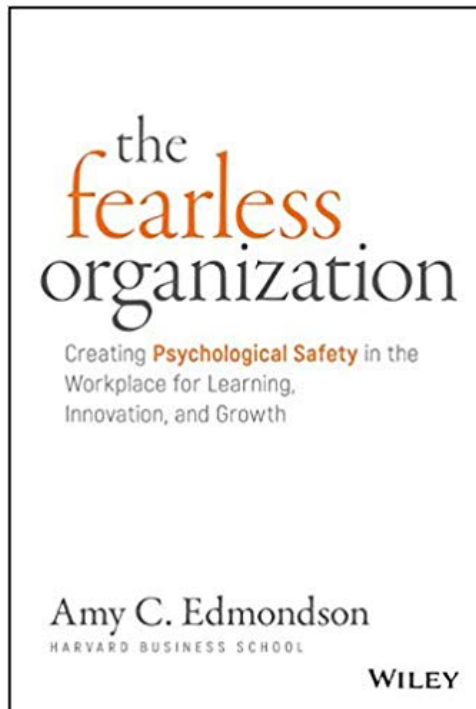




The Fearless Organization

Creating psychological safety in the workplace for learning, innovation and growth

By Amy C. Edmondson



THE BOOK IN A NUTSHELL

Psychological safety is the key to organisational learning. Organisations need to be agile through continuous learning and cultivating a fearless environment that encourages people to speak up and contribute ideas. The trouble is psychological safety is fragile and needs continual renewal. Driving 'fear out of an organisation' will be a constant journey.

The three key ways to help build psychological safety at work are:

- 1) De-stigmatize failure
- 2) As a leader, demonstrate fallibility and humility (you do not know all the answers)
- 3) Respond productively (listen intently, thank everyone for their contribution and act upon some of their suggestions)



THE BOOK

THE PROBLEM

“No passion so effectively robs the mind of all its powers ... as fear” - Edmund Burke

With the increasingly volatile, uncertain, complex and ambiguous (VUCA) world we live in, it's even more important to fully utilise the latent potential of the workforce (to find solutions to increasingly challenging problems). We need teamwork where knowledge is freely shared across the organization. If the culture makes people afraid to share ideas/thoughts/challenges/concerns/questions/mistakes/knowledge, then everyone loses. Our workplace is moving much more in collaboration (both inside an organisation, across geographical boundaries as well as with external organisations - 50% more time is spent collaborating than 20 years ago). Nearly every decision in an organization these days is made from seeking multiple perspectives from others. The greater an issue is analysed, then it is more likely the organization will make a better decision. So if we work in an environment that unconsciously suppresses expression, then we are more likely to make sub-optimal (and potentially catastrophic) decisions.

It's an old truism that bad news does not travel up the hierarchy. The trouble is in today's hectic workplace, there is little time or desire to entertain 'blocks or challenges'. It steals time and energy. Managers MUST deliver! Furthermore, certain metrics (like faults) are closely monitored so these numbers can get 'massaged'. So unconsciously even when raised managers will tend to nod and then squash or ignore.

Sadly research also suggests psychological safety is in short supply in many organisations these days. There appears to be an epidemic of silence, where people are afraid of the consequences of speaking up and out - even when they recognise what they wanted to say would be of importance for the organisation (and this can sometimes lead to stress and personal regret).

When quizzed people say they did not want to be seen in a bad light or damage relationships whilst others expressed the perceived futility of speaking up (i.e. high risk, low reward). Typical areas they wanted to comment on were poor performance of a manager, harassment, or suggested improvements for work processes.

In one piece of research, 85% of respondents reported that on at least one occasion at work they did not feel they could raise an important concern with their boss. Even senior people can still feel the pressure not to comment or challenge.

Research highlighted some of the 'taboo' transgressions you do not commit:

Don't criticise the boss on something s/he was involved in creating

Don't speak unless you have solid data

Don't speak if your boss's boss is present

Don't speak up in a group which could make your boss lose face

The reality is, keeping quiet is usually always the safer option and consequently is the default setting (no-one gets fired for silence) - whilst speaking up has high perceived risk. The trouble is because people do not speak up its impact is hidden from research. We do not know the real impact of silence.



