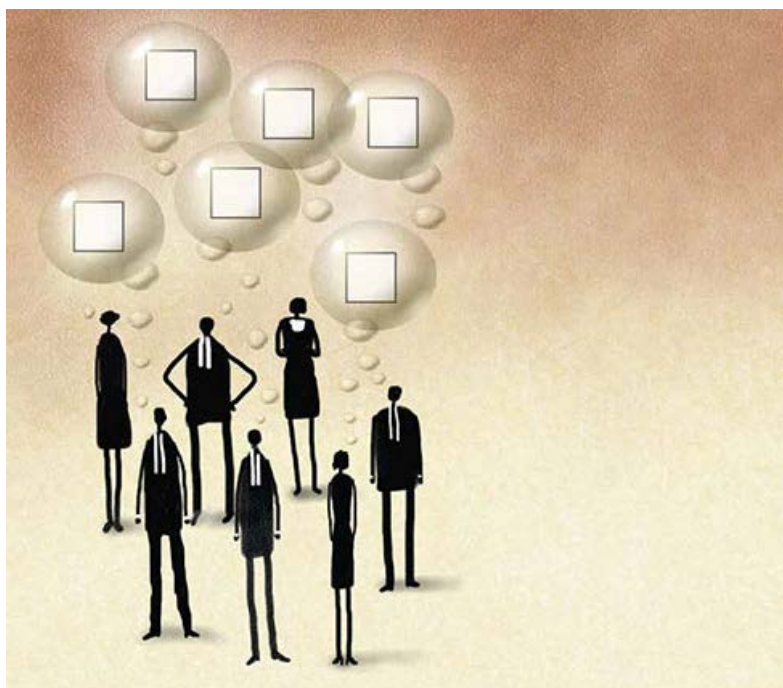


## Think Different?

### Real diversity means getting past groupthink.

By John Buchanan



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Diversity was never supposed to be limited to skin color, gender, or ethnicity. It also promised to help generate a broader range of thoughts, opinions, and perspectives—and help overcome the curse of groupthink.

Any number of recent articles and books have urged executive teams and corporate boards to foster discussion and disagreement. Only from constructive conflict, we've been told, can out-of-the-box opinions and ideas emerge. In short, everyone—really, everyone—agrees that groupthink should be avoided like the plague and that new ideas are as good as gold.

But even though most big companies long ago established formal diversity goals and programs, initiatives aimed at creating fresh ideas, planting the seeds of greater innovation and fostering contrarian views that serve as a hedge against costly mistakes, have—with relatively few exceptions—failed.

Miserably.

How is it possible that organizations have achieved outward diversity but not diversity of thought? Perhaps executives and team leaders say they want debate—and may even believe it—but find real-life pushback annoying and impractical, in the same way that every CEO proclaims an open-door policy but few follow through. Or maybe the problem is more fundamental: that the culture works to stifle dissent and push everyone in the same direction.

"The executives who say they want to bring in diversity of thought really have their own unconscious biases against it," says **Joe Santana**, a New York-based diversity consultant. "They already have their own model of what the culture of the organization is and who gets points for their thinking. And no matter what they say, most CEOs and other C-suite executives do not want to be openly challenged. And if they are, they are more likely to defend their own views than they are to embrace those of others who think differently."

As a textbook example of what typically happens, Santana cites a Fortune 1,000 CEO who recruited a mid-level executive from

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By A.J. Vogl and Matthew  
Budman  
Q&A with diversity  
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Across the Board, March  
1998



a competitor specifically in order to foster new ideas and diverse perspectives. Within a few months, the CEO began complaining that the new person's values and perspectives did not fit well in the company. Shortly after that, they parted ways.

**Patricia Lenkov**, president of **Agility Executive Search** in New York, is not at all surprised by that outcome—the story is a familiar one. “Companies start out with these wonderful, noble initiatives,” she says. “And then they blow up like that because the person is not given the tools or the guidance to actually do what they were supposedly brought in to do.”

The message to others is loud and clear, Santana says—it's best to toe the line and avoid making waves.

