

# UNDERSTANDING HOW BEHAVIOUR SHAPES STRATEGY

by Mark Earls

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A Shoulders of Giants publication

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Published by **Shoulder of Giants**

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# PREFACE

This eBook is about people.

And strategy.

In particular, it's about how getting a better fix on people and how they behave can significantly improve the return you get from the hours, days and months you spend developing, evaluating and implementing strategy.

In it, I outline why people need to be at the heart of strategic thinking and show how, by just changing two or three features on our 'map' of human behaviour, a fundamentally different approach – a fundamentally more powerful approach – to strategy emerges.

# WHY PEOPLE?

Put simply: *people are the number one resource that business has to play with today.* Therefore, *people are* the key thing for strategists of all sorts to worry about.

*People* should be our specialist subject.

It hasn't always been this way. A hundred years ago, when management science was first described as a discipline by the likes of Frederick Taylor (the author of the first book with that title), most of our economy was built on extracting raw materials, processing them and shipping the resultant products off to shops where they could be purchased. The key resource for business back then was capital: capital to buy the raw materials, capital to buy the land and build the factories, capital to buy the fuel that ran the machines, capital to pay for the ships and trains, which took the finished products away to distant lands.

Capital and not people.

People, urban poor that flocked to the cities of factories and smoke from the clean air of the countryside, were ten-a-penny and made little difference to the productivity delivered by the machines that capital was able to buy.

How things have changed!

Today, up to 85% of the economy in developed countries is based on human interaction. Employee to employee, employee to supplier, employee to customer and (for those of you into your word-of-mouth marketing) customer to customer.

## PEOPLE HAVE BECOME THE MOST IMPORTANT BUSINESS OF BUSINESS

Management today is about getting your employees to deliver the right service in ever more complex and confusing situations that you cannot foresee, or help them prepare for, such as:

- getting distributors and third parties to support your brand, despite the blandishments of ever more new and exciting competitors and ever increasing financial pressure
- getting investors to keep or buy your stock, no matter what happens around them and no matter what the expert advice is
- keeping your management team focussed on the right things and delivering at ever higher levels of performance
- persuading customers to buy your products and to keep on buying them and to tell their friends and family to do so, despite the siren calls of competitors

People are today's primary asset in business. Period. That's why people should be the prime focus for strategy, and for strategists.

## PEOPLE AND STRATEGY: A CLARIFICATION

Let me be really clear here as to my intention when I talk about people and strategy. I'm not suggesting this from a warm and cuddly HR perspective (human 'resources' notwithstanding), that you should be nice and 'kiss babies' (though being nice is highly underrated). I'm talking about *strategy*, about deciding what you and your organisation are going to do in order to achieve the goals you have set. That applies whether the strategy is internally or externally focussed, marketing or general management. People need to be at the heart of strategy because people – staff, suppliers, distributors and customers – are the most important resource in business today.

One recent study shows how this could play out in performance.

In industries dominated by human interaction (where the majority of the economy is nowadays), the range of productivity was observed to be 9 to 10 times that observed in simple extraction or processing industries (where the economy used to be).

This demonstrates how there are real and lasting performance issues which exist in today's people-driven economy which make a sound understanding of humans and human behaviour essential to effective strategy.

## NOT VERY GOOD AT PEOPLE

Sadly, we're not that good at changing behaviour. We're certainly not great at shaping our own individual behaviour. You don't have to have tried to lose weight, give up cigarettes or alcohol recently to appreciate how hard it is to reshape your daily habits (willpower is not enough, as any psychologist will tell you). Nor are we any better at shaping the behaviour of other individuals. Just ask your partner how easy it is to get you to do something you don't want to do.

The same is true on a grand scale in business. The dirty secret of modern management is this: most things we try to do in business don't make much difference to people's behaviour. Despite the effort and intelligence of the many well-meaning folk involved, there is neither a correlation between the amount and quality of effort put into strategic planning and the strategy's success on implementation (I know it seems as if it should be otherwise, but just because we want something to be true, doesn't make it so!).

Moreover, most strategies end up being changed because they don't seem to work (*not* as the textbooks have it, because the strategy has achieved the objectives set for it).

Three common examples of this are:

1. **Most IT programmes** and strategies built on IT fail to deliver the benefits originally promised, because the users whose behaviour they're meant to shape do not adopt them - or even because users find novel ways to make their behaviour even more out-of-line with the intentions of software designers.
2. **Most Change Management** programmes struggle to meet their objectives, leaving only a vague memory (a slogan, t-shirt and press launch) before they are superseded by the next change programme. Most corporations have now undergone a series of change management programmes. In my work, I often find staffers who can reel off the slogans used to launch each one in turn, over ten years or more. But few of these programmes actually bring about any lasting change.
3. **Most M&A activity** actually *reduces* shareholder value, because the synergies promised for the deal are not delivered. You see, it's even harder to change the behaviour of two companies' worth of employees than of one, particularly as both sides will tend to view each other in a hostile manner. Very rarely do merging companies get over this - most end up with the larger of the merged companies dominating a slightly smaller one. Of course, part of the blame here is to be laid at the table of those constructing the deal. It's in the interests of the architects of any merger to overstate the benefits of such a union, along with their highly paid advisers (who then disappear before the ink on the signatures is dry).

