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Skewed Incentives Stifle Originality

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Adam Grant, one of today's most influential management thinkers, talks about the biases and skewed incentives that can cause middle managers to resist new ideas. Too often, mid-level managers use intuition, which Grant says is based mostly on past experiences and is therefore useless in evaluating truly novel ideas. He explains how middle managers can be punished for endorsing a bad idea, but not rejecting a good one.

Transcript

- Why are middle managers in particular so bad at judging ideas? Well one problem is that they tend to rely a lot on intuition.. They're like, yeah, I've worked my way up and I have all of this experience and I want to use that.. And I think, look experience is important and especially those of you who are engineers know this, right? Like from having a lot of experience driving a car, you know how to build an engine, right? And from all the experience you have obeying the laws of gravity, you must be a physicist, right? Maybe not.. But what's interesting about intuition is, I think about intuition just as unconscious or subconscious pattern recognition, and that's a useful source of insight in a lot of your life, but is not a good basis for judging original ideas, because your intuition's about what's gonna work are based on your past experience.. What's worked in the past is totally irrelevant to trying to figure out what's going to work tomorrow if you're trying to do something new and different.. So managers tend to get stuck in prototypes.. They ask what's worked in the past, they compare your idea to that, and then if it looks different they say reject.. And you see this a lot in entertainment, right? Remember the TV show that was show down by NBC, because it was a show about nothing? And all these executives looked at it and they're like, you know, all of our great sitcoms have two things in common.. Number one, their plot lines actually make sense, and number two I root for at least one of the characters, and this is not true for Seinfeld.. But there's an executive there, Rick Ludwin, who doesn't even work in sitcoms, he comes from the variety and specials department, and he watches it and he says, yes, Seinfeld breaks all the rules of a great sitcom, but I don't care because it made me laugh..

And that's what comedy is supposed to do.. So he was willing to bet on it and he's only able to do that because he doesn't have those years of experience that these managers do.. The other problem that mangers run into is that they have skewed incentives.. So if you're a manager and you bet on a bad idea, you could destroy your career, right? It's gonna embarrass you, minimum.. Whereas if you reject a good idea, this is kinda a good situation for you, because no one will ever know and so what are you gonna do? Are you gonna play it safe or are you gonna take some risks and most managers choose to play it safe...