

A 3D rendered gold chain is shown in the process of breaking apart. The chain links are thick and metallic, with sharp, jagged edges where they have snapped. Numerous small, golden fragments and shrapnel are flying off from the broken points, creating a sense of dynamic movement and destruction. The background is a plain, light gray.

Leadership **UNCHAINED**

Defy Conventional Wisdom for

BREAKTHROUGH
P E R F O R M A N C E

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CHAPTER THREE

"The numbers never lie."

DITCH

the Need to Let Hard Data
DRIVE EVERY DECISION

In 2009, Nokia was the world's largest cell phone manufacturer. A woman named Tricia Wang was working in the company's research department at the time, and she held the position of Technology Ethnographer. Similar to a cultural anthropologist, Wang's job was to identify market trends and potential new customers by analyzing the qualitative side of human behavior related to cell phone usage.

Wang was specifically assigned to study the preferences and habits of low-income consumers in China. To say that she immersed herself in this task is putting it mildly.

She spent several years living with Chinese migrants, and she worked as a street vendor selling dumplings. She observed and interacted daily with people in neighborhood Internet cafes. She asked questions, and she listened to the answers. *Really* listened. Reading between the lines to capture the emotions and subtext lurking below the surface of their verbalized responses.

Using a boots-on-the-ground approach, she gathered a wide range of profound personal insights directly from these people. Through her many conversations with the locals, Wang discovered something she didn't anticipate.

Despite their very limited incomes, many Chinese people were so enamored with the new "smartphones" that they would sacrifice half of everything they earned in a month to have one. And those who didn't have smartphones desperately wanted one. The demand was enormous – and completely unexpected in this demographic group.

Essentially, Wang had uncovered a massive, hidden market for affordable smartphones.

Wang enthusiastically shared this great news with Nokia executives, who quickly responded with a polite, “Thanks, but no thanks.” Their extensive quantitative research with millions of data points was driving a clear strategy to produce full-featured smartphones for high-end users.

In their opinions, Wang’s qualitative data and small sample size didn’t measure up to the mountain of numbers they’d already collected.

Fast forward a few years, and you’ll see that Nokia paid a huge price for ignoring Wang’s recommendation. Looking at the numbers alone sent them down the wrong road with their brand strategy. In 2012, the company ended up losing \$4 billion and, ultimately, was forced to sell off its phone business to Microsoft.

Leaders in all types of companies run the risk of making this same, tragic error in judgment. They tend to value the measurable more than the unmeasurable. They get blinded by the numbers and the statistics, so they miss out on the human insights behind them that actually drive sales and revenue.

Chains That BIND US

A number of key factors contribute to leaders’ risky practice of over-relying on hard facts.

Leaders are drowning in data.

“Big Data” is a really big deal today. That’s understandable, considering leaders depend on detailed information to make informed business decisions.

It's actually mind-boggling to think about all the data that can be collected and compiled using advanced software, sophisticated algorithms, and enormous databases. With a few clicks of the mouse, leaders can access extraordinarily precise demographic breakdowns. Detailed pricing projections linked directly to current economic forecasts. Specific metrics about everything from website clicks to help-desk response times.

Take a moment and consider the extraordinary depth and breadth of all this data.

*According to global research firm IDC, the world's information doubles every two years.
Every. Two. Years.*

Could you imagine what that would look like if it applied to all of the physical items in your office or your home? Six years from now, you wouldn't even be able to step in to these jam-packed, claustrophobia-inducing environments.

This astounding overabundance of information has the same impact on our mental space. Everything becomes crowded, cluttered, and confused. Which makes it hard to think, much less innovate and strategize in original ways.

To be clear, quantifiable information is a good thing. It's necessary. But here's the problem.

Big Data's power to measure virtually anything can become almost intoxicating. In some ways, it quietly fuels an endless obsession with data. The only way to maintain the "high" of quantification euphoria?

