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## Groupthink: How Not to Run A Company

*Lessons from the U.S. War in Iraq*

The U.S. led invasion in Iraq should have been short and sweet. Hawks in the U.S. administration were confidently predicting that the war would be over within days. Iraqis would welcome the Americans and the country would become a model free-market democracy for the Middle East. The reality is a bit different. The U.S. military is bogged down and incapable of defeating the insurgents. The country is lurching towards civil war and the U.S. is unable to control the anarchy from the green zone. The parallels with Vietnam are striking.

The international community is bitterly divided and the majority of world's population deeply is distrustful of the Bush administration. How is it that the most powerful nation on earth, with access to sophisticated intelligence and huge military might, have gotten it so wrong?

The answer is *Groupthink*, a refusal to see reality as it is; to view it as people would like it to be. Irving Janis coined this term in 1982 after researching the Watergate cover-up, the Bay of Pigs invasion, the Japanese raid on Pearl Harbour, and the escalation of the Vietnam War. Groupthink is an organizational pathology, a group behaviour that often leads to disastrous outcomes. It can be defined as a mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when members' strivings for unanimity override their motivation to realistically appraise alternative courses of action. In other words, when the goal of the group's decision-making becomes unanimity rather than the best solution.

### War Games with the Wrong Enemy

Lt-Gen William Wallace, the US army's senior ground commander famously stated: "The enemy we're fighting is different from the one we'd war-gamed against." He was correct. The war games, staged in 2002 involving 13,000 troops, were rigged to ensure a swift US victory. General Paul Van Riper said that the exercises were "almost entirely scripted to ensure a [US] win". As commander of a low-tech, third world army, Gen Van Riper appeared to have repeatedly outwitted US forces.

"Instead of a free-play, two-sided game as the joint forces commander advertised it was going to be, it simply became a scripted exercise. They had a predetermined end, and they scripted the exercise to that end." He protested by quitting as enemy commander, when he found out his orders were being overruled by the military coordinators of the game, and warned that the Pentagon might wrongly conclude that its experimental tactics were working. The games were designed to test experimental new tactics and doctrines advocated by Donald Rumsfeld, known as "military transformation". The transformation is aimed at making US forces more mobile and daring, but Gen Van Riper said that the "concepts" the game were supposed to test, with names such as "effects- based operations" and "rapid, decisive operations", were little more than "slogans", which had not been

properly put to the test by the exercise.<sup>1</sup>

### A Cakewalk

Kenneth Adelman, a member of the Pentagon's Defence Policy Board, wrote in the Washington Post in February 2002: "I believe demolishing Hussein's military power and liberating Iraq would be a cakewalk. Let me give simple, responsible reasons: 1) It was a cakewalk last time; 2) they've become much weaker; 3) we've become much stronger; and 4) now we're playing for keeps." Adelman persisted in defending his analysis even after being proved wrong. "I was not being casual... measured by any cost-benefit analysis, such an operation would constitute the greatest victory in America's war on terrorism," he said. A refusal to see reality.

### Symptoms of Groupthink

Janis identified eight symptoms of groupthink. The first two stem from overconfidence in the group's prowess. The next pair reflect the tunnel vision members use to view the problem. The final four are signs of strong conformity pressure within the group.

**1. Illusion of Invulnerability.** "Everything is going to work out all right because we are a special group."

**2. Belief in Inherent Morality of the Group.** "The U.S stands for freedom and democracy". Questioning this almost amounts to treason.

**3. Collective Rationalization.** Simplistic statements such as "Saddam is an evil dictator who possesses WMD" outlaw the possibility of rational analysis.

**4. Out-group Stereotypes.** "If you're not with us you're against us." Opponents to the war are unpatriotic.

**5. Self-Censorship.** Intelligence experts got the message from early on that the administration only wanted information supporting a single outcome. The U.K sexed-up "dodgy dossier" is an example.

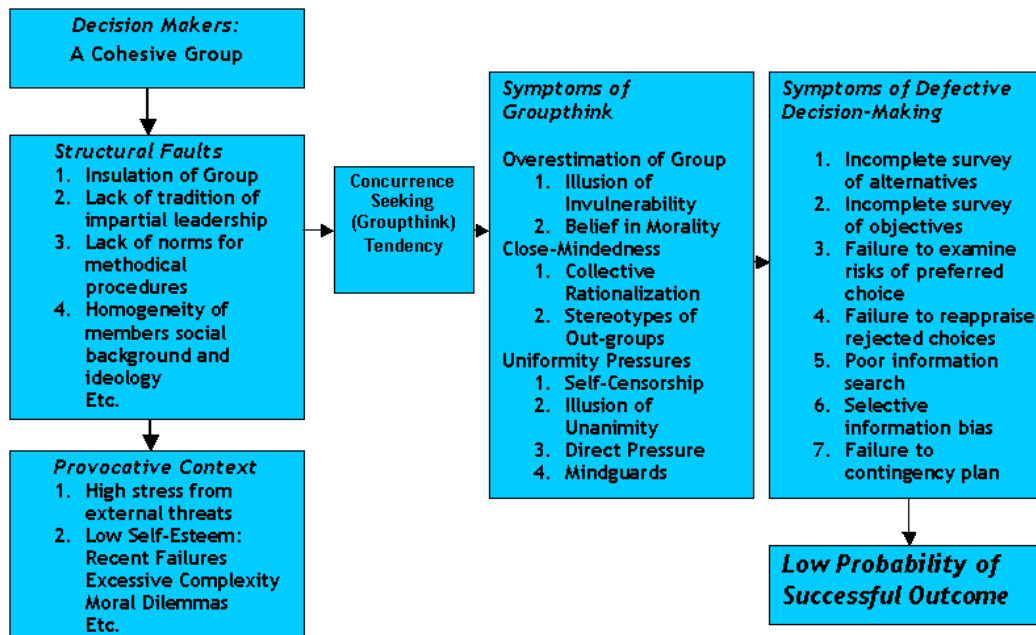
**6. Illusion of Unanimity.** The course of action was predetermined. The most serious doubter within the administration, Colin Powel, made the dubious case for war in the UN.

