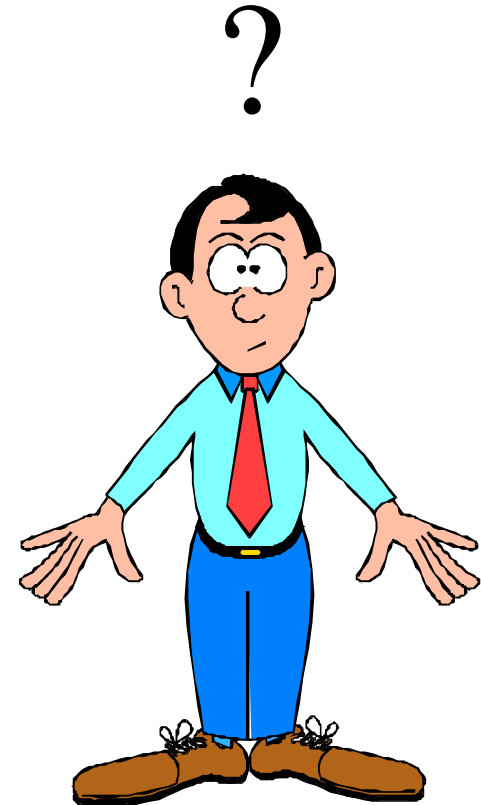
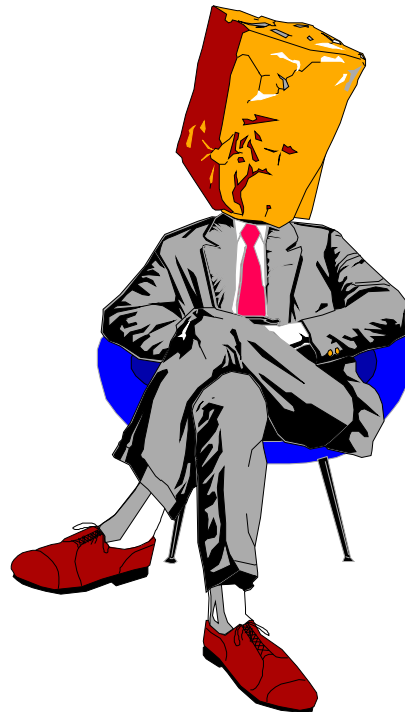
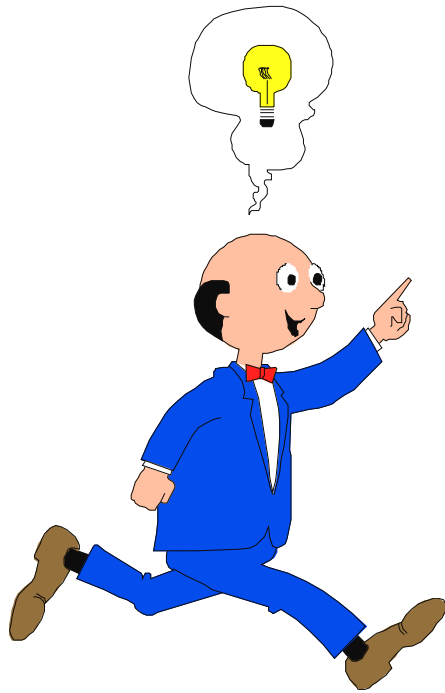