Contrary to what the marketing department might tell you, *marketing isn't any better at shaping mass behaviour*. Most new products fail within a year of launch and most marketing campaigns struggle to make any impact on consumers' behaviour in a substantial or sustainable way.

There are some honourable exceptions to the above that are rightly lauded and envied in equal measure by other marketers (Apple and Nike are frequently admired). Moreover, in the rare case of a marketing programme that does succeed, the ability of the people in charge of them to replicate their success in the same, related or completely new markets – to do it all again – is patchy to say the least.

## WHY SO BAD?

Overall, whichever way you look at it and whatever gloss you put on it, we're not very good at shaping other people's behaviour. This is disappointing on a grand scale, especially when you think of the long nights and weekends that go into producing strategies for business and the lifetimes wasted in meeting rooms or devising spreadsheets. Somehow though, I suspect we have all glimpsed the truth of this before. We all know how rare it is for any of our efforts to impact on mass behaviour. But how many of us are able to own up to it?

Clearly, this poor performance is not due to a lack of effort (if it was down to effort alone, then most of us would be winners, given the hours we spend at work). Nor does it seem to be due to a lack of brainpower to grapple with the issues. There are a gazillion business books and almost as many strategic gurus out there; there are all kinds of training and skills workshops and courses to send yourself or your staff on. Moreover, the members of today's managerial class have none of the assumed authority of previous generations. They are smarter and better educated than any of their predecessors in the sciences of business like 'Superior Performance' and 'Hard-hitting Strategy'.

Yet the truth remains: there are very few businesses or managers (Like none!), who consistently and successfully manage other people's behaviour – staff, customers, investors - to the high standards needed to create steady, strong profit streams over time.

This is not just an issue in the private sector. Our inability in the face of mass behaviour is just as clear in the public sector. Most governments' attempts to change their citizens' behaviour in terms of health, lifestyle or criminal activity struggle to demonstrate any lasting success, whatever the combination of incentives, education and punishments deployed in such strategies. Equally, most governments' attempts to reform public sector institutions, such as health or education, fail to move the behavioural needle in any consistent or repeatable way. Think of it. If we were actually any good at this stuff our anti-obesity or anti-drugs programmes would work.

Instead, there are new obsessions for government communications advisers to play with every year. Surely, the plans to change public sector provision in some way, from each new elected government, should have yielded some results by now, shouldn't they?

No, we are consistently poor at changing behaviour in all of these ways – in business and social policy, inside and outside of organisations. This suggests to me, the reason we struggle so is that our understanding and interpretation of the causes of human behaviour and how to shape it is lacking in some important aspect: **our people-map is wrong!**

## A NEW NAVIGATION

If you take one thing away from this eBook, it should be this: the best way to improve the chances of any strategy, in any aspect of business, impacting in any way 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, that most of us are too busy to read or ponder over,
- or more humbly, just to get the map a bit closer to the reality of human beings and human lives.

Have you ever wondered how odd business' working view of humanity is? What would happen if some passing Martian primatologist based his studies on management and marketing textbooks? Would you recognise us in his descriptions?

## A NEW VIEW OF PEOPLE

For the rest of this eBook, I want to focus on two features of our people-map that I feel could do with revision; a couple of ideas about humans and human behaviour that I think we've got badly wrong. By examining these and showing what the case actually is, I'll sketch out the beginnings of an alternative map and show you how this transforms things in practical terms – in what you do when developing strategies to bring about change.

It's not an entire blueprint, but I hope it gives you a flavour of what might happen if you change these couple of ideas for more valid ones.

Before we get down to this, I'd like to reassure you on a couple of things which might be on your mind:

### 1. **This is not a silver bullet**

We've all been let down too many times by folks with over simplistic and 'magical' solutions for me to suggest that this is the 'Entire and Perfect Answer to Everything'. I want to give you

the appetite to question your people-map, rather than just supply empty promises or perfect solutions for a perfect condition. After all, real world business and business strategy is messy and sometimes confusing – it's far from perfect.

## 2. Maps and Mariners

Just because we are adjusting the map (correcting it, rather), doesn't mean that we're in for what one of my clients calls a 'beanbag' experience, where everything you do is called into question and you end up feeling lost and slightly nauseous. The net effect of that kind of experience is not positive and doesn't help anyone. My intention is different. It is to help you

- a) understand the new map, and
- b) to see how you might re-purpose some of your tools and practices to work within that map - to put this stuff to work, and quickly.

Put it this way, when Columbus sailed into the Atlantic in August 1492, his maps were pretty poor. On his return, they were significantly better. Adopting the new map didn't mean that he stopped using ships, or sailors (mariners to some) or started exploring by some means other than sailing to unknown places. Nor indeed did it mean he stopped being an explorer. He just had a better map, which meant he was able to go about his business of being an explorer that much more reliably and successfully.