Collect more data. Do it faster. Slice it differently. And what if the numbers don't provide a clear direction? The go-to solution is typically to gather more data. The bias for action is alive and well!

There's a very real danger that leaders find themselves drowning in the sheer volume of spreadsheets, reports, and statistics. Analytics overload sets in like a thick, dense fog. And when that happens, it becomes impossible to determine what matters and, more importantly, what doesn't.

We don't always question the facts.

If we all took a poll today, I'm confident it would confirm this statement: Most leaders tend to value hard data over soft intelligence. With so many complex variables involved in business, decision-makers often gravitate to the comfort of the absolute. And why not? The numbers don't lie. Solid data is credible. Cold, hard facts are reassuring.

Think about that. Customers and investors don't cough up the cash based on a hunch or some strong feelings. They want to see an objective, measurable business case with proof. They trust the facts. Bring on the charts and graphs! When data enters the negotiation arena with its bullet-proof clout, the questions stop.

Here's the downside.

The underlying belief that people should rely on the facts without question stifles the unique creativity of strong leaders.

They often bring to their jobs a depth of experience, rich insights, and strong instincts about customers or the market that's based on years

of working in the industry. When organizations value the numbers above everything else, all of that beefy qualitative knowledge can get lost in the shuffle.

As long as the data collection occurs in a relatively sound manner, people just don't question the facts. It's a common habit that can create a major stumbling block for leaders.

Objective information has a subjective side.

Cort Dial is an entrepreneur, investor, and author of the excellent book, *"Heretics to Heroes."* He proved this concept about subjective data while facilitating a leadership retreat for a major corporation.

He selected four VPs to participate in an exercise and provided each one with a page of data to use independently in preparing a short presentation. The rest of the group would be asked to evaluate these presentations and decide (hypothetically) which of the VPs should be fired, promoted, or retained based on their performance.

No pressure, right?

You can probably imagine the enthusiasm that emerged from these highly competitive executives who did NOT want to lose this "game" in front of their colleagues and peers. When the speakers had finished and it was time for the vote, the room was filled with an awkward tension and some nervous laughter.

It wasn't easy to compare four presentations that were completely different in terms of style and content, especially knowing that the comparison would determine which VP would be kicked off the island, so to speak. Reputations and egos were involved here.

After the voting results were announced, the entire team joined in a lively discussion about the validity of their choices. That’s when Cort stood up to make a surprising announcement.

The VPs who had delivered those four, distinctive presentations had all basically been given *exactly the same data* as a starting point. The samples were in varied formats and included some “statistical noise” that made them appear to be different, but the core information was identical.

These disguised differences made it possible for every VP to choose a different “headline” to feature and add their own personal slants on the key takeaways. Same information; vastly different outcome.

What does that mean in the real world beyond the leadership retreat?

*Even the most objective information
comes with a subjective slant.*

Leaders view data according to their own internal biases, attitudes, and perspectives. And, right or wrong, their decision to approve or reject data may also be related to the approach, charisma, and influence of the presenter.

Hard facts aren’t as black and white as leaders might think they are and, sometimes, data can lead us astray.

Data may not tell the whole story.

When one of my normally energetic colleagues started experiencing overwhelming fatigue, her doctor ordered a wide range of bloodwork

to determine the cause. It took every ounce of energy she had to drag herself to the follow-up appointment, where the doctor smiled and announced: *“Great news! All of your test results came back in the normal range. You are perfectly fine!”*

Needless to say, those numbers weren’t telling the whole story. The same thing happened at Nokia – and it happens at businesses around the globe.

When leaders are armed with credible data, they may get a false sense of security that prevents them from searching for the real story behind the numbers.

They neglect to explore the authentic customer experience. To understand the extenuating circumstances. To identify the exceptions to the rule. Leaders may be tempted to zoom in and hyper-focus on the meaty data, but they won’t accurately capture the full picture and all its nuances without a wide-angled view of the situation.

