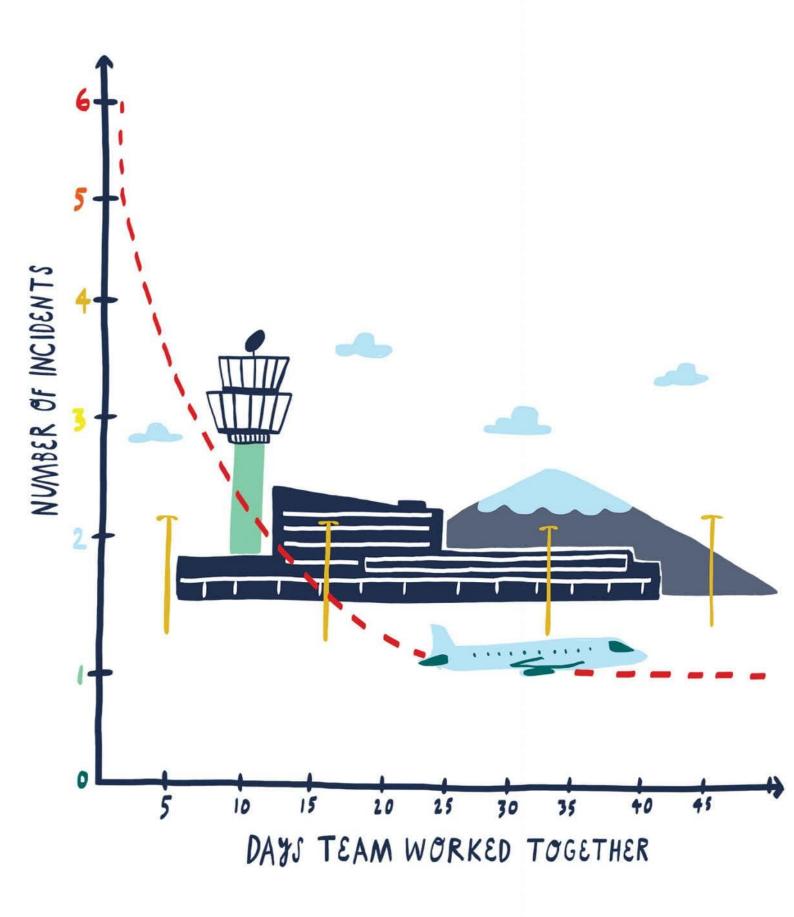
What I devised was so simple I still feel awkward writing about it. On Friday afternoons, we stopped work early, got together, and listened as a few people told the whole company who they were and what they did. Some used PowerPoint—others performed sketches, wrote songs, or told stories. We learned about one another. An engineer had worked on one of the first Internet browsers, a marketer had devised a famous tagline, a Russian designer had taken huge risks to leave her home country. You watched respect grow. Ten years later, the same process in a completely different business yielded similar results; work between people became more direct, open, and fearless as executives came to see human value in one another and to gain trust. Social capital grows as you spend it. The more trust and reciprocity you demonstrate, the more you gain in return.

Work at MIT has quantified this. Alex Pentland's team tracked the patterns of communication of teams in a wide range of organizations from hospitals to banks to call centers. They discovered that those patterns of interaction were as important as everything else (individual intelligence, skill, personality, the contents of discussion) *combined*. What happened between people—not just at meetings but in casual conversations, brief exchanges in the hallway, at the water cooler—made a measurable difference in productivity. And his tracking quantified what we've all felt—that the real influencers of an organization are the network nodes: the people who most often intersect with the most people. Their titles may not signify power, but that's what they have—and it is through them the social capital compounds and change accelerates.

Time Compounds Social Capital

Within academic circles, the scientist Uri Alon is famous for breakthroughs on the boundary between physics and biology. But he is more widely acclaimed for a 2010 paper "How to Build a Motivated Research Group." (Scientists are closely akin to entrepreneurs in the sense that success hinges on identifying hard problems and solving them—often in a race against time.) Alon knows time is precious but he still devotes the first half hour of his weekly two-hour meeting to "nonscience": birthdays, the news, the arts. This might appear to reduce the time for real science—but in the long term, Alon says, the gains from increased motivation more than make up for the losses. When the group moves on to discuss science, he assigns each member a different role—as imaginary referees obtainstormers—which helps to structure the constructive conflict within the lab. All of this, he says, builds the social connectedness on which every scientist will rely when they hit the difficulty and confusion that always accompany scientific breakthroughs. For Alon, social capital is what makes those discoveries possible.

