

Thinking Slow about Organizational Change

After recently reading *Thinking Fast and Slow* by Daniel Kahneman, we think it is worthwhile to examine the benefits of the research associated with business decision-making and organizational change in corporations.

First, however, we would like to share a recent client engagement and how thinking slowly likely helped reframe how a business unit was looked at internally. The organization has both food service and consumer packaged goods. The food service division is constantly challenged by the dynamic, frenetic and competitive environment of providing products to restaurants. Unlike the consumer packaged goods unit, margins are shrinking and the expectations of customers and consumers are getting higher.

When the two business units are compared (e.g. thinking fast), the food service group did not fare well. By adopting the %outside view,+as noted by Kahneman, we suggested the food service division measure its success against relevant reference points in the marketplace. This appeared, on its face, to be quite obvious, yet, within the organization, the internal comparison was made quarterly in senior leadership forums as well as in town hall meetings.

Let's step back now and examine a few opportunities to apply %think slow+about business decision-making and implementing the supporting programs of organizational change.

- We likely need to step back from our optimism of the benefits of change and look at that track record of others going through similar transformations. What is the base rate or success rate similar ventures?
- Try to avoid the error of WYSIATI or %what you see is all there is+when making decisions, especially in ambiguous and risky situations. Oftentimes pausing to ask the question about what is currently under-defined or unknown proves useful to see beyond available information.
- In change management planning, examine what could go wrong as comprehensively as what could go right.
- Re-examine the information or experiences you consciously and unconsciously weight in your decisions.
- Then apply the known advantages of statistical prediction by specifying the decision criteria and create an algorithm to objectively inform and guide decision-making.

One last thought, simply applied, is when you participate in strategic planning and find that the tide of emotion is focused primarily on the best case scenario, engage in the process of a %pre-mortem.+This places focus on the most often overlooked aspect of a SWOT analysis, the outside threats. We are then giving credence to the factors outside our control that are often left to chance.