

UNDERSTANDING HOW BEHAVIOUR SHAPES STRATEGY

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This is a free eArticle based on the [eBook](#) and [video](#) of *Understanding How Behavior Shapes Strategy*. It offers key points from the full title – giving you the ability to learn something new about this business topic in just a few minutes while discovering how to get even more from the full length versions.

Considering that people are the number one resource in business today, it's surprising how little we consider the true nature of human beings within the scope of business strategy.

The importance of people

The last century has seen a huge shift in the importance of different kinds of resource to business. A hundred years ago, the key resource for business was capital, which bought the raw materials, land, factories and transport needed by businesses to thrive. People, although important to the whole process, made little difference to the productivity delivered by the machines that capital was able to buy.

Today however, up to 85% of the economy in developed countries is based on human interaction, on a whole variety of new and differing levels.

Management today is about getting your employees to deliver the right service in ever more complex and confusing situations. People have become the most important business of business and should be the prime focus for strategy, whether internally or externally focussed, marketing or general management. People need to be at the heart of strategy because people such as like staff, suppliers, distributors and customers are the essential resource in business today.

Evidence of this comes from one recent study, which observed that the difference in productivity between the best business and the worse was 10 times as much in people businesses as in mechanical businesses - industries where machines, land etc., *not* people, are the main asset. This suggests strongly that a sound understanding of humans, their behaviour and how to change it promises to become more and more crucial to effective business strategy. If you could harness that power better than your competitors, then you'd be giving yourself a real head start.

However, we're not that good at changing behaviour, whether in business or anywhere else. Consider just how most IT and Change Management programmes and strategies fail to deliver on their promises, not to mention all the M&A activity that actually *reduces* shareholder value because the synergies promised for the deal are not delivered.

Marketing's attempts at shaping mass behaviour are just as poor. Most new products fail within a year of launch and most marketing campaigns for the surviving ones struggle to make any impact on consumers' behaviour in substantial or sustainable ways. Even when successes are achieved the people in charge of them (whether in the private or public sector) rarely manage to repeat the feat.

Perhaps the reason we are so consistently poor at changing behaviour is that our understanding and interpretation of the causes of human behaviour and how to shape it - our people-map - is lacking in some important aspect, or is just plain wrong.

Redrawing the people-map

The best way to improve the impact of any strategy, in any aspect of business on the real world, is to redraw your people-map:

- to make that map more descriptive of human beings, how they behave and how that behaviour is shaped
- to include the latest learnings from behavioural science
- to get the map a bit closer to the reality of human beings and human lives

There are two views of our people-map that we get consistently wrong which, if we correct and realign, give a rare insight into how new strategies could become much more effective.

Firstly, we think we have to change minds in order to change behaviour (in fact, the opposite is true).

Secondly, we think that ideas and behaviour spread through corridors of influence, through 'The Few' (actually it's 'The Many' that really make the difference).

1. Changing minds

We prize thinking as the thing that separates our curious species from the beasts. Our educational systems are built around the training in, and rewarding of, excellence in intellect. It's because it seems such a strikingly unusual skill in nature and because it's so important in our culture that we can't help but assume that it is *thinking* that shapes what we do.

Yet we are learning that thinking is not something we do particularly well. That is, we can do it if we really have to but most of the time we don't bother, or we find ways around it by employing shorthands, rules of thumb or heuristics to perceive the world and make decisions. This frees us to focus on the main game of human life - **other people**.

However, if you consider the work of today's cognitive scientists, it becomes obvious that thinking is not what shapes behaviour. In fact, it works the other way round.

Thinking actually seems to come after the fact, not before. This is borne out by the ways neuroscientists have identified how our minds distort the reality of thinking, including the order in which it happens. This tells us that we're approaching things in the wrong order completely by focussing on a by-product of change (the thinking) rather than the mechanism itself (the doing).

WHAT CAN WE DO ABOUT THIS?

It seems it would be better to get people to do something first and then let their minds follow on behind. For example, in Marketing terms, rather than waste your time and money 'persuading' customers to buy your product, make it great and get people to try it.

And don't waste too much time asking folk whether they think they might like it or why. Get out there. Observe what people do, in and around your product and category. Observe customers in their own world, on their own territories and not on the artificial turf of a research facility. See where they get their habits from, how they use things and how such behaviour seems to spread.

