

**Best Practices in Action Series –**  
**Building a culture of honest inquiry in an organization:**

Tim O’Bryan: Welcome to the best practices and action series, my name is Tim O’Bryan, Director of Global Marketing and Customer Relations for the Innovation Center and I will be your host for this series. This series we are bringing to you is focused on customer success stories and best practices in business intelligence and performance management.

Hello everyone and welcome to this installment of the Best Practices in Action Podcast series brought to you by the innovation center for business analytics. I’m Tim O’Bryan. I am the director of Global Customer Relations for the innovation center for business analytics and I’m happy to be your host today. Today we are joined by Bob Lewis from IT Catalysts. Bob is an author of a many manuals in regard to information technology, around change management, around project management and other IT related processes and practices. One of his books already out there released a manifesto for 21<sup>st</sup> Century Information Technology, titled “Keep the Joint Running.” Another forthcoming book in the later half of 2010 is “Bare-Bones Project Management: What You Can’t Not Do.” Also a forthcoming book by Bob Lewis is being published later in 2010 entitled, “Bare Bones Change Management: What you Shouldn’t Not Do – Seven Components of Business Change Management Plan” And, it’s a companion novel to another book that Bob’s already published entitled “Bare-Bones Project Management: What You Can’t Not Do.”

Very excited to have you here today, Bob Lewis, welcome!.

Bob Lewis: Thank you.

Tim O’Bryan: And Bob today we’re here to talk around a subject you called Don’t trust Trusting your gut. And as we talk about this, I think we decided it might make sense to start off by talking about something entitled building a culture of honest inquiry in an organization. Can you talk a little bit about what that means of how an organization might go about building a culture of honest inquiry?

Bob Lewis: Well, I know if I can talk a lot about it, I’m rarely successful talking a little about anything!

Yeah, Tim, a culture of honest inquiry here’s what it means. It’s a business culture which means a set of expectations is how everybody

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in the organization behaves. It is how, more importantly, everybody expects everybody else to behave. In which, everybody's goal is an honest understanding of how things really work. And how things really should happen. How decisions should be made based on the realities of things. Based on what the evidence is. Where the evidence takes you instead of what I think too many business leaders have been told is a great idea, which is just trust your gut. Trust your instincts some more always worked.

Tim O'Bryan: You're right. That has become almost a business epigram staple if you will that is thrown around these days. You're kind of going against the grain a little bit, aren't you?

Bob Lewis: I am, and it's a sad thing. I mean, here we are in what, the 21<sup>st</sup> century? We've been to the moon. We have a working space station. We have nuclear power. We have a highly-technological society that is all built on hundreds of years of success with scientific method. And what we get, trust the Force, Luke. We get just trust your gut. Trust your instincts but blank the power of thinking without thinking. And we are actually telling business leaders, "never mind that messy sweat producing, annoying, difficult thinking. Just do what your gut tells you, it's all great!"

Tim O'Bryan: You hear a lot about fact-based decision making. Let the numbers make the decisions for you evidenced based decision making. How is the culture of honest inquiry different? Or are they the same?

Bob Lewis: Well, to a certain extent they are the same. And I will never say, "let the numbers make the decision for you." I would say let the numbers, let the evidence guide your decision. It's when people either argue with the evidence or when they cherry pick the evidence based on whatever happens to be their biases tell them they prefer, we get into deep trouble. And there are so many instances of this either in your newspapers daily headlines right down through what software should we use to achieve a particular result. Whenever somebody starts with their bias, starts with their preference, only then starts looking at the data and uses it only for ammunition to fire at whoever disagrees with them. That's what gets us into trouble.

So yeah, a culture of honest inquiry, it isn't merely a practice of evidence-based decision making, it's an underling culture that expects it. And it has everybody expecting everybody else to expect it. So that you have discussions about what the evidence means instead of arguments about who's biased and who's got this right.

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Tim O'Bryan: And what would you say are some of the barriers to a culture of honest inquiry?

Bob Lewis: Human nature's a big one! (laughs)

Tim O'Bryan: That's what I would imagine. (laughs)

Bob Lewis: To absolutely be fair, all of us in our weaker moments, which in my case is most of my moments. We know we know. We know we think. We know we prefer. And what we tend to do is, anything that reinforces what we want, we tend to accept without a whole lot of scrutiny, and anything that we disagree with, we can nitpick to death. And we're very, very good at it.

