

“Don't worry about it, we're still on the right track”

Management 300 was a tough experience for me. Our firm, Peters Bike Shop went through a roller coaster ride of successes and failures; and my engagement with the weekly topics and subjects followed much the same negative/positive trajectory as a result. I find myself questioning what I truly have learned about 'management in dynamic contexts.' The purpose of this course - as summarized by its description on the University webpage - is: *to explore and reflect on the realities of management theory and practice through critically examining management challenges [from small entrepreneurial firms to large corporations]* (University of Auckland, n.d). It's not surprising, then, that my experience and reflection speaks to this framework. One such management challenge I experienced and which I will explore and reflect upon is organizational failure. Within failure, the problems I wish to articulate and explore are the actions and behaviours that resulted in our failures. I will provide a tentative theory to counteract these behaviours and avoid similar catastrophe in my future engagements with dynamic organizations. I will discuss the severity of our failure within Mikes Bikes and the direct consequences and actions that played out in our team. I will analyse the problem, through an exploration using weekly learning journals from our team (and especially myself), to try and realise our group's mindset directly before and in consideration of our failure. I will then reflect upon the theoretical frameworks that define, more generally, how actors within dynamic work contexts, such as small project teams like ours, perpetuate actions and behaviours that lead to bad decision-making and breakdown. The problem I wish to articulate, and the question I will answer - *to reflect upon what I feel is an intrinsic reality within dynamic organizational contexts* - is: what caused our seemingly successful and well functioning team to incur such drastic failure?

As I have inferred, our team was not deadweight from the beginning. When we formed, we discussed our SoloMike shareholder value (SHV) results; I personally gained a SHV of \$125 and all the members of our team were at least above \$50. Given that an indication of basic competence within SoloMike was a SHV of \$25, it was a fair assumption at the time, that we were all adept within the simulation. This assumption grew when we completed the initial practice rollovers within the competitive NetMike platform. Our team, then called BuyCycles, were first in the class for the initial two practice rollovers. Our final SHV at the end of the practice rollovers was \$55.15, which still remains within the top 15 results of our class scorecard (practice and current rollovers included). Our success continued into the real rollovers. We fluctuated within the top two positions of the class scorecard. With all this success behind us, it was devastating to find that after the third rollover our profit dropped to a negative \$7 million. We were hit further with a \$15 million dollar overdraft, which brought with it the extraneous costs of legal fees and interest repayments. The next rollover, with little ability to respond quickly enough to these issues, we found our firm insolvent. The following week was one of stressful and hard work, but we were able to bring ourselves back out of debt and back into a position from which we could rebuild.

What did we do to take a firm that displayed such potential and initial success and make have such a dramatic failure? As I reflect, it was not unluckiness that put us in that position. We behaved and acted in a way that directly led to our failure. A deeper analysis of the behaviours we exhibited before the failure show me now that we were all ambivalent and complacent. The fact of the matter is, we *did not* understand the simulation, and the way each of our specializations worked. It was only after I spent 10-15 hours following the failure - reading manuals and reusing SoloMike - that I began to understand the simulation. In my journal in week 2, I noted how I foolishly avoided the Rollback button on SoloMike, which would have allowed me to spot check the results of specific decisions and understand the way they interact (Thomas, 2013a). In spite of this, my week 2 journal details how I *“tried to process a system, set of rules or algorithms that would allow me to dominate the simulation* (Thomas, 2013a).” A set of rules created secure footing upon which I could feel certain and calm. I noted, however, that I could not come up with a set of rules that worked consistently, and settled for rigid assumptions based on what worked in the short run (such as lowering retail margins immediately, buying back shares and rushing into debt repayments). I lulled myself into a false sense of security, feeling like I had a strong understanding of 'rules' or shortcuts that dictated success. One should explore any tools and decisions within diverse situations and learn to become an expert on how they work dynamically; not only based on what has worked in very specific past situations (Leonard, Barton, & Barton; 2013). It is frustrating that my journal detailed an initial forewarning of the complacent actions that I now know I would continue to display. Happy with my SoloMike SHV result I ignored my own warnings and began translating my SoloMike decisions to our multiplayer team. In fact, we used the exact decisions I had made in SoloMike for our first rollover, without considering context or any changes that the multiplayer simulation would bring. As I reflected on Collins (2005) in my week 3 journal, I noted that results focused work distorted my ability to engage properly with the simulation. In the daze of achieving good results, I fell back on what I thought was a watertight theory to success, because it had been this way in SoloMike (Thomas, 2013b). We stopped engaging with the spreadsheets, manuals and even some results screens in MikesBikes. For example, the number of stores stocking our bikes was decreasing steadily. We did not understand how retailer margins worked and had decreased them too early. In spite of this, I consistently repeated, “as long as we sell what we produce we don't need to worry about how many retailers we have,” and hence we began to ignore the reports and information that showed how drastically our distribution channels were depleting. Another example is when we decided to implement a differentiation strategy; my complacent mindset is shown in my week 05 Journal *“If we reconsider that our market is completely separate to the other groups (by moving into the market we have noted that others are apprehensive to move into) then we can rest on our own merits and not have to worry about what the other groups are doing at all* (Thomas, 2013c).” The truth, however, is that in organizations there are an infinite amount of contextual results and decisions to make, and no such rigid plan is going to be useful if you have no idea what each piece of the puzzle does. My reflection in my Week 09 confirmed how we couldn't have expected to be successful at all, because none of us truly knew how to use the simulation (Thomas, 2013d). Instead of learning the intricacies of MikesBikes, we poured our efforts into (collectively) determining short term strategies based on our past successes. We didn't consider the importance of understanding the trajectory of our strategies; what each decision actually meant and what it would mean in the future (Bhagai, et. al, 2009). In fact, as my teammate Wendy Smith (2013) noticed, if we were falling behind in specific areas in the simulation, we didn't try to find out why, we just copied the competitor that was doing the best in that area, once again expecting that this would provide a rigid plan that would lead to success.