Sadly, many managers still believe ruling through fear is an effective way to maximise performance. Yet research has clearly demonstrated that fear inhibits learning and co-operation. Fear diverts resources to manage this perceived threat, including reducing working memory. This impairs analytical thinking, creativity and problem solving abilities.

'Workarounds' is a term defined by Anita Tucker when she observed nurses. She noticed that rather than challenge the bosses, they found ways around the problem. Workarounds are often less efficient and essentially hide the underlying problem. Teams with low psychological safety tend to indulge more in walkarounds. Research has shown projects with greater psychological safety were more successful overall than ones with low psychological safety. This in turn led to greater financial return.

WHAT IS PSYCHOLOGICAL SAFETY?

The fearless organization is one where interpersonal fear is minimised, allowing a freer flow of knowledge. It's an environment where a person feels able to express their views on something openly and honestly without fear of recrimination, abuse, putdown or humiliation.

Julia Rovovsky led a major, multi-year study of team effectiveness at Google (Project Aristotle). They analysed many different factors they thought may explain why some teams were more successful than others (these included education, hobbies, personality traits, backgrounds etc). They found no correlating features. What they eventually found was psychological safety was the key factor that led to high performing teams. This was supported by four other features:

- 1) Clear goals
- 2) Dependable colleagues
- 3) Personally meaningful work
- 4) Belief that the work has impact

Psychological safety is not about being nice. It's about being able to speak the truth. And it's okay to disagree. Nor is psychological safety about lowering standards. It is actually the opposite. It's about creating an environment that allows people to be more honest: to challenge, make improvement suggestions - that critically gets acted upon.

Psychological safety appears to live at the group/team level. In any organisation you will find pockets of both high and low psychological safety (often linked to the leader in that area).

Psychological safety starts at the top (but everyone's also responsible for it).



BENEFITS

The benefits of psychological safety are huge and widespread.

Research has shown psychological safety helps boost engagement/fulfilment/greater meaning, and so helps unleash the talent of the workforce. It increases personal growth, team building, learning/new insights, error reporting, knowledge sharing, and creativity. It also helps reduce work stress, sick days, turnover, and helps overcome interpersonal challenges (such as geographic dispersement, conflict as well as embracing ethnic diversity). Ultimately, it leads to increased project effectiveness, innovation, in market competitiveness and financial return.

REAL LIFE EXAMPLES

There have been many reported cases of people failing to challenge authority, leading to major mistakes (be it on planes, in companies, in hospitals etc). Unreachable targets matched with command and control management structures seems to be at the heart of other corporate disasters such as VW and Wells Fargo (to name but two).

VW - In the VW emissions scandal over 50 people were found to be knowingly involved in a deliberate conspiracy to defraud the USA Environmental Protection Agency. 11m diesel cars around the world had the software that meant when tested, it would record a significantly lower level of Nitrous Oxide. It all started to go wrong with the highly ambitious CARB (California Air Resources Board). Such was the pressure both in the public arena and inside the organisation, that the NOx levels had to be hit - no question. The CEO, Martin Winterkorn was known to be a tough, impatient, arrogant man with an obsessive focus of detail and perfectionism. If one presented bad news to him, he would shout and demean the individual in front of others. We find such behaviours often deeply engrained in an organisation's history. Winterkorn, for example, was a protege of the previous boss, Ferdinand Piech. Piech instigated a reign of terror and a culture driven by fear and intimidation. Motivation through fear is effective at driving short term performance but not long term (as it disempowers the workforce's latent potential).

WELLS FARGO - Wells Fargo was regarded as one of the most valuable banks in the USA, servicing over a third of the US population. With the incessant pressure to grow, it decided it could gain a competitive advantage by becoming a one stop shop for all its customers' financial needs. In the early 2000s, they adopted a cross selling strategy they called 'Going for Gr-Eight' (i.e. to take the average number of financial products held by an individual up from 6 to 8). Very aggressive targets were set for everyone. Each branch had to report their sales four times a day. If they did not hit their targets they were fired. One area president told his people to "do whatever it takes to sell". This pressure of targets and fear of dismissal led to over two million fake accounts being created, as well as lying to customers to say that certain products were only available if purchased with others. By September 2016, they were found guilty of widespread misconduct, and were fined \$185m.