So that's probably, I mean there are other ...any number of challenges to this. But that's a big one. Now, I think part of what happens is, you know we talk about trusting our guts, what we're really doing, and of course we're not really paying attention to internal organs. What we're doing, everybody's life is one sense, the creation of a personal database.

That's your experiences. It's a collection of experiences that we have filed and cross-referenced, that we rely on to make decisions. Because that's the best we could do as a species until the invention of libraries. And other ways of recording other people's experiences making use of them.

So we're all kind of wired to take our experiences, when a new situation hits us, find the closest matches to what's worked in the past, and then we say that that's the way things are. But when we've failed to take into account is that the life each of us lives, really from a statistical perspective, is what you call a biased sample. The problem of a biased sample is once you have a biased sample, you can't rely on any analysis. The data don't have the right quality to support it.

So, that's one big issue, second big issue, this has been researched and it's oddly true: Humans are so good at spotting patterns, that we spot patterns when there aren't any. If you have, OK, so television's on 24 hours, when I was a kid, the station would sign off and then you'd just get snow on the screen. There are people who would stare at the snow and were absolutely certain that they saw patterns in it. Maybe space aliens or something. We're so good at spotting patterns, we see them when they are not there. And that's another way we can get ourselves into pretty serious trouble. When we don't pay proper attention to what our life experience is telling us.

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There are a few others. Our innate logic isn't good logic. If we all think about it real hard, correlation's gonna mean the same thing as causation. We don't know it doesn't. But we have to pay attention to that.

And one of the really bad ones, Tim, is people tend to choose sides. People tend to have a team that they perceive to be their team. And their team is the good guys. And there's another team that isn't their team, and that team tends to be the bad guys.

You can always trust the good guys, you never trust the bad guys. So, a whole lot of the way we evaluate things as human beings, if we're really not constantly on the lookout for it, is we are looking for ammunition to support the intention, "my team good, your team bad." And that gets us into deep, deep trouble all the time.

Tim O'Bryan

Forced polarization

Bob Lewis:

(laughs) Oh yeah. Propaganda's taken endless advantage of this, every day of your life. It doesn't take much newspaper reading to recognize that if you're on the lookout for it, propagandists are doing this to us all the time. They are labeling some group of human beings as "them." Explaining how bad "they" are, cherry-picking data to support a very biased view of the world and using to prove how bad "they" are, whoever "they" happen to be.

And whatever side you happen to identify with, you're very, very vulnerable to those messages.

Tim O'Bryan:

So, how about you know, any more remarks you want to make as it pertains to don't trust trusting your gut before we get into you know, that particular subject in more detail and how building a closer honest inquiry relates to this subject of "don't trust trusting your gut?"

Bob Lewis:

Well, this could go in any number of directions. And as you know, Tim, getting me to be brief is the challenge! (laughter)

Let me just ask a question for anybody that's listening to this who has read Malcolm Gladwell's book, "*Blink – The Power of Thinking Without Thinking...*" What's fascinating about this book, actually two things are fascinating about it. One is he's relying on 267 pages of evidence and logic to prove that you should be paying attention to 260 pages of evidence and logic. So there's a certain sort of bizarre irony to the whole notion of the book.

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The second thing is that if you actually read the book, the second 2/3s of it are about how trusting your gut doesn't work. About how blinking the power of thinking, thinking how it doesn't work more often than it does. But in an age of short attention spans, very few readers got past the 76<sup>th</sup> page where he stopped giving examples of where it did work.

Tim O'Bryan:

(laughter) Well, I think as it relates to business you know, decision making, trusting your gut vs. fact or evidence-based decision-making or some kind of marriage between the two, a happy medium. I think you know, you're finding that decision makers in organizations, managers, you know, this whole business environment has changed. The speed of business today has changed in such a way, that in order to stay competitive, you really have to instill a real decentralized decision making process across a larger organization.

You can't wait for the top dog to tell someone deep into the hierarchical chain which way they think they should go on a particular decision. Unless it's a top-level strategic decision, you've got to rely on people all the way down the hierarchical chain to be making the right decisions every day. Some of which, I suppose depending on what it is, might be gut-based. Others are maybe 100% evidence based, but on the whole, I think there's kind of a happy medium between those two worlds.