Solutions to **BREAK FREE**

Trailblazing leaders today have recognized the tendency to be held hostage by information overload. Even though it feels unnatural, they give themselves permission to break free from their dependence on data. Do they still value the facts? Definitely. They just work to gain a broader context about the meaning.

They’re willing to be informed by data but not ruled by it.

Modern leaders embrace Whole Data.

Leaders who are open to the idea of Whole Data – a more comprehensive view of the facts – stretch beyond the usual quantitative boundaries to incorporate intangible elements about their customers as they plan for next steps.

They pay attention to stories and narratives, emotions and attitudes, worries and complaints, risks and vulnerabilities. They dig down to find the motivations behind customer decisions, and they identify how policies, processes, and products actually impact the lives of the people behind the statistics. They search for the qualitative information that paints a more vivid picture of the customer experience.

These leaders take a new approach.

They demonstrate the wisdom of integrating hard data and soft intelligence in the decision-making process to achieve superior results.

When a major U.S. airport decided to embark on a terminal redesign, the owners followed a Whole-Data approach rather than just sending out architects and designers to spruce up the space.

They spent time with passengers to determine what was really important to them. And guess what? When given a list of potential options that included fancy upgrades and concierge-type additions that might appeal to them, passengers and employees alike strongly preferred one amenity over everything else combined: *clean restrooms*.

That's what *really* mattered. Not fancy artwork or moving sidewalks or chic lighting.

Capturing that information in advance led the owners to a relatively inexpensive solution that had immediate and significant impact on customer satisfaction. Before construction ever started on the interior design upgrade, managers ordered an increase in the frequency and quality of bathroom cleanings and sanitation throughout the terminal.

By using a Whole-Data approach, the owners were able to more effectively prioritize the project and invest in what really mattered. And, by the way, it worked. This simple change contributed to tremendous accolades for the airport after it demonstrated the biggest jump in customer-experience rankings among U.S. airports in a single year.

Modern leaders aren't afraid to ask questions.

Making the decision to be driven by Whole Data rather than numbers alone requires a willingness to ask questions.

Early in my career, I worked for a large corporation that hired a management consulting firm to help with increasing efficiency. Representatives from this firm were brought in to complete a Time and Motion Study, which involved weeks of quietly observing sales representatives. They scribbled furiously on their clipboards as they documented how we spent our time and worked with call-in customers.

All of those observations were then compiled into a comprehensive (and likely expensive) final report that detailed our current level of productivity and recommendations for improvement.

While this thick report was packed full of elaborate graphs and bar charts, it was missing something very important. Not one of the representatives had ever asked any of us directly our opinions about the various processes and tools we used to do our jobs.

If they had only inquired, I would have told them that the clunky software format and the outdated service processes were the root of the problem. Serving a client on the phone was time-consuming and inefficient because we were toggling back and forth between different programs to find the information we needed.

No matter how prepared we were, it took an inordinate amount of time to find answers to customer questions. That was frustrating for us, as well as the customers, and projected an image of being disorganized.

We could have added great value to the overall findings of this study, but the representatives simply didn't ask.

Honestly, it's tough to venture into this territory. The facts seem so comfortable and familiar. But success in our current environment is now determined by leaders who are willing to step out of their comfort zones and ask tough questions beyond the realm of data. A British researcher named Graham Martin referred to this as pursuing "radical discomfort." I love that idea.

Modern leaders factor in their own experiences.

The other necessary component for leaders who rely on Whole Data is the willingness to factor in their own experiences and intuition.

They believe in their gut instincts and the relevance of the insights they've gained throughout their careers – sometimes even when the numbers don't agree.

Steve Jobs was a perfect example of this concept. Reams of data and research indicated that tablet computers were a terrible idea. Jobs'

instincts told him something different. Ultimately, he ignored the data and introduced the iPad, which completely changed the scope of the computing industry. Experts now predict that tablets will eventually outsell laptops all over the world.

