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IPS Corporate Associates Lunch, 8 November 2011
"Overcoming Wilful Blindness in Business"
Speaker: Ms Margaret Heffernan

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In appreciation of their support in 2011, IPS hosted a lunch at Orchard Hotel on 8 November 2011 for its Corporate Associates, with invited guest speaker Margaret Heffernan, author and CEO. Ms Heffernan spoke on the topic of her recent book: 'Willful Blindness: Why We Ignore the Obvious at our Peril' (Simon & Schuster, 2011).

Ms Heffernan has had extensive experience in the media industry as a radio and television producer, entrepreneur and has also served as Chief Executive Officer for CMGI, InfoMation Corporation, ZineZone Corporation and iCAST Corporation in the United States (US). The idea for her book 'Willful Blindness' emerged from her observation of how companies responded to crisis: during the 2007-2008 financial collapse, many claimed they "couldn't see it coming". She argues in her latest book that amidst huge changes taking place, influential companies have often managed to ignore and be "wilfully blind" to mistakes and missed opportunities. Ms Heffernan provided some examples of wilful blindness and their consequences, the effects of which have spanned the range of both corporate industries and social institutions, due to very intrinsic human tendencies.

Ms Margaret Heffernan and IPS Director Mr Janadas Devan

The underestimated need for sleep

In 2005, a plant explosion occurred at BP's Texas City refinery, killing 15 people and injuring more than a hundred others. It was one of the worst industrial accidents in US history. Five years worth of documentation was unearthed in the aftermath of the accident, and showed that the BP refinery had been a dangerous place of work for a long time. In fact, its employees had felt that just a matter of time before "someone was going to die". Investigations found that the plant operator in charge of monitoring the plant at the time of disaster had been suffering from one and a half months of sleep debt, after working twelve hour shifts for 29 consecutive days. It was unsurprising that

he had failed to notice critical warning signs leading up to the explosion.

With the onset of extreme fatigue, the part of the human brain responsible for critical thinking is deprived and there is no cognitive capacity for higher order activity when the brain is fighting to stay awake and alert -- but sufficient sleep for a well-functioning mind was a need overlooked by many companies, noted Ms Heffernan. In addition to his condition of fatigue, the plant operator at BP had to keep track of developments across the refinery via the twenty-four computer screens making up his control board. But while computers can dual process, the human mind is unable to multitask and simultaneously concentrate. Yet these were the demands and expectations at an understaffed refinery where everything was running thin. This, observes Ms Heffernan, was the direct result of "wilful blindness" in BP's corporate leadership. In alignment with many ambitious companies who commonly link success with size, the BP leadership's "obsession with size" had driven its acquisition of many smaller oil companies. It was then forced to pay down debt by cutting costs, to the point that the manpower was lacking to run its Texas City refinery safely. Yet, the "orthodox" mental model of size as the best means to pursue growth persists today with increasing numbers of mergers and acquisitions (M&A) in the corporate world, even though M&As suffer a 50 – 80 percent chance of failure. Ms Heffernan noted that such "orthodoxies" caused firms to perpetuate wilful blindness towards ongoing signs of trouble.

Institutional Orthodoxies

Sometimes, institutional orthodoxies can take the form of "conventional wisdoms" – comfortable or long cherished mental models which establishments are loath to

relinquish. Ms Heffernan cited by example the work of English epidemiologist Dr Alice Stewart. Whereas in most places disease was correlated with poverty, Dr Stewart noted that in England she found instead that the incidence of childhood cancer after World War II was correlated with wealth. One finding in her subsequent investigation leapt out with clarity – children who had died of childhood cancer had mothers who had been x-rayed during pregnancy. This evidence suggested correctly that even low levels of pre-natal exposure to radiation could be dangerous, but it took the British medical establishment twenty-five years to finally abandon x-rays of pregnant women. This was an example of how powerful rigid mental models could be in driving policy: even the scientific establishment was capable of choosing orthodoxy – its favourite scientific models of how disease works – over data they did not agree with. While every institution had its own preferred mental models, the difficulty in identifying them lay with the problem of confirmation bias, or the tendency of orthodoxies to attract confirming data and repel disconfirming data.

Organisational Silence

Wilful blindness on the part of those in leadership or management positions in organisation was also related to "organisational silence", said Ms Heffernan. Surveys across companies show that 85% of people admit there are workplace issues they recognise but feel they cannot talk about. This means that the insight and knowledge of a large percentage of the workforce – which companies try and get the smartest and best educated people they can to fill – are left untapped when companies try to identify and solve problems. Organisational silence is compounded by

other innately human tendencies such as obedience in the presence of authority, as evident in repeated social-psychological experiments on human obedience. This finding does not bode well for managers, as it suggests that even if people are asked by an authority figure to do something wrong, they are likely to do so without questioning their actions. Wilful blindness, noted Ms Heffernan may occur because our moral senses inevitably shift from desiring to be morally good people, to wanting to be good workers when we join organisations. In addition, social experiments on conformity suggest that people would rather be wrong in a group than act alone on what they believe is right. In a group setting such as in a company or organisation, "seeing" becomes a social act conditioned by company culture and the responses observed around us.