Isn't there, Bob, or are you making a case that absolutely they're not...

Bob Lewis:

(laughter) OK, so, let me put a couple of pieces in place on this.

First one is, if you want a culture of evidence-based decision making in an era of light-speed business, one of the things you have to be very good at is getting evidence in front of decision makers quickly.

And as you point out, quite accurately, in this day and age, you really can't afford to have the top executives of a company become a decision bottleneck. Because that slows the business down.

So, if you want to decentralize decision making, and you want it to be evidence-based, you need a good set of systems to get evidence in front of everybody as fast as they need it. Because otherwise, the speed is going to require a sloppy approach to these things.

So that's one piece of this, and since you're in the business intelligence business, I suspect that that's a welcome message.

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That's one of the things that you do for business intelligence is give everybody in the organization more of an ability to get at the information they need to make a smart decision very efficiently.

That's one piece. The second piece is understanding what it means to be an expert. One of the things that experts have at their disposal, I mentioned earlier of the incomplete bias database. The more expertise they have on a subject, the more complete their personal database is because they've taken the time to learn their trade. And so, when you're dealing with an expert working in their field, what their gut generally is telling them is really taking shortcuts around that, the linear analytical minefield that they would otherwise have to wade through.

Experts in their field often can rely on snap judgments, because the snap judgments are a summary of a bunch of logic that they have worked through the hard way, earlier in their careers. Now because that works, experts are prone to a problem which let's call overconfidence, which is to say, well if I'd trust my gut, in my field and it works so well, in any other field I can trust it too. But that's not the case.

So, if you're an expert in picking stocks, for example, that does not make you an expert in organic chemistry. So people need to understand the limitations and oh, one more thing that's worth paying attention to is there's a difference between listening to your gut and trusting your gut.

Trusting your gut has quite a lot of hazard to it. Listening to it on the other hand, the gut is the voice of your experience. Entirely ignoring your personal experience is a mistake. So, what you really need to do is listen to what your gut's telling you, verbalize it, understand where it's coming from and track it down to validate it instead of just trusting it.

But ignoring it is not the answer either.

Tim O'Bryan:

And, in you're describing in a way how trusting your gut really works. And you describe from preparation from selection to decision?

Bob Lewis:

Sure. This is sort of my model of when someone says they trust their gut, what's really going on? What's really going on is they spent a life collecting this personal database. This is a collection of experience that exists in their brain however the brain stores memories.

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When a situation occurs, what humans tend to do is go through an exercise in pattern matching which is to say whatever the situation looks like, we're looking for the closest matches in our experience. And whatever that match is, is what we kind of hold on to the database saying what worked for that, and/or what didn't work for that. And whatever worked or didn't work for that, we conclude will or won't work for this situation that we think is parallel.

So that event is part of a model of how trusting your gut works. It's a little more, I'm sure it's more complicated that if we talked to any cognitive theorist, they'd say I'm all wet. But I think it's pretty close.

Tim O'Bryan:

What are some of the pitfalls? You alluded to some of them earlier, but what are some of the major pitfalls in employing this type of decision making ethos?

Bob Lewis:

Well, let's see. Sample bias is a big one. When you trust your gut, what you're doing is you're trusting your personal database. And the problem with personal database, it's collection of life experiences, is it's a biased sample. It is what happens to have happened to me, but just because this is what happens to have happened to me, that doesn't mean that that's how the world actually is.

Second one is some of the experience that we tend to accept is the experience of other people, that they tell us is really the way the world is...Here's how bad it gets. I know people who've said to me, they've actually used this phrase, you know, Bob, there's a lot of truth in fiction.

What that means is they read some science fiction novel, and it's included in their personal database that they then pull out when the time comes to make a decision. Problem with fiction, is that you can prove anything you want with fiction because I get to make up how everybody works.

I get to make up how people respond, so if I wanted to write a novel, I could prove anything. Because (laughter), it's my universe. It's my people. I decide their every move. But when people read novels, some of them treat the novel and the lessons in the novel, they added to their personal database just as if real human beings behaved that way. Which they might or might not, depending on how accurately the author portrays human behavior.

And then, of course, we tend to filter out what we pay attention to and what we don't pay attention to based on our personal preference.

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Tim O'Bryan: So, it sounds like, if someone's reading some science fiction novels, there are a lot of science fiction novels, that could be part of their reality just as much as reading the newspaper every day.