Of course, trusting your gut doesn't always result in a billion-dollar win. Sometimes it's a big risk. But today's remarkably successful leaders remain open to the idea.

They understand that hard data has a subjective side, and they are motivated to find the rest of the story. They step out of their offices to talk with customers, vendors, colleagues, and employees. They aren't afraid to explore the feelings and emotions behind the statistics – and then they trust their instincts and experience to interpret those numbers accordingly.

Using that wisdom, they find real balance between the quantitative and the qualitative sides of the business-strategy coin.

Strategies for **BREAKTHROUGH PERFORMANCE**

To begin breaking free from your habit of data dependence, try implementing these steps:

1 Change your mindset to value Whole Data.

I get it: This might require some serious effort if you're naturally wired to put all your trust in the facts. Force yourself to think outside the data box, and focus on the potential benefits. It will get easier – especially when you start reaping the rewards.

There's a proven, synergistic power that comes from integrating hard facts and soft intelligence. Instead of thinking that qualitative information somehow dilutes the quantitative, reframe the equation. Added together, these two different types of data actually create a stronger, more vivid picture of your opportunities.

It's like taking a black-and-white illustration and transforming it into a bright, glossy, full-color photograph. The more details you can see, the better your ability to make smart business decisions.

2 Adopt strategies for seeking out soft intelligence.

Recognizing the value of Whole Data isn't enough to harness its advantages. Be deliberate about pursuing it. Consider these tools as you create a system to methodically mine for soft intelligence within your organization:

- *Conduct customer focus groups on a regular basis to get direct feedback*
- *Interview potential customers at the point of purchase to understand how they are comparing your products or services with those of your competitors*
- *Observe customers using your products or services to uncover any hidden challenges or opportunities for improvement*
- *Expand your satisfaction surveys to ask about the reasons behind the ratings customers provide and try to determine what really matters to them*
- *Review transcripts from your call centers to look for patterns in the types of inquiries or complaints, as well as customer attitudes and tones*

3

Ask data-filtering questions.

As you work to elevate the quality of your decision-making with Whole Data, use these questions to guide the process:

- *Am I confident that this data reveals the entire picture? What might be missing?*
- *Does this view of the data include the human factor?*
- *Do I trust our field research? Is it up to date?*
- *Have I observed customers using our products and services in their natural habitats?*
- *Have I asked stakeholders directly how the data stacks up against their reality?*
- *Have I solicited stories from those impacted by the data?*
- *How are my own personal biases or presuppositions coloring my analysis?*
- *Am I dismissing the unmeasurable component out of habit?*
- *What conversations are we NOT having because we might be sidetracked by the data?*

4

Find balance, and trust your gut.

If you've been intentional about gathering hard facts and soft intelligence, step back and take a look at that dynamic combination of information through the filter of your own experiences. Despite what the data reveals, your instincts may be telling you something different.

In some ways, that might seem unsettling. But remember this: Your unique knowledge of the customers and the markets may give you a clear view of the situation that can't be measured with a report or a focus group or a survey.

Never underestimate the insights you bring to the table. Instead of ignoring those, leverage them.

Just for the record, I'm not talking about nonchalant, ungrounded hunches reminiscent of a night in Vegas with someone screaming, "Double down, and bet it all!" That would be reckless. And it could likely end with some serious discussions about your judgment (or, worse yet, your employment).

I'm suggesting that you tap into the educated, rational intuition that has made you a successful leader in the past. Make the commitment to rely on Whole Data. Give equal attention to the quantitative and the qualitative, and get clarity on exactly what matters to your customers. How they think. What they need. Why they buy. Then go with your gut – not in a flippant, off-the-cuff way, but applying your plausible, data-informed instincts.

Leaders who can ditch the need to let hard data drive every decision are discovering remarkable benefits. When they choose a balanced approach to information rather than over-relying on hard data, they are opening the door to unprecedented success.