

EXECUTIVE FORUM

Leadership Series® 2004-2005

MALCOLM GLADWELL
*The Tipping Point: How Little
Things Can Make a Big Difference*

PROGRAM SUMMARY
MARCH 2, 2005



Advance Intelligence

INTRODUCTION



Malcolm Gladwell is fascinated by cause and effect. In his first book, *The Tipping Point*, he investigated how large-scale change could actually be precipitated by small, apparently trivial ideas or events. In his second book, *Blink*, he explored what goes on during the few seconds of rapid cognition everyone engages in before they make snap decisions. A staff writer for *The New Yorker*, Gladwell packed the room at the Denver Performing Arts Complex.

BOXING AND RADIO

He began his talk by telling an 84-year-old story. In July 1921, Jack Dempsey was set to fight a Frenchman named Georges Carpentier in a heavyweight championship that was billed as “The Fight of the Century.” Over 100,000 people had bought tickets, and the purse was unprecedented in size.

In the 1920s, RCA was a young company in the business of manufacturing radio sets. Radio was, of course, a new technology, and was not embraced by the public. Radio was associated solely with Classical music and news delivery, and few private homes had a radio set. A young, junior employee at RCA named David Sarnoff had an idea for how to launch the nascent industry. He wanted to broadcast the Dempsey-Carpentier fight. When he brought his idea to RCA senior executives, it was dismissed as trivial.

Because he was persistent, they eventually relented and gave him permission to move forward, but did not allocate any funds to his project. He ended up finding a friend of a friend who could “borrow” an army radio transmitter. He convinced another friend who knew a lot about boxing to narrate what he saw. He called all the RCA sales

representatives and managed to convince them to set up specially amplified radio sets in a variety of public places, from bars to schools. As a result of his personal efforts and connections, Sarnoff created an entirely new enterprise—live broadcasting of sport events.

In the days that followed the fight, the radio industry was transformed. In the ensuing 12 months, about 1,200 companies joined the radio business. “It was a runaway success story for the rest of the twentieth century!” noted Gladwell. “And it teaches us about how to exercise leadership and be a difference maker.”

After telling the story, Gladwell shared the other lessons this story provides.

Lesson #1:

Change can happen very quickly.

“When change happens,” explained Gladwell. “It happens far more quickly than we anticipate.” People tend to think that a big problem will require a lot of time and resources to solve. In the case of radio, turning the industry around didn’t take years of effort and a big budget, but rather a single idea that the senior executive team had considered “trivial.”

Offering another example, Gladwell asked, “If I had asked you in 1988, how long do you think it will take to bring down the Berlin Wall? You probably would have guessed years.” Instead, it took one month.

“When change happens,” explained Gladwell. “It happens far more quickly than we anticipate.”

In early September 1989, there was a protest in a small town that the police inexplicably allowed to run its course. The next day, there was another, slightly larger protest in a neighboring town, also allowed to flourish. Day after day, this continued until about 1 million people finally tore down the wall. “A world-altering event, at a total cost of \$0. I think that’s profoundly typical of how change happens,” concluded Gladwell.

Lesson #2:

A change in perception can change reality.

Why did the broadcast of the heavyweight championship serve as a catalyst? Gladwell proposed that it was because the live broadcast reframed how America saw radio.

In 1921, newspapers were hawked on every street corner all day long. People didn’t see a need for yet another source of news, especially one that cost a few months’ wages and took up half their living room. Sarnoff’s broadcast allowed the public to see radio as a way of bringing the world into their homes. “This sort of reframing is at the root of society’s changes,” said Gladwell.

An example of contemporary reframing is the Atkins Diet. Gladwell lauded it as “the most successful diet in the history of diets.” Prior to Atkins, diets were about reducing our consumption of calories from fat by a certain percentage. The trouble was that no one really knew how much fat was in anything, or how many calories were in the fat they were eating, or how to achieve that magic percentage. Dieting was a cognitively difficult undertaking.

