Using Innovation to Overcome Groupthink for Organizational Longevity

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Abstract

Groupthink can be the cause of many ills within an organization. It can lead to the demise of otherwise healthy companies. Innovation is about creating a future. Though no cures for groupthink were identified, the author poses that the adoption of innovation and innovative processes to supplant groupthink may be the magic bullet..

1 Introduction

When working together, humans have an amazing capacity to solve problems and have insight into pending disasters. However, the phenomena known as "groupthink" can consume the best and the brightest teams as communication breakdowns and submission to the authority of the group can result in the dulling of their problem-solving capabilities.

Within the corporate world, it can be demonstrated that groupthink culture can have a devastating effect the longevity of an organization. There are many documented cases where highly successful companies fell into the trap of groupthink and are now shells of their former selves. Unfortunately, once companies are on the down slide, recovery is difficult. Today, the only known prevention is avoidance.

While groupthink is often thought of as a negative culture, an organization with a culture of innovation is usually seen as positive. Because innovation represents the future, these creative companies grow, adapt, and survive.

It's the belief of this researcher, that the solution to groupthink is innovation. And, for corporate longevity to take root and flourish, the seedlings of innovation must be nurtured to supplant the invasive weed of groupthink.

2 Groupthink

To begin our analysis, we must examine groupthink. We must understand what it is, its origin, and its recognized symptoms. We will also review real-world examples along with common methods used to avoid groupthink.

Let's start by looking at a simple definition. Per the Cambridge dictionary, groupthink is defined as:

> *"The process in which bad decisions are made by a group because its members do not want to express opinions, suggest new ideas, etc. that others may disagree with."* [1]

Origins of Groupthink

The term "groupthink" was coined by William H. Whyte Jr., in a 1952 article in Fortune magazine. Whyte based the term on the human behaviors cited in George Orwell's fictional work, 1984.

In the early 1970's, groupthink was legitimized by the works of Irving Janis. Janis does not believe a cohesive group is always a good attribute, and that seeking consensus above a good decision, could be detrimental or in some cases immoral. He wrote:

"The main principle of groupthink, which I offer in the spirit of Parkinson's Law, is this: The more amiability and esprit de corps there is among the members of a policy-making in-group, the greater the danger that independent critical thinking will be replaced by groupthink, which is likely to result in irrational and dehumanizing actions directed against outgroups."[2]

In his ground-breaking work, Janis identified the symptoms and antecedents of groupthink. For the most part, these are from a negative perspective. However, there are positive attributes for groupthink. For the purposes of this paper, we will focus on the negative aspects. Let's dig in a little further.

The 8 Symptoms of Groupthink

Janis observed 8 Symptoms of Groupthink[3], Each are summarized as follows:

1. **Illusion of Invulnerability:** The group is overly optimistic, ignores danger, and is willing to take extreme risks.

2. **Belief in Inherent Morality of the Group:** Because the group believes in its mortality, the members may ignore moral and ethical consequences of their decisions.

3. **Collective Rationalization:** The group explains away and discredits warning contrary to the group's thinking.

4. **Out-group Stereotypes:** The members accept negative stereotypes of outside rivals.

5. **Self-Censorship:** Group members withhold dissenting views.

6. **Illusion of Unanimity:** The group falsely believes the entire group is in agreement. Silence is counted as approval.

7. **Direct Pressure on Dissenters:** Members are considered disloyal and pressured if they express concern against the stereotypes and beliefs held by the group.

8. **Self-Appointed Mind-guards:** These are members of group who believe it is their role to protect the group for any influences that may threaten the group's complacency.

Antecedents of Groupthink

Janis cited a number of antecedent conditions that would be likely to encourage groupthink. These include: [4]

1. **Insulation of the Group:** This leads the members to have inaccurate perspectives on the environment, situation, and problem facing the group.

2. **High group cohesiveness:** The structure of the group is deemed more important than any member's individual freedom of expression.

3. **Lack of norms requiring methodical procedures:** The norms of a cohesive group will tend toward consensus, joint action, and uniformity, rather than provide methodologies.

4. **Directive Leadership:** The members will bias decisions toward the opinions or desires of the leaders.

5. **Homogeneity of Members:** The members have similar demographics (e.g., ideology, religion, race, nationality, etc.)

6. **High Stress from External Threats:** The team is likely to minimize the risks and exaggerate the rewards and lose focus on the goals.

7. **Recent Failures:** May induce low self-esteem and heightened sense of fear of failure.

8. **Time Pressures:** When put under a time constraint, the team may be more concerned with a quick, efficient response, rather than one that should meet accuracy and quality standards.