**7. Direct Pressure on Dissenters.** Ambassador Joseph Wilson cast doubt on claims about Iraq's source of Uranium. The administration responded by "outing" his wife as a CIA operative.

**8. Self-Appointed Mindguards.** Karl Rove and a small number of neocons closely guarded access to Bush, ensuring that only like-minded views got aired.

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<sup>1</sup> Guardian Unlimited



**Groupthink Model: Janis 1983**

### Groupthink in the Organisation

So how is this relevant to business? Premature closure on issues and failure to consider alternative options are all too common in organisations. Companies need to have a firm grasp of the reality in which they exist. They need to have an accurate view of the current and emerging market, competition and of their own ability and positioning. Groupthink will severely limit their ability to do this. Examples great and small abound - from the U.S car industry's refusal to take the threat of Japanese competition seriously to many start-ups' unbending faith in products that fail to attract more than evaluations.

### Enron

Perhaps the most notorious business case is Enron. It is tempting to blame the debacle on Ken Lay and a handful of cronies. But Enron was a severe example of Groupthink. Enron's managers had the

support of lawyers, accountants, investment bankers, management consultants, investors, regulators and the press. The company was the darling of Wall Street and the press, constantly reporting spectacular earnings. Everybody was a winner. Nobody wanted to question the unconventional financial instruments employed by Enron - it would be against their vested interests. Over time Lay and his circle perceived themselves to be invincible. It was fatal for an employee to question management. The various consultants, lawyers and accountants were aware that if they didn't go along with the company's practices, Enron could easily find others that would.

In order to protect against groupthink it is vital to encourage opposing views to the "conventional wisdom". Dissenting voices frequently provide reality-check and can be a rich source of creativity and innovation. Too often they are punished or silenced.

It is tempting to think that Groupthink is the exception in business. The reality is that all companies are affected by it to some extent. It is a natural phenomenon in many groups, where wishful thinking and the pressure to conform lead to defective decision-making, lack of risk analysis and contingency planning. It might be wise to assume that it exists in your company and then take steps to minimise it.

### Guidelines for avoiding Groupthink

1. **Hire divergent in addition to convergent thinkers.** Many teams are dominated by people who like to come to firm decisions quickly. While this has advantages in terms of speed of action, it can lead to situations where risks and consequences are not sufficiently considered. It can be frustrating for convergent thinkers to accommodate people who seem to waver, but the potential benefits of “wise decisions” can be great.
2. **Encourage questioning of executive decisions.** Executives invariably deal with summary facts and an incomplete understanding of the consequences of their decisions “on the ground”. Providing an opportunity for this type of questioning can avoid potentially costly mistakes and can even lead to new, previously unconsidered options.
3. **Encourage skunkworks,** where possible, especially in technical areas. Many breakthrough innovations have emerged from unofficial initiatives within organisations. Provide a forum where new ideas can be seen at executive level.
4. **Foster a culture where mistakes are allowed.** If people fear negative consequences for owning up to mistakes then the potential for groupthink is high. It is far safer to go with the herd than to venture an opinion that may result in penalty or being viewed as “weak”. A CEO who admits mistakes encourages openness from employees.
5. **Avoid a “them and us” mindset.** Although business is often a competitive game, excessive them versus us thinking closes us down to creative ways of thinking and generates defensiveness - encouraging Groupthink.
6. **Foster open communication.** Actively seek diverse viewpoints. The more voices that are heard, the more accurate the information available. Limiting communication channels lowers the quality of information available and can assign too much influence to an unrepresentative group of people.
7. **Avoid stating preferences and expectations** from subordinates before soliciting advice. People will often offer an opinion in an effort to please the boss. This is fine for the boss’s ego, but no so good for informed, quality decision-making.
8. **Have a sense of humour.** When we laugh, especially at ourselves, we cannot take things too seriously. This will greatly reduce the soil from which groupthink can grow.