The Atkins Diet, however, is not about fats and calories, but rather about carbohydrates. And we don’t have to restrict them; we can simply banish them altogether. This simpler approach is easier to embrace.

Lesson #3:

Social power is critical to making change.

Why was David Sarnoff so powerful? He wasn’t a senior manager, so he had no political power at RCA. He wasn’t even given a budget, so he had no economic power. All he had going for him was social power. He could convince people to do things. Gladwell pointed out that “we constantly denigrate this sort of social power—the power that comes from relationships.”

According to Gladwell, there are two kinds of personalities that carry enormous social power. He calls them Connectors and Mavens.

The Connectors

Gladwell uses a common sociological test that roughly gauges the size of a typical individual’s social circle. He gives people a list of 350 last names randomly chosen from the phone book, and asks them to tally all those names that correspond with people they know. They can count a single name repeatedly for different individuals. Most people average about 35 familiar names, and so score about 35 points on such a test.

“Connectors” are those rare people with very large social circles. They will score in the hundreds on these tests. Gladwell said he has administered this test to about 10,000 people over the years. In every group, there are always one to three people who are Connectors. He noted, “These Connectors have social power. They are enormously important in creating change.”

Gladwell thinks these people are so important that he followed a panel of them for his first book. He said they are “compulsively social.” They make 4-6 more phone calls each day than most people. They write more emails than most of us, and they know and acknowledge more people’s birthdays. Human connection is a priority for them, so they invest a lot of energy into pursuing it.

Not surprisingly, Connectors know a greater diversity of people than most of us do. Most people function in 3-5 social worlds—work, family, and old college friends, for instance. Connectors have 20-25 social worlds. “They belong to worlds they don’t even belong to!” quipped Gladwell. “An idea in the hands of someone like that can cross many social boundaries. This handful of people plays a disproportionately important role in spreading ideas.”

As further illustration, Gladwell talked about Paul Revere. He pointed out that there was another messenger named William Dawes, who carried the same message about the British at the same time, but he wasn’t able to rally supporters the way Revere did. Gladwell said Revere’s influence was a result of his social power. According to his biography, Paul Revere knew whom to contact in each town he rode through. He already had created bonds with many people throughout the region because he was a natural Connector.

People respond to requests and calls to action when they have a pre-established bond with the requestor. Gladwell thinks that, currently, our society is experiencing a rise in social isolation. People are limiting their activities to smaller and smaller social circles. This trend has been called the “silo effect.” In this context of social isolation, Connectors are more important than ever for bridging groups.

The Mavens

Gladwell borrowed the concept of mavens from the field of economics. He said economists have studied supermarket specials and wondered why when markets lower the price of an item they sell considerably more of that item. Most people do not know the standard prices of items they buy regularly. There are simply too many items in the supermarket, and on our personal grocery lists, to memorize each price. Thus, people don’t really buy more of the specials because the

price is less, but rather because the sign says the price is less.

It follows, then, that supermarkets could simply post signs that indicated “specials” when prices had been inflated and then reduced. One reason they don’t use this strategy is that only 99.9% of us don’t know the standard prices of items at the supermarket. There is always at least one person out there who does. The industry calls this person a “price vigilante.” The price vigilante would not let a supermarket cheat. Price vigilantes would tell everyone they know, and the supermarket would suffer in consequence.

Gladwell believes Mavens emerge in any marketplace with large volumes of information. We all have someone we rely upon in unfamiliar areas to guide us through the complexities—a person who keeps track of all the details and lets others know what to do and what to buy. “In this way, a single Maven directs the preferences of an entire group of people,” explained Gladwell.

To illustrate, Gladwell shared his recent experience of buying a new laptop. He went into the computer store, read the descriptive cards displayed in front of the apparently identical laptops lined up from wall to wall, and promptly went home to call his brother in Canada. Unlike Gladwell himself, his brother loves technology and enjoys negotiating through the thickets of new product releases. Gladwell asked him, “Which laptop should I buy?”