2. The new importance of copying

The question used to be *Why do people do things and how can we make them do more, or get more folk to start doing them?* However, with the explosion of choice and options in every aspect of life, today's big question is very different - *How do ideas, opinions and behaviour spread through populations (of employees, citizens, customers etc)?*

One of the most readily embraced ideas within this study of spread is what Malcolm Gladwell calls *The Law of the Few*: the notion that things spread via the influence of a small number of special or 'influential' individuals; that a small number hold the key to the behaviour of the rest of the population.

Now, if this were true, it would make life much easier for those of us who are trying to defeat the odds and engineer change both inside and outside of organisations. Unfortunately, the data suggests otherwise. The truth is that, for the most part, ideas and behaviours spread through populations by *copying*.

Behaviour doesn't spread primarily through influential folk (like Oprah, for instance) pushing the marketer's agenda on their peers, but through the 'influenced' copying they see around them - normal individuals copying what their peers, friends family and work colleagues are doing.

COPYING AS A WAY OF LIFE

From the moment we are born to the day we die, we copy what we see around us *from those* around us (our parents, siblings, playmates etc.). Facial gestures, how much we eat, whether we smoke or indulge ourselves to excess with food, drink or drugs are learned early on by copying those we are most exposed to. Think about the influences of copying we experience every day, like when the busiest market stall is the one people head for first, how we all dress like those around us or when we discover that new secret sauce of our competitors and *we want it too!*

One great example of how copying really works in marketing is Amazon. Every Amazon product page has 16 ways to either collect your data (what you've bought and what you think of it) and spin it over to other Amazon visitors, or to do the reverse: to spin other folks' behaviour and opinions over to you. Amazon's success owes much to the strategy of making it easier for people to see each other's behaviour, to copy it and reflect back that copying on each other as reinforcement.

Therefore, what we need to focus on is how to make it patently obvious what needs to be copied and make it easier to copy that thing. Giving your customers something they can copy from each other or that helps them see each other is one of your best bets to change consumer behaviour in your favour.



MOMENTUM

Separately, the above two insights start to shake up some of our established approaches to developing and thinking about strategy. But putting them together gives us a glimpse of something even more powerful: our fundamental social nature and how to harness it by using the sense of *momentum* that comes from each of us moving together but following those around us.

You see, we live in amazingly rich and complex social groupings and are far more the incredible social experts than the walking calculators that old-school economists described. We depend on others for safety and pool our resources for mutual protection. We have an inherent trust of each other, collectively, to do what is correct. We all possess built-in abilities to spot when someone is lying, cheating or breaking socially agreed rules, however good we might be at things like logical thinking or communicating. And spotting which way the herd or shoal is going - the 'momentum' of the Herd - is finely tuned. We're not always right, of course – we're only human - but momentum might turn out to be key to the whole marketing game. Creating real momentum and/or the sense of momentum are essential objectives for people strategy.

IMPLICATIONS OF MOMENTUM

Creating momentum can advantage a strategy long before any tangible benefits are felt. For example, Tesco management did a brilliant job in creating the legend of the Tesco Club Card throughout Europe and intimidated competitors by amplifying early indications of success long before there was much evidence of its effectiveness.

So, instead of measuring the success of your new product launch merely in terms of the usual suspects (sales, repeat purchase, awareness etc.) why not measure and merchandise the much more useful metric of *this thing is really taking off*. All too often this can prove to be a self-fulfilling prophecy.

Of course, momentum can work in the other (negative) direction just as strongly and swiftly as its positive version. Things can change suddenly and for the worst in this Snakes and Ladders world of ours – just look at how stocks can plummet overnight because investors collectively panic sell for little rational reason.

MOMENTUM AND STRATEGY

Thinking about strategy in terms of momentum is starting to make more sense for businesses all the time - more and more of them are looking at ways to harness the truths of human behaviour to generate momentum to their own advantage. It's about creating the sense that people (staff, customers, citizens or investors) are moving more and more towards something that the rest of us want to follow.

[Real People Strategy](#), by Marks Earls takes an in-depth look at how this new view of people and behaviour has evolved, its implications for strategy, today and in the future, and how it can be successfully applied in a business context.



More smart thinking

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