## Life in a Bubble

One reason why fresh thinking is so hard to come by is that Fortune 1,000 CEOs are largely cast from the same mold. To illustrate that point, Lenkov invokes the board of a major U.S. company that has encountered stormy waters lately—with little, if any, change in its assessment of underlying issues and challenges. That's because the entire board consists of CEOs, she says. It's a diverse group in the traditional sense of the term, but they all share an overarching trait: They run big companies. “So they all think alike,” Lenkov says, “and their decision-making process is the same.”



And given the current economic climate, that's unlikely to change anytime soon. For example, top executives have little appetite for risk right now, and as a result, they're most comfortable sticking to what they know and what has proven effective in the past. “They play it safe in terms of decision-making,” Lenkov says. “So there's not a lot of room for adding any kind of change or diversity of thinking.”

**Orlando Ashford**, managing partner at **Mercer** in New York, agrees with Lenkov's assessment, adding that such aversion to different perspectives will have to change in the future in terms of the characteristics that define the most effective CEOs. “Of course, they need to be confident of their convictions,” Ashford says. “But they also need to be more collaborative in terms of how they make decisions.”

One top executive who has a unique take on the issue is **Ray Dalio**, founder and former CEO of giant investment-management firm **Bridgewater Associates** in Westport, Conn. From the day he created the company in 1975, Dalio has been a fierce proponent and extraordinarily successful practitioner of diverse thinking as an essential business tactic (see “Thoughtful Disagreement,” below). He attributes his success in encouraging disagreement and debate to the fact that he launched the firm without the prejudices or biases of any prior experience at a traditional organization. By definition, he says, a traditional CEO of a company with an existing structure that is hierarchical has a different way of thinking and follows quite a different

approach. Being an entrepreneur means having to figure everything out in an independent way, Dalio says. “Rising through an existing structure or culture doesn't usually lend itself to that.”

As a famous example of his point, he cites **Steve Jobs**. “He also did not go into an existing company,” Dalio says. “He started a company. If he had spent twenty years in a Fortune 500 company, he would have not been an independent thinker, and he wouldn't be a promoter of independent thinking. He would have had to learn well and follow instructions and get the approvals and the promotions that would allow him to climb the ladder.”

## Fighting the Culture War

Even when top executives do genuinely want diversity of thought, they often discover to their dismay that the company's entrenched culture effectively kills off any such newfangled notion.

While companies say they are looking for new ideas, there is in most organizations an expectation of assimilation into the existing culture and norms of the enterprise, Santana says. Even when people with new ways of thinking and seeing opportunities and challenges enter the organization, they are generally either remolded into the company's image or weeded out.

(The exception, albeit one with the same result, is when a board brings in a new CEO with a mandate for dramatic change. Adherence to the “old” culture is suddenly seen as obstinacy and inflexibility, and everyone rushes to declare allegiance to each of the CEO's stated ideas, with perceived dissenters hastily pushed out of the organization.)

**George Bradt**, managing director of Stamford, Conn.-based executive on-boarding consultancy **PrimeGenesis**, likens that longstanding cultural reality to the old samurai culture of Japan. “If you stood out from the crowd and were wrong, they cut your head off,” he says. “If you stood out from the crowd and were right, the group ostracized you and you ended up having to commit hara-kiri. The end result of both outcomes was a bad one, so people learned not to stand out from the crowd.”

He sees a powerful parallel in today's corporate world. “And it's not just true of the reactions of the people above you,” Bradt says. “If you make your peers look bad and they shun you, in today's organization—where things are so much more interdependent than ever before—you can't succeed. You won't last.”

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**more groupthink.**

Given such a formidable obstacle, Santana says, he counsels clients to assess their organizational culture before they go looking for free thinkers. He recommends they look carefully at the changes that have to be made before they will be able to bring in someone with contrarian ideas and actually leverage that person's value.

Yet another beguiling factor is the ironic reality that diversity, in terms of race, gender, or ethnicity, does not ensure diversity of thought. In fact, although most large companies have aggressively pursued traditional "diversity" for at least a decade, it has yielded virtually no benefit in terms of broader perspective or analysis. It has simply—and surprisingly—led to more groupthink.

