

BEHAVIORAL  
DESIGN  
FOR

**ORGANIZATIONAL  
LEADERSHIP**

**WE'RE NOT  
ALWAYS  
RATIONAL...**

***COGNITIVE  
BIASES GET  
IN THE WAY***

**WE OFTEN  
LACK THE  
INFORMATION  
WE NEED...**

***YET WE ARE  
SWAMPED  
WITH CONTENT***

**WE DON'T  
ALWAYS ACT IN  
OUR OWN BEST  
INTEREST...**

***AND THAT'S  
ASSUMING WE  
KNOW WHAT IT IS***

**SO LESS** “ARE WE MORE RATIONAL AT WORK?”

**AND MORE** “HOW DOES OUR IRRATIONALITY, OUR  
NEED TO ACT BASED ON INCOMPLETE  
DATA, AND OUR SENSE OF WHAT’S IN OUR  
BEST INTEREST ***MANIFEST AT WORK***”



**“...behavioral economics should be considered simply a return to the kind of open-minded, intuitively motivated discipline that was invented by Adam Smith and augmented by increasingly powerful statistical tools and datasets.”**

*from Behavioral Economics: Past, Present and Future, 2016*

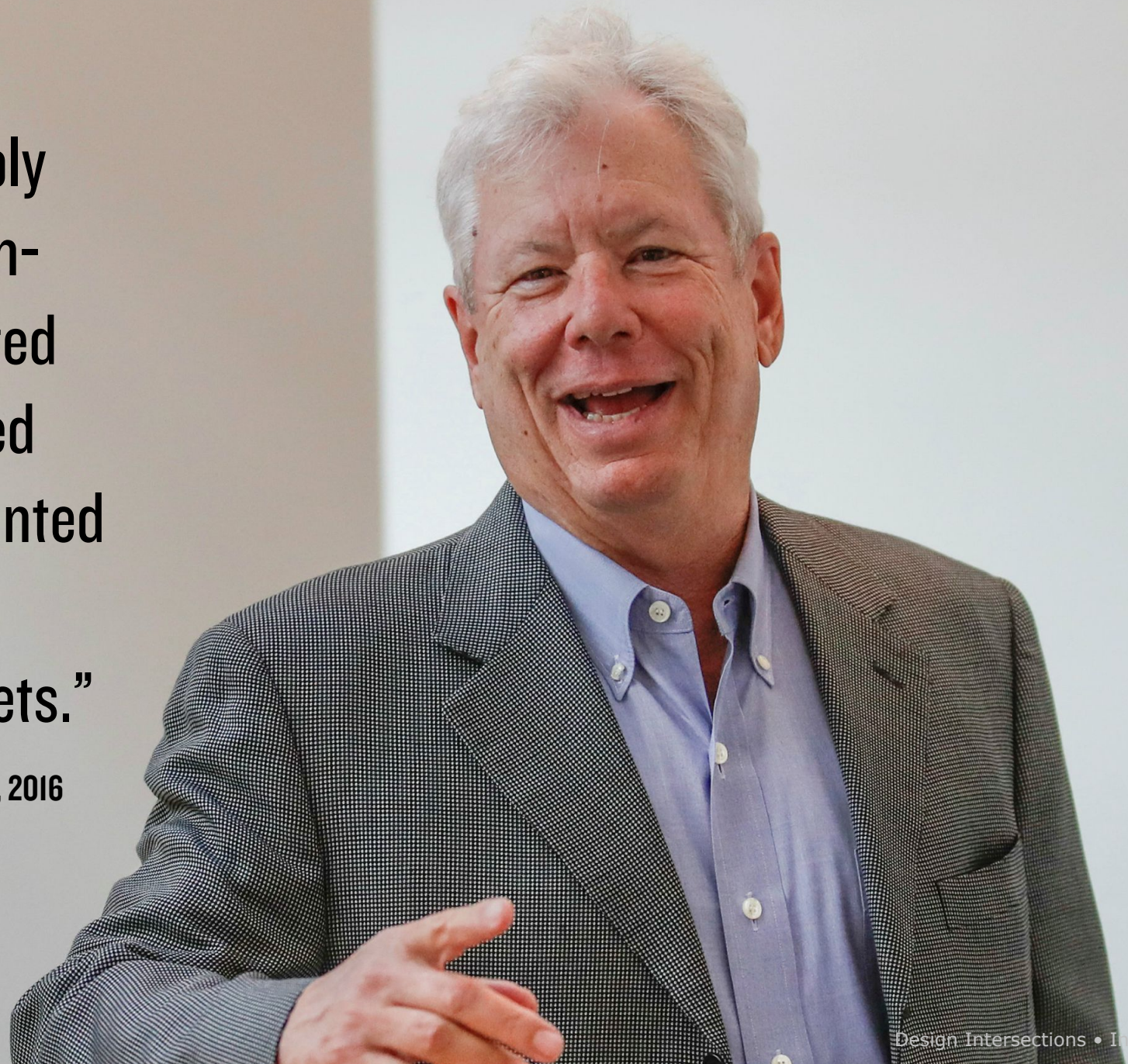


Photo: Reuters/Kamil Krzaczyński

© Ruth Schmidt 2018

Design Intersections • Institute of Design

**#METOO**

# ASSUMPTIONS OF LOGIC

- **STRUCTURE ≠ RATIONALITY**
- **RULES CAN SUPPORT “BAD” BEHAVIORS**

# NAVIGATING UNCERTAINTY

- **TOO MUCH INFO, TOO FAST, TO BE USEFUL**
- **ALGORITHMS ARE ALSO BIASED**

# IN *WHOSE* BEST INTEREST?

- **INTERACTIONS, NOT INDIVIDUALS**
