Blinded by Risk. A small illustration of how this happens to all of us.

Published on January 18, 2017

Lia DiBello

President and CEO at WTRI

This post is a story about how a simple game gave us insight into something quite profound; the blinding effect of seemingly innocuous negative information.

A number of years ago, we designed a small exercise to demonstrate the idea of how a company can have beliefs about business "truths" that prevent them from seeing important opportunities.

The example that got us thinking was the squeezable ketchup bottle. Heinz had dominated the market in ketchup sales. When approached by the inventors of the plastic bottle, they dismissed it. They believed their traditional glass bottle and the ritual of coaxing the thick ketchup out by tapping the bottle was iconic of their brand and important to their customers, and therefore a key factor in maintaining their position.
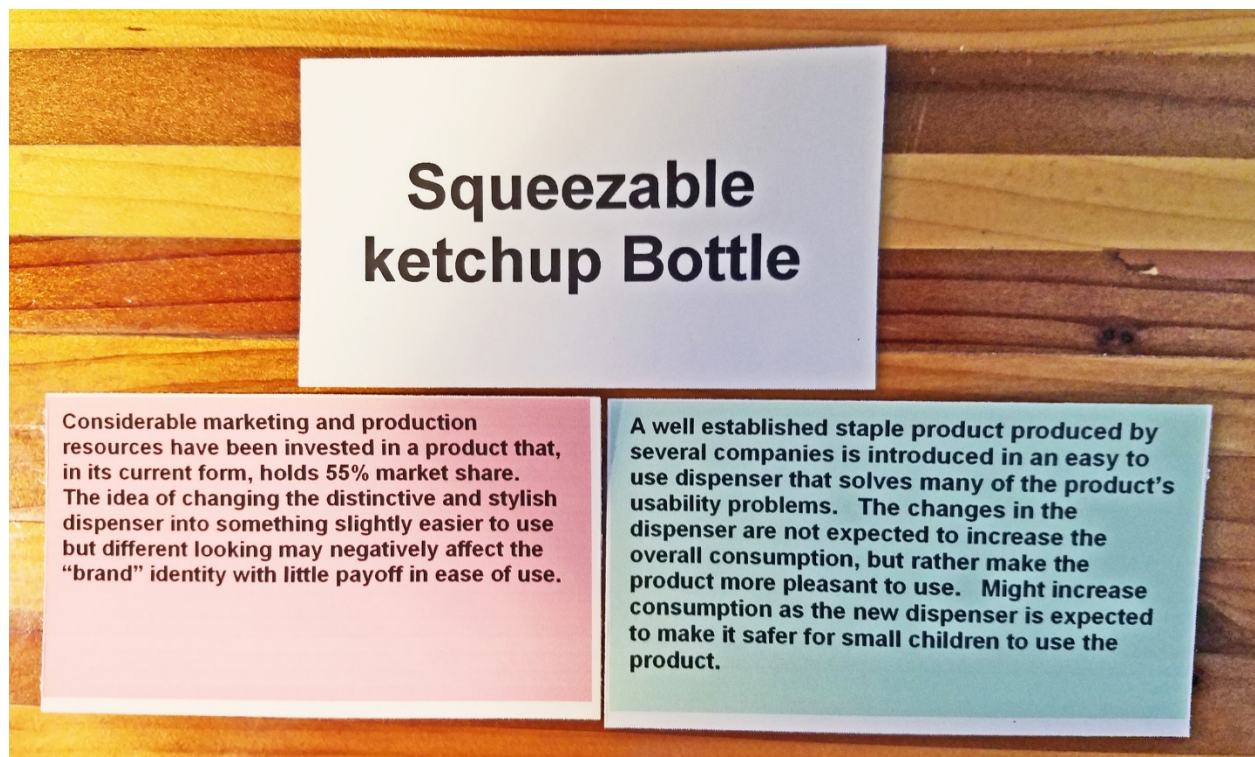
We all know what happened. Hunts picked up on the plastic bottle and stole a large portion of Heinz's market share. Although Heinz now has the plastic bottle, they lost critical dominance for a long time. Now, nearly all condiments are available in plastic

bottles. We started listing other radical ideas which had become important eventually but which were at first rejected by leading industries. The SUV, digital photography, the personal computer and even the television, were radical ideas at the time of invention. We ended up with 10 stories.

