
ARE YOU A NOISY LEADER?

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Noisy leaders are everywhere. And many of them speak very quietly. We are not talking about volume or modest presentation here. We are talking about noise, and how it regularly undermines leadership effectiveness, management decision-making, and business success.

“The signal is the truth; noise is what distracts you from the truth,” argues statistician Nate Silver. Noise is a “flaw in human judgement” argues Nobel Prize Winning psychologist Daniel Kahneman. Our minds are so “full of noise”, argues the Zen master Thich Nhat Hanh, we can’t hear our purpose and we can’t find fulfilment.

Noise might make for a great rave party, but apparently it won’t make you a successful leader. So, what is this problematic noise, and how can you manage it better? Nate Silver has defied gravity by combining two words which most of us never expected to hear in the same sentence – he is a celebrity statistician. He became a celebrity while working at the New York Times and being one of the few analysts to forecast a comfortable second term victory for Barack Obama. He lost some shine by not predicting the Trump win, but folks forgave him because of the apparent failure of pollsters to pick up any signal from so-called “shy-Trump supporters”.

Unfortunately, post-election search parties threw doubt on this theory when they failed to find even one shy Trump supporter, but they did encounter a large group of loud “Stuff- You—I’m-Not-Answering-Your-Survey-Trump- Voters”. Distinguishing this signal before the election from all the background noise, might have alerted pollsters and politicians to the sampling bias occurring, and redirected attention to the tectonic shift that was happening in plain sight. Noisy leaders fail to distinguish between background noise and important signals, something which Nate Silver explores in his book *The Signal and the Noise*.

Nate Silver is in the forecasting business rather than the prediction game. It is a tricky business given that we cannot know objectively what will happen in the future. Chance, randomness and uncertainty regularly make fools of soothsayers. But senior leaders still need to make consequential decisions right now, while lacking this ability to predict the future. Not surprisingly, Nate recommends that leaders use high quality statistical methods with a strong focus on probability, data research and hypothesis testing to guide them through this maze. If you are like me and sophisticated statistics are not your thing, then you may need to focus on the hired help. I explore this topic of probability and learning from others, through the example of a poker champion, in my article “Can Leaders Make Their Own Luck?”.

Psychologist Daniel Kahneman won the Nobel Prize in Economic Sciences for his earlier work on biases in human thinking and behaviour. I discussed some of his ground-breaking ideas in my article “How Do Leaders Make Tricky Decisions?”. Let’s use one of my own

examples to briefly remind ourselves of the realm of cognitive biases. Before you read on, please choose which of these two statements you consider is true: “Jack is the CEO of our major bank and was formerly a professional ballet dancer”; or, “Carol is the CEO of our major bank and she was educated in Zurich, Switzerland.” Some folks choose Carol because of her links to a financial centre. This is the conjunctive bias where we mistakenly see the chances of two things occurring together, as being even better than the chances of them occurring independently. In the real world, Carol’s chances of being CEO are poor - her challenge is herculean, because Jack is a male and much more likely to be hogging any major CEO role. Other folks choose Jack, but some for the wrong reason – they feel an urge to prove their hipster credentials in regard to the arts.

Daniel Kahneman and colleagues have recently released a new book titled *Noise*. He is claiming that noise is just as big a challenge as cognitive biases for leaders and decision-makers. Noise for Kahneman has nothing to do with your neighbour’s party. The fact that two judges will give completely different sentences for the same crime and similar perpetrator, is noise. The fact that the same judge will give completely different sentences depending on what he ate for lunch is even noisier – but it certainly makes the task of getting a second opinion easier. The fact that you choose a candidate for a job because they remind you of your father, is noise. Choosing your father for the job is still nepotism. A sliver of you may find me humorous, but Daniel and I are not joking.

Let me give you a taste of some of the research cited in *Noise*. A study of juvenile court decisions found that when the local football team lost

on the weekend, judges made harsher decisions on the Monday. A study of six million judicial decisions over twelve years in France, found that defendants received a more lenient sentence if it was their birthday. A study of 207,000 immigration decisions over four years, found that rejection of asylum claims increased in line with increases in the outside temperature during the day. Numerous studies of doctors have found that their recommended treatments will vary depending on the time of day of your appointment. One study found that if there were concerns about breast or colon cancer, the doctors would order screening tests 63.7% of the time at 8 am, but only 48.7% of the time at 5 pm. "Occasion noise" is the description that the authors give to these examples.