Session 6 (JW)
Influencing Judgement

MAST4001 & MASTG003
NOT STUDENT HANDOUTS

Session 6

Influencing Judgement



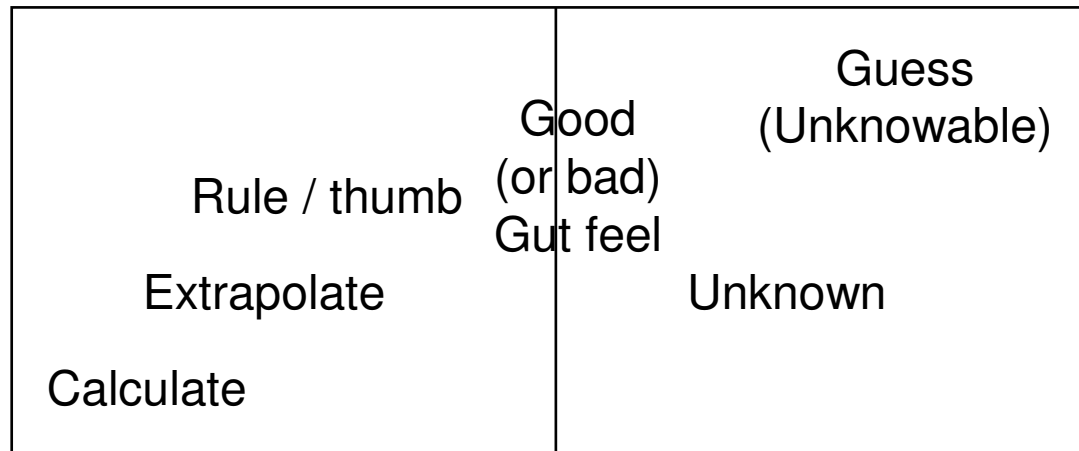
Today

- **To discuss what happens when decision-makers are faced with proposals that are outside their understanding or experience**
- **To propose some strategies for getting an idea accepted within this context**
- **The power of a team in gaining organisational acceptance of a new idea**

Session Objectives

- **At the end of this session you will be able to:**
 - **Recognise the decision situation where there is high uncertainty about the methods / consequences / outcome of a new idea**
 - **Outline some strategies for persuading decision-makers to accept a new idea in this context**
 - **Explain the power of the team in gaining organisational commitment and support**

← *Compute* *Judge* →



Low

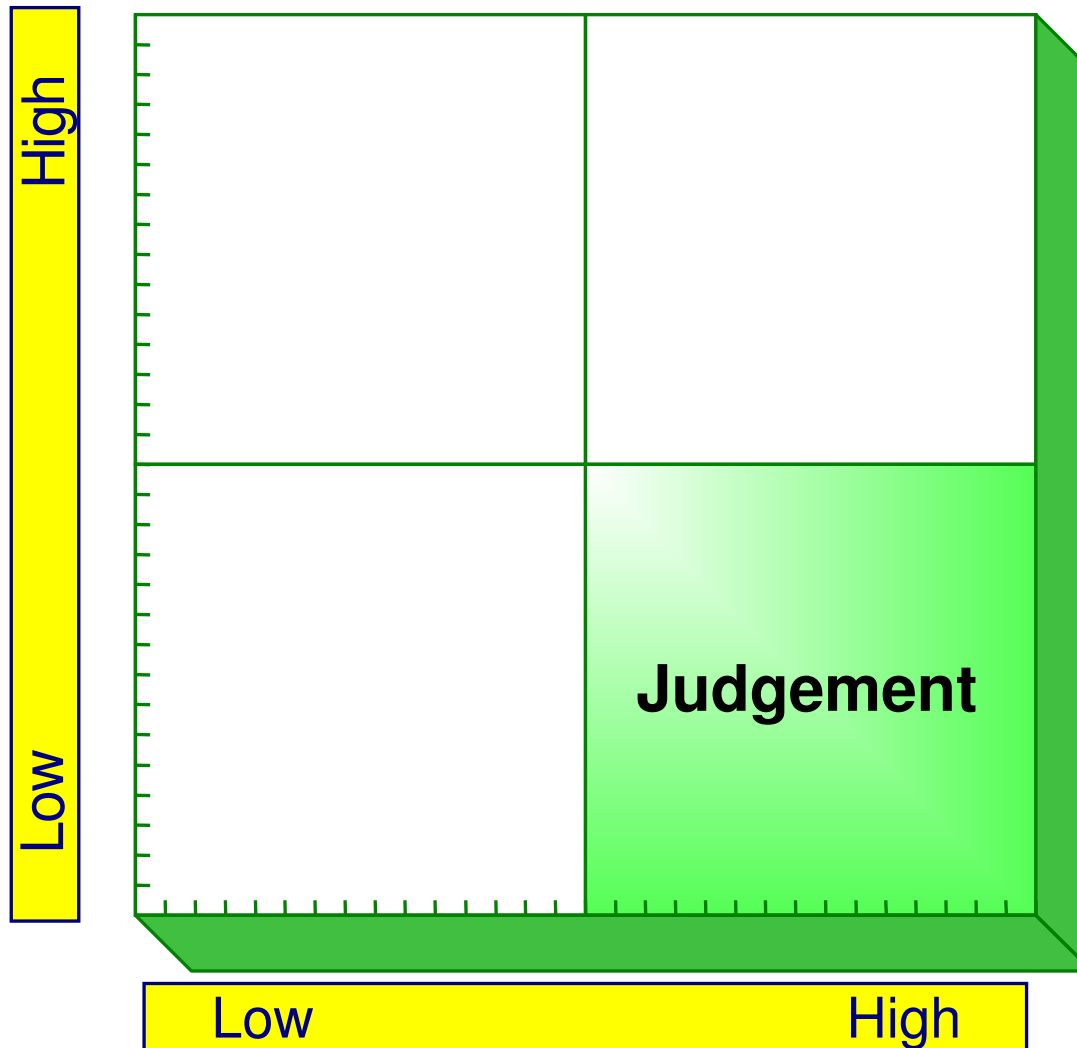
**Uncertainties over methods /
consequences / outcomes**

