Volume IX, No. 4 Newsletter

Noticing: An Elusive Leadership Skill

"Leaders often fail to notice when they are obsessed by other issues, when they are motivated to not notice, and when there are other people in their environment working hard to keep them from noticing." ~ Harvard Business School Professor Max Bazerman, *The Power of Noticing: What the Best Leaders See* (Simon & Schuster, 2014)

As a leader, you're responsible for making key decisions each day. But how confident are you in your ability to notice all pertinent information?

If you're like most leaders, you probably believe your perception skills are keen. As convinced as you may be, it's possible that you're overestimating your aptitude. What's in front of you is rarely all there is.

Even if you have a superior grasp of common blind spots, you must remain alert for unplanned surprises and acknowledge your cognitive biases. Even the most venerated leaders make egregious mistakes, failing to notice—or even ignoring—essential data. As they handle an emerging crisis, they may ask: "How did this happen?" or "Why didn't I catch this sooner?"

They should really be asking themselves:

- "What information should I have gathered, beyond the basic facts?"
- "What information would have helped inform my decision?"

Imagine your advantage in negotiations, decision-making and overall leadership if you could teach yourself to spot and evaluate information others routinely overlook.

More than a decade of research shows that successful leaders take no notice of critical, readily available information in their environment. This often happens when they have blinders on, focusing on limited information they've predetermined to be necessary to make good decisions.

A Message from Nancy...

I have a couple of questions to ask you:

1. Is your business as successful as you think it should be?

2. Are you and your team able to pinpoint the solutions necessary to create positive changes to get where you need to go?

Proffitt Management Solutions can help…

In today's highly competitive environment, it's no surprise that *"what got you here may not get you there."* Patients, clients, and employees expect nothing less than 100% satisfaction.

At **Proffitt Management Solutions** we are fully committed to help you and your company become more focused, motivated and successful in reaching your full potential.

Find out how services such as individual or team coaching and development, motivational workshops, seminars and keynote speaking may benefit you…

www.ProffittManagement.com

You can share this article on Facebook or LinkedIn or forward to people who want to make a positive impact.

Proffitt Management Solutions
326 Maddock St.
West Palm Beach, Fl
www.ProffittManagement.com
561-582-6060
info@proffittmanagement.com

What YouTube Can Teach Us

In a popular YouTube video, viewers are asked to watch a basketball game and tally the number of passes made.

The social scientists behind the video don't really care whether you accurately record the passes. What truly interests them is whether you notice the man in the gorilla suit who walks onto the court. (In earlier research, they featured a woman with a red umbrella.) You can search for similar experiments on YouTube using the terms attentional blindness or selective attention.

Many viewers are so focused on counting passes that they miss seeing the gorilla or red umbrella. The same phenomenon frequently occurs when we problem-solve and make business decisions. We see only what we define as the "important information"—something 1978 Nobel Prize-winning economist Herbert Simon termed "bounded rationality."

More recently, Daniel Kahneman, a 2002 Nobel Prize winner, demonstrated that systematic and predictable biases affect even the best and brightest among us. Even when we strive to be ethical and rational, we miss—or fail to seek out—critical information that's readily available in our environment.

Noticing pertinent information is essential to successful decision-making, and it has become a defining leadership quality. Too many avoidable failures remind us of the consequences:

- NASA's Challenger explosion
- Enron's accounting irregularities
- Bernie Madoff's Ponzi scheme
- Penn State's Jerry Sandusky scandal
- USB, Barclays, LIBOR and other bank frauds
- The housing-bubble collapse

The Rule of *WYSINATI*

Successful leadership requires vigilance. Leaders often fail to notice when:

- They are obsessed with other issues or crises.
- They are motivated not to notice.
- Other people work hard to prevent them from noticing.

A catastrophic lack of vigilance occurred at JPMorgan Chase in September 2013, with estimated trading losses of $6.2 billion. CEO Jamie Dimon said he was unaware of the impending debacle, later telling the U.S. Senate Banking Committee, "It morphed into something I can't justify."

Responsible leaders notice when things are going seriously wrong in their organizations. Failure to do so is unacceptable. We must ask the right questions to anticipate avertable catastrophes.