Noise is more than just quirky. There is an old piece of advice to choose your parents wisely, but numerous studies have shown that choosing your judge wisely is even more important in the Federal Courts in America. In one study, more than 200 Federal Judges were presented individually with the same 16 hypothetical cases and asked to recommend a sentence. In 13 of the cases there was no unanimous agreement on whether the case attracted a prison term. Where prison terms were imposed, there was very wide variation in length of terms. In one case, several judges recommended a minor prison term while one recommended life in prison. In another case the average prison term imposed by all judges was just over 1 year, but the longest prison term recommended for that case was 15 years. What did that judge eat for lunch?

Kahneman and colleagues examine a large range of arenas where human judgement is required – judicial sentencing, medical diagnoses, management performance reviews, recruitment decisions, insurance claims – and they find extraordinary levels of noise and variability in these systems. Some variability is understandable since different humans are making human judgements, and diversity itself can be a really good thing in organizational settings. Let's not kill genuine debate and creativity here! But these are arenas where some level of consistency is surely desirable, if not optimal. What prevails is the opposite to consistency – a heap of noise. There is bias too, and that is another major source of error. We find judges, doctors, managers and the like, making judgements which are racially biased or gender biased. Noise joins forces with bias to undermine professional judgement.

Many professional and management decisions do not have a correct answer. That is why we call it professional judgement, and why we get paid the big bucks. One of the great insights from Kahneman's latest work, is that we do not need to know or agree on the correct sentence, diagnosis, compensation, new candidate or performance score, to be able to measure the level of variability and noise in each system. The same is true for individuals. Getting the outcomes right might be a lofty goal, but reducing the level of noise is at least a good first step, and could provide more confidence to folks on the methodologies used in these arenas.

Many of the steps that leaders and professionals can take to reduce noise are not rocket science. Kahneman and colleagues recommend that organisations engage in regular Noise Audits to understand the

nature and extent of the problem. Introducing some basic Rules can be very beneficial, although many professionals resist such measures. Democracies use institutional Checks and Balances to manage abuses of power and authority, and organisations can use similar methods when it comes to noise and bias in judgements. Regular and Constructive Feedback is a useful tool to counter noise in organisations and with individuals. And individuals can boost their own self-awareness in regard to noise through Reflective Practices and Continual Learning.

Mention of self-awareness is a good opening to introduce our Zen Master Thich Nhat Hanh. Rather than call his book Noise, he called it *Silence*. The noise that worries Thich Nhat Hahn is the constant, largely random stream of thoughts swirling around in our heads. He argues: “There’s a radio playing in our head. Radio Station NST: Non-Stop Thinking. Our mind is filled with noise, and that’s why we can’t hear the call of life.” Undoubtedly, leaders need to engage in high-quality thinking. But what is occurring in our own heads does not always pass the quality test – sometimes it is junk-status noise. That is me talking, not Thich Nhat Hanh. Senior leaders have been sharing this phenomenon with me for the past twenty-five years. Many of them are surprised and relieved to discover that it is not inevitable.

Thich Nhat Hanh argues that to be effective and fulfilled we need to be able to turn down the noise and tune into silence. He says it more poetically than I do. He writes: “The basic condition for us to hear the call of beauty and respond to it is silence. If we don’t have silence in ourselves - if our mind, our body, are full of noise – then we can’t hear

beauty's call." Previously I mentioned that the noise I was talking about in this article was not about volume. Thich Nhat Hanh describes a large range of different silences, much in the same way as the inhabitants of cold climates have many ways to describe snow. Ironically, the silence which Thich Nhat Hanh recommends the most is one he calls "Thunderous Silence". I have written more on these topics in my article "How Can Striving Leaders Be Still?" And if you are interested in exploring the practices of mindfulness and meditation for leaders, there is a free ten-week Podcast Course available at www.searleburke.com .

Distracting and destructive Noise is occurring in so many ways and so many places. The important question is: How noisy is your leadership?