So here are the features of the people-map I'd like to deal with →

# 2 BIG (AND WRONG) IDEAS

## **BIG IDEA 1.**

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

## **BIG IDEA 2.**

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

Together, these ideas open up an even more powerful insight into our social nature and how to harness it with *momentum* - influencing people to act together in a single body.

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## Big idea number 1: Changing minds

In our Western (rather Anglo-Saxon) culture, we put an incredibly high value on what goes on between our ears. We prize thinking as the thing that separates us from the beasts. Our educational systems are all built around the training in, and rewarding of, excellence in intellect. As is much of business – think of how the cult of the thinking MBA has changed management culture in recent years (incidentally, just before Enron went down, one of its senior executives boasted of how many young MBAs the company employed and how much responsibility they'd been given).

Think also of what I call the 'Strategic Stormtrooper Syndrome': the cult widely promulgated by those who value intellect over practicality that has transformed strategic planning from an occasional activity in a company's annual calendar to the dominant one - running 24/7, 12/365 and requiring more and more of the brightest and best individuals on board to do it properly. 'Here they come' normal staff members mutter, passing the suits in the hall, 'the only people clever enough to do strategy!'

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.

It certainly seems that this is true to us in our private lives (however illusory this turns out to be). Changing our minds and working out what to do for the best are both versions of the same think-behave idea. We can't help but see thinking as the necessary causal condition for doing stuff (particularly when prompted by others to explain ourselves - partner and market researcher alike).

What happens between our ears seems to be the thing that shapes our behaviour.

This is why I think we focus so much of our energy as managers on changing the minds of customers, employees or other stakeholders. All too often, in order to deliver what the Strategic Stormtroopers and their textbooks prescribe, we find ourselves spending a small fortune on market research surveys to find out 'what's really going on' in people's heads. This, in the hope – and we always travel hopefully – of finding the right levers to pull (or at least some clues as to the lever's whereabouts) in order to change our chosen audience's behaviour.

### AND NOW THE 'SCIENCE' BIT

This approach seems odd, given that behavioural scientists of all types have been clear for some years that this is not how things work. Thinking is far from being the Big Thing – the necessary causal condition – for behaviour. Indeed if anything, it actually works the other way round.

Let's take a look at the evidence.

Firstly, the kind of deliberative thinking process that both our commonsense accounts and those that classical economists use – thinking before doing – is really much less common than we imagine.

You could say that, we ***humans are to thinking as cats are to swimming!***

That is, we can do it if we really have to but most of the time we don't bother. Indeed, we've developed a highly sophisticated way around doing much thinking at all if we can help it. Our minds are essentially lazy (or 2-Speed as the Nobel Laureate, Daniel Kahnemann puts it). We use shorthands, rules of thumb or heuristics to perceive the world and make decisions. This turns out to be a highly efficient use of our neural computing power because it liberates us to focus on the main game (other people). It's also the reason why we're so easily open to cognitive biases like 'substitution' (seeing only what we want or expect to see rather than what's actually there) or 'familiarity' (where we treat something we don't know as if it was something we did, with potentially painful consequences). As it turns out one of these rules-of-thumb ('do what others are doing') turns out, if truth be told, to be really important and useful.

Secondly, **rational thinking is not the key it seems to be to decision making in any but the most extreme situations.**

Contrary to what economists have been telling us for decades, as individuals, we very rarely calculate the benefits of alternative courses of action or even work out the opportunity costs of another option. Emotions are much more important in decision-making than any of us are comfortable admitting to.

Even when we seem to be at our most rational, it is emotions that are shaping our rational thinking. Indeed, it is now widely believed by neuroscientists that we cannot make decisions at all without emotions.

A great example of how emotions can distort the thinking of even the greatest rational thinkers is contained in a great book by the American Mathematician, John Allen Paulos. He describes how he lost his shirt on WorldCom and Enron by making one bad investment decision after another, despite having one of the best brains on Planet Earth.

Third (and this may be the killer), the thinking bit that seems to be so important in our accounts of our lives (and in what we do at work) actually seems to come after the fact and not before - whatever it seems like to each of us. In fact, neuroscientists have identified a number of ways in which our minds distort the reality of thinking, including the order in which it happens.

No, **much of the thinking that we imagine shapes our behaviour is post, rather than pre-rationalization**, as the great social psychologist, Eliot Aronson pointed out. In other words, our minds are shaped by what we do and not what we think (mostly we change our thinking to align with our behaviour, often without realising it).

So, what goes on between our ears is largely the result of what we've just done - part of its function is thought to be making us feel better about our actions.

As Professor Andrew Ehrenberg says, 'I've got to think my girlfriend is attractive because - after all - she is my girlfriend!'

Particularly, I might add, as soon as we force people to reflect on what they do and why, we generate a distorted and highly untrustworthy account of their behaviour. That's why much of the conscious experience we have of our lives, particularly the stuff that we uncover in focus groups and opinion surveys, is post-hoc rationalization. Not that there's anything wrong with post-rationalization, really.