THE BENEFIT OF LONG-STANDING TEAMS



Investing in the connections among team members both increases productivity and reduces risk. The National Transportation Safety Board found that 73 percent of incidents occurred on the first day a team worked together, and 44 percent on the first flight. By contrast, flight teams that stayed together for years performed better than all the rest. The late Richard Hackman's research into teams showed that superior teams tended to be very stable; they work together for a long time, getting to know and trust one another. Switching people in and out didn't make them more creative—it was disruptive and dangerous: newness was a liability. Shuffling roles within a stable team produced enough change, while preserving the value of familiarity that develops from working together over time. Even in research and development, where new talent is needed to refresh ideas and knowledge, Hackman concluded that the introduction of just one person, every three or four years, would suffice.

Without high degrees of social capital, you don't get the vigor of debate and exchange that hard problems demand. Creativity requires a climate of safety, but without social capital, no one will risk the fresh thought, the unpredictable idea, the testing question. That even the finest talent needs social capital became clear when I heard a CEO describe an organizational failure.

He told the story of a hugely gifted executive who had been transferred from Hong Kong to the European headquarters. Everyone had had high hopes for him—but after he arrived, he floundered. Disconnected from his team, deprived of social capital, his intellect alone was insufficient—yet whe he returned to Hong Kong, he was again a superstar. Remarkably, the CEO concluded that the individual hadn't failed—the organization had. It had failed to appreciate the degree to which IQ alor isn't productive; it needs support, safety, candor, connections, and trust to thrive.

Social capital isn't about chumminess. It doesn't mean work colleagues have to become best palse that good cheer is a permanent requirement. Many of the greatest teams are scratchy, sharing an impatience with anything less than the best. Grumpy orchestras tend to play better than cheerful ones they're focused on performing better and happiness is the output, not the input, of their work togethe In organizations with high degrees of social capital, disagreement doesn't feel dangerous, it is taken a sign that you care; the best thinking partners don't confirm your opinions but build on them. They know that every idea starts out flawed, incomplete, or downright bad. In organizations with high degrees of social capital, conflict, debate, and discussion are the means by which it gets better.

Building social capital makes organizations more productive and creative because high levels of trust create a climate of safety and honesty. That makes companies more efficient and profitable, too How? By making it easier to ask for help. Helpfulness may sound like a rather anemic quality, but studies of teams across industries as varied as paper mills, banks, pharmaceuticals, and retail all demonstrate that the helpfulness of a group has a direct impact on profits, costs, productivity, and efficiency. Helpful teams of people accelerate the sharing of knowledge and expertise; they don't let one another stay stuck or confused; they try to prevent problems before they arise and they won't let colleagues become isolated or cut off. Social capital compounds even as we spend it. And the longer groups work together—the more social capital they accrue—the more these benefits grow. Trust, helpfulness, practice, and courage become the simple renewables that power our working lives.



Power Listening

Try this experiment. The next time you attend a meeting, promise yourself you won't say a word. Th may sound simple, but listening requires courage—it means you have to be open to what you hear.

Many executives regard this experiment as some kind of torture. They're used to meetings where they go in with prepared arguments they're determined to land. They listen for nothing but the perfect moment to jump in and shut down debate. But building high degrees of social capital requires as much listening as talking. The equality of contribution that Malone found so important only becomes truly dynamic when you bring the courage and the humility to both talk *and* listen, and to be open to change.

In the Quaker religion, listening is considered a way of deeply experiencing the present. Meetings are seen as representative of a distributed mind, and the silence of listening isn't a failure of communication but a form of social support. Eoin McCarthy, a consultant who is also a Quaker, is often asked to sit in on board meetings and to raise a red flag when he hears a decision being made. It told me that individuals in meetings are often so intent upon their own contribution that they don't notice when they close off avenues for debate.

McCarthy has become a professional listener. So, too, is Matthew Owens, conductor of the Wells Cathedral Choir, one of the finest church choirs in the world.

"It's more important to be able to listen than to make a sound," he told me. "In singing, you have t listen to each other—and respond. The best ensembles listen and respond; it's the responsiveness that makes them distinctive."