Unfortunately, leaders often act as though "what you see is all there is," according to Kahneman. They neglect to identify and obtain the additional information they need. Complacency lulls them into acting on only the most basic data provided to them.

In *The Power of Noticing*, Bazerman coins the term WYSINATI: What You See Is Not All There Is. With forethought and knowledge, we can learn to identify when and how to obtain missing information.

The Problems with Auditors and Board Oversight

In principle, regulatory boards are charged with overseeing leadership decisions. In reality, they often take direction from the leaders who appointed them in the first place. Boards with even the most skilled, highly educated and experienced members all too often fail to meet their fiduciary responsibilities.

Even when outside auditors monitor companies, they cannot help but be influenced by the organizations that hire them (thus providing lucrative revenues). Despite regulations that require auditors to be independent, few truly are.

Numbers don't lie, but the way they are recorded into the books is ripe for "flexibility." Some auditors will accept outlying data as anomalies and discount them instead of investigating thoroughly. Others allow ineffective monitoring that favors skewed data.

Professionals know better, yet an incredibly faulty monitoring system was widely accepted by financial institutions that facilitated the recent LIBOR scandal.

Lessons from LIBOR

The very banks that could benefit from manipulation of lending rates were in control of setting the rates for LIBOR. How could financial regulators ignore how easy it would be for the banks to manipulate rates for their own benefit (and at society's expense)?

While reforms are currently being proposed, a critical question remains: Why did it take a disaster for overseers to recognize the need for commonsense changes?

The banks' failure was a moral one: They engaged in intentional distortion of rates for their own benefit. Regulators worldwide failed to notice that the system itself was corrupt and in need of regulatory reform.

Unintentional Blindness

Reform is necessary for most industries—not necessarily more regulation, but certainly wiser laws. Recognition of human drives, self-interest and biases should inform the way we set the rules. Even with the best intentions, ethics and honest mindsets, no one is immune from blindness and biases.

While it is always easy to spot problems in hindsight, we usually don't recognize them in our own organizations. While we may see ourselves as scrupulous and well-intentioned, we're usually averse to noticing our own potential for questionable ethics. This can lead us to make improper and even immoral decisions.

When a situation doesn't seem quite right, we cannot afford to ignore data that flies in the face of commonly accepted values. This is not the time to accept insufficient evidence, refuse to raise questions, be unwilling to badger people or avoid upsetting the apple cart.

Silence and complacency promote corruption. Nonetheless, we tend to wait. We hope we're not being overly sensitive or alarmist. We trust that others will notice and speak up for us.

When faced with small discrepancies and anomalies, we avoid seeing the slippery slope until it's too late. Responsible leaders don't have this luxury. They must learn to notice—and act upon—conditions before a scandal erupts.

Faulty Attribution

The best leaders are skilled at detecting deception, including patterns of indirect action and errors of omission. They also have a noticing mindset. They detect slow, gradual changes that may indicate the start of a slippery slope. They're aware of overconfidence traps, optimism biases and positive illusions.

The human brain is fallible. It can lead us to make cause-and-effect attribution errors. Most crises can be attributed to both internal and external causes, but to which are you more likely to pay attention?

Most of us are prone to a fundamental attribution bias: When we think of our success, we tend to come up with internal attributions and focus on what we did right.

By contrast, when we think of our failures, we tend to come up with external attributions. We blame others, or the context, the economy and/or circumstances beyond our control. This can lead to dire consequences in decision-making and strategic planning.

How to Develop Better Noticing Skills

Leaders often fail to notice when their systems encourage misaligned goals. When we incentivize the wrong achievements, we often experience ineffective outcomes (for example, rewarding booked sales instead of actual profits).

Encourage employees to notice the gaps between the right actions and right results. Work teams are often in a better position to spot discrepancies, yet they may be reticent to speak up.

Develop your abilities to:

- Pay attention to what didn't happen
- Acknowledge self-interest
- Invent the third choice
- Realize that what you see is not all there is (*WYSINATI*)

While effective leaders take pride in their keen focus, they may miss outlying data, omissions and the "gorilla on the basketball court."

You can benefit from stepping back, removing your blinders and noticing valuable information around you.

Proffitt Management Solutions
326 Maddock St.
West Palm Beach, Fl 33405

561-582-6060
info@proffittmanagement.com
www.ProffittManagement.com