Bob Lewis: (laughter) Absolutely, and in westerns or whatever.

Tim O'Bryan: So Bob, when we talk about the subject again about trust, don't trust trusting your gut, what are some of the main points you want to leave our listeners with? They sign off of this podcast, what would you want to make sure they take into account when we talk about this particular subject?

Bob Lewis: Well, I tell 'ya, I'm tempted to go in the purely business-like direction, never mind public policy, never mind how you live your whole life. In the narrow confines of your job's business layer, which regardless of your title, if you're trying to persuade other people to follow in your direction, and you're being a leader...in that businesslike atmosphere, the message I would really like to leave everybody with is there are better ways of making decisions than anyone's first impression. Than anyone's gut tells them by itself.

And to the extent you can engage in evidence-based decision making yourself to the extent you can encourage your teams to do it, you're far better off. And by the way, something we haven't covered, I think is very important. One of the most important guidelines in moving a team to evidence-based decision making is to not start by collecting evidence.

Something I mentioned before, when people collect evidence, by itself what they're very often doing is gathering ammunition. They're starting with a bias, and then gathering as much weaponry as they can to support that bias.

So, in a team environment, one of the most important things to do is to get everybody to agree to the process though which you'll make the decision. Whether it's a comparison matrix, whether it's a list of advantages and disadvantages, whatever their process is going to be...If everybody agrees to the process first, and then they agree to the evaluation criteria, and only then do they start gathering the evidence that they need to go through the process...Now, you've got a chance. Because you've already gone through some of the hard work of bringing people to consensus.

How they're going to interpret the evidence, and what the evidence matters. So from a business perspective, that's where I leave you.

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From a larger perspective, I would say, one of the things to be aware of is very, very sad state of the world right now, the respect for accuracy is diminishing every day.

I think we're all kind of surrounded by...I don't think it's too strong to say, a fog of propaganda. On just about every of a subject that matters. Be very, very alert to all of the different ways that manipulators are increasingly good at manipulating us so that you can resist them.

And in fact, I would say one of the things that I've started writing about, Tim, is one of the practices I now engage in, is the moment that somebody's trying to on any side of a question, I simply shut them off as a source of information altogether. Because I've concluded all they are is a waste of time.

It's not worth the effort to try and tease out what they're telling me that can be trusted and can't. So, I think that this starting point, it's true in business; it's more true everywhere else in your life. Is being very, very careful about choosing trustworthy sources of information and analysis.

Tim O'Bryan:

And Bob, from a business perspective, in which most of our listeners are interested, I believe is, the theme that most organizations that adopt these principals that you're discussing, as they ramp these up. In their initial, let's call it goal-life of these metrics, are you finding that they're tied to compensation? They're tied to some sort of metric talent metric? Or the sort of stand alone metrics that over the course of time, eventually get integrated into a compensation system? What do you think about that?

Bob Lewis:

Well, I don't really see this as being specifically a metrics issue. I think companies really want to head down a path towards a culture of honest inquiry and evidence-based decision making. The key thing is, it is cultural. Fundamentally, what you want to do is influence is how people think about the decision making process. So that everybody's expectation, when the time comes to make a decision, is going to be first we'll agree how we're going to make the decision, second, we'll gather evidence that lets us go through that process, third, we'll evaluate the evidence together to understand what it's telling us. Then, we should be able to reach a consensus decision that takes all of the emotion and bias out of it, is we're gone through the hard work of actual thinking.

And that starts right at the top of a company. It has to.

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Tim O'Bryan:

And then to close the long way to building a culture of honesty is because what you want to make sure that what you're doing is whatever you're measuring is focused on the right things, and if it isn't you want to have the communication lines open such that those being measured that are spotting some inconsistencies or the wrong behaviors being driven as a result that you know, this will come to light and you can make changes as necessary. But you want to have those open lines of communication which really come from, as you mentioned, building a culture of honest inquiry.

Bob, this was fantastic. Appreciate you talking about a subject near and dear to your heart, which you entitled "Don't trust trusting your gut." Thank you, to you Bob Lewis for speaking to our audience today within the best practices in action podcast series brought to you by the innovation center for business analytics.

We thank you all for your time. Thank you again, Bob, and we look forward to you participating in other installments of this podcast series.

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