

Hi, this is Wayne Rivers at The Family Business Institute. Thanks for tuning in. As always, let us have your comments and scroll down to the bottom of the page to the social media icons and subscribe to our podcast and follow us on Twitter and all those other things. We appreciate that.

This week, I want to talk about how to become immediately smarter. What a great thing that would be, right? If you could increase your IQ by a 100 points right away, wouldn't everybody want to do that? Wouldn't that make life better? So I have a story.

In 1906, an Englishman named Francis Galton attended a country fair. He was a scientist and he kind of had low regard for most people. He was a patrician, you know, intellectual, and he didn't have much regard for people at the county fair. He noticed that there was a raffle taking place to guess the weight of a grown ox after the ox had been a butchered and dressed. And actually I guess they were trying to guess the weight of the meat on the ox.

So, about 800 people filled out the little paper form and suggested that they knew the weight of the ox and he was kind of fascinated with this and wanted to see who got it right and all this stuff. So after the contest was over, he collected all the ballots from the organizers and sorted through them and did some statistical analysis and all that stuff. And what he found was this: nobody got it right. Not a single person got it right. Somebody was the closest and they won the raffle, but nobody got it right.

However, when he averaged all almost 800 answers, the average guess was 1,197 pounds. The actual dressed weight of the ox was 1,198. One pound difference. And he was rather shocked by this, because in most people's thinking, when you average something out, you achieve only mediocrity. When it comes to ideas and brainpower and thinking whether it relates to an ox or whether it relates to a family business, averages can always, always be better than one expert. And I'm going to talk about that in a minute.

So, this all comes from the book *The Wisdom of Crowds* by James Surowiecki and it's a great book. I recommend it. The idea that we have experts, you know, you see this on the news every night. Some "expert" comes on and talks about the economy or politics or something else, and maybe there'll be another expert that has a counterpoint perhaps. But we're conditioned in our society to rely on experts, and we do that in business all the time. You know, the old man or the old lady at the top of the organization is the expert and we all go to the expert for advice.

Well, Surowiecki demonstrates that that is just such foolhardiness, whether it's in a large multinational corporation or whether it's in our small entrepreneurial businesses. In fact, someone, that he writes about in the book, studied phenomenon of experts and specifically doctors, nurses, lawyers, engineers, entrepreneurs, and investment bankers, all were dramatically overconfident when it came to their ability to be right on a given issue, even in their field of expertise. All basically thought they knew way more than they actually did. They were overconfident.

And I think that happens in business, too. We look to the experts to always have the answers. Let me just dispel that rumor. And by the way, I know I'm stepping on toes, because all of us think we have all the answers. Well, the fact is that we don't. "The best collective decisions are the product of disagreement and contest, not consensus and compromise."

The point is that one of the things that makes business and other types of decisions better is dissent and disagreement and robust debate over this avenue or that avenue. It's really the diversity of ideas. This is what you're looking for. If you're sitting around a meeting with your top people and it's always, "Yeah, we're going to do this," and it's always easy and consensus. You would be better off in decision making, according to Surowiecki, by introducing a wildcard, somebody that maybe doesn't have as much experience as the rest of you. Somebody with a different background, somebody with a different perspective because until our ideas are challenged and we have to defend them, we don't always make the best ideas. Consensus, you know, doesn't work. Disagreement, debate - that actually works better.

And then one other short excerpt I want to read: "With most things, the average is mediocrity. With decision making, it's often excellence. You could almost say that we've been programmed to be collectively smart." Look, everybody's heard the old cliché "Two heads are better than one." When it comes to decision making in your family business, why not get the benefit of the thinking of your top two or five or 10 people and almost immediately if two heads are better than one, then five heads are better than two. Almost immediately the quality of your decisions and the quality of your brain power are going to go up, especially if you can have the freedom in your organization to participate in robust debate and contest the potential decisions that you're about to make.

This is Wayne Rivers at The Family Business Institute. I'd like to hear what you have to say about two heads are better than one. Thank you.