Both companies were filled with talented people. But lack of psychological safety stopped them from facing the realities of the environment they were in. The seeds of failure were sown many years before by the culture of the organization. If the truth can't be told (or not



heard) then eventually the senior management will start making fatal decisions based on false information.

Dangerous Silence - examples of how lack of psychological safety has caused major issues:

COLUMBIA - On Feb 1 2003, Columbia suffered a catastrophic re-entry into the earth's atmosphere, killing all seven astronauts. Two weeks earlier, at the launch, one of the engineers, Rodney Rocha, thought he saw a chunk of insulating foam fall off the tank and strike the left wing. Rocha wanted to get satellite footage to check damage but this request was denied. He did not challenge it. Later on when asked why not, he said he was too low down in the organisation and the person who denied the request was "way up here"

CANARY ISLAND PLANE CRASH - In March 1977 two Boeing 747 collided with each other on a runway in the Canary Isles, killing 583 people. The runway was covered in fog so neither plane could see each other. Even with their own lives at risk, the first officer and chief engineer did not feel able to continue to challenge their dogmatic and impatient captain, Jacob Van Zanten.

CHALLENGER - The 1986 Challenger explosion, Roger Boisjoly, an engineer at contractor Morton-Thiokol, raised his concern the night before launch that the O-rings could be a faulty design. Due to the pressure to launch, his concerns were squashed.

UBER - In April 2017, Susan Fowler wrote a 3000 word blog about her own harassment from a male colleague at work. Uber at the time tried to squash it, saying it was this man's first ever offence and he would be given a stern talking to (as he was a high performer). Uber's cultural value of 'super-pumpedness' did not support psychological safety. It took until June 2017 for the issue to snowball before the CEO stepped down.

The fearless workplace - real examples of psychological safety at work:

PIXAR - Pixar became one of the most successful studios because it put psychological safety at the core of its processes. Co-founder Ed Catmull said candour was critical to ensure high production standards were maintained. During the development period of a film, a group (The Braintrust) get together to review the progress of the film. These people are encouraged not to hold back but speak their mind. There are some clear rules of The Braintrust to ensure it stays on track:

- Feedback must be constructive
- The filmmaker cannot be defensive or take comments personally
- The comments are suggestions not mandates
- Feedback is not a 'Gotcha' but to come from a place of empathy and positive intent for the film. It is because they respect and trust in each other that this can work. Thus praise is also given out in equal measure.

Failure is another key ingredient for Pixar's success. They embrace - even celebrate it. They see it as an essential ingredient for creativity. They claim creativity is a bit like riding a bike; you never get it right first time. Failure is key way we learn and grow. Thus people must be given the freedom to fail. If they are not, then people will tend not to take risks and continue what was done before, so will not explore new territories (not doing what's done in the past is a key concept in creativity). With a fear driven/risk minimising culture all work would be derivative not innovative. Catmull therefore tries to decouple failure from fear.



EILEEN FISHER - Eileen Fisher, owner of the eponymous clothes retailer practices “I don’t know” (Likewise, Anne Mulcahy, CEO at Xerox). It’s too easy to be sucked in by the aura of being the ‘all knowing, all powerful boss’. She believes she needs to demonstrate that even the person at the top of a company does not have all the answers (thus exposing her fallibility and hence vulnerability). You must demonstrate humility and vulnerability to open the doors for other people’s contribution. She instead practices active listening. These two traits encourages others in the organisation to come forward with ideas.

GOOGLE X - Google set up Google X, an innovations lab, to develop ‘Moonshot technologies that would make the world a better place’. They positively reward (with bonuses and promotions) the closing down of projects so they do not waste resource pursuing dud projects (allowing them instead to invest in projects with greater potential).

Rapid Evaluation - GoogleX operates through a process of ‘disciplined experimentation’. Just as scientists must try to disprove their hypotheses (in order to validate them), so does Google X. They actively seek to test their ideas to destruction. The team first starts with Stage1: a ‘Pre-Mortem’ - a brainstorm to try to define as many reasons why the project could fail. Then a project moves into Stage 2: Rapid Evaluation. This stage involves making quick and simple prototypes. If it passes this stage then Step 3 is The Foundry - where a team challenges the need of the product (Should the solution exist? Will people actually use it?). Since 2016, the company have held an annual convention where they showcase their failures.

MINING - Cynthia Carroll was the first female CEO appointed to run an international mining company. When she took over, one of her key objectives was to reduce fatalities/serious injuries to zero from an average of 40 per year (an almost impossible task bearing in mind the inherent danger of mining). To demonstrate her intent, she immediately shut down one of the most dangerous mines (costing the company \$8m a day). She wanted to hear from the miners herself what the problems were and how to resolve them. Due to past culture, miners were reluctant to speak up, so she instigated a traditional South African tradition of lekgotla (village meetings). Everyone sits in a circle and has the chance to speak without being criticised or interrupted. They shifted the key question away from safety to “What do we need to do to create an environment of care and respect?”. This led to a wide range of incremental improvements that generated increased trust between workers and the management. Both sides then signed a contract outlining what both management and workers would do to create this improved environment. 30,000 workers were re-trained. Regular safety reviews were conducted. Safety metrics were institutionalised. Fatalities did not reach zero but did drop to 17 (with each death fully honoured). Although production and revenues fell following the mine’s closure, by 2011 the company had achieved the highest operating profits in its long history. Moving to a place of mutual trust had not just saved lives but increased productivity.

P&G - In his book, *The Game Changer*, AF Laffley, ex-CEO of P&G, lists his 11 most expensive failures, citing these as excellent examples of corporate learnings.



WAYS TO IMPROVE PSYCHOLOGICAL SAFETY

You can tell whether a man is wise by his questions - Naguib Mahfouz

Psychological safety is built from trust and respect across an organisation. There are three key actions a leader needs to undertake to initiate the shift in culture:

- 1) De-stigmatise failure - The leader needs to state up-front that failure is acceptable (Catmull at Pixar reminds people at the start of a new film that it always starts out bad before coming good).

In a piece of research, the authors asked 'What percentage of work that goes wrong is blameworthy?' The answers tend to be in the low single digits. But when asked, 'What percentage of failures ARE treated as blameworthy?' - the response is usually between 70-90%. This mis-apportion of blame (blame-skating) leads people to be defensive and not admit to personal mistakes (as the history of the company has shown such admissions can be personally costly). Clearly breaches of standards/morals must be swiftly reprimanded, but these have been shown to increase psychological safety rather than decrease it.

They also need to emphasise the purpose of the organisation and what is at stake. Subtle shifts in language can help play a key role e.g. replacing 'error' with 'accident'.

- 2) Demonstrate fallibility and humility - It is key for the leader to demonstrate humility - to admit they do not know all the answers (and instead invite the team to make suggestions - especially those with hands-on experience). Otherwise people will be resistant to proffer ideas if the boss appears to project an aura of 'knowing it all'. They need to actively invite others to contribute. They also need to develop the art of good questioning and even more importantly, the skill of active listening.
- 3) Respond productively - To build trust one must do more than just listen. How you respond is critical. For example, simply thanking them (genuinely) for their contribution helps encourage future contributions. You need to also act - e.g. by doing some of the suggestions, celebrating failure (and stopping activities that destroy psychological safety).

But it is not just the leaders who can help build and maintain a psychologically safe environment. Studies have revealed where there is a lot of communication across co-workers in a team, it increases trust, friendship and hence psychological safety.

Perhaps the easiest way to develop psychological safety is to act as if it already exists. Every person in an organisation is able to influence and direct psychological safety.

Furthermore, little snipes and gestures can easily erode the atmosphere of trust. And these can be commented upon by anyone in the organisation. Frances Frei from Harvard suggests saying, "Wow that felt super-inappropriate. Can we have a do-over?"



CRITIQUE

This book is a pretty dry read. Whilst the case histories are compulsive reading, they are a bit too far removed from the experience of most of us in our everyday worlds.

It's also quite an academic book, referencing many other pieces of research to help support their own conclusions.

Furthermore, it is a bit rambly. As often is the case with these business books, it's one key theme over-written to pad out 200+ pages.

The biggest issue I have with the book is its heavy on the issue but far too light on the practical answers to this deeply embedded problem.

Finally a word of caution. Psychological safety is not the magic elixir that will solve all the organisation's issues. You still need all the other leadership tools such as objective setting, metrics etc.



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