Negative and Positive Effects

Although groupthink is often associated with negative consequences, potential exists for positive outcomes. On the negative side, organizations afflicted with groupthink observe stifled creativity, bad decisions being made because there is no opposition, possible solutions being overlooked, and ultimately, profitability being jeopardized. [5] On the positive side, when the brans are working together, organizations see improved cooperation among the members, an overall sense of harmony within the organization, less stress, and quicker completion of tasks.

Negative Effects on the Organization

Because this paper focuses on overcoming the negative impact of groupthink, we have to look at the overall impact on the organization. The two we will focus on are suppression of innovation and incomplete analysis.

Infamous Examples of Groupthink

Groupthink is not isolated to small teams. Failures can happen in the public sector, within private corporations, or with across thousands of corporations. Let's take a closer look.

Public Failures

Often, the negative effects of groupthink are brought to light in the public sector. Four common examples of extraordinary public failure are often sited. In all of these cases, warning signs were in place, however, they were ignored or dismissed.

- NASA-Challenger Shuttle Disaster[6]
- Economic Collapse of 2008[7]
- The Vietnam War[8]
- Penn State Cover-Up[9]

All of these failures could have easily been avoided.

Corporate Failures

Modern history is littered with corporations which have succumbed to groupthink and made exceedingly bad decisions. Below are four companies which are shells of their former selves. They fell prey to groupthink and failed to continue to innovate:

Kodak[10]**:** It's not well known, but Kodak invented the digital camera. Believing they were

in the film and film processing market, they did not capitalize on their own innovation, as they perceived it would cannibalize their market.

Sears[11]**:** At one point, Sears was a department store and catalog juggernaut. Virtually everyone was aware of the Dream Catalog. With its vast distribution system, Sears failed to recognize the significance of internet sales.

Emhart Glass[12]**:** Like Kodak, Emhart did not capitalize on their own innovation. Recognizing the plastic trends in the 1950's, Emhart formed a solely owned subsidiary to develop a machine which could form plastic bottles. Emhart believed glass bottles were superior for foods and beverages, and the people would never want to drink from plastic bottles. The company was later sold off to Monsanto.

Block Buster: Blockbuster was the largest single renter of videos and DVDs. It is well known, Blockbuster failed to see the value in video streaming technologies developed by their rival Netflix, until it was too late.

These four are just a small handful of companies which have lost their edge. Others often cited are Motorola, Microsoft, Sony, Sun Microsystems, Toys "R" Us, Yahoo, and Dell.[13]

Industry Wide Failure

Groupthink is not limited to the walls of a single company. This type of thinking can spread across an entire market, industry, or way of conducting business. In the Forbes article, *Why U.S. Firms Are Dying: Failure to Innovate*, Steve Denning, introduced a section as follows: *"The "world's dumbest idea" strikes again"*[14]. He then elaborated on the fallacy of maximizing shareholder equity. He said:

> *"The reason for the continuing neglect of innovation is not hard to find: the still-pervasive acceptance of "the world's dumbest idea", i.e. maximizing shareholder value as reflected in the stock price.*
>
> *Despite a growing chorus of denunciations by CEOs of this noxious idea, firms still pursue it. Boards endorse it. CEOs are lavishly compensated for pursuing it. Investors base their decisions on it. Analysts unthinkingly endorse it. As a result, innovation suffers.*
>
> *In a world in which power in the marketplace has shifted to customers and customers insist on "better, cheaper, faster, smaller, more convenient and more personalized," failure to give priority to*

innovation is an organizational death warrant."[15]

Avoiding Groupthink

Modern researchers have found it's best to prevent groupthink by never allowing groupthink to enter an organization. Avoidance methods have been developed on the large and smaller scale. Little research, however, has been conducted to determine the best methods for eradicating entrenched groupthink within an existing organization.