- **WHAT'S IN AN ORGANIZATION'S BEST INTEREST MAY NOT BE IN YOURS**



**MACRO-LEVEL,  
ORGANIZATIONAL**

**BEHAVIORAL**

**DIAGNOSTIC**

- HELP US SEE GAPS AND PATTERNS
- CONTRIBUTE TO DISCUSSION

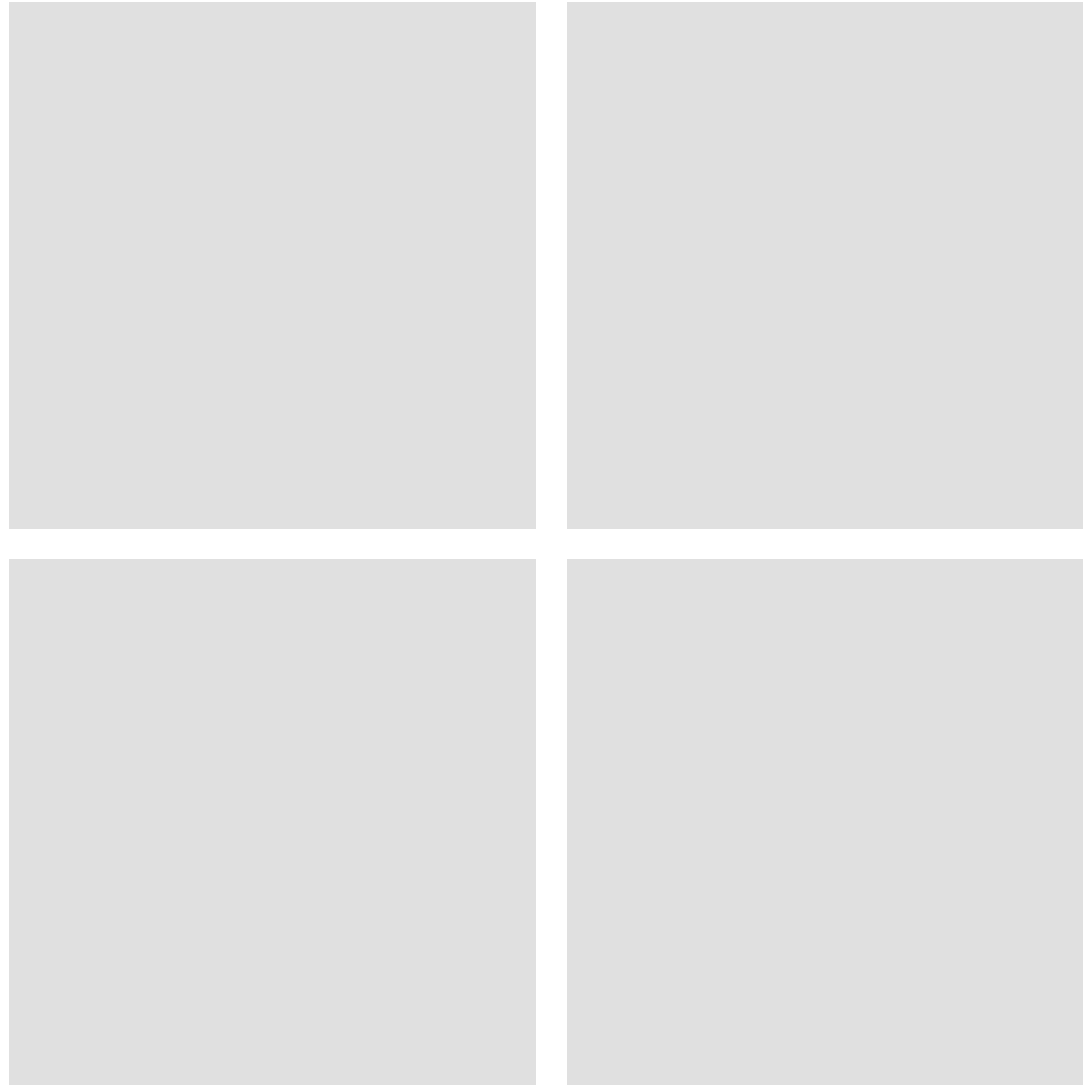
**MICRO-LEVEL,  
PERSONAL LEADERSHIP**

**“HIDDEN IN PLAIN**

**SIGHT” BIASES**

- HELP US IDENTIFY SIGNALS OF BIAS
- APPLY STRATEGIES AND TACTICS

**STRUCTURED**



**ENTITY  
SUCCESS**  
IS INCENTED AND  
PRIORITIZED

**INDIVIDUAL  
SUCCESS**  
IS INCENTED AND  
PRIORITIZED

**UNSTRUCTURED**

# STRUCTURED

TRADITIONAL  
COMMERCIAL  
BUSINESS  
TEAM SPORTS

ACADEMIA  
INDIVIDUAL  
SPORTS

**ENTITY  
SUCCESS**  
IS INCENTED AND  
PRIORITIZED

COMMUNITIES  
OF PRACTICE  
CHARITABLE  
DONATIONS

ENTREPRENEURS  
WEWORK

**INDIVIDUAL  
SUCCESS**  
IS INCENTED AND  
PRIORITIZED

# UNSTRUCTURED

# STRUCTURED

- INCENTIVES FOR “GOOD” BEHAVIOR
- CLEAR METRICS FOR SUCCESS
- PENALTIES FOR NON-COMPLIANCE

**ENTITY  
SUCCESS**  
IS INCENTED AND  
PRIORITIZED

**INDIVIDUAL  
SUCCESS**  
IS INCENTED AND  
PRIORITIZED

# UNSTRUCTURED



© Ruth Schmidt 2018

Photo: Dima Beliaikov

Design Intersections • Institute of Design





## **PERSONAL APPEALS**

(e.g. messaging,  
appeal to identity)

