

## Don't let wisdom get swept away in the messy cascade of group decision making

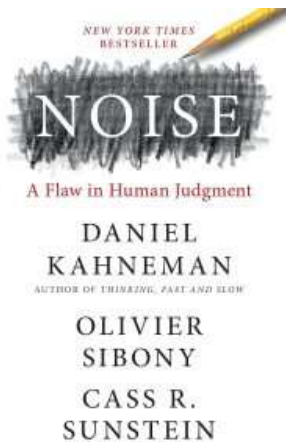


### Making decisions as a group

Making decisions can be hard. We have to gather relevant information, assess alternatives, anticipate possible outcomes, weigh pros and cons. And, if it's a truly consequential decision, the stakes are, by definition, significant.

Making decisions as a group is even more challenging. In a personal life, it could be as simple but significant as deciding, along with the rest of the family, what house to buy when you move to a new town. In an organization, it can be the board or the executive team (or both together) making decisions about strategic direction, or about management succession, or about a material transaction.

In both cases, we, collectively, have to accomplish all the same things we do as individuals making decisions on our own: gather information, assess alternatives, anticipate outcomes and so forth. But we now have to do so with the complications of group dynamics: differing opinions, possibly incompatible objectives, varying levels of information and understanding and expertise and attention, different degrees of organizational influence and positional authority, and on and on.



### Noise by Daniel Kahneman et al.

Daniel Kahneman and his coauthors address one of these challenges in their 2021 book, *Noise: A Flaw in Human Judgment*.

Kahneman is Nobel prize winner in economics and I first encountered his thinking in his 2011 bestseller, *Think, Fast and Slow*. That book was brilliant and full of practical insights about how we think, and how sometimes our thinking goes awry. In the newer book, *Noise*, Kahneman and his collaborators focus on errors in judgment (which they call "noise") and ways in which groups making decisions together amplify noise.

For us non-academic practitioners in the messy world of business, the book can feel quite "statisticky" and maybe a bit artificial. But the book does contain helpful insights, many of which will ring all too true for leaders with any meaningful experience inside real organizations.

### Informational cascades

One insight that stood out to me has significant relevance for groups making decisions: Kahneman calls it *informational cascades*.

In a meeting, for example, the first person to speak and share an opinion on a decision they must make as a group has an outsized influence on the outcome of the discussion.

In a hypothetical example in the book, Arthur speaks first and states he believes they should hire Thomas.

“Barbara now knows Arthur’s judgment; she should certainly go along with his view if she is also enthusiastic about Thomas. But suppose she isn’t sure about who is the best candidate. If she trusts Arthur, she might simply agree: Thomas is the best. Because she trusts Arthur well enough, she supports his judgment.

Now turn to a third person: Charles. Both Arthur and Barbara have said that they want to hire Thomas, but Charles’s own view...is that Thomas is not the right person for the job and that Julie is the best candidate. Even though Charles has that view, he might well ignore what he knows and simply follow Arthur and Barbara. If so, the reason is not [necessarily] that Charles is a coward. Instead it is [or may be] because he is a respectful listener. He may simply think that both Arthur and Barbara have [undisclosed] evidence for their enthusiasm.” (100)

The authors play the scenario out for nearly two full pages, through David, Erica, Frank and George, all of whom fail to provide the robust input they might otherwise have injected had they not been downstream of the folks who spoke up earlier and caught in the cascading effects of the opinions voiced (or not) earlier.

We’ve all experienced it. Sometimes it’s as simple as picking where to go for lunch. Sometimes it’s deciding whether to pursue that massive acquisition or not. In both instances, we may believe we’ve reached consensus when what’s truly happened is this:

- The first voice drove the outcome – or at least heavily influenced it.
- People chose not to voice a different opinion because of the opinions already expressed – maybe out of respect; maybe out of intimidation.
- In a culture that rewards being “nice,” people may have been uncomfortable with even a hint of disagreement, much less real conflict and the tussle of dialogue.

#### What to do about it

The group dynamic they describe is real and potent.

How to combat it?<sup>i</sup>

1. Openly acknowledge its reality and effects. (If everyone at the table is aware of the potential for the cascade, all can work together to mitigate the effects.)
2. Be very careful who you choose to speak first. (Many times, senior leaders will deliberately speak last so as not to influence unduly the opinions of the others who follow.)
3. When you voice your opinion, be clear about all of the following: your opinion, the basis for your opinion, *and how strongly you hold to that opinion*. In the scenario Kahneman et al. created, some of the downstream opinions in the group cascade were based on *assumptions* about why each person upstream expressed the opinion he or she did. Making these additional elements of your opinion explicitly clear – the rationale for and intensity of your opinion – can help prevent at least some of those erroneous assumptions.
4. If the decision is truly consequential, take the cascade out of the picture entirely: use a secret ballot so all can express their opinions simultaneously without being affected by how others are voting.<sup>ii</sup> Of course, any robust discussion leading up to the vote will signal who stands roughly where; a possible mitigant for that could be a secret ballot to poll the group *before* any substantive group discussion begins.

5. And, as a group, learn how to disagree agreeably. Learn how to engage in HPA: the acronym we used at my bank for “honest professional adversarialism.” It’s not always easy, but it’s almost always worthwhile.

### Wrapping up

Consequential group decisions are hard enough without hamstringing the entire process with dialogue techniques that foster faux consensus while hiding valuable unexpressed opinions in the cascade of the conversation. You’ll never make the cascade effect go away. You *can* take steps to rob it of some of its sting.

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#### Late note:

After wrapping up these thoughts above, I encountered an additional relevant perspective from another book I’ve been reading: *A Passion for Leadership* by Robert Gates (Secretary of Defense for both President George W. Bush and President Barack Obama, and also Director of the CIA and president of Texas A&M University):

“It is a simple truth that when you are talking, you are not learning. I was criticized [in a book on Obama and the Afghan war] for not speaking up until late in NSC [National Security Council] meetings.... And it is true that I would bide my time before offering my opinion. This had two benefits. First, it was advantageous in terms of my strategy to have the meeting conclude along the lines I preferred. By waiting to speak, I knew where the other principals were on the chessboard before I weighed in and thus could better calculate what I wanted to say and how to express it. Second, on some issues, I had not made my mind and actually wanted to hear what others had to say. I proceeded on the radical assumption that by listening, I might learn something I hadn’t thought of.” (167)

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<sup>i</sup> These are primarily from my own reflections and experiences, though they are consistent with the message of the book. The one most closely aligned with the book is item 4; this is similar to what the authors call an *estimate-talk-estimate* method (262, 319-320).

<sup>ii</sup> Apps are available to handle this digitally.