



CIO100

SYMPOSIUM & AWARDS CEREMONY

Creating Sustainable
Innovation & Business Value



***Innovation, Emotional Intelligence
and the
Collaborative IT Organization***

**Frank Wander
CIO
Guardian Life Insurance**

- ✦ Introduction
- ✦ Our Evolutionary Past
- ✦ Our Industrial Past
- ✦ A New Path Forward
- ✦ Questions?

- 30 Years in the Business
- Started as Technician → Leader
- Systems, Service, Consulting, Operations
- Cross-Industry Experience
- Significant Experience with Turnarounds and Transformations
- CIO Roles at Prudential, Harry Fox and Guardian

So, tell me about Guardian Life Insurance Company ...

- 150 Years Old – Stable and Consistent Earnings Through Good Times and Bad
- Highly Regarded in the Industry
- Strong Risk Management Practices and Governance
- Two Ratings Upgrades in 2008
- Highly Competent Management Team
- Pervasive Customer