## **ENVIRONMENTAL CONTEXT**

(e.g. physical space,  
social or cultural  
reinforcement)

## **TOOLS OF THE TRADE**

(e.g. devices,  
materials, processes  
and structures)

## **RULES AND METRICS**

(e.g. formal or  
bureaucratic  
policies, penalties,  
and incentives)



# PERSONAL APPEALS

(e.g. messaging, appeal to identity)





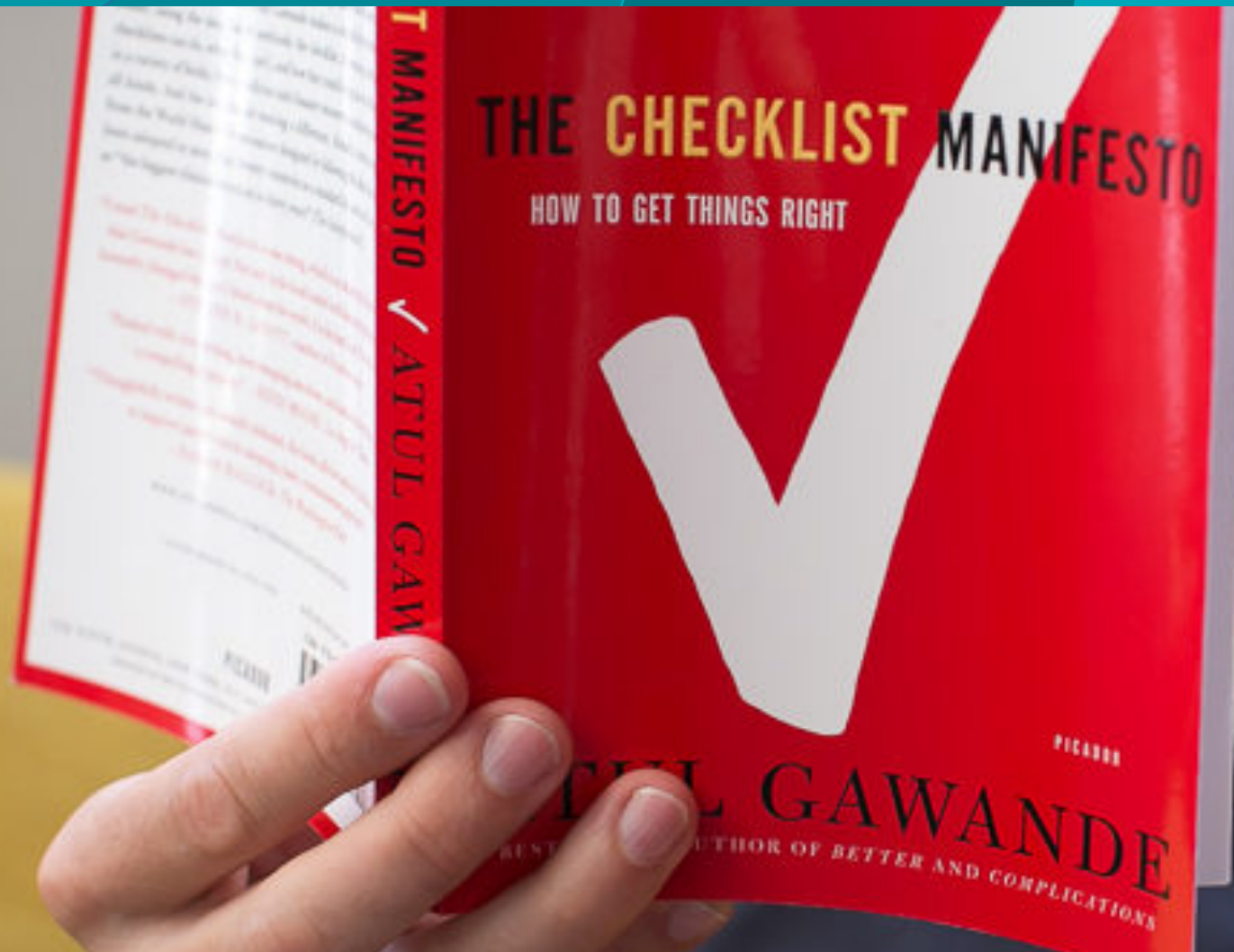
# ENVIRONMENTAL CONTEXT

(e.g. physical space, social or cultural reinforcement)



# TOOLS OF THE TRADE

(e.g. devices, materials, processes and structures)





# RULES AND METRICS

(e.g. formal or bureaucratic policies, penalties, and incentives)



## Code of Conduct

**This Code of Conduct helps us build a community that is rooted in kindness, collaboration, and mutual respect.**

Whether you've come to ask questions or to generously share what you know, join us in building a community where all people feel welcome and can participate, regardless of expertise or identity.

We commit to enforcing and improving the Code of Conduct. It applies to everyone using Stack Overflow and the Stack Exchange network, including our team, [moderators](#), and anyone posting to Q&A sites or chat rooms.