High

Assumptions For Today

- **High uncertainty over methods / consequences**
 - Decision-makers are unable to envisage the outcome or conferred advantage
 - And / or are faced with proposals that are outside their understanding or experience
- **Reasonable certainty over goals / objectives (no conflicting interests)**
 - Managers will judge on the basis of what is good for the organisation
 - Will not let self-interest get in the way

Uncertainties over methods /
consequences / outcomes



Uncertainties
(or Conflicts)
over
Goals /
Objectives

High Uncertainty

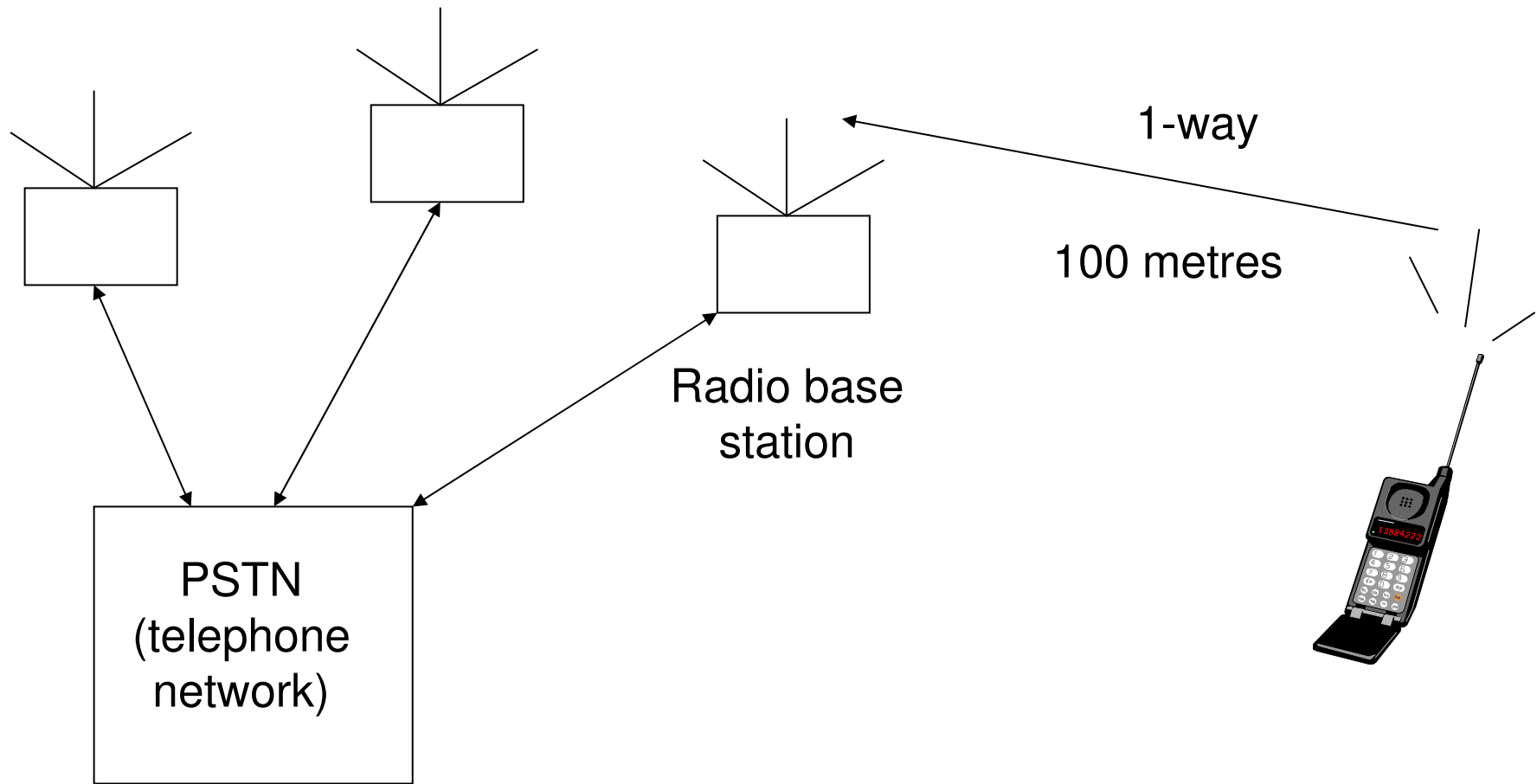
- **Where there is high uncertainty DMs**
 - May be unwilling to take the risk
 - Reject radical ideas that cannot be judged by computation, rules of thumb, past experience etc
- **They are acting in the best interests of the organisation**
- **Are they right not to take the risk?....**