"Racial or gender diversity is not the same thing as diversity of thought," Bradt says. "Even if a company is recruiting people who look or sound different, if they're thinking the same way when they come into the company, you don't get diversity of thought. And no matter how you recruit them, if you train everybody the same way and reward everybody the same way, guess what—you end up with the same result. You end up with the same kind of thinking."

Moreover, because many recruits of Fortune 1,000 companies have attended the same handful of business schools and development programs, even if they were diverse when they went in, they are homogenized when they come out. Lenkov agrees that such a cookie-cutter model for B-school graduates exacerbates the problem.

And, says San Diego-based leadership-training consultant **AmyK Hutchens**, most savvy hires are also trained to adapt to their new organization's culture rather than swim against the tide if they want to get on track to climb the corporate ladder.

## From the Top

When confronted with such daunting obstacles to success, companies that do want to nurture diversity of thought must embrace an all-important, overarching principle, the experts say.

And that is that it's not an HR issue. It's a leadership issue.

Lenkov seconds that opinion but also stresses that to have any real chance of fruition, the initiative must start at the very top of the organization, with the board. "There has to be a culture in the boardroom that will allow for that kind of change, because there's that old saying, 'It's not about what you say—it's about what you do,'" she says. "If you don't actually see such a new initiative represented in the boardroom, how will it translate down into the organization? So it has to be encouraged directly from the boardroom. That's the only way to ensure a continual process that is aimed at creating diversity of thought. Otherwise, even when you have it, it tends to still become groupthink over time. There has to be a constant process of renewal of the desire to have it, and that can come only from the board."

At the same time, says David M. Love II, a director in executive search firm **Stanton Chase's** Atlanta office, HR leaders must wholeheartedly embrace the concept of truly diverse thinking as an essential twenty-first-century weapon. And for that to happen, he says, top executives must start challenging their HR professionals. "They have to start saying, 'I don't want more of the same. I want diversity of thought, and it's up to you to deliver it.' And that HR person will have to believe in it just as much as the leader does."



## Making It Happen

Although few observers seem convinced that diversity-of-thought initiatives will ever sweep through the Fortune 1,000, they are quick to identify cases of companies that have undertaken one and made it work.

"We believe in diversity of thought, and our leaders value it," says **Tracey Gray-Walker**, a twenty-two-year veteran of New York-based insurer **AXA Equitable** and now its chief diversity officer. "So we actually promote it. We want to develop different perspectives so that we can ultimately achieve better business results."

And, Gray-Walker says, it's nothing new. "I can't remember a time when I or others were not encouraged to bring our own perspectives into a conversation or the development of a project," she says.

How does AXA get that message across? It's part of the company's culture. "Speaking for myself, I encourage people to challenge me in meetings," Gray-Walker says. "I don't believe that any one person in the room ever has all the answers. And I was developed in this organization to always think outside the box and to bring my perspectives into everything we do. I also learned that's how you grow and get ahead in this organization."

Management, Gray-Walker says, rewards people for bringing their best ideas to the company every day and helping AXA be better at fundamentals such as product development or customer service.

Another good current example is **Boeing**, says Amy K. Hutchens. The company has created a formal "diversity of thought" program for executives as part of their strategic global diversity initiative. "And what's fascinating about their program is that they now believe and understand that the most successful leaders are the ones that can gather and embrace ideas from multiple perspectives that will generate innovation and business growth," Hutchens says. "As a result, they've actually created a two-and-a-half-day program that is all about valuing and leveraging multiple perspectives and new ideas."



Hutchens also cites **Sandoz**, the generic-pharmaceuticals division of **Novartis**. The company's onboarding process does three things to measure a person's potential for diversity of thought. The first is an assessment of so-called "differential ability." That means HR actually tests to see how a person solves problems. Sandoz also uses interview questions based on a potential hire's life experience and the things that have made her who she is—and how that has helped her develop problem-solving skills. And finally, the company uses the **Herrmann Brain Dominance Instrument** test—though not for hiring people. "They use it to make sure that once they have hired someone, they will get real diversity of thought from that person," Hutchens says.

## Starting a revolution?

While he might be in a minority for thinking so, Ashford believes—based on the bottom-line success he has observed at Mercer as a direct result of a CEO-driven quest for diversity of thought over the last few years—that such initiatives will become mainstream across the Fortune 1,000 and beyond in the foreseeable future.