© Ruth Schmidt 2018





# WHAT'S GOING ON IN THESE EXAMPLES?

FIRST, INDICATE WHERE THESE INTERVENTION TYPES SHOWED UP...

## PERSONAL APPEALS

(e.g. messaging,  
appeal to identity)

## ENVIRONMENTAL CONTEXT

(e.g. physical space,  
social or cultural  
reinforcement)

## TOOLS OF THE TRADE

(e.g. devices,  
materials, processes  
and structures)

## RULES AND METRICS

(e.g. formal or  
bureaucratic policies,  
penalties, and  
incentives)

...THEN, USE THESE STICKIES TO INDICATE THE NATURE OF THE OUTCOME:



**POSITIVE IMPACT**  
FROM INTERVENTIONS



**NEUTRAL IMPACT**  
FROM INTERVENTIONS



**NEGATIVE IMPACT**  
FROM INTERVENTIONS

**~20 MIN**

**TO CAPTURE THOUGHTS AND  
SHARE IN SMALL GROUPS**



**WE'RE NOT  
ALWAYS  
RATIONAL...**

**COGNITIVE  
BIASES GET  
IN THE WAY**

**WE OFTEN  
LACK THE  
INFORMATION  
WE NEED...**

**YET WE ARE  
SWAMPED  
WITH CONTENT**

**WE DON'T  
ALWAYS ACT IN  
OUR OWN BEST  
INTEREST...**

**AND THAT'S  
ASSUMING WE  
KNOW WHAT IT IS**

# The question is, in *whose* best interest

I'm a

**person...**

*Sense of agency/  
value, being part  
of a larger mission,  
professional  
growth*

leading

**others...**

*Mentoring,  
providing  
constructive  
feedback*

doing

**work...**

*Successfully  
completing  
projects,  
meeting  
deadlines*

to support

**the big picture.**

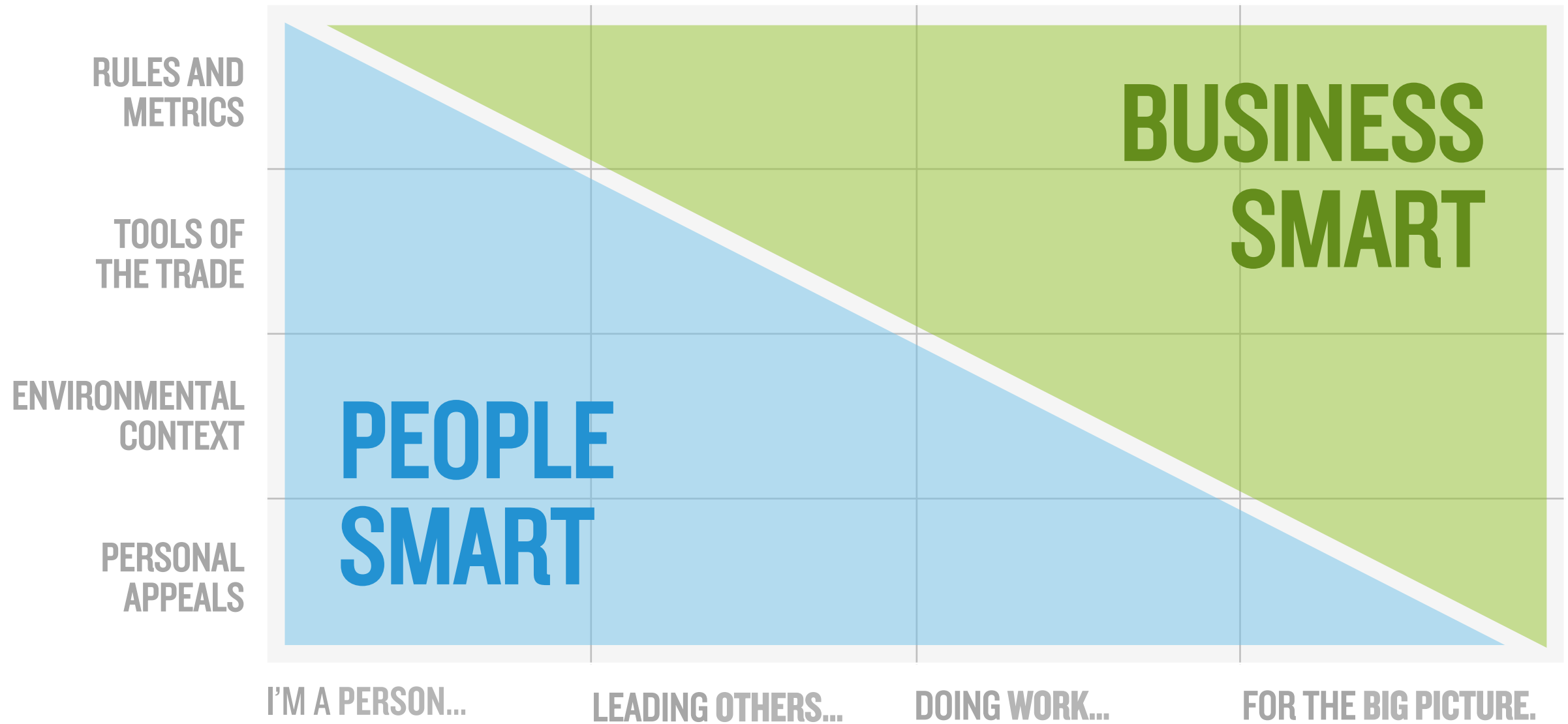
*Revenue, ROI,  
using resources  
efficiently, hiring  
and retention*