Jeff Goldblum, the Hollywood actor, puts it this way in the 1980's reunion movie, *The Big Chill*:

**'I don't know anyone who could get through the day without two or three juicy rationalizations. They're more important than sex ... Ever gone a week without a rationalization?'**

## CHANGING MINDS OR MINDING THE CHANGE?

Now, this particular insight has big implications for the traditional kinds of strategies we managers deploy at work. Put simply, it tells us that we're doing things in the wrong order completely. We're focussing on a by-product of change (the thinking) rather than the mechanism itself.

What can we do about this? Well, at the expense of seeming a little blunt, why not stop slogging away, trying to change people's minds in order to change their behaviour *because it seems we'd be better served getting people to do something first and then let their minds follow on behind*.

So, if you have some new fancy IT system to introduce, don't waste your time and energy trying to win the hearts and minds of users and managers before you launch it. Just get a few people to adopt it and then encourage and celebrate their success.

Or in Marketing terms, rather than waste your time and money 'persuading' customers to buy your product, make it great and let people try it. By the way, you did get the message that products have to be great nowadays, didn't you; not just parity or top-parity but interesting and worth your consumers spending time with?

If you want to start a revolution, go ahead and start one! Don't wait for a gap in the traffic or hang back theorising about the best route in, or even the best structure for the revolutionary committee – light the fires!

And whatever you do, make sure you set your strategy in terms of measurable behavioural outcomes – in terms of people doing stuff. The soft metrics of 'persuasion' (i.e. what people believe) are worse than useless. Yes, worse! Because they give the impression of professionalism and a business-like approach. But really, it doesn't matter what they think until you've changed their behaviour.

Furthermore, take care not to get seduced by the vendors of marketing surveys who promise to reveal what's happening between people's ears (what they think and feel and so on). It seems seductive to have access to this stuff but it's not really going to help you as much as it seems because it's not relevant to your objectives or opinions - being the result of the change you want to bring about. And also because it's testimony from unreliable witnesses – witnesses who are not aware *themselves* of why they do things.

No, don't just ask them; get out there. Observe what people do, in and around your product and category. Observe customers in their own world, on their own territories, 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.

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## Big idea number 2: Influence and The Influentials

In the first 50 years of Management, the big question was, *Why do people do things and how can we make them do more, or get more folk to start doing them?* Psychology, the study of individual perception, motivation and decision-making provides an essential aid to answering this question.

However, in the super-connected world of the early 21st Century, the big question has become something rather different. Instead of worrying about what goes on in an individual's head, managers ask themselves a different kind of question entirely: *How do ideas, opinions and behaviour spread through populations?*

Increasingly, they are starting to turn to other behavioural sciences to make sense of this question; sciences like:

- **Anthropology**, which deals with human beings as social creatures and the culture, customs and beliefs on which we base our lives
- **Epidemiology**: the study of how diseases spread through populations
- **Network Theory**, which seems to promise so much explanation of how information and influence spread through populations.

A number of appealing ideas have emerged from this effort but the most important one is probably what Malcolm Gladwell calls *The Law of the Few*: the notion that things spread through populations via the influence of a small number of special, or 'influential' individuals. Early Adopters, Opinion Leaders, Brand Champions, Mavens, Connectors, Influentials, Prosumers. Whatever you call them, the basic premise is the same: that there are a small number of influential individuals who hold the key to the behaviour of the rest of the population.

Of course *if* this were true, it would make life much easier for the rest of us who are trying to defeat the odds and engineer change both inside and around organisations - among employees, distributors, suppliers or consumers.

For one thing, it would allow us to prioritise our efforts in targeting these people and ignoring the rest (this is particularly important to marketers now they've worked out that nobody's really paying attention to their TV advertising anymore). The 80:20 rule is routinely paraded at this point; 'Segmentation' is the polite word for it. Gladwell himself deals with the spread of ideas and sexually transmitted diseases alike from this point of view: find the really 'promiscuous' folk and dangerous ideas and unpleasant rashes can be stopped in their tracks.

## THE FEW OR THE MANY?

*The truth* is that, for the most part, ideas and behaviours spread through populations in a very different way from how it seems they do.

It just seems - after the fact - that what has happened *had to happen*; that it is somehow inevitable.

As the evolutionary biologist Jerry Coyne points out, we tend to attribute this to some quality in the thing that happened - the behaviour or idea that won. In fact, many researchers looking at historical data or doing experimental simulations are showing that mass behaviour is fundamentally unpredictable, in that if we "re-run the tape", it's often the case that some other behaviour or idea turns out to be the most popular thing and not the one that actually did.

Similarly, it seems as if just a handful of individuals influence the rest of us in our choices of just about everything we do. But it isn't so. The key to understanding why this appears to be so lies in a combination of at least a few things:

- i) *the post facto significance bias*: we remember things that have become emotionally significant much better than things that haven't
- ii) *the causal connection spotter*: we're not very good at spotting the difference between coincidence and causal connection; indeed, in the West we overestimate our abilities to trace causal connections between things
- iii) *the pushme-pullyou mistake*: more below

Imagine a friend mentions a particular bar. You go there and discover that it's really cool and you have a great time. In retrospect, you are more likely to remember the 'influence' because the experience was so memorable.

However, what we don't do is,

- a) remember all the times that we discovered stuff without being told about it first,
- b) remember all the things that we discover that were so-so or mundane
- c) remember all the 'advice' we chose to ignore.

