SEND THE SACRED COWS TO PASTURE

Using blind spot theory to steer clear of shoals you never imagined
What is Blind Spot Analysis?

- Methodology used in corporations to assess readiness
- Helps identify flaws in decision making and improve strategic thinking
- Scrutinizes of current practices and mindsets
- Institutional Self-Reflection
THE SEVEN DEADLY BLIND SPOTS

(and their sub-sets)
INVALID ASSUMPTIONS
(Three Flavors)

Unchallenged Assumptions—Beliefs universally unquestioned by organization

Schwinn Bicycles believed the only competition to their 1990s mountain bike line would come from another large manufacturer, ultimately lost market share to several successful small bike companies.

Corporate Myths—Incorrect beliefs sustained by internal analysis done to verify

Compaq Computers had the most technically solid computers, and a board of directors who believed this technical superiority would always support the higher costs, even when less expensive computers started flooding the market.

Corporate Taboos—“Sacred Cows” are unquestionable because history or leadership of organization make them sacrosanct.
Winner’s Curse/Hubris Hypothesis

• Belief that investment will always equal value

• Leads to placing value on cost instead of potential of item or project

• Cause overpayment, overspending or overcommitment

POSSIBLE CULPRITS—large grants that will overstretch the organization, shore facilities and second vessels without comprehensive business plans.
Escalating Commitment

- Doubling Down Down on particular plan

- When a strategy isn’t working, three available reactions:
  
  Retrench—Good, allows regrouping to core activities

  Change Strategy—If retrenching is not possible due to fluid environment

  Intensify Resources—Might work, might be definition of insanity

- Often escalating commitment is dictated by personal attachment to strategy
Constrained Perspective/
Limited Frame of Reference

• Looking at particular gain and loss decision as stand alone, not part of larger picture

• Constrained Perspective - decisions are framed as option between two losses, not option between a loss and a gain

• If your organization has already spent $10,000 on a campaign that isn’t succeeding, but could yield a $50,000 gain if it did succeed, how do you view spending $5,000 more to boost the effort? Is it a potential $50,000 gain or a guaranteed $15,000 loss.?

• When individual projects/campaigns are seen in a vacuum, their importance to the whole organization can become outsized
Overconfidence
In five easy Pitfalls

“Being quite unaware of what one doesn’t know.”

Results in underestimating risk

- Anchoring—clinging to original “guesstimates” as solid analysis
- Availability—limiting universe of possibilities in order to reduce number of potential decisions (over focusing)
- Confirmation—bias toward initial gut instincts may mean only finding data that support that instinct. (If your only tool is a hammer, all the supporting evidence will look like nails)
- 20/20 Hindsight—Past is incredibly predictable, but applying to future isn’t surefire route to success
- Illusion of control—Individual’s faith in ability to control situations by own competence. Usually supported by selective information
Representative Heuristic/Reasoning by Analogy

- Assumption that issue organization is currently facing is something “we have seen/experienced before” and handling the new, current issue same way as historic issue
- Causes decision making from limited samples and/or incomplete information
- Decisions are based more on colorful anecdotal stories than statistic analysis
- New issue is assumed to be “known” - this approach leads to oversimplification
Information Filtering

Transference of information (up, down, or laterally) can multiply blindspots in organizations

- Diverse opinions and shared responsibilities can counter blind spots, but also slow pace of decision making

- How failure is regarded in organization—if failure seen as learning experience, organization is less prone to blind spots

- Volatility of environment increases recognition of blind spots

- Organizational slack slows recognition/response to blind spots—guaranteed funding through state or private grants, consistent deep pocket donors, endowments
Strategies

Blind Spot Analysis can help as an early warning to trouble ahead

However, Seven Blind Spots listed may be relatively easy to recognize, they are often hard to eliminate

- Elimination often requires a cultural change within organization
- Some organizations may be “incapable of deciding or unwilling to determine how to respond”
- Additionally “organizational politics, history, culture, power structures, and organizational design” may be roadblocks to adapting
Application
(The Three Tests)

Visceral—How well does your organization know its competitive environment and its own capabilities?

Reaction—Does your organization actually plan, or want, to change its cultural thinking?

Mute, Blind, Deaf—Can your organization analyze? Is your organization genuinely learning?
Implementation
(Buying in and Smashing Plates)

In order for Blind Spot Analysis to work, there must be a buy-in from the top. This buy-in includes All Challenges being accepted and endorsed.

One person appointed *China Breaker* or *Plate Smasher*

This person has authority to challenge any and all assumptions within organization.

Can be insider or outsider, but must be knowledgable and informed about all organization’s operations.

- Can’t just be a child repeatedly asking “why?”
- The *Plate Smasher* must have unconditional access—if analysis is to be complete, nothing can be “off-limits”

Leadership should encourage the *Plate Smasher* to conduct the Three Tests.
WHERE ARE YOUR Blind Spots?