



SOCIETY OF ACTUARIES

**SOA 09 Annual Meeting & Exhibit
October 25-28, 2009**

**Session 29 TS, Why Great Leaders Don't Take
'Yes' for an Answer - the Need for Constructive
Conflict**

Moderator:

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WHY GREAT LEADERS DON'T TAKE 'YES' FOR AN ANSWER

The Need for Constructive Conflict

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Moderator: Joe Paesani

*Session Sponsored by the Management and
Personal Development Section*

Society of Actuaries Annual Meeting
Boston - Session 29 - October 26, 2009

This Session's Key Messages

- Leaders hear 'yes' far too often and don't hear bad news until it's too late
- It's an enormous problem, but not inevitable
- Leaders need to simultaneously cultivate debate and build consensus to make superior decisions
- Superior decision making produces optimal results

***“It is a terrible thing to look
over your shoulder when you
are trying to lead - and find
no one there.”***

***- Franklin D.
Roosevelt***

Performing in Today's Climate

- Unprecedented era of constant, rapid, and unexpected change and uncertainty
- Results are critical → speed, accuracy, relevance...*impact!*
- **Your Value** – is tied to increasing profits and/or reducing costs
- Your ability to increase value is directly dependent on your ability to make superior decisions

***“When you come a to a fork
in the road take it”***

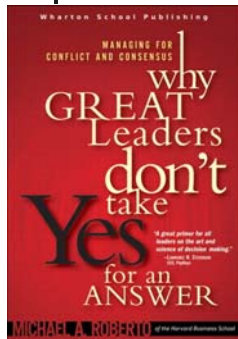
- Yogi Berra

***WHY GREAT LEADERS DON'T TAKE
'YES' FOR AN ANSWER***

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Why Great Leaders Don't Take Yes For An Answer



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Three Key Principles

- Good decision process tends to produce good outcomes.
- Good process means simultaneously cultivating constructive conflict and building management consensus.
- Creating good process necessitates a good deal of forethought – leaders must spend time “deciding how to decide.”



The Bay of Pigs Invasion



- During the Eisenhower administration, the CIA trained a force of Cuban exiles, and developed a plan to employ these exiles in an invasion of Cuba. The CIA plan called for no direct US military involvement in the invasion.
- Eight days after John Kennedy's inauguration, the CIA presented this plan to the new President and his staff. Kennedy was wary and cautious. He asked the Defense Dept. to take a look at the plan.
- The Joint Chiefs of Staff, the leaders of each branch of the US military, concluded that the plan could work. However, they argued that the plan would only work if coupled with an internal uprising OR US military involvement.

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- In mid-March, the President was confronted with a “now or never” choice. The Guatemalans wanted the Cubans to stop training in their country. Castro was expected to receive a major shipment of Soviet fighters in June. Moreover, the rainy season would start soon, complicating any invasion effort.
- On March 11, the President convened a meeting of his Cabinet. Allen Dulles and Richard Bissell, Jr., highly respected and experienced CIA officials, argued for the invasion.
- They presented “a proposal on which they had personally worked for a long time and in which their organization had a heavy vested interest. This cast them in the role less of analysts, than of advocates, and it led them to accept progressive modifications so long as the expedition in some form remained.”

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- “The determination to keep the scheme alive sprang in part...from the embarrassments of calling it off...The contingency had thus become a reality: having created the Brigade as an option, the CIA now presented its use against Cuba as a necessity.” Kennedy began to ask his advisers to consider a revised plan that would enable the invasion to occur at lower political risk.
- During the meetings, many participants presumed that uprisings within Cuba would be essential to the plan’s success. Dulles argued that thousands belonged to resistance organizations and would actively support the invasion.
- To maintain secrecy, few people were involved in the deliberations. For example, the Deputy Director of Intelligence, “was not informed at any point about any aspect of the operation. The same men, in short, both planned the operation and judged its chances of success.” Similarly, Tom Mann, who ran the Cuban desk at the State Dept., was not consulted.

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- The Cabinet began to meet every three or four days. Kennedy began to grow more skeptical as more problems surfaced.
- Dulles and Bissell redoubled their efforts. They argued that, even if the plan failed, the cost was minimal. “Somehow the idea took hold around the Cabinet table that this would not matter much so long as US soldiers did not take part.”
- Dulles also argued that the rebels could “melt away into the mountains” if the invasion failed. The mountains to which he referred were 80 miles from the Bay of Pigs landing site.
- At this point, “our meetings were taking place in a curious atmosphere of assumed consensus. The CIA representatives dominated the discussion. The Joint Chiefs seemed to be going contentedly along.”

