

Business leaders should beware of ‘common sense’

By ALEX LYON

A big challenge that business leaders face today is how to make important decisions when information is incomplete and ambiguous. The more uncertain the problem or marketplace, the more leaders fall back on what I refer to as “common sense” decisions. But should they?

I’m not talking about the kind of common sense our parents taught us to help live life in a reasonable way. We all need that. I mean the almost automatic decisions we make at work simply because “that’s the way we’ve always done things.” Each industry, organization and leader develops habitual ways of thinking that made perfect sense in the past but frequently outlast their usefulness. Layoffs and technology top the list.

During times of financial difficulty, for example, layoffs usually rank high on the list of obvious choices to cut costs. However, in an economy driven by expertise and relationships, do layoffs make as much sense as they once did?

In his book “The Disposable American: Layoffs and their Consequences,” New York Times reporter Louis Uchitelle shows that organizational productivity suffers consistently and measurably after layoffs. In fact, in “Communicating Change,” experts T.J. and Sandar Larkin show that more than 70 percent of layoffs fail to help organizations financially.

I’m not saying layoffs are never a good solution, just that most of the time this “common sense” decision doesn’t work. As Stan Deetz, author of “Transforming Communication, Transforming Business,” once said about default reactions, “They may be a perfectly fine solution, just not for this problem.”

Another popular business decision is to spend money on the latest technology. In your experience, does new technology sometimes do more harm than good?

On a consulting engagement, I witnessed common sense fail miserably at a new organization that created online courses for nurses. The company pitched its online courses as a convenient, time-saving option.

Unfortunately, when the company presented its courses to focus groups, the feedback was terrible. The nurses complained that too many “bells and whistles” crowded the screen and confused the experience. They also said the writing in the courses was long-winded.

Instead of taking the feedback to heart, company leaders fell

back on the common sense learned from their past positions in the technology industry. The CEO concluded, “The nurses say they want less technology. But they’re wrong. They want more technology! They just don’t know it yet. They’ll adapt.” In response, the CEO hired more software developers. To cut costs elsewhere, he laid off dozens of instructional designers and other education-minded employees.

In the end, the nurses still didn’t like the courses; the company lost its biggest client—and it went out of business.

Why would the leaders insist on doing the opposite of what clients asked for? Organizational expert Karl Weick, author of “Making Sense of the Organization,” explains that leaders’ initial decisions are not usually based upon careful logic and reflection. Instead, they often default to stock responses.

I suggest leaders approach decision-making in a different way:

- Think in terms of “solutions,” not decisions, to solve issues at their core. The word “decision” suggests a list of customary responses. The word “solution” creates a mindset to find the best possible strategy.

- Harness the power of groups to create innovative solutions. Dave Kelly is the founding CEO of IDEO, the world’s most successful product design firm. He

continuously advocates for collaborative groups because, as he puts it, “It’s impossible that the boss is always going to have the best idea.” Groups with diverse expertise will generate more innovative solutions than any one person could.

- Use technology to jump-start brainstorming, but don’t get seduced by the latest high-end software. You can simply generate initial ideas by email before meeting. This head start helps the less vocal group members participate fully and generates more potential solutions.

- Arrange for group members to meet face to face and reach consensus about the best solutions. The boss should take the group’s recommendation whenever possible.

Inevitably, this approach excites some leaders and frustrates others. In my experience, the statement “That wouldn’t work at our organization” is usually a gut reaction that signals uneasiness with change. As the marketplace reshapes itself into something we’ve never seen, leaders need fresh solutions to deal with their newest challenges. Yesterday’s common sense won’t get us there.

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