Large Scale Methods

Traditional methodologies to avoid groupthink have been Nominal Group Technique, The Delphi Method, The Stepladder Technique, and the Six Thinking Hats Technique. Here's a summary of each of these techniques:

> **The Nominal Group Technique:** A brainstorming methodology were each member silently writes down ideas. Then in a round robin style, each member is polled for an idea (members my "pass"). The idea is brought forward without comment. This continues until all ideas are brought forward. When there are no new ideas presented, each idea is discussed in a round robin fashion. Wording can only be changed if the original presenter agrees. Ideas may be eliminated with unanimous approval. The remaining list is prioritized (this requires "multi-voting"[16]).
>
> **The Delphi Method:** In this method, a panel of internal or external experts is convened to review anonymous submissions. Anonymity is used to prevent bias or domination of the process.
>
> **The Stepladder Technique:** The goal of this technique is to prevent weaker members, with good ideas, from getting stomped on by more power members in a group setting. To start the process, a member finds members of the same level to collaborate with. As the ideas progress, more members are added to the discussion. Eventually, the entire team will be included.
>
> **Six Thinking Hats Technique:** This is a technique where each person is assigned one of six colored hats. In brief, the hats are white, yellow, black, red, green, and blue. Each serves a role. White wants to know what information is available (just the facts), yellow explores the positives, black is the devil's advocate, red is for intuition, green is creativity, and blue is the moderator. The hats are rotated through the group and each hat is worn for a limited period of time (it can be as short as 30 seconds).

Smaller Scale Methods

The large-scale methodologies are great for larger, boarder, or disparate groups. However, there are some much easier changes which can be made on the smaller scale. Here are some examples:[17]

- Designate a devil's advocate to inject debate.

- Conduct the peer review process with team leaders from other teams review the results.

- Ask team members to submit different ideas before the meeting.

- Develop scenarios then ask, for each scenario, "What If?" for each decision.

- For each team decision, require multiple options, then debate each option.

- Require the team develop some "High Risk" suggestions.

With a willing team, these techniques are easy to implement and can be highly effective.

3 Innovation

Now that we've examined groupthink, let's take a brief look at innovation. Much like our analysis of groupthink, we will breakdown innovation by examining its significance to organizations and the keys to innovation.

Again, as we did with groupthink, we will refer to a classic definition of innovation. Per the Business Dictionary, innovation is defined as:

> " The process of translating an idea or invention into a good or service that creates value or for which customers will pay."[18]

This is perfect definition for our purposes, as it is important to understand we are framing innovation within the context of business. Our eventual goal is to use to demonstrate that the benefits of innovation can overcome the negative aspects of groupthink.

It is also important to understand that we are talking about continuous organization innovation; this is not about a one-time opportunity.

Significance of Organization Innovation

Companies can no longer rest on their past innovations and stay comfortable. In the hyper competitive markets with rapid automation and prototyping, the head start enjoyed by intellectual property is rapidly shrinking. When a company cannot stay ahead, or create a *Blue Ocean*[19], the

company will ultimately cease to exist. This is happing at a faster pace. As Pearl Chang wrote:

"It is predicted that lifespan of large enterprises is going to drop significantly by 2030. Each year, companies drop out from the S&P 500 list being replaced by new entries. According to some statistics, in 2015, 28 firms were replaced on the list. Back in 1958, a company could easily expect to stay on the list for 60 years, whereas today the average lifespan is only 18 years.

Innovation is about adapting to the future and evolving the company. Companies must continuously innovate. Although product innovation does not guarantee success, a non-innovation strategy guarantees failure." [20]

Innovation is becoming a necessity for longevity. As Bill Gates said:

> *"The only big companies that succeed will be those that obsolete their own products before somebody else does."* [21]

Once a product has been commoditized, the company is competing solely on operations (e.g., price, delivery, etc.). When a company's only products or services are obsoleted, the company is no longer viable. Innovation keeps the flow of new products coming into the company.

The Keys to Innovation

Effective companies know developing new products and services is not trivial. They also know innovation isn't about brainstorming new ideas[22]. The attributes a company must adopt are:

Create an Innovation Culture: Companies with excellent innovation are like companies with excellent customer service. It is not a program of the month. A culture of innovation means top down support, from the C suite to the loading dock. Everyone participates.

Reward Innovation: The goal here is to have a system in place which rewards new product development and innovation. The reward system encourages employees at all levels to participate.

Embrace Failure: Failure is a great educator. As Thomas Edison famously said, *"I haven't failed. I've just found 10,000 ways that don't work."* The other consideration is "failing fast" As John Maxwell puts it, *"Fail early, fail often, but always fail forward."* Meaning, failure is acceptable, providing the team makes progress. And, the faster they fail, the faster they get to try again.

Look Forward to the Future: For many companies, this is difficult. They'd rather remain complacent with their past successes. It is important to be focus on the potentials in the future. Companies are going to be wrong quite a lot of the time. It's the instances where the team is right which will give the company the vast new opportunities.

Improve Marketing Information System: Marketing can play an integral role in innovation. They need to have the pulse of the market and have systems in place to get feedback to those involved in innovation. The markets are constantly shifting.