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- When Chester Bowles sat in on one meeting due to Sec. of State Rusk's absence, he was horrified at the plan but did not speak up. He wrote a memo to Rusk (his boss) outlining his opposition, but this was never given to Kennedy.
- "In the months after the Bay of Pigs, I bitterly reproached myself for having kept so silent...It is one thing for a Special Assistant to talk frankly to a President at his request and another for a college professor, fresh to the government, to interpose his unassisted judgment in open meeting against that of such august figures as the Secretaries of State and Defense and the Joint Chiefs of Staff."

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- In early April, Kennedy made up his mind. "He felt that...he had successfully pared it down from a grandiose amphibious assault to a mass infiltration...he supposed that the cost, both military and political, of failure was now reduced to a tolerable level."
- "The decision resulted from the fact that he had been in office only 77 days...the authority of his senior officials in the realm of foreign policy and defense was unanimous for going ahead...they all spoke with the prerogative of men vested with a unique understanding of arcane matters...Had one senior adviser opposed the adventure, I believe Kennedy would have cancelled it. Not one spoke against it."

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The Absence of Dissent

“If you have a yes-man working for you, one of you is redundant.”

– Barry Rand,
CEO, Avis

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Why Conflict Matters

“Debates are like the process through which a photographer sharpens the contrast when developing a print. The clearer images that result permit management to make a more informed - and more likely correct - call.”

**Andrew Grove,
Former Chairman and CEO of Intel**

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Why Conflict Matters

“The best insurance against crossing the ethical divide is a roomful of skeptics. CEOs must actively encourage dissent among senior managers by creating decision-making processes, reporting relationships, and incentives that encourage opposing viewpoints...By advocating dissent, top executives can create a climate where wrongdoing will not go unchallenged.”

Business Week, Special Report –
The Crisis in Corporate Governance,
May 6, 2002

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Types of Conflict

Cognitive Conflict:

Generally task oriented and focused on judgmental differences about how to best achieve common objectives

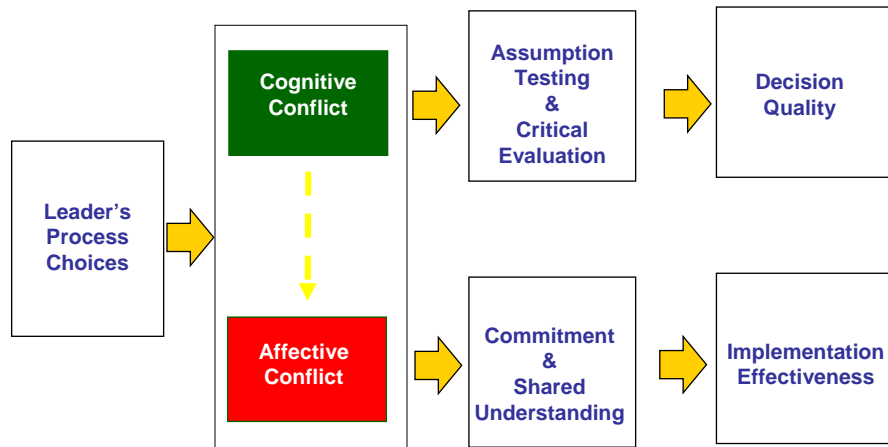
Affective Conflict:

Tends to be emotional and focused on personal incompatibilities or disputes

Source: Amason, "Distinguishing the Effects of Functional and Dysfunctional Conflict"

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Role of Conflict



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The Columbia Shuttle



Engineer Rodney Rocha:

"I couldn't do it [speak up more forcefully]... I'm too low down... and she's [Ham] way up here."

Former shuttle astronaut Jim Bagian:

"At senior levels, during the 1990s, dissent was not tolerated, and therefore, people learned if you wanted to survive in the organization, you had to keep your mouth shut."

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The Perils of Passive Leadership



Investigator: As a manager, how do you seek out dissenting opinions?

MMT Chair: Well, when I hear about them.

Investigator: By their very nature you may not hear about them.

MMT Chair: Well, when somebody comes forward and tells me about them.

Investigator: But, what techniques do you use to *get* them?

Apparently, the MMT Chair did not have an answer to this final question.

SOURCE: Langerwiesche, *Atlantic Monthly*, November 2003, pg. 82

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The Cuban Missile Crisis



- In the early morning of October 16, 1962, President Kennedy was told that evidence from spy plane missions indicated that the Soviet Union had begun to place missiles in Cuba. Later that morning, the CIA showed the President and his staff photographs of the construction of a missile base in Cuba.
- The group that met on October 16th to examine the photos met almost continuously through the next 12 days. The group came to be called “Ex Comm” – Executive Committee of the National Security Council. They did not meet at the White House Cabinet room, but rather in conference rooms at the State Dept.
- Most believed that some action had to be taken, and they felt that an air strike “could be the only course.”