When Gladwell returned to the computer store, he confidently bought the very laptop his brother had recommended. Anyone watching him make his purchase would have thought he was well-informed, when in fact, he still knew nothing about the various options.

Gladwell pointed out that when we are overwhelmed with information, we begin to shut it out. He recalled that in 1997, when he

first started using email, he would feel overjoyed when he turned on his computer and found two email messages waiting in his inbox. He remembers writing long, eloquent responses to those people, pleased with this new technology. Now, he says he opens his inbox to 102 messages. He feels dread rather than joy. “You’re lucky if you receive two lines from me three days later,” he joked.

Studies have shown that as the number of choices increases, people’s willingness and ability to make a decision from among them decreases. Although market theory holds that if you provide enough choices for consumers, they will find one they prefer, evidence shows the contrary to be true.

In one study, consumers were presented with 24 jam flavors at a sample display in a supermarket. No one bought any. In a separate display, only six jams were provided, and 30-35% of consumers who took a sample bought a jam.

In another study, the number one predictor for 401K sign-up rates in any given company proved to be the number of choices employees were given. The fewer choices, the more people signed up for 401K plans.

MAVENS, CONNECTORS, AND YOUR OFFICE

“Empower Mavens and Connectors in your organization to make sense of complicated environments and bring people together to make change.”

You can try to generate change in your own office by recognizing the Mavens and Connectors in your organization. Gladwell talked about his colleague, Karen Stephenson, an organizational consultant who provides her clients with a diagram of employees’ social network. He said the diagrams look just like a diagram of an airline’s U.S. hubs. The lines all

point to a few key people, the Mavens and the Connectors.

Gladwell noted that these human hubs are not necessarily people at the top of your organizational chart, but they are very powerful. If you fire the Connector, for instance, you destroy the social fabric of your department, or organization. “You should recognize these people who are below the surface,” recommended Gladwell.

MAVENS, CONNECTORS, AND WORLD WAR II

Wrapping up the first segment of his talk, Gladwell shared a story from World War II history to illustrate the importance of Mavens and Connectors. For the first eight months after the U.S. entered the war, it lost millions of tons of ships off the East Coast. German U-Boats were decimating our naval fleets. The Navy had to change course quickly.

To enact large-scale change, the first solutions people usually consider are: a change in leadership, increased funding, or additional expertise. But none of these solutions were appropriate in this case. The Navy had excellent leadership, ample resources, and deep expertise.

Eventually, the Navy began aggregating the data it had about U-Boat locations and strategies, and giving that information to ship captains, so the captains could take evasive action. The way this information was gathered and disseminated was through a small group of Mavens and Connectors, dubbed the Tenth Fleet. Within weeks, the battle of the U-Boats was turned around.

Gladwell encouraged audience members to remember the importance of social power: “Empower Mavens and Connectors in your organization to make sense of complicated environments and bring people together to make change.”

BLINK AND THE GETTY MUSEUM



In the second half of his presentation, Gladwell talked about his second book, *Blink*. Intrigued by “blink-of-an-eye thinking,” Gladwell wrote in *Blink* about both the prevalence and the accuracy of rapid-cognition decisions.

He began with a story about an ancient statue. About 10 years ago, the Getty Museum in Southern California had the opportunity to buy a Greek *Kouros*, a statue of a nude young man. This specimen was marble, 20 feet tall, and intact, which was rare for a *Kouros*. Of course, the museum needed to authenticate it before purchasing. So, the curators asked to hold onto it for a year while they performed their tests.

After the year had passed, the Getty was so confident in the sophisticated methods they had employed, they published an article about it in *Scientific American* and paid \$10 million for the statue. Before it was exhibited to the public, Evelyn Harrison, a renowned expert on Greek culture, visited the Getty and was shown their latest purchase. Immediately, she thought it was a fake. Thomas Hoving, former director of New York's Metropolitan Museum of Art, also thought it looked false when he first saw it.

Later, when the *Kouros* was shown at a conference on Greek sculpture, an entire room of experts believed it to be a forgery. When Gladwell followed up with these experts to find out why they suspected the *Kouros* to be fake, they couldn't describe their reactions logically. They simply said they felt its oddness “instantly.”