Another cluster of misunderstandings lies behind the notion of The Few as 'super hubs' in human networks:

First, although information does seem to spread through human populations as it does elsewhere (through nodes and hubs as network theorists call them), information has very little to do with behaviour. Information is information and behaviour is behaviour and one has very little connection with the other.

Second, even if these two things were more closely connected than they are, attempts to describe human interactions using Network Theory mostly fail to acknowledge the fact that although electronic networks are tangible and fixed, human social networks are anything but. They are constantly in flux and this is what gives them such power and interest for those studying them. We spend our lives in the company of other people but who these others are changes day-by-day and context by context. Just look at your desk diary for evidence of this.

Third, when we analyse the underlying structure of the social networks through which stuff is spreading - and do so properly - it turns out that a hub-and-spoke structure is really quite rare. It does occur, but not very often at all.

Finally, it's also interesting to consider how the ideas of the so-called Influentials touch something else – how they play to our way of seeing things. In business and in government, in marketing and in communications we are interested in getting folk to do, think or behave in a certain way. So it's natural that we should find appealing an idea, which tells us that there is an elite group who can do this job for us on the rest of the population. It's very much a push model – pushing out from us to the population we 'target'.

## HOW DO THINGS SPREAD, THEN?

The truth is that ideas and behaviour – fashions, haircuts, cars, recycling, investment choices, criminal behaviour, suicide, jargon, gestures etc. – don't spread through *Influential* folk pushing the marketer's agenda on their peers. Quite the opposite in fact: these kind of opinions and behaviour tend to spread through *pulling*; that is, through the '*influenced*' individuals copying what they see around them, rather than the 'Influencers' doing stuff to them or exerting their powers of influence; normal individuals copying what their peers, their friends and family and their work colleagues are doing.

Why 'copying'? Surely, the mechanism for the spread of things, of both high and low culture, through our sophisticated social worlds must involve something rather more interesting and subtle than *copying*. Surely, there must be more to it than that?

Well, consider this: for all the richness of our social worlds and the cultures we have created for ourselves, human beings come into this world 12 months premature, pink faced and screaming but armed with one simple learning strategy: *copying*.

From the moment we are born to the day we die, we copy what we see around us, from our parents initially and then from our siblings and playmates later. The facial gestures, the characteristic responses to situations and stimuli (such as loud noises), how much we eat and whether we smoke or indulge ourselves to excess with food, drink or drugs – all these things are learned fairly early on by copying those we are most exposed to. Indeed, if you've ever done any

NLP (Neuro Linguistic Programming) training you'll know the importance of 'mirroring' (copying the tone of voice and physical gestures of a person whom you are interacting with) in gaining trust. Good salespeople do this (almost) naturally; as do people on first dates (if they want a second one that is!) as do politicians of all hues.

You are bound to know this copying thing from other, more prosaic examples all too well.

- At any food market, it is always the busiest stall that most shoppers head for because we use what other folk are doing as an indication of what to do ourselves - we do this largely without thinking.
- With a few notable exceptions, which give us the illusion of individuality, we all dress like those around us (at work and at home).
- In every industry sector, when we discover that new secret sauce of our competitors – be it a book, a technology, a marketing technique or adviser, or a training programme – *we want it too!*

Indeed, it is this underlying tendency that has transformed the useful management technique of 'benchmarking', (originally devised to help companies understand how to be different from their competitors) into something which is now used to guarantee sameness. Automotive industry practices such as 'teardowns' (literally dismantling a competitive vehicle to understand the engineering within) have now become copycat sessions. I suspect this is also why marketing gurus still need to bang on about the need to 'differentiate' products, services and brands: to set them apart from competitors. Without this repeated encouragement, most companies will find themselves in the middle of the road all too soon (of course, you could ask where they are copying this from...).



## COPY THAT

Copying is such a strong drive and it shapes so much of human behaviour that it's hard to believe management gurus have only now started to talk about it.

Actually, not everybody in business has missed the importance of copying. Amazon's success is built, partly at least, on copying. Indeed, Amazon is probably the biggest business yet to have grasped the importance of this and to have baked it into their product.

On every Amazon product page they employ 16 different 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. This is a major contribution to Amazon's success around the globe: the ability to help us see and copy the behaviour of those around us.

It is important to note that this 'copying' behaviour is lateral rather than vertical. You are most likely to copy folks you know or think you know or whom you see as being similar to yourself or how you'd like to be (and not those who normally get styled, or who choose to style themselves, as influential). Ditto, those annoying types who loudly recommend things. Most of the behaviours I've described here spread through what is known technically (by those who study this stuff for a living) as 'Random Drift': random copying of those around us. However, there are also a number of ways in which the randomness of the copying can be distorted.

One high profile example of this is *celebrity*: The fame of the person being copied can cause this kind of distorting. The 'Oprah Effect' is what PR folk call it.

