

HOW A THINKING GROUP CAN AVOID GROUP-THINK



DAVID ZUSSMAN

For many Canadians, August is vacation time and an opportunity to catch up on the interesting books that have been published during the past year. Fortunately, a new book has appeared that challenges the conventional thinking about the way in which organizations make decisions.

James Surowiecki, the weekly Financial Page columnist for the *New Yorker*, has written a book with the ungainly title of *The Wisdom of Crowds: Why the Many Are Smarter than the Few and How Collective Wisdom Shapes Business, Economies, Societies and Nations*. In this fun-to-read book, he develops the provocative argument that under certain conditions, crowds (and even small groups of people) can make better decisions than the smartest individuals working on their own. In fact, he argues that groups are probably the best way

for organizations to make decisions.

What makes this book so interesting is the way in which Surowiecki develops his argumentation in support of his thesis. Rather than developing an overarching theoretical model, he uses evidence from a range of disciplines such as game theory, social psychology, behavioral economics and decision modelling to illustrate how crowds make better decisions.

Given the range of disciplines involved, the author argues that this collective approach can be used in nearly all decision-making situations. For example, he provides instances of how the quality of scientific collaboration, the predictability of stock prices, the development of public policy and corporate performance are all improved by relying on group decision-making. He describes how Google harnesses the "wisdom of crowds" in finding the right web sites in its search algorithm, how a group can predict the number of beans in a jar, how navy men can find a lost submarine without any reliable data, how scientists can discover the SARS virus while working independently of one another and how game-show audiences can collectively get the right answer.

Surowiecki was inspired to write this book when, as a historian writing about

business, he observed the remarkable way in which markets work — how buyers and sellers find each other and find efficient outcomes without anyone in charge. This observation led him to reject the commonly held view that the advice of experts is more accurate than the view of groups of ordinary people. In fact, he argues that even when individuals are wrong, their groups can excel. "Under the right circumstances, groups are remarkably intelligent, and are often smarter than the smartest people in them," he writes.

He argues that this will occur "even when most of the people within the group are not especially well-informed or rational." Thus, "when our imperfect judgments are aggregated in the right way, our collective intelligence is often excellent."

Surowiecki argues that there are four conditions that will increase the effectiveness of crowds in arriving at the right answer. First, and most important, it is critical that the group of decision-makers have a diversity of views that ensures the full range of possible outcomes. Second, the participants must act independently of one another so each expressed view is valued in the same way. Third, there must be a decision-making process where the group can arrive at a collective judgment that is not a compromise but a true reflection of deliberation. Finally, experience shows that a decentralized approach, which draws on local knowledge, produces the best results.

In general, "the smartest groups are

those that are made up of people with diverse perspectives who are able to stay independent of one another." In other words, the best-performing crowd is one that consists of people who do not see each other often and who welcome dissent.

One of the most interesting chapters deals with public policy decision-making. In this case, Surowiecki draws on the expertise of Professor Jim Fishkin of Stanford University who has championed a deliberative method of engaging citizens in decision-making. Fishkin, who has collaborated with a number of organizations in Ottawa such as the Public Policy Forum and CPRN (Canadian Policy Research Networks), has also made the argument that great leaders recognize how useful diverse, independent and non-expert ideas can be under the right conditions.

Surowiecki remains suspicious of the decisions being made by the "technocratic elite" that is subject to groupthink along the lines described in the recent 9/11 Commission Report. He also suggests that companies, governments and other organizations benefit most when bosses and supervisors are aggressive about seeking alternative views by expanding the pool of decision makers, especially those who operate in a decentralized environment.

DAVID ZUSSMAN, a former president of the Public Policy Forum, is chief operating officer at EKOS Research Associates and a professor of management at the University of Ottawa. E-mail: dzussman@ekos.com