Have a Passionate Pursuit of Improvement: Innovation is not only about new products. It can also serve in process improvement and quality. These come into play when we look to maximize customer value.

Notice, this list did not mention necessity. Necessity is not the only mother of invention, in all cases, but it doesn't hurt. Somethings major innovations happen by accident. A company must have the ability to recognizing and leverage those happy accidents.

4 Nurture Innovation, Supplant Groupthink

In order to get innovation to take root, several steps must be taken. First business can't be conducted as usual; we must break the mold. Second, management must continually ask challenging questions to the staff. Finally, innovative practices must be nurtured.

Breaking the Mold

Innovation centers on new ideas, new processes, and trust. To displace groupthink, organizations must eliminate false corporate beliefs, focus on the customer, eliminate false centers of power, cross-train staff, and question why things are done.

The easiest place to start is by questioning long held corporate beliefs. The staff must examine where did each belief came from? Is it real? Is it still valid?

The ultimate goal is to focus the organizational energies on the customer. This means developing relationships and communicating with the customer to determine their "needs", rather than simply listening to their "wants". This, too, may mean abandoning long held beliefs.

One of the hallmarks of groupthink is fiefdoms. With innovation, creative juices have no boundaries. They must be allowed to flow from anywhere. Where fiefdoms exist, they must be questioned and dismantled.

Similar to fiefdoms are isolated pockets of skill. When people are cross-trained and allowed to share information, creativity and ideas for process improvement. Often, when employees are temporarily assigned to a new position, they see the position with a new set of eyes. This sparks creativity.

"Why?" one of the most power questions people is can ask. Asking "Why?" five times about a matter is a common practice in root cause analysis. It forces practitioners to understand every nuance of the subject.

Ask Challenging Questions

One of the keys, to sparking creativity and innovation, is to ask the team questions which challenge conventional wisdom. Below are two sets of sample questions:

3 More Questions[23]

These questions are asked to break the ice:

1. What are the industry beliefs about what customers want? What if the opposite is true?

2. If you were CEO for one day, which three things would you change to enable growth of our brands?

3. How can we make our product- and service-chain more responsive to demand fluctuations?

10 Disruptive Questions for Instant Innovation[24]

These are excellent questions to get the team to thinking in the right direction:

1. If you could only work on one project for a year to transform the business, what would it be and why?

2. What is the shortest path to the customer? How could we get there in 6 months?

3. What suffers more breakdowns: our products, our processes, or our people? How could we fix this?

4. It's 2025 and we're the best company to work for in the world: What two things did we do to earn this award?

5. Which parts of your job would you like to kill or eliminate?

6. What would our dream testimonial from a customer say?

7. What can we offer for free that no one else does?

8. You've just written a tell-all book about this company: Which secrets does it reveal?

9. How can our services be turned into physical products? How can our products be turned into a service?

10. If we could hire five more people, what unconventional skills would they have and why?

These thirteen questions are a good starting point, there are many more. The goal is to inspire the team to think different.

Innovative Practices

Reflecting back, we learned the practices of encouraging creativity, embracing failure, focusing on the future, rewarding innovators and focusing on customer value are vital to innovation. We can also see they are antithetical to groupthink. If management is committed, these practices can be used to displace groupthink.

In the process, we should also consider the four practices associated with creativity and innovation[25]

1. Hardwire creativity and innovation in daily practices

2. Become customer fanatics

3. Feed the need for speed

4. Adapt or die

Once innovation and longevity are achieved, it is incumbent on executive management to insure groupthink never re-enters the company.

5 Conclusion

In the theory of evolution, it is not the strong that survive, it is the species that adapt which survive. This theory holds true for organizations. For a company to survive and remain viable, it must adapt and evolve. Companies that do not, fade away.

Organizations have the potential to exist longer than their founders. Many organizations survive many generations. Essentially, the organization is playing an infinite game where longevity and survival are different than winning and losing in finite games. The rules and endgames are different.

In this paper, we've examined the negative aspects of groupthink. Groupthink is a weed which prevents companies from adapting and changing. If it has taken root, it must be weeded out, otherwise it will eventually choke out the organization.

This paper also examined innovation and innovative practices. We learned innovation is about adapting, creating new futures, and longevity. Companies with innovative cultures survive.

Because innovation is antithetical, it is theoretically possible for it to uproot groupthink. For this to happen, the C-suite must be on board and diligent. This is not a program of the month, it is a long-term commitment to the life of the company. It is management's responsibility to plant the seeds of innovation and be continuously on guard to pluck the weeds of groupthink. Only then can the company adapt, grow, and live a long life.

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