

# Avoidable Disasters

## Common Problems of Group Behavior & Decision-Making

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2005 Forum

# Decision-Making Disasters

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- Swiss Watch Industry
  - Detroit vs. Japan Inc.
  - Challenger Disaster
  - Ford Pinto
  - Ford Explorer and Firestone Tires
  - IBM (computer operating systems, PCs)
  - Euro-Disney's kick-off
  - Millennium Dome
  - Bopal
  - New Coke
  - Worldcom and Enron
  - Boeing's overextension of production
  - PwC
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# Groupthink- Overestimation of Group's Power and Righteousness

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- Certainty of success
  - Stereotypes of the competition
  - Underestimation of the opponents ability
  - Overestimation of opponents negative traits
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## Groupthink-Closed Mindedness and Pressure Toward Uniformity

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- Self censorship
  - Pressuring and ostracizing dissenters
  - Failing to challenge assumptions
  - Failing to challenge conclusions
  - Believing what you want to believe
  - Ignoring contradictory or unpleasant information
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# Dealing with Groupthink

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- Encourage voicing of objections and doubts
  - Leader avoids stating preference
  - Have more than one group designing and evaluating possible policy actions
  - Periodically divide the group in two to separately evaluate options
  - Have group members return to their home unit for discussions
  - Invite outsiders to comment on the ideas of the group
  - Assign the role of devil's advocate
  - Allowing adequate time to discuss a rivals' signals and possible intentions
  - After a preliminary consensus is reached hold another meeting for expressing any doubts
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# Hidden Group Dynamics: Basic Assumption Groups-Wilfred Bion

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- Fight flight
  - Dependency
  - Pairing
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# Defensive Mechanisms to Avoid Embarrassment -Argyris

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- Avoiding the discussion of important issues
  - Giving ambiguous messages
  - Distorting information
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# Group Paralysis

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- Conflicting and hidden assumptions
  - Poor mix of personality/work styles
  - Lack of leadership
  - Lack of teamwork skills
  - Anger/power struggles
  - Focus on parochial interests
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# Key Steps In Good Decision-Making

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1. Identify the problem, challenge, or opportunity
  2. Assess if a deeper problem exists
  3. Generate potential solutions
  4. Assess the benefits and risks of each
  5. Select a course of action and plan its implementation
  6. Implement plan
  7. Evaluate results and refine solution
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# Common Decision-Making Pitfalls

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1. Failing to understand driving forces & systems interactions
  2. Self serving assessment of situations and options
  3. Ignoring and Misinterpreting Information
  4. Simplistic solutions instead of creativity
  5. Analysis paralysis
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# Failing to Understand the Overall System

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- ❑ Failure to understand the driving forces
  - ❑ Unintended Outcomes: Failures of systems thinking
  - ❑ Ignoring Political Realities Inside And Outside Of The Organization
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# Self Serving Assessments of Options

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- Motivated Bias
  - Parochial Interests
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# Misinterpreting and Ignoring Information

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- Groupthink
  - Ignoring Relative Frequency of Factors
  - Ignoring Low Probability Events
  - Inadequate Search For Information
  - Prisoners of Preexisting Beliefs
  - Avoiding Embarrassment
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# Simplistic Solutions Instead of Creativity

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- Log Rolling and splitting the difference
  - Incrementalism
  - Escalating Auctions
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# Lessons

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- ❑ Daring to Lead
  - ❑ Follow steps to good decision making
  - ❑ Be aware of pitfalls in decision-making
  - ❑ Take risk of decision disasters seriously
  - ❑ Take prophylactic action
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