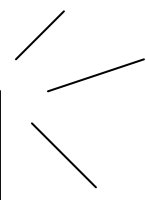
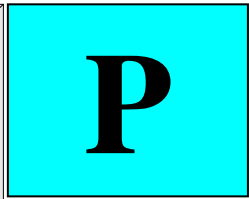
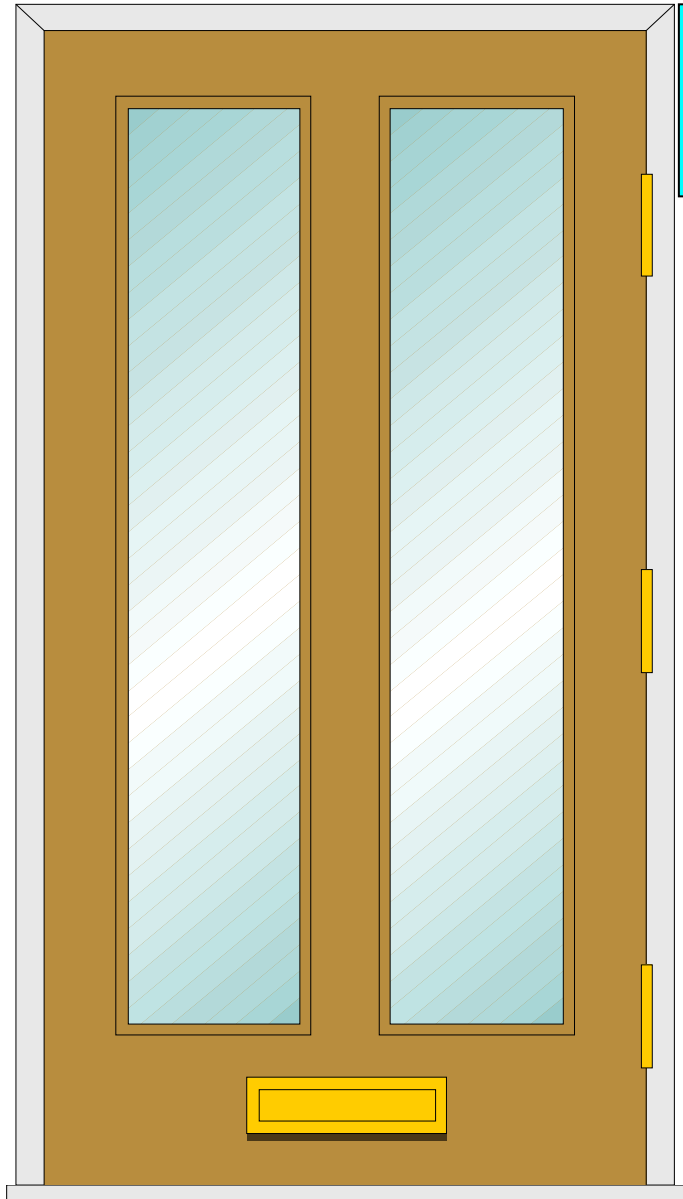
Are They Right ?