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- “To keep the discussions from being inhibited and because he did not want to arouse attention, he (President Kennedy) decided not to attend all the meetings of our committee.”
- An alternative to a military air strike emerged during the discussions on October 16. In particular, Secretary of Defense McNamara argued for a quarantine or blockade. The Joint Chiefs of Staff unanimously argued for an immediate air strike.
- On October 17th, photos showed several other installations in Cuba, with 16-32 missiles. It was estimated that they could kill 80 million Americans. The pressure intensified.
- Observing the President’s frustration at one point, General David M. Shoup told him, “You are in a pretty bad fix, Mr. President.” The President answered quickly, “You are in it with me.”

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- By October 18, a majority of the group favored a blockade. “However, as people talked, as the President raised probing questions, minds and opinions began to change again, and not only on small points...The President, not at all satisfied, sent us back to our deliberations.”
- “Finally, we agreed on a procedure by which we felt we could give some intelligent recommendations to the President...We split into groups to write up our respective recommendations, beginning with an outline of the President’s speech to the nation and the whole course of action thereafter.”
- “In the early afternoon, we exchanged papers, each group dissected and criticized the other, and then the papers were returned to the original group to develop further answers.”
- The rules of protocol were suspended during these meetings. “During all these deliberations, we all spoke as equals. There was no rank, and in fact, we did not even have a chairman.”

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- “The two men whom the President trusted most – his brother Robert Kennedy and Theodore Sorensen – were given a special role. As intellectual watchdogs, these men were told to relentlessly pursue every bone of contention in order to prevent errors arising from too superficial an analysis of the issues.” (Irving Janis)
- “Accepting his role avidly, Robert Kennedy, at the expense of becoming unpopular with some of associates, barked out sharp and sometimes rude questions. Often he deliberately became the devil’s advocate.” (Irving Janis)
- Finally, ExComm met with the President. McNamara presented the arguments for the blockade. The Joint Chiefs presented the arguments for a military air strike. The President, hearing the debate and asking many tough questions, decided in favor of a blockade.

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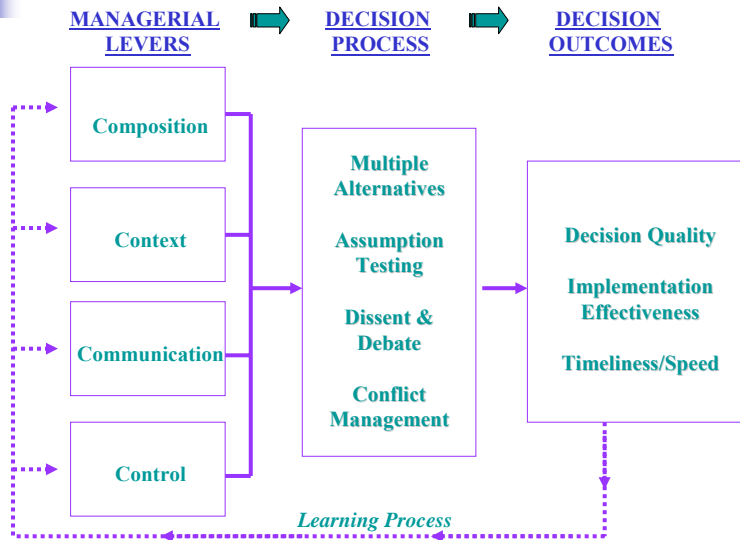


Process Improvement

- Get JFK out of the room
- Suspend the rules of protocol
- Skeptical generalists, not departmental spokespeople
- Split into subgroups, generate and debate alternatives
- Employ devil’s advocates

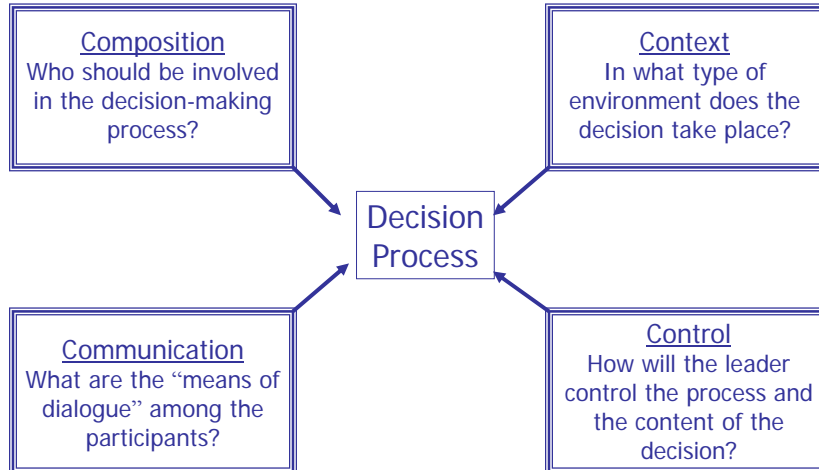
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Deciding How to Decide