Oprah is so much in demand that, more often than not, that sought after Oprah endorsement is seen to be the key to a place on the New York Times bestseller list or in the music charts. In the UK, Richard and Judy's Book Club, based around their daytime TV chat show, seems to have a similar power. Their TV production company Cactus TV now claim that they account for around 25% of all UK book sales. No wonder book publishers, record labels, film studios and political spin doctors are all falling over themselves to get their 'product' on to Oprah, or her equivalent.

That said, it's interesting to note that Oprah's influence is probably much smaller than you, she or the army of PR folk would imagine. Real and tangible, yes. But small...?

Actually, it's a numbers game. Oprah reaches a lot of homes and in many of them she is liked and trusted. That means a huge number of folk like her and trust her to some degree, but it doesn't mean that she's a very strong influence; rather, because she is in so many homes, she can influence more people on a very large scale. Most of the opinions and purchasing decisions of those who are exposed to Oprah are not taken from her but from those immediately around us. Indeed, even when we think about the spread through a population of those ideas and things we can trace back through Oprah, most of the people exposed by her to these things do not end up buying directly, or at all. That would be blind obedience, not copying. Most of the things that they buy align more closely with what their neighbours buy; most of their opinions are those of their neighbours.

Columbia's Professor Duncan Watts' notions of 'accidental influentials' nails things here: some people emerge after the fact as influential by virtue of their high social activity or connectedness but not by virtue of their aspirational or persuasive properties. But next time, it might well be somebody else

Another kind of distortion to this copying behaviour is where the behaviour is hard to see. For example, in most societies teenage boys' views of their peers' sexual behaviour is hugely distorted – they all think their peers are having a lot more sex a lot more of the time and that they are at it like porn stars. Sadly, for many folk this illusion and the resulting unhappiness continues through much of the rest of their lives. More prosaically, it is often hard to tell what brand of consumer goods your neighbours use, for example, which brand of toilet paper or bathroom cleaner. This is clearly one area where big brands have an unfair advantage: we tend to use one or other of these heuristics to make our choice easier:

- *Which brand do I think other people use?*
- *Which brand do 'people like us' use?*
- *Which brand is most popular nowadays (as indicated by the number of facings on shelf or amount of advertising)?*

## **COPYING: THE IMPLICATIONS**

There are a number of implications that this insight generates for managers of all sorts, the principle one being:

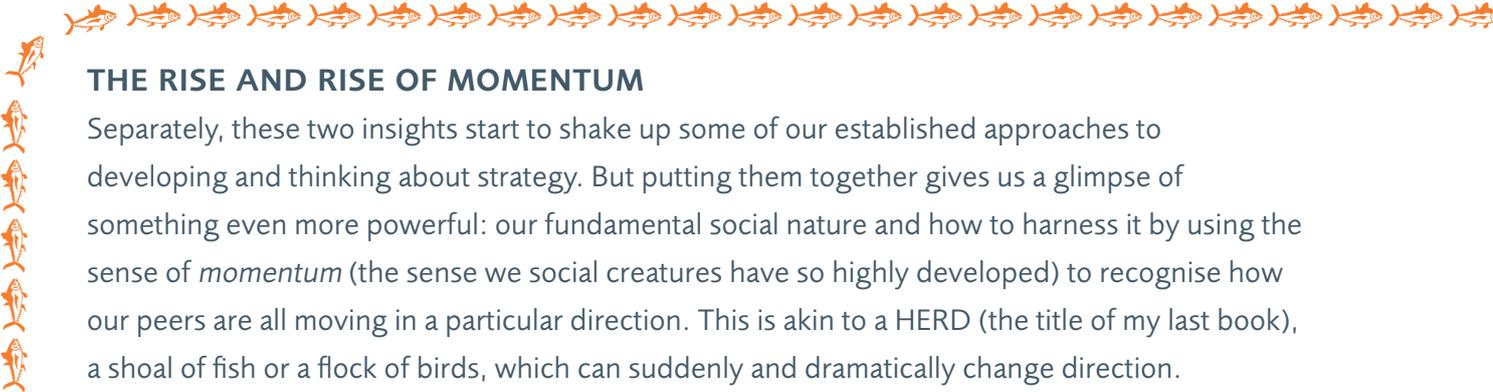
Make it easy to copy.

I think this is becoming one of the primary and most important things for managers to focus on, one of the most important parts of any of our jobs – *making it really obvious what needs to be copied and making it easier to copy that thing*. To get them out there to do the job of spreading the behaviours and ideas we're particularly interested in.

Here's an example. Most multi-national companies struggle to get all their teams, especially the less successful national, regional or functional teams, to learn from the top performing ones. All kinds of tactics have been applied in this pursuit, from ideas of structure and process that try to systematise the transfer of performance secrets, like Knowledge Management and Process Re-engineering, to old-fashioned incentives and rewards schemes for Best Practice. Yet, again and again, the literature points to the efficacy of frequent show-and-tell sessions – teams sharing their programmes openly with each other and offering each other help and support. More of this would help – as would staff incentive programmes which encourage re-cycling rather than just constant re-invention.

