

Acknowledgements:

ICD, ARC Financial, ARC Resources, AIMCo, Viewpoint, Haskayne School of Business

There are a lot of acknowledgements and thank you's to offer to a lot of people.

I would like to share with you this evening one major learning of mine that I believe is particularly relevant to all corporate directors and executive leaders.

I am presenting this along two themes:

1. We are not seeing what we think we are seeing.
2. We can't see what is actually most important.

The understanding that "we are not seeing what we think we are seeing" relates to the perceptual and cognitive biases that we all carry. These biases are operating all the time in our decision making and in all our involvements and interactions with each other and with management.

- We tend to see expected outcomes that are unsupportably skewed to the positive. (Optimism Bias)
- We tend to see what we want to see. (Confirmation Bias)
- We tend not to see what we don't expect. (Inattentional Blindness)
- We tend to see more of what was just seen. (Recency Effect)
- We tend to see past events as easily predictable. (Hindsight Bias)
- We tend to see what others are claiming to see. (Groupthink)
- We tend to see what serves our interest. (Self-interest Bias)
- We tend to see what supports our self-image. (Self-Confirmation Bias)

There is also a tendency to cling to partial or limited truths drawn from experience based understandings, but which do not necessarily represent a comprehensive and complete depiction of what is really happening.

- We tend to relax and take comfort in our existing knowledge. (Complacency)
- Worse, we tend to defend this knowledge as being superior. (Arrogance)

We are all operating behind the screen of these ten perceptual and cognitive impediments and partial truths. We think we know what is going on, but reality usually proves otherwise. This is clearly evident in the empirical data on business survivability and the rarity of enduring success.

What can we do about this?

We might think that awareness alone will resolve or at least alleviate the impact of these biases.

Unfortunately this is not true. There is extensive research that proves that being aware of all these impediments and obscurations does not help. As neuroscience specialist Tali Sharot says “awareness rarely shatters the illusion”. The biases will still exist and still operate.

What can change this picture?

This gets to my second theme.

“We can't see what is most important.”

Not only is our vision obscured by biases, but what is “most important” for resolving or overcoming these biases is by its very nature concealed from sight. I am referring to the powerful but intangible and invisible force of culture.

If we look carefully at corporate underperformance and failure - which is extensive and pervasive - what I have seen is that “what went wrong” can always be traced to a decision or series of decisions that were flawed. Or, you might say a series of perceptions or understandings that were flawed, deficient or incomplete.

What can change this picture, and change performance outcomes, lies within the invisible realm of culture.

The active ingredient within culture that must exist is a continuous ever present searching for clarity, deeper insight, and objective evidence-based understanding.

It is the relentless passionate pursuit to see what is real and true that can cut through the obscurations of our biases and partial truths.

If you are authentically searching for objective understanding you will search everywhere and you will allow the evidence to confront you, and potentially change you.

Here is an example from my experience.

In 1999, research published by Buckingham and Coffman which concluded that the most important factor in employee satisfaction and productivity was not compensation, not benefits or training, not even the success of the company, it was the quality of the employee's relationship with his or her supervisor. This was based on over 80000 interviews with employees and managers.

This evidence gave me the confidence and conviction to pursue a set of strategies and practices that were transformative. This changed the way I practiced management.

Here is another example.

Based on 25 years of research by Kouzes and Posner across the world, across all countries, industries and demographics, the consistent number one quality that all of us want from our leaders is honesty.

How can you have a quality relationship with your supervisor or your business partners or your fellow directors without honesty? How can you have inter-reliance based on trust, without honesty and ethics? These are examples of empirical evidence that challenged and inspired me to build organizations focused on both great results and quality relationships; based on honesty and ethics.

These examples and many others were all sourced using the same active ingredient, and this is my main point. This ingredient is a passionate, if not fearless, even uncompromising search for objective understanding.

Absent this quality in board and organizational culture, it is all too easy to fall into a kind of 'corporate sleep walking'. The biases and partial truths, the complacency and arrogance, will rule the day.