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Setting the Stage for Success



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Devil's Advocacy vs. Culture of No

Devil's Advocacy	The Culture of No
<ul style="list-style-type: none"> Objective is to encourage divergent thinking and to open new lines of inquiry 	<ul style="list-style-type: none"> Objective is to block proposals that conflict with one's own interests and objectives
<ul style="list-style-type: none"> Dissenters have the ability to affect the decision process, but not dictate the outcome 	<ul style="list-style-type: none"> Lone dissenters have virtual veto power
<ul style="list-style-type: none"> Dissenters have more impact if they present unbiased perspectives, and if they provide equal levels of critical examination for all options under consideration 	<ul style="list-style-type: none"> Dissenters with more power and status, or who "pound the table harder than others," have more clout.
<ul style="list-style-type: none"> Dissenters share information freely with others so that others may form their own conclusions 	<ul style="list-style-type: none"> Dissenters hold information that might enable others to engage them in a productive debate
<ul style="list-style-type: none"> Dissenters seek to generate many new options 	<ul style="list-style-type: none"> Dissenters tear down existing proposals without offering alternatives
<ul style="list-style-type: none"> Dissenters focus on the extent to which assumptions underlying each option may be overly pessimistic as well as overly optimistic 	<ul style="list-style-type: none"> Dissenters only focus on downside risks associated with the specific proposals that they oppose

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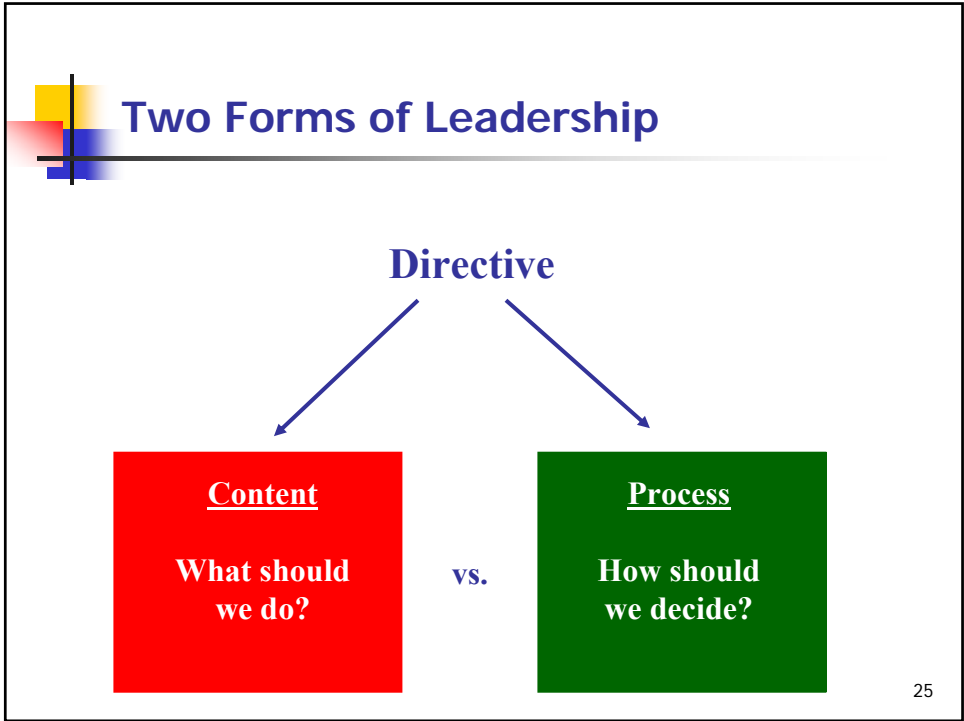


Reframing the Debate

Type of Question	Examples
Why?	"Help me understand why you believe..."
Why not?	"Why not pursue these other options?"
What if?	"What if we found this assumption proved to be false?"
What would you do?	"What would you do if you were in my shoes?"
What makes that optimal?	"You must have good reasons for thinking that's an optimal solution. I'd like to hear them."

Source: Adapted from W. Ury. (1993). *Getting past no: Negotiating your way from confrontation to cooperation*. New York: Bantam Books.

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The Prepared Mind

Chance favors the prepared mind.

- Louis Pasteur

The most common source of management mistakes is not the failure to find the right answers. It is the failure to ask the right questions.

- Peter Drucker

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The slide features a section header 'The Prepared Mind' with a decorative graphic of overlapping colored squares (yellow, red, blue) and a black crosshair. Below the header, there are two quotes in italics. The first quote is 'Chance favors the prepared mind.' followed by '- Louis Pasteur'. The second quote is 'The most common source of management mistakes is not the failure to find the right answers. It is the failure to ask the right questions.' followed by '- Peter Drucker'. The number '26' is in the bottom right corner.