<b>RULES AND METRICS</b>	End of year bonuses			Requiring weekly timesheets
<b>TOOLS OF THE TRADE</b>		Guidelines for good mentoring	Medical checklists	
<b>ENVIRONMENTAL CONTEXT</b>	Zappo's Wall of Ties		Hierarchy on airplanes	
<b>PERSONAL APPEAL</b>		Paul O'Neill <i>"Call me"</i>		Don't Mess with Texas
	<b>I'M A PERSON...</b>	<b>LEADING OTHERS...</b>	<b>DOING WORK...</b>	<b>FOR THE BIG PICTURE.</b>

**SURPRISES?**

**WHAT PATTERNS DID WE SEE?**

**WHERE DID “RIPPLE EFFECTS” OCCUR?**



# **PART II: “HIDDEN IN PLAIN SIGHT” SIGNALS**

**WE'RE NOT  
ALWAYS  
RATIONAL...**

**COGNITIVE  
BIASES GET  
IN THE WAY**

**WE OFTEN  
LACK THE  
INFORMATION  
WE NEED...**

**YET WE ARE  
SWAMPED  
WITH CONTENT**

**WE DON'T  
ALWAYS ACT IN  
OUR OWN BEST  
INTEREST...**

**AND THAT'S  
ASSUMING WE  
KNOW WHAT IT IS**



*How much should we charge for this? What are our competitors doing?  
What is our competitive advantage? Should we buy, borrow, or build  
new capabilities? Which trends should we prioritize? Should we hire  
now? What should we be thinking about? Who should we promote?  
How should we staff this new work? Should we pursue that project?  
Is this a good time to be expanding our team? Is our strategy working?*

*How much should we charge for this? What are our competitors doing?*

*What is our competitive advantage? Should we buy, borrow, or build new capabilities? Which trends should we prioritize? Should we hire*

*now? What should we be thinking about? Who should we promote?*

*How should we staff this new work? Should we pursue that project?*

*Is this a good time to be expanding our team? Is our strategy working?*

*How much should we charge for this? What are our competitors doing?*

*What is our competitive advantage? **Should we buy, borrow, or build new capabilities?** Which trends should we prioritize? **Should we hire***