The *Kouros* story demonstrates the common conflict in our society between deliberate, rational judgments versus quick, gut reactions. “In our society, we believe that those with deliberate, rational judgments win,” said

Gladwell. In the case of the Getty's *Kouros*, the scientific evidence began to crumble, and it is likely that the instincts of the outside experts were actually right. In the Getty catalog, the *Kouros* description now reads, “about 530 BC or modern forgery.”

Gladwell argues that in order to be better decision-makers, we have to understand our snap decisions. He used the Getty Museum story to illustrate four lessons.

Lesson #1: Gut reactions drive decisions.

This instinctive reaction—having a gut feeling in the face of complex situations—is not a marginal activity for humans. It is central to how we make sense of complexity, even in high-stakes situations. Experts often find themselves making split-second decisions. Gladwell pointed out that people like to think they are making deliberate, rational decisions even when they are not.

Gladwell referred to a study of teacher evaluations to illustrate his point. Assume half of the audience had been assigned to a class with a hypothetical Professor Smith and filled out an evaluation at the end of the term, while the other half of the audience had simply watched an hour video of Professor Smith. He said their evaluations would be “the same.” The ones in the class would think they had made a decision over time, based on many different kinds of facts, and revised by later interactions. In reality, however, they would have made up their minds about Professor Smith from the start.

If the post-semester evaluations were compared with those from a group who had watched only a 30-minute video of the professor teaching, or even a five-minute video, the results would be similar. In fact, if the video group saw only five seconds of Professor Smith with no sound, evaluations of him would not be any different than if the group had been with him all semester. Before

the professor even opened her mouth, everyone jumped to a conclusion about her and stuck with it.

“Split-second decisions are at the center of our world,” exclaimed Gladwell. For instance, most of us drive every day, and yet our conscious mind is relatively unengaged in this fundamental activity. We’ve gathered the knowledge necessary for driving through years of experience, so now we can do it without thinking about it. Our brains are good at functioning this way.

**Lesson #2:
Bias and over-analysis can derail decision-making.**

The Getty Museum was staffed with Greek sculpture experts. Why didn’t they have the initial skepticism about the *Kouros* that all of these other experts had? Gladwell said it is because this ability to make split-second decisions can be thwarted.

He warned, “Good judgment can get hijacked by biases, and desire can undermine objectivity.” The Getty staff had a strong desire to own a rare *Kouros*. They had a lot to gain from it being authenticated. Bias dulled their expert instincts.

Gladwell offered the example of insight puzzles—riddles you cannot work out through calculations, but can solve only if the answer comes to you immediately. He shared a familiar insight puzzle:

A man and his son are in a car accident. They are taken to the nearest hospital. The emergency room doctor says, “I can’t operate on this child. This is my son.”

Who is the surgeon?

(Answer: The mother)

People’s ability to succeed at insight puzzles, and other cognitive activities that demand snap decisions, can be thwarted quite easily. All one

needs to do is ask the person to write down a few paragraphs about how they are processing the problem. If they have to verbalize their thought processes, their success rate will be cut by 40-50%. Gladwell explained, “Intuitive conclusions—leaps of insight—can be derailed by over-analysis.”

For example, Gladwell said that if consumers are given 10 jams to rank 1-10 in terms of taste, they will rank them very similarly to how experts would rank them. However, if they are asked to explain how they are ranking them—that is, according to what criteria—then their ranking will differ considerably from the experts’.

Applying this inference to business, Gladwell said if you want people to exercise insight, then you should not ask them to describe how and why they are doing what they are doing. Just let them do it.

**Lesson #3:
Too much data can hinder decisions.**

What should we make of the contradiction between the results of a year of scientific study of the *Kouros* and the two-second observation of experts? Sometimes good judgment comes from clarifying and simplifying a situation rather than from gathering more information.