The same is true in marketing. 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. A great example is how the Irish Cider brand, Magners, took the UK by storm by putting ice in a beer glass (a striking break with traditional taboos which suggests added refreshment), thereby making it necessary for the drinker to have the bottle (same volume as the standard

glass) with them for at least half the drinking time. This created a highly visible behaviour that British drinkers could adopt as their own. All too quickly, it swept through the drinking population, as lemons and limes in Mexican beers had done a decade previously. And it is the fact that the visible behaviour is adopted by drinkers that we can learn from here - not forcing something on them but providing something they can take for their own.



## THE RISE AND RISE OF MOMENTUM

Separately, these 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* (the sense we social creatures have so highly developed) to recognise how our peers are all moving in a particular direction. This is akin to a HERD (the title of my last book), a shoal of fish or a flock of birds, which can suddenly and dramatically change direction.



## ECCE HOMO

As a species, we have come to believe that individuals make decisions independently of each other and we assume that it is some super rational reasoning machine that is responsible. This (partly at least) is because that's how it *seems* to each of us. Then we look at different individuals from the outside and clump them together into groups, defined by either function, seniority, demographics, brand usership etc.

Fundamentally, we see each of these typologies as representing groups of similar but independent individuals rather than, say, interacting communities.

You see, deep down we can't help but view our curiously hairless ape species as an individualist one, particularly if you - like me - grew up in the Anglo-Saxon culture which has shaped so many of our business and management ideas. This is part of a story we've found useful to tell ourselves, about ourselves, since at least the Enlightenment and the late 17th Century. It's a *politically useful* story, like the one about us all being the same at birth that Stephen Pinker challenged in his book *Blank Slate*. This story was useful insofar that it helped our forebears bring about social and political changes that eventually resulted in the democratic institutions that characterise modern life for many of us.

Being independent individuals made it much easier to argue for self-determination rather than continuing to accept order, obedience, inherited position and feudal structures imbued with deference. It also made the ideas of personal responsibility and culpability, which underlie our modern legal systems, so much easier to embrace.

But the facts don't support the Individualist view of Humanity any more than they do the homogeneity view that Pinker rails against: both are pretty poor science. And like all primates our primary characteristics are those of a social creature. Like chimps, we struggle practically, physically and emotionally when we are excluded from the company of our peers. Our bodies tell us this is a bad thing - as it does for any member of a social species.

Interestingly, most primatologists and zoologists are clear that what separates us from the other primates is not really our ability to decide independently of those around us – to use our minds in all the ways our culture celebrates. No, most primatologists believe the thing that distinguishes us from our primate cousins is our ability to be even more primate-like, not less. To be the Super Social Ape.

What makes *us* different is that we are even *more* sociable than chimpanzees and gorillas. We live in larger groups and with much less violence. Our largely hairless bodies and our curious flat faces seem like perfectly adapted versions of our relatives' own – perfectly adapted to non-verbal social communication. Think how much information we can glean from simple facial gestures, how much different types of eyebrow movement can tell us about each other. Even our mental apparatus for this social life of ours are turbo-charged versions of chimp stuff.

We are social experts rather than walking calculating machines. One famous study has shown that whatever a population's skill at logical thinking (this does seem to vary across cultures), the ability to spot when someone is cheating, lying or otherwise breaking socially agreed rules is consistent and consistently good (though not perfect, clearly):

We constantly scan each other's reactions to the world we find ourselves in (made up largely of each other) and use what we learn from others' responses to shape our own behaviour. One famous experiment in social psychology had experimenters standing on street corners, pointing at the sky in order to stimulate passers-by to look up at an imaginary event! Think how quickly and readily you learn what's going on in any social context by following the responses of those around you. Why waste your own energy when you can rely on others' reactions (even if they get it wrong sometimes).

No wonder then that *momentum* is such a powerful phenomenon for us - the sense that others around us are doing something more or doing something less. The sense that others around us are moving towards or away from something is one of our major warning systems - an age-old ability hard-wired into our modern skulls. That's why politicians seek positive momentum during elections, yet they fear, more than anything else, any negative momentum that sees support flow away from them like a spring tide. It's both the mechanism and the signal of rapid change. In fact, momentum might turn out to be the point of the whole game!



## IMPLICATIONS OF MOMENTUM

The great philosopher of science, Thomas Kuhn suggested that scientific revolutions don't come about because somebody – an Einstein or Galileo say – pops up with a killer fact or conclusive evidence that turns everyone's heads and gets them to abandon their own theories and adopt the new big idea. Indeed, Kuhn's own analysis of what happened around these 'turning points' shows that the great revolutionaries of science are rarely cheered from the room by their peers and opponents. What really happens is that things only get adopted slowly, starting when the majority of scientists notice the minority finding the revolutionary new ideas useful. It's the evidence of usefulness rather than rightness which shapes even the most rational of disciplines.

So it is in management. Tesco management did a brilliant job in creating the legend of the Tesco Club Card (the store card that has helped drive their rise to pre-eminence in UK and European retailing) both inside and outside the company. Early indications of success were amplified with participating individuals and suppliers presented as high-octane marketing heroes. All of this happened long before there was much hardcore evidence of effectiveness yet many competitors felt intimidated by the sheer sense of success.

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.