- **Playing it safe**
 - Avoid high risk projects
 - Play safe, maximise chances of success
 - Avoid wasting money
 - Best use of resources
 - Realism
- **But...**
 - Lack of innovation
 - Markets change
 - Lose first mover advantage
 - Someone else might do
 - Missed opportunity
 - Get left behind
 - Need to take risk to get the return

Taking The Risk

- **If DMs can't see the potential**
 - **Judgement based on existing knowledge & experience**
 - They are incompetent and should be replaced?
 - Find ways to help them envisage / understand
 - Maybe they're right!
- **High cost of getting it wrong**
 - e.g. Telepoint
- **Conversely, can pay off**
 - e.g. Sony Walkman, Post-It Notes





Organisational Learning

- **Today's radical idea is tomorrow's organisational knowledge base**
- **How does this occur?**
 - **Who generates creative / radical new ideas?**
 - **Who judges the idea?**
 - **How does the idea make it into the mainstream organisation?**

Who Generates New Ideas?

- **Everyone in the organisation is a source of ideas, e.g**
 - Senior management (top-down)
 - Formal 'new ideas' schemes
 - Encourage / be receptive to proposals
 - Feedback from customers, suppliers, distributors
 - Employees may be given autonomy & freedom to pursue own ideas
 - e.g. 3M
 - Ideas and decisions by consensus
 - e.g. Honda's brainstorming camps

Involving Everyone

- **“Honda...set up ‘brainstorming camps’, informal meetings for detailed discussions to solve difficult problems....held at a resort inn where participants discuss difficult problems....while drinking sake, taking meals and taking a hot bath together in a hot spring. The meetings are open to any employees interested....the qualifications and status of discussants are never questioned....”**

Source: Nonaka & Takeuchi (1995)

Judging Radical New Ideas

- **Somewhere will be a single decision point**
- **DMs given power to judge based on:**
 - Experience, knowledge of firm and industry
 - Managerial skills, ability to make sound judgements
- **But radical new ideas:**
 - No historical data / experience
 - Methods / means to the end / outcome cannot be envisaged / predicted with any certainty
 - Easier (less risky) to say 'No'
- **Need to influence subjective judgement (in favour of the idea)**

The Problem...

- **“The pyramid in an organisation is typically a hierarchy of experience. What you need is a hierarchy of imagination...”**

Source: Gary Hamel, FT April 1997

The Problems

- **Creative / radical ideas may be rejected:**
 - They simply do not understand the proposal
 - They judge using inappropriate rules of thumb
 - Too many other priorities, proposal gets lost in the noise
 - They seem excessively sceptical

They Just Don't Understand

- **No-one can visualise:**
 - **The outcome, advantages (and risks) of doing**
 - **How the project will be managed / implemented**
 - **How the project will affect the rest of the firm**
- **Easier to say 'No'**
- **If you have a track record, better chance of persuading them**

They Just Don't Understand

- **“...the marketing people did some surveys (on Post-It notes) with potential customers, who said they didn't see the need for paper with a weak adhesive...even though I felt there would be demand for the product, I didn't know how to explain it in words...Even if I found the words, no-one would understand.”
(Art Fry, inventor of Post-It notes at 3M)**

Inappropriate Rules of Thumb

- **DMs develop rules of thumb that help them to process information quickly**
 - Based on knowledge / experience learned over time, e.g.
 - What does / doesn't work
 - What we do / how we do it etc.
- **Can pervade through organisation to become popular wisdom (culture?)**
 - Organisation mindset
- **Rules of thumb extremely useful while they are valid**
- **But dangerous when become invalid, e.g:**
 - Technology or market changes

Inappropriate Rules of Thumb

- **“We don’t like their sound, and guitar music is on the way out”** (*Dick Rowe of Decca records, on the Beatles, 1962*)
- **‘Who the hell wants to hear actors talk?’** (*H M Warner, Warner Bros, 1927*)

Overload

- **Top management / decision-making machinery can get overloaded**
- **Too many other priorities / projects to pursue**
- **Proposal can get lost in the noise (especially if the idea's potential is not immediately obvious)**

Excessive Scepticism

- **DM understands what you're saying (or thinks he / she does)**
- **Brings own judgement to bear**
- **Genuinely doubts whether it will work:**
 - Within your organisation (e.g. culture, politics)
 - For anyone (flawed idea)
- **May believe that plans would distract from other priorities**
- **May, of course, be right**

Excessive Scepticism

- **“But James... he said...like a father patronising an over-enthusiastic but educationally retarded child...your idea can't be any good. If there were a better kind of vacuum cleaner, Hoover or Electrolux would have invented it.....On the question of why Hoover haven't done it, for example, you can say little more than 'Well, Hoover are a bit dim'....”**

Source: James Dyson

How Sceptical Are You?