For example, heart attacks are very difficult to diagnose correctly. The medical profession wanted to figure out how to improve emergency room doctors’ abilities to decide quickly whether or not a patient was experiencing a heart attack. It turns out that a doctor needs to know only four factors about a patient in order to make the most accurate diagnoses of heart attacks: EKG, presence of fluid in the lungs, blood pressure, and whether pain is stable or unstable.

Gladwell explained that “Intuitive conclusions—leaps of insight—can be derailed by over-analysis.”

Research indicates that supplying the doctor with additional information about a patient is actually detrimental to an accurate diagnosis. Information as basic as age, weight, drug use, cholesterol level all confounds the doctors' abilities to make accurate diagnoses. It seems paradoxical, but if we can find a way to clarify and provide people only with minimal information, they make better decisions.

**Lesson #4:
Experience trains our instincts.**

Gladwell asked the experts who had viewed the *Kouros* if they knew why they thought it was a forgery. Each one said they had no idea why. Later, they came up with reasons to explain their reactions. But at first, their reactions were simply a product of their subconscious. Their years of experience had educated their instincts.

Gladwell recounted talks he has had with Vic Braden, a famous pro-tennis coach. Braden had noticed that when he was watching tennis matches, he had an uncanny ability to predict when someone was about to double-fault. He wanted to figure out how he knew this, so he could pass this wisdom on to his clients. Unfortunately, these kinds of judgments, based on years of experience and rising out of the gut, don't yield their secrets.

Vic Braden also became interested in how to achieve excellent top-spin forehands. So, he asked a variety of tennis professionals about how they executed their top-spin forehands. They all said that they roll their wrist at impact. When he videotaped them in play, however, he noted that they rolled their wrist after the ball had left the racquet.

Although they were experts in their field and in this skill in particular, they could not describe what they were really doing. Not only that, but if you took their advice about wrist rolling, then you would not be able to execute as effective a forehand.

Instinctive decision-making is antithetical to the rules established in most large companies. Gladwell advised business leaders to allow people more latitude to make snap decisions: "Extraordinary things are possible by people who respect this kind of decision-making."

To illustrate the vast possibilities, he shared a story about a Pentagon war game that occurred just prior to the invasion of Iraq. Paul Van Riper, a retired three-star general, was asked to play Sadaam Hussein in the war against the U.S. team.

Van Riper's team was heavily outnumbered and out-resourced in every way, from intelligence to technology. This quarter-billion dollar war game was supposed to last a few weeks, but was over in two days when "Saddam Hussein" won. Van Riper had created a team that respected the principles of split-second decision-making. Once "the shooting started," Van Riper had ceased planning meetings and centralized operations, and had empowered his officers to make their own judgment calls—i.e., to go with their instincts.

START THE DISCUSSION

Gladwell hopes his latest book will begin a discussion in the business world about when to go with instincts and when not to. He pointed out that lean, entrepreneurial companies usually don't need to learn this approach. It is already part of their founder's nature and part of their corporate culture.

If it is not part of your organization's culture, Gladwell encourages you to make a change.

APPLICATION POINTS

Malcolm Gladwell shared some key points from his two books, *The Tipping Point* and *Blink*. Applying these principles to your workplace will give you greater control over your own tipping points and decision-making processes.

1. Think about a large problem your organization is facing that affects your clients or customers. Is there some relatively small idea you could try that might spawn a large-scale change?
2. Considering this same large problem, how could you reframe one of your products or processes in order to change how your customers perceive it?
3. The next time you find yourself having to make an important, complicated decision, figure out how you can strip it down to its essentials. Once you clarify and simplify the problem, then make your decision.
4. Identify the Mavens and the Connectors in your organization. How can you relocate them so they are physically central to the company? What other ways can you take advantage of their innate social power to benefit your organization?
5. Spend a day noticing your split-second decisions. How often are you accurate? How often are your biases getting in the way of accuracy?
6. How can you empower your employees to trust their instincts?
7. How can you incorporate both instinctive decision-making and analytical decision-making into your corporate culture? How will you know when to employ which?