Jeremy Bullmore once pointed out that David Beckham's phenomenal rise to global fame was based on the fact that people who had no interest in football had a sense that Becks was the coming man. One way of thinking about it is this: individual members of the crowd were convinced that everyone else in the crowd thought he was the man. And he has always done just enough to fuel this, both on and off the field. Few footballers of his time are capable of creating such excitement and expectation just by turning up even though many are fitter or more talented.

Publishing early success with a stream of positive PR is an obvious way to create a sense of momentum - whether internal PR for say, a change management programme or external PR for a new brand launch. Even using the 'Hawthorne Effect' (behaviour and performance change following new or increased attention) can work to create the sense that this thing you want to spread is on the rise. For example, the charming chaps who started the smoothie and fruit drink company, *Innocent Drinks*, rather famously asked their early customers to vote whether the founders should give up their day jobs and work full-time on *innocent* instead. Votes were to be cast by drinkers dropping their empty packs into one of two large trash cans – one marked *yes* and one marked *no*. The *yes*-votes won, of course, but the vote went the way it did because

each voter got to see all of the votes previously cast and could see from the overflowing yes-bin the huge imbalance between customers saying yes and no. A really graphic indicator of how momentum works.

It's also worth mentioning that momentum works in the other (negative) direction, just as strongly and swiftly as its positive version. Politicians are one example of this. In retrospect, every politician's demise is swift, sudden and total – they often lose support faster than they won it in the first place. This is perhaps why a number of European countries have a ban on publishing opinion polls during elections because polling data too easily becomes a means to sense which direction other folk are going in. Other politicians wake up one day to find that power, credibility and support have just deserted them. This applies to dictators just as it does to the democratically elected.

Politicians are just one, high profile, example of momentum. The same is true of just about everything - entertainers, bars, fashions, businesses, managers and brands - things can change suddenly, and for the worst. The British retail giant, Marks and Spencer is one company that experienced this a few years ago. It was only because of a new management team working very hard with a fair wind behind them that they were able to avoid serious decline.

The truth is we live now in a Snakes and Ladders world – things can go up and down very quickly and often without warning. We all know what happens in investment circles when folk discover that other folk are buying or selling a certain stock, or stock from a particular sector or geography. 'Irrational exuberance' is the bull market version which sees people fighting each other to buy a scarce commodity. Panic is what you might call the bear market version but they both spring from the same mechanism: *momentum*.

Learning to live with momentum and the Snakes and Ladders World is undoubtedly hard, very hard. But it's far better to have an accurate appreciation of reality than to pretend things are otherwise and be left standing alone at the hustings – as so many failed politicians are.

## **MOMENTUM AND STRATEGY**

All of which leads me to two final thoughts for you.

### **1. Strategy = creating momentum**

Firstly then, wouldn't it be useful to think about strategy in terms of momentum?

Strategy as being primarily how to create a sense of momentum in our favour?

About creating the sense that we, staff, customers, citizens or investors are moving more and more towards something? Or that more of us are doing so?

Or that our velocity in any given direction is getting faster?

And if this is right, shouldn't we start to judge all strategy by the sense that it is creating or sustaining momentum?

## 2. No rest for strategy and strategists

Secondly, in our Snakes and Ladders world things can change rapidly and without warning, in both positive and negative directions. Doesn't this mean that there is no chance to rest? That there is no time when you can take your foot off the gas? No time to take a breather from all this strategy stuff?

It turns out that strategy cannot be formulated, say, once a year or in the early stages of a project only to be handed over to the implementers - because all of your many competitors are out there trying to create their own momentum.

No. Strategy is a 24/7 activity. You've got to be reading the runes and constantly urging the brand or organisation forward again. Strategy has got to be more than a part-time discipline. Strategy is no longer something for the elite. Strategy is a core day-to-day function in every business.

# CONCLUDING THOUGHTS

What I hope I have shown you in these pages is this: by challenging just a handful of the basic assumptions that we in business make about human beings and human behaviour, we open up a huge number of alternative ways of thinking about and doing strategy, be it in management or marketing. And that - by changing these assumptions to align with what the behavioural sciences are now telling us - we might give ourselves and our businesses the best possible chance of actually creating real and lasting change. You see, the old assumptions - the old people-map - just doesn't work the way it's supposed to.

More specifically, if behaviour leads conviction, if ideas spread by copying and, if momentum – this sense that something is catching on - is the pre-requisite to things *actually* catching on in any real way, then we're going to have to change how we formulate strategy *and* how we execute those strategies.

Of course, an easy place to start is to change what you measure your success by. If what gets measured gets done, then hard-wire the measurements to behaviour and momentum.

If it feels that this path is feeling a little scary, remember, you are not alone.

Every day I talk to more and more businesses that are beginning to head in this direction. As they do, each one sees others heading the same way and they take a little comfort from it. In itself, this is another example of our Super Social – or HERD – nature, if you think about it.

In the classic Hollywood romantic comedy, *When Harry Met Sally*, right at the end of the famous Fake Orgasm scene, a woman who has been sitting observing Meg Ryan's performance from the next table leans towards the waiter and insists: 'I'll have what she's having..'

You see, real people do it all the time.

It's only human.



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