When Owens listens, he's highly attuned both to the whole—the space, the mood—and to the individual performers. You need, he says, a second set of ears. As a conductor, Owens does what man of us could do in meetings: listening for mood, encouraging what works and lifting the tone before it flattens, fine-tuning pace and progress. He fully appreciates that what makes a group unique is its capacity to listen and to generate a fresh response.

The more senior you are, the more important listening becomes. Once a leader speaks, most people stop listening to one another and start positioning themselves. But when the leader doesn't speak, then, just like a great choir, people have to listen to and respond to one another. That's how and when distinctive work emerges.

Scott Cook, the founder of Intuit, listens for surprises: the comments or data that contradict or challenge his assumptions. Sheryl Connelly, who runs the global consumer trends division at Ford, writes down anything she hears that she disagrees with or is surprised by. She's also fastidious in taking notes; reviewing them often draws her attention to details she hadn't appreciated in the heat o the moment. I try to listen for what is *not* being said and am keenly interested in the emotions of the group and how far anyone responds to them. I doodle a lot; it helps me to keep my mouth shut—and there is some evidence that doodling helps you to retain what you hear. Some groups I have worked with take turns appointing a listener—not quite an umpire but someone whose role is to listen for subtext. No one who has ever taken this role comes away thinking it's the easy option. Some even chart the discussion, with one column for what is said—and another for what it means. It's a simple way to unpack contradictions, fears, unspoken truths.

Listen. Leave time to think. Truly respond to what has been said—not with the argument you prepared earlier. And don't interrupt. This last, simple habit is hard for many people to develop but profoundly changes pace. We interrupt when we think we know where an argument or a sentence is going—but our interruption blocks new ideas or thoughts. Moreover, when participants know that the won't be interrupted, the mood of the meeting changes. Urgency, the fight for airtime, dissipates. Knowing you will be heard creates space for thinking.

Just cultures depend on social capital to create the sense of commitment and safety that keeps people listening, talking, and thinking through all the frustration, confusion, doubt, revelation, and discovery that creative conflict necessarily generates. But just cultures also compound social capital by taking it seriously, recognizing that the dynamic between people is what brings organizations to life.

3 Thinking Is Physical

My business school students occasionally get to watch TV. It isn't a treat. I show a clip from a financial news channel—Bloomberg, CNBC—and ask them to retain as much as they can. With scrolling subtitles full of stock prices, a right-hand box of weather forecasts or sport scores, there's little space left for the hapless CEO breathlessly explaining quarterly results. When the clip ends, I ask what anyone recalls. A few prices, tomorrow's temperature in Barcelona, the CEO's company's name—that's about it. When I ask for a critique of the corporate strategy, they are dumbfounded: Yo mean we were supposed to follow all that information *and* think about it? But that's impossible!

It is impossible. Higher-order thinking—argument, skepticism, doubt—is cognitively expensive, requiring more of our brain's capacity. The brain's resources are limited and attention is a zero-sum game. When you pay attention to one thing, you have less for everything else. Avid concentration on scrolling data leaves little cognitive capacity for analysis. We may imagine that we can multitask, but no brain is built to do so. Just cultures rely on and reward the highest levels of attention and creativity that we can muster. But distraction, fatigue, and overwork profoundly, quickly, and inescapably undermine these. Culture may feel abstract, but the just culture absolutely requires that the physical demands of work be respected and understood.

Monotask!

Trying to do everything makes multitaskers poor editors. Those who consistently attempt multitasking find it harder to ignore irrelevant information and take longer moving between tasks—in other words for all their frantic activity, they're actually wasting time. And because the brain's competing memo systems store information differently, whatever is retained is harder for the multitasker to recall. While these energetic minds might feel that they're on top of the world of information, in reality the are at its mercy.

So how we work creates its own feedback loop: the more attention we try to pay to everything, the less discerning we become. But when we focus, we get better at concentrating—and remembering what we did. We feel less exhausted. So monotasking—focusing on one task at a time—isn't only more efficient; it also leaves us better able to use the knowledge we have gained. This isn't just a matter of productivity. Distracted people can't think, which also means they cannot begin to think fo themselves. They may make good sheep, but they will never make great leaders.

Engineers talk about asset integrity, by which they mean that systems and machinery must be looked after, serviced, and repaired before anything goes wrong. At industrial sites, asset integrity is the cornerstone of safety, efficiency, and sustainability. But for those of us who don't work with physical machinery, the machines we use are our brains, and we need to appreciate their limitations a fastidiously as any site engineer. We mostly don't do that—but we could.

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