"I think diversity of thought will have to become a broad-based practice for a few reasons," he says. "One is the pace and complexity of the business environment in a global economy. Those organizations that are going to be successful going forward are going to be those where you have empowered leaders and engagement that can bring different perspectives and opinions together and people can challenge one another to use their collective intelligence to solve problems."

He agrees with his less optimistic peers, however, that such widespread success will not be easy to achieve. In fact, he says, for many organizations, it will be very difficult to do. And it will remain a daunting challenge, no matter how hard they try to change up their cultures. "But I also think that more and more companies will come to the realization that it's something they need to be doing if they are going to remain successful," he says.

Dalio—the godfather of radically diverse thinking that is encouraged at all costs—also believes that such lofty ambitions will infect more and more companies. But he also draws a clear distinction between what he calls "new generation" companies such as Apple and Google and the old-line, time-honored names now in the Fortune 1,000.

"I think there is a revolutionary new way of thinking that is happening at companies out of Silicon Valley and other places in which the approach to running the organization is very different from the traditional approach," Dalio says. "So I would divide the world into traditional companies and what I would call highly unstructured companies that are highly oriented toward an idea meritocracy—entrepreneurial companies that take a different approach to business. But in those companies, I do

think there is a revolution going on about how to achieve independent thinking and build a true idea meritocracy."

And, he says, enormously important business advantages such as the ability to innovate and solve critical problems will increasingly accrue to enterprises that pursue that path.

And not least among them, he says, is the ability to recruit top talent—"so much so," he says, "that I don't believe in the future any intelligent person will want to go to a company that is not an idea meritocracy where their independent thinking is valued."

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## "Thoughtful Disagreement"

Over the last thirty-seven years, since he founded the company, **Ray Dalio**, former CEO and now mentor and chief investment officer at investment management firm **Bridgewater Associates**, has relentlessly promoted diverse thought within the organization.

"I find it an oddity that most executives don't enjoy what I call 'thoughtful disagreement' and find it productive," says Dalio, who attributes his \$10 billion net worth to his nontraditional mentality.

One of the key tools he has used to foster thoughtful disagreement is the tape recording of every meeting held at Bridgewater, unless it involves sensitive proprietary information. "And anybody in the company can listen to those meetings," he says. "The most fundamental idea behind what we do is that nothing in the company is hidden. I believe in radical transparency."

Such unorthodox openness is essential to proper communication, Dalio says. "When you do things behind closed doors, nobody is going to know exactly what the deal is," he says. "There's going to be a whole lot of spin. And everybody will try to protect their egos. So who knows what's right and what's wrong? But when everything is radically open, everybody can judge whether something makes sense or not."

Another example of Dalio's innovative tactics is what he calls "issues logs." "Whenever anything goes wrong," he says, "it's the responsibility of everyone at Bridgewater to log it, write it down, and then diagnose why it went wrong—in a non-egotistical way."

The idea, he explains, is to bring problems to the surface—to look for problems. "Because in problems, we find out about weaknesses," he says. "And improvement comes from looking at problems and identifying weaknesses. But most people don't like doing that. So that is another example of a process we have institutionalized, with total transparency, so we can learn and improve."

What his admittedly radical approach has achieved, he says, is a list of tangible business benefits that include fostering innovation and reducing the risk of major mistakes. "You also produce appreciation from your people," he says. "You build meaningful relationships and a sense of community. And you have people who could not work anywhere else. All of those things result if you respect the fact that everybody has the right and obligation to make sense of things and do it in an open way. And that needs to be institutionalized. It has to be structurally created."

And in case anyone doubts the fiscal benefits of diverse thinking, Dalio points out that while the hedge-fund industry posted a negative 5 percent return last year, Bridgewater earned a whopping 23 percent for its clients, which include central banks and foreign governments. Since the global financial crisis of 2008, while competitors struggled, Bridgewater has brought in \$50 billion for its clients.

"But that required us to think very differently from the rest of the world," Dalio says. "We thought in a way that was very different from the way everyone else was thinking."

—J.B.

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