The Role of Money

Besides these cognitive drivers, Ms Heffernan pointed out the role of "money" in fostering wilful blindness among those for whom money and making money is important. To the extent that money is thought about a great deal in any group culture, social connectedness weakens or falls apart. Key findings in experimental data shows that money blinds us to social obligations and responsibilities. This could be explained by the fact that the more money one has, the less one needs his neighbour, and the less one is likely to care about his neighbour. These motivators have implications on compensation and pro-social activity planning within organisations.

Ms Heffernan's shared several useful "remedies" to encourage a turn away from wilful blindness: seeking disconfirmation, questioning orthodoxies, testing hypotheses and celebrating mistakes. The

best colleagues, she noted, are actually those who question our hypotheses and findings, or else it is easy to confirm that we are right in our decision-making. It would also be important to be alert to how decisions are based on assumptions, and run pilots and experiments to actually test them. While most people try and hide their mistakes instead of learning, building a culture where every mistake is celebrated as a learning process is a positive step in avoiding blind spots. Seeking out disconfirmation would also require an active protection of diversity in the workplace. An increase in diversity – not only culturally but in terms of thinking styles, backgrounds and disciplines – would lead to a greater number of solutions. Leaders must also learn how to manage conflict well by having the "courage to protect dissent". This, urged Ms Heffernan, would reap the benefit of convincing a workforce that those in management are sincere about wanting to know the truth, and give them the confidence to surface and communicate dissenting and valuable views. Ms Heffernan also believed that by understanding how corporations could have allowed mistakes to happen, others could put themselves in a better position to avoid them.

Question and Answer Session

During the question and answer session, IPS Director Janadas Devan asked if the examples of "wilful blindness" that Ms Heffernan had alluded to, such as Google's lack of ability to predict social media, was not a failure of foresight on Google's part, but inevitable because new technology came along. Ms Heffernan said that Google's failure was not of foresight, as the development of social media and the internet had been around for a long time. In fact, such technology

had run in parallel with Google's operations, enjoying wide usage among its staff. Yet tunnel vision and orthodox models had prevented them from noticing opportunity all around them. Google had imagined that its future was in cool technology, but Facebook was relatively simple. It was a failure not of prediction, but of being able to see the relevance of technology in the present.

Another participant asked about the motivational efficacy of pay. Despite companies often paying employees ever-increasing salaries to motivate them, it was often found that they required incentives beyond pay to motivate them. Were companies "over-using" money as a motivator? Ms Heffernan agreed that companies still depend very much on money as a motivator despite studies suggesting that pay is not an effective motivation for performance. It was found that in the first month of receiving a pay raise, staff felt great; in the second month, they got use to it; in the third month, they started to wonder if their pay raises would be recurrent. Money was a short-term motivator focused on the individual, without a focus on creating value for other people.

Instead, Ms Heffernan suggested that pay should be linked to group incentives. To encourage "pro-social" behaviour, social rewards should be identified. Recycling incentives in the United Kingdom provided an example: it was found that communities could be encouraged to enforce zero waste when a new health centre, a community facility, was promised as a reward for success. This system inspired peer pressure towards a social reward, instead of a system of fining individuals who did not recycle. Fining as punishment often led to privileging those who could

pay in return for permission to continue bad behaviour.

One participant asked if any ideas had surfaced from Ms Heffernan's consultation with companies, with regard to how staff could be encouraged to be "contrarian". She noted that there was often a strong impetus in Singapore culture to conform. Ms Heffernan said she was struck by how often companies entered a stalemate. While company managers fundamentally recognised that early attention to problems made them cheaper and easier to fix and thus encouraged their staff to alert them to problems, staff remained convinced that doing so would ruin their careers. Most of the time they were wrong. As a result, leaders of companies and organisations often go on being blind, even though their workforce presents them with an "open source system of best minds". In consultation in companies, Ms Heffernan often educated staff on an organisational process of raising issues bothering them: first, checking their facts to make sure they were accurate, then gaining allies to ensure they were not alone, and then evaluating the best means of surfacing their issue within their organisational culture so that it would be heard. Companies must then make sure that such an effort was made known and given due credit, especially if it "saved" the company in some way. While Ms Heffernan acknowledged that "celebrating" the value of crisis aversion – something that didn't happen – may be difficult, companies must be committed to celebrating its truth-tellers in order to give its staff more moral courage and security towards surfacing important issues again.

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If you have comments or feedback, please email ips.enews@nus.edu.sg

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