- **A diamond [made into a ring] from the cremated remains of a loved one**
- **Re-cycling used disposable nappies into shoe insoles & wallpaper**
- **Spray-on tights**
- **Paper that tastes like food**
- **A vaccine to stop sheep farting**
- **The Banana Guard (protect your banana)**
- **Flushable toilets for elephants**



Influencing Judgement

- **Gain support**
 - Convince customers / others who influence DMs
 - Create critical mass of support within organisation
- **Reduce uncertainty / risk**
 - Demonstrate how will it work (help them to visualise)
 - Reduce commitment (break down into small steps, e.g. phased investment, feasibility study, pilot)
- **Change the vision of the future**
 - Inspire -create a more powerful vision (future session)
 - Create / highlight crisis -status quo no longer an option
- **Give up (for now / forever)**
 - Wait until DMs, received wisdom change
 - Give up, move to a more receptive organisation

People and the Proposal

- **DMs judge people as well as proposal**
- **Know that project needs**
 - Energetic champion
 - Competent & committed leader
 - Internal co-operation
- **If no assurance of this, risk is much higher**
- **Track record (or powerful supporters) can increase chances of gaining approval**
- **Not giving up is a sign of commitment**

Sharing the Risk

- **Where decision is high risk:**
 - **DMs more likely to seek reassurance through discussion with others**
 - **Inside & outside the Decision box**
 - **Others' judgements help own opinions to be developed and formed**
 - **Increased certainty from shared opinion**
 - **Reduces likelihood of being ostracised or rejected (acceptance in the group)**

From Invention To Innovation

- **How do ideas become accepted / adopted by an organisation?**
- **Five Steps:**
 - **Share tacit information**
 - **Create concepts**
 - **Justify concept**
 - **Build archetype**
 - **Cross-level knowledge**

Source: Nonaka & Takeuchi (1995)

Share Tacit Information

- **A hunch or idea that is highly personal (may be difficult to articulate completely)**
- **Need multiple perspectives to develop the idea**
- **Need a forum in which half-baked, half-formed ideas can be bounced around and tested**
 - **Typically multi-functional, self-organising team**
 - **Highly creative process**
 - **e.g. Honda's brainstorming camps**

Create Concepts

- **Knowledge must be made explicit before the idea can be sold or shared with the organisation as a whole**
- **Group's task is to crystallise ideas into something that can be written down and communicated**
 - **Begin to draft proposal**
 - **Close any 'holes' in the arguments**

Justify Concepts

- **Ideas now:**
 - Well incubated
 - Ready to be shared more widely on paper
 - Strong enough to withstand scrutiny
 - Pros/cons debated
 - Developed enough to be argued and defended
 - Consider and prepare answers to DMs questions
- **If idea has got this far then worth management taking notice:**
 - Poor ideas have been screened out
 - Obvious commitment to idea

Build an 'archetype'

- **Convert into something tangible - a mock up, model, drawings, prototype, demonstrator**
- **Requires dynamic co-operation of various *departments* as well as *individuals***
- **Spreads commitment and knowledge more widely**
- **Opens up idea to many more minds - creative input and honing continues**

Cross-Levelling Knowledge

- **New concept now created, justified and modelled (ready to ‘pilot’)**
- **New knowledge should be spread more widely, internally and to trusted suppliers, customers (e.g. for feedback)**
- **Knowledge created can become a new ‘base’ for the organisation, applied in other divisions, product categories etc.**
- **Process starts again when somebody has a better idea that builds (perhaps unconsciously) upon the shared knowledge**

Themes Emerging

- **Input from others needed to add to and judge idea**
- **Has important side-effects**
 - **Builds commitment**
 - **Shares (and thus builds) knowledge**
 - **Builds a more competent team**
 - **Builds more powerful support**
 - **Project (and funding) split into stages**

Who Makes the Decision?

- **Where is the decision to proceed actually made**
 - **Varies by organisation, but often a function of everyone in the organisation (acceptance)**
- **When is it made? - Gradually**
- **Who creates? - Everybody**
- **Who judges? - Everybody**

Conclusion

- **Invention can be an individual effort**
- **Innovation is a group effort**
- **Cannot float an idea and hope that organisation will pick it up**
- **Need to be proactive in building commitment to the idea, helping them to understand**
- **Internal and external architecture are vital**