Frustratingly (now) my teammates and my own journals indicate that we were all aware that we did not understand the simulation, and were too heavily influenced by strategies that we blindly thought would be successful; our journals tell me that we were all aware that we were being complacent (Doe, 2013a; Doe, 2013b; Goodwin, 2013; Morrison, 2013). Why, then, did no one voice these concerns to the team? My team member Vivienne Doe (2013c) touched on the process of 'groupthink' in her week 04 journals. She used the research of Buchanan (2006) to highlight how a lack of conflict or challenging of ideals results in poor group decisions. Buchanan (2006) says that too quick of a consensus within teams should seem suspicious. However, as Vivienne pointed out, but failed to resist, this was exactly the way our team was operating. Irving Janis defined groupthink as "a mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members' striving for unanimity override their motivation to realistically appraise alternative courses of action (Janis, 1972, p.8; as cited in Moorehead, 1991)." Especially within the initial forming stages of our group, it makes sense to me that everyone would have wanted to be a part of the in-group and weren't willing to be 'adversarial'. Kroon, Hart, and Van Kreveld (1991) explain that group solidarity becomes more important than a critical examination of our decisions, hence we settle for bad contrived solutions rather than well thought out and analysed ones. This explains why Vivienne, did not voice her concerns (ironically) about groupthink, and why no other member tried to counter the complacency that we all recognized and wrote about in our journals. I now understand why we allowed ourselves to continue to make bad decisions that eventually led to catastrophic failure; and the research mirrors my newfound understanding that complacency and overconfidence are direct results of groupthink (Ko, 2003). I now have a clear picture of how this could manifest in the future. The groupthink processes are obvious now, for example, we pushed decisions into a more communal space, so that the consequences become shared as well. As CFO, if I wanted to make a financial decision, I would not advise my team as to what I felt was the best thing to do, I would simply point out "we should consider raising our debt, what do you guys think?" this became a group decision and the teams fault if it was a wrong one, not mine; thereafter the first suggestions became our decision, as no one else wanted the knock on effect of criticizing them and attributing results to themselves.

Finally, with knowledge of our experience, and guided by academic literature, I have formulated a tentative hypothesis to counter these behaviors in my future experience with similar organizational contexts. The most relevant and useful theory is ensuring individual accountability (Kroon et. al., 1991). Especially when dealing with project teams that contain role specializations, like ours, I will make it clear, that regardless of how decision-making processes occur, each person is held accountable to the success of their role. Though I initially reflected that this would make people less open to suggestions, Kroon (1991) examined how the firm will still benefit because individual accountability forced members to work harder to make sure that their roles were done correctly. Even though decisions are less collective, teams take advantage of the inherent specializations and each member becomes experts in their area, and hence the team can benefit from being informed about all the elements a task entails. It was detrimental for us to ignore the fact that we had been given specific roles, and we ended up becoming groupthink victims. I will ensure that people remain accountable to their role performance by tying it with feedback and remuneration. I will set this out in a well-designed team contract in order for it to remain objective. As I reflect, for example, our team could have decided the allocation of peer review marks would be dependent on role performance rather than the more 'social' team engagement and helpfulness (which was the way that we did it), this would have ensured people had taken ownership over their roles and learnt how they fit into the simulation. A strong and objective team contract will allow me to ensure that individual accountability will be maintained, such that people will be willing to share what they know is the best option and groupthink will and complacency will be relieved.

In conclusion, our team was a dynamic management context; in that way, I have used this course as a litmus test and case study for future problems that I may encounter in dynamic organizations. I felt it necessary to explore the behaviors that teams demonstrate in the lead up to a dramatic failure (which we experienced in MikesBikes). What I found was that our team members became complacent. We hedged our bets on plans; which we noticed were working within the SoloMike simulation, and tried to create rigid algorithms that would make us succeed in the multiplayer equivalent. We spent more time trying to copy successful past experiences and did not take the time to actually learn the way that the simulation worked. We did not understand how to work within the simulation and this created an inability to adapt to diverse situations. When we had small failures, we tried to copy other teams that succeeded in those areas as well. Upon further analysis I discovered theoretical frameworks that explain why our and many organizational teams become not only complacent, but also like-minded and complicit in bad group decision making. This process, known as 'groupthink' dictates how teams begin to think alike as well as avoid confrontation, in order to remain a cohesive unit. Therefore, any helpful criticisms or opposing viewpoints remain unaddressed and any bad decisions or phenomena are not brought to light. We did not want to be responsible for the consequences of our role doing badly, and hence we tried to make every part of the simulation seem like it was a collective decision. Knowing this, I hypothesised the way I hope to counter these issues in the future. I proposed that when I am involved in similar situations I will ensure that individual role accountability is maintained from the outset, people will be more likely to learn their roles and ensure their roles succeed because they will bear the consequences of their role failing regardless of decision making context. Not only will this counter groupthink and 'hiding' phenomenon but will also turn team members into experts in their role and allow the team to benefit from the already inherent specialization. To ensure objectivity in the way accountability is managed, I will tie remuneration and consequences to role success by laying it out in a comprehensive and signed team contract. I take solace in the fact that this course has allowed me to explore and reflect upon the human behavioral aspects which may lead to bad decisions and failure; I now understand and have critically examined situations within which this management challenge occurs, and in doing so, have been provided with a toolkit to avoid and prevent the reality that is failure in management in dynamic contexts.

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