

ONE PERCENT SAFER

The Secrets to Achieving Safety Excellence
from the World's Finest Thinkers

*Compiled, Introduced and Edited
by Dr Andrew Sharman*

THE LEADER'S TOOLBOX

GERD GIGERENZER

Senior managers routinely need to make decisions or delegate decisions in an instant, after brief consultation and under high uncertainty. For their work, classical decision theory is of limited help. In the words of Henry Mintzberg¹:

“Managers work at an unrelenting pace; their activities are typically characterised by brevity, variety, fragmentation and discontinuity; and they are strongly oriented to action.”

The rules of thumb the top executives rely on are often unconscious satisfying the definition of intuition. Inspired by my findings on rules of thumb in the book *Gut Feelings*, the former president of Florida International University, Modesto Maidique, developed an innovative view on the nature of leadership. Every senior manager comes to the job with a personal ‘adaptive toolbox.’ This toolbox contains a set of rules of thumb derived from personal experiences and values. They are the basis for making decisions about persons, strategies, and investments in a world that puts a premium on efficient use of time.

Good leadership consists of a toolbox full of rules of thumb and intuitive ability to quickly see which rule is appropriate in which context. Here are six rules of thumb that are the result of an interview with Ray Strata, Chairman of Analog Devices, in September 2010. He took personal risks to move his company into a new field. The rules are different for dealing with people and business strategy.

People

- First listen, then speak
- If a person is not honest and trustworthy, the rest doesn't matter
- Encourage and empower people to make decisions and take ownership

Strategy

- Innovation drives success
- Analysis will not reduce uncertainty
- When judging your plan, put as much stock in the people as in the plan

These rules are mostly intuitive, meaning that the leader cannot easily explain them – just as we speak a native language without a second thought, but often flounder when asked about grammatical details. True leadership means intuitively understanding what rules work in what situation.

1. Mintzberg, H. (2009). *Managing*. San Francisco: Berrett-Koehler.

Prof Dr Gerd Gigerenzer is a German psychologist studying bounded rationality and heuristics in decision-making. Gigerenzer is Director Emeritus of the Center for Adaptive Behaviour & Cognition (ABC) at the Max Planck Institute for Human Development in Berlin and Director of the Harding Center for Risk Literacy at the University of Potsdam.