***now?** What should we be thinking about? Who should we promote?*

***How should we staff this new work? Should we pursue that project?***

***Is this a good time to be expanding our team? Is our strategy working?***

# I. LOTS OF INFORMATION IS NEVER ENOUGH

# HOW DO WE NAVIGATE THESE KINDS OF UNCERTAINTY?

**WE USE PATTERN  
RECOGNITION  
TO SAY “THAT’S  
ONE OF THOSE”**

**WE USE PAST  
REFERENCE  
POINTS TO PLAN  
AND RESOURCE**

**WE SET METRICS  
TO MEASURE  
PROGRESS  
AND SUCCESS**

**WE RELY ON OUR  
AWARENESS OF  
CULTURE AND  
PROCESSES**

# HOW DO WE NAVIGATE THESE KINDS OF UNCERTAINTY?

**CONCRETENESS**

**COMPARISON**

**SIMPLIFICATION**

**CULTURAL  
NORMS**

*BUT EVEN OUR  
“SYSTEM TWO”  
SELVES STRUGGLE  
WITH BIAS...*

**OUR SMART APPROACHES TO  
MANAGING UNCERTAINTY...**

CONCRETENESS  
COMPARISON  
SIMPLICITY  
CULTURAL NORMS

**INTRODUCE NEW BIASES INTO  
THE WAY WE THINK AND ACT**



# The South Mall Visitor Journey

## SUMMARY OF VISITOR MOMENTS



*You have a **50/50** chance of being assigned to either group **A** or **B**.*

*Would you prefer:*

*Both Groups A and B get **\$1,000,000**,*

*or*

*Group A gets **\$1,600,000** and Group B gets **\$1,300,000**?*

***Women are assigned to group A and men are assigned to group B.***

***Would you prefer:***

***Both Groups A and B get \$1,000,000,***

***or***

***Group A gets \$1,600,000 and Group B gets \$1,300,000?***

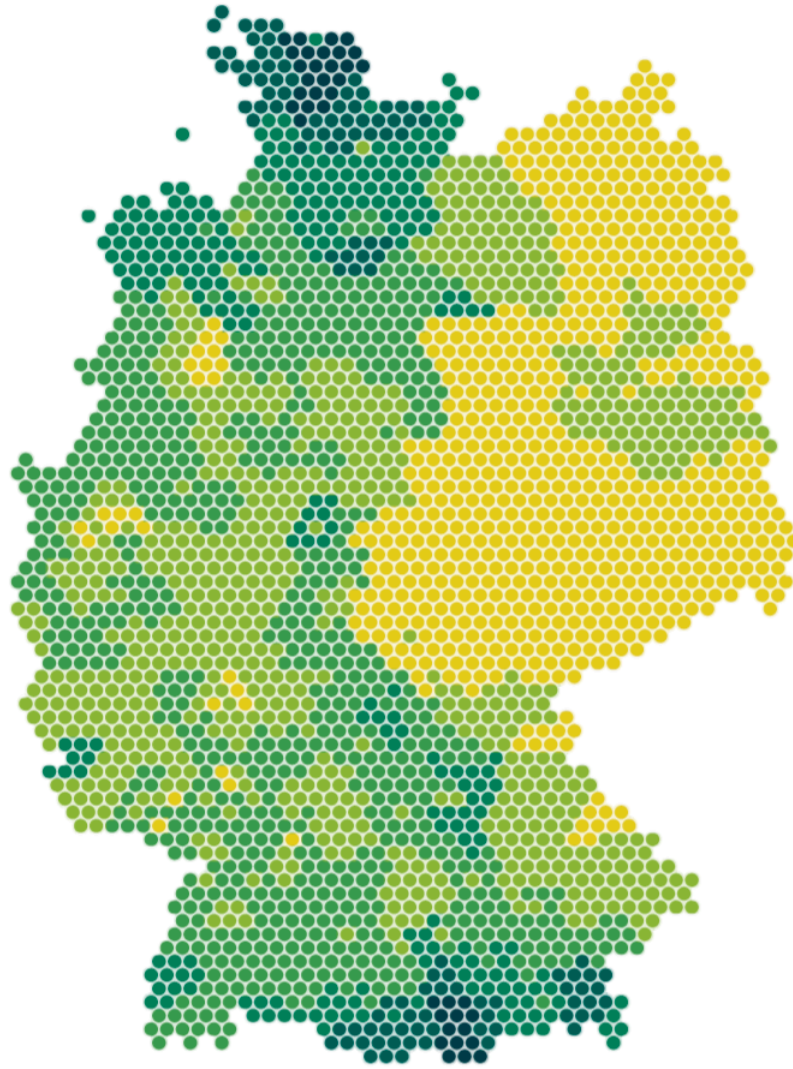






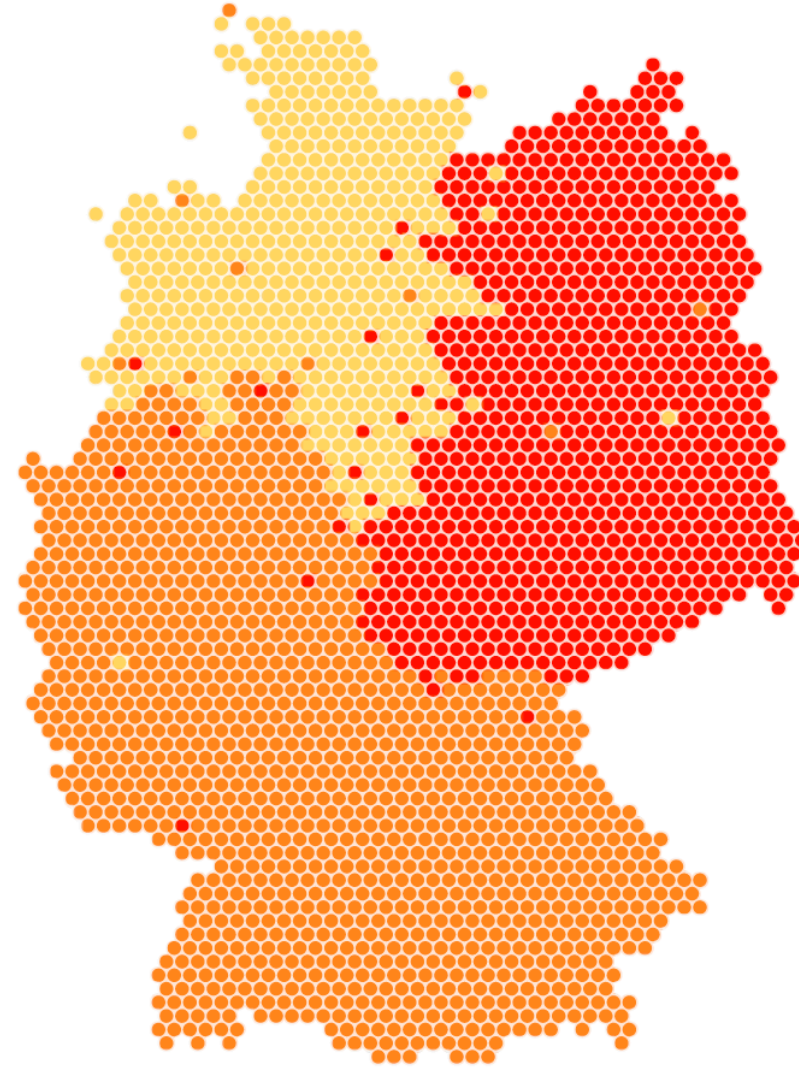
## Recreational Vehicles

Number of motor homes per 10,000 inhabitants, 2014



## Butcher in German?

Word used regionally



**1. LOTS OF INFORMATION IS NEVER ENOUGH**

**2. STRATEGIES FOR MANAGING UNCERTAINTY  
CAN CONTRIBUTE TO BIASES**

# THE CASE OF THE UNDERSCOPE

Reference points

New client, 3x topics

Repeat of the last project

Fear of loss:

Not finishing the project  
Being perceived as failure

Future client work  
Multi-\$MM billing

What matters:

Building the report  
Delivering quality work

Selling new work  
Building the relationship

Unit of work:

Project

Client relationship

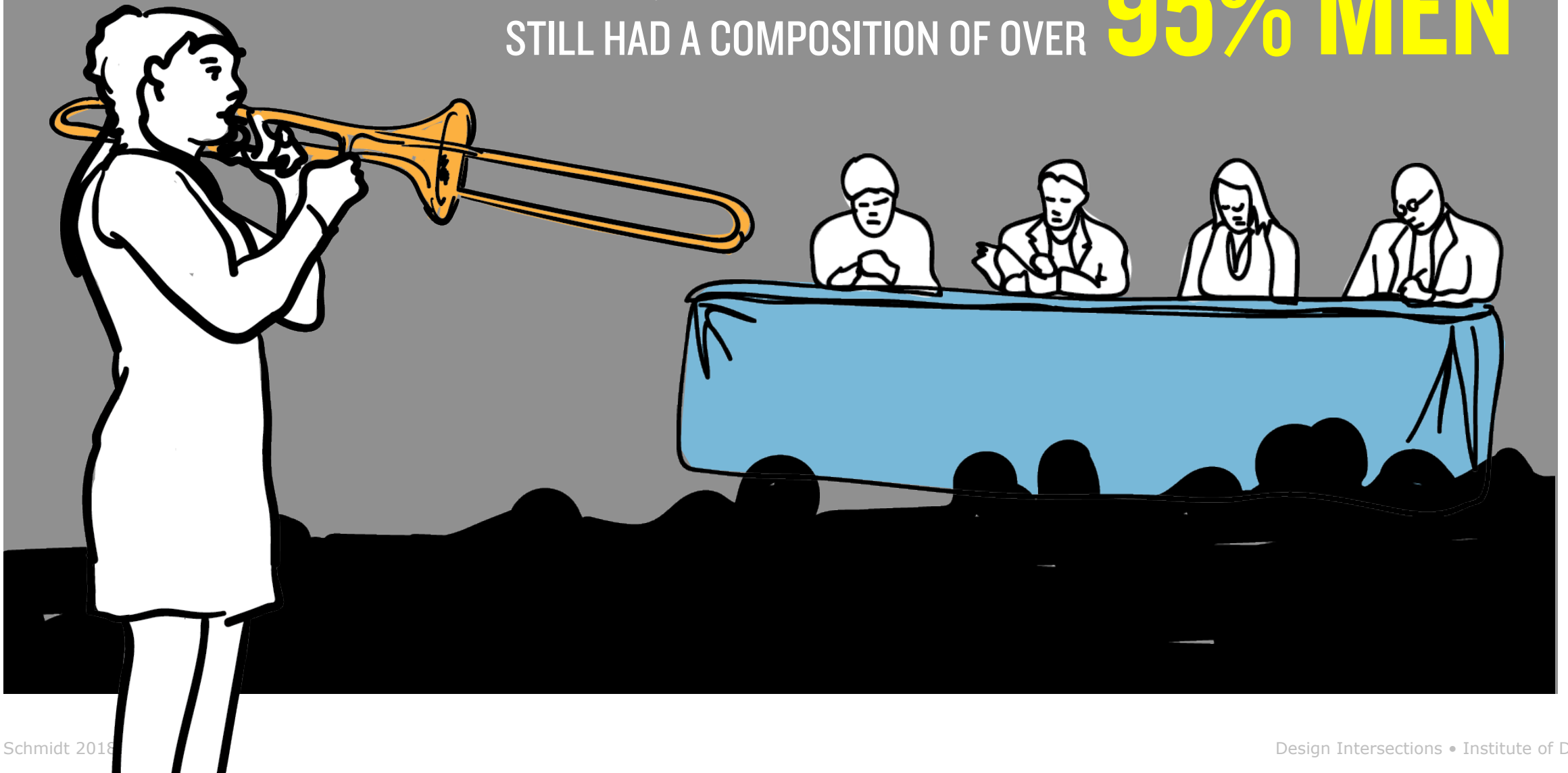
Sense of investment:

In the work

In the account



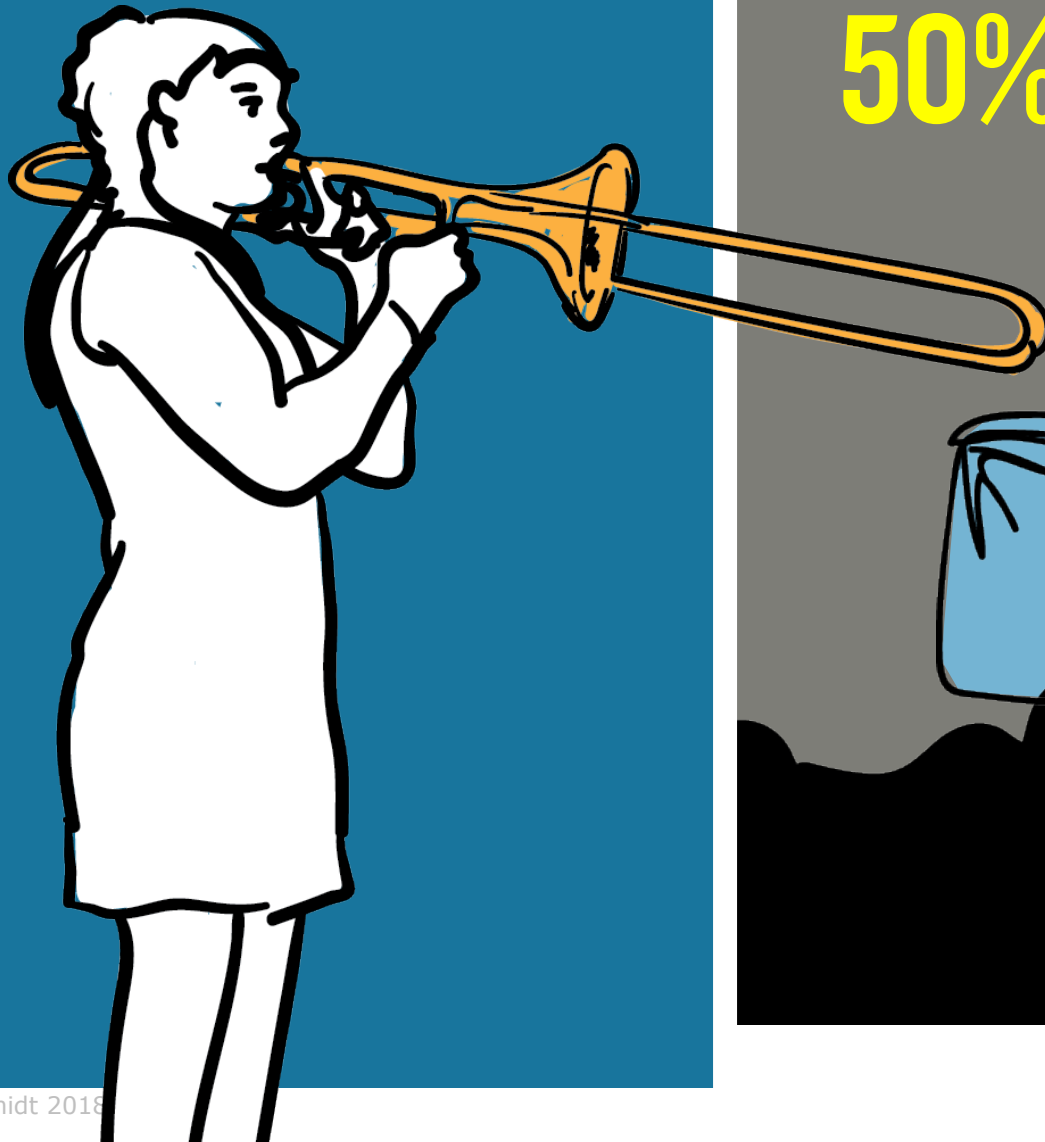
IN 1970, SYMPHONY ORCHESTRAS  
STILL HAD A COMPOSITION OF OVER **95% MEN**



POSITIVE FRICTION = BLIND AUDITIONS, WHICH LED TO

**50%** HIGHER LIKELIHOOD OF  
WOMEN MAKING FINALS

**2-5X** INCREASE IN % OF  
FEMALE MUSICIANS



**1. LOTS OF INFORMATION IS NEVER ENOUGH**

**2. STRATEGIES FOR MANAGING UNCERTAINTY  
CAN CONTRIBUTE TO BIASES**

**3. SITUATIONS V. SIGNALS**

	<b>NORMS</b>	<b>CONCRETENESS</b>	<b>COMPARISONS</b>	<b>SIMPLIFICATION</b>
<b>DEFINITION + VALUE</b>	<b>CONFLICTING CULTURAL NORMS</b>	<b>DEFAULTING TO OLD MENTAL MODELS</b>	<b>PERCEPTIONS OF UNFAIRNESS</b>	<b>DEPRIORITIZING WHAT'S NOT MEASURED</b>
<b>PATH OF ACTION</b>	<b>REDUCED APPETITE TO TRY NEW APPROACHES</b>	<b>DIFFICULTY SEEING ALTERNATE PATHS AS VIABLE OR VALID</b>	<b>AN UNREALISTIC SENSE OF WHAT'S ACHIEVABLE</b>	<b>EFFICIENCY AT THE EXPENSE OF EFFECTIVENESS</b>

## MAKE SUCCESS EASILY MEASURABLE

PUTTING THE "M" BACK IN SMART GOALS... WELL-  
DEFINED, QUANTITATIVE METRICS PROVIDE CLARITY  
AND A SENSE OF HEADING IN THE RIGHT DIRECTION...

...BUT WHAT'S MEASURED MATTERS... THE  
OVER-RELIANCE ON QUANTITATIVE METRICS AS A  
DESIGNATION OF WHAT'S IMPORTANT CAN LEAD TO

## DE-PRIORITIZING WHAT'S NOT MEASURED

TO USE THE CARDS...

THE TOP HALF INDICATES THE **WAYS IN WHICH WE MAKE SENSE OF UNCERTAINTY** TO SOLVE BUSINESS CHALLENGES, BY APPLYING "RATIONAL" TENDENCIES

THE BOTTOM HALF INDICATES HOW THIS CAN CONTRIBUTE TO "**BLIND SPOTS**" AND **PROCESSING ERRORS** IN REAL-LIFE PROBLEM SOLVING



START WITH THE CENTER, WHICH REITERATES THE "BLIND SPOT" IMPLICATIONS OF PROBLEM SOLVING...

EXPLORE THE BEHAVIORS THAT SIGNAL THE PRESENCE OF THESE BIASES...

UNDERSTAND THE BEHAVIORAL ECONOMICS PRINCIPLES WORKING BEHIND THE SCENES THAT CAUSES US TO ACT THIS WAY...

APPLY POTENTIAL STRATEGIES TO ALLEVIATE OR PREVENT THESE BIASES FROM PLAYING OUT

**~20 MIN**

**TO READ SCENARIOS, CAPTURE YOUR  
THOUGHTS, AND SHARE IN SMALL GROUPS**

**WHAT KINDS OF INTERVENTIONS MIGHT WORK?**

**HOW MIGHT WE USE DATA TO INFORM INTERVENTIONS?**

**WHAT ARE THE RIGHT METRICS TO MEASURE?**