We realized that each of these stories has six components:

1. The idea itself.
2. The reasons why it's a good idea from the point of view of the company that adopted it.
3. The reasons why the idea is not needed, too risky, or a violation of the product's image from the point of view of the company that rejected it.
4. The name of the company that avoided the idea and their market position at the time.
5. The name of the company that embraced the idea and their market position at the time.
6. The eventual outcome financially for both companies.

We put the six elements of each story on a separate card and arranged them in a series to show how easy it would be to miss important ideas. Given that we then had a set of 60 cards, we had the idea of color coding each of the six types just to keep them straight. The reasons for not adopting the new innovation happened to be "red" cards. The value of the idea was on a green card. The outcomes were on yellow cards, a description of the idea itself was on a blue card, and so on.

Squeezable ketchup Bottle

Considerable marketing and production resources have been invested in a product that, in its current form, holds 55% market share. The idea of changing the distinctive and stylish dispenser into something slightly easier to use but different looking may negatively affect the "brand" identity with little payoff in ease of use.

A well established staple product produced by several companies is introduced in an easy to use dispenser that solves many of the product's usability problems. The changes in the dispenser are not expected to increase the overall consumption, but rather make the product more pleasant to use. Might increase consumption as the new dispenser is expected to make it safer for small children to use the product.

This small puzzle made it easy to see the point, but it also showed us something else. Sometimes we asked people to complete the series and try to match the product with its story elements.

We noticed that when people started their series with the red or "risk" card, it took them much longer to complete the sets.

A little later, while giving a talk at a major university's MBA program, we broke the audience into two teams. So they wouldn't know they were working with the same cards, we asked one group to arrange all the red cards vertically and add the matching cards from left to right in order to complete the 10 stories. We asked the other team to do the same beginning with the green cards. The "green team" finished in about 7 or 8 minutes. **The "red" team never finished.** At the time this was very embarrassing for the participants and a little disconcerting to us, but it also intrigued me.

Starting your thinking with the reasons not to do something clearly had an impact, even *when you don't know what the idea is yet (this was on the blue cards) and it's not even your company or even your industry*. In groups, this effect turned out to be much worse. We started doing this two-team exercise with groups before a presentation or a speech in order to illustrate how the starting point of a discussion can influence the whole outcome. **We had to stop because after numerous tries we realized that <u>no group</u> who began with red cards ever finished their sets and this was very upsetting for them. Meanwhile, the groups with green cards always finished in a few minutes. This occurred even when the people in the groups had only just met.**

What does this mean?

The original idea was to demonstrate the phenomenon philosophers refer to as "shared meaning", which is specific to our species. In other words, we participate with other people in common activities and as a result, eventually share their world view. This happens on a very large scale – at one time everyone believed the earth was flat – or on a micro-cultural level, such as a group of friends having the same world-view. In the same way, people who work for the same company can come to share a common "truth" about the business they are in and what is possible.

But what we observed here was much more powerful and potentially much more disturbing. **Even when people do not know each other, know anything about the innovation, or even work for the same company, the manner in which they are introduced to a common task can have a profound impact**. A card with four lines indicating the risks of an idea caused them to be completely blinded. They literally could not find the cards that went logically with these risks but rather believed them as self-evident truths that cannot be challenged. Conversely, the same kinds of teams of strangers who began with the positive outcomes of an idea—an idea that they also did not yet have knowledge of – had a smooth path to see not only the opportunities, but

also to finding the card that described the risks, even though they turned out to be unfounded.

It is possible that we tapped into a fundamental cognitive mechanism. Beginning with a positive outcome may not only allow innovation to be recognized, but also put the risks in perspective. In other words, it might actually be a more objective way to see the whole picture.

But more to the point of this article, these two paths can happen easily, instantly, out of context and can be very hard to change once turned on. A small starting thought may literally determine what you can see next in the landscape of information, even when solving a small card puzzle.

Fortunately, it can also be undone easily, instantly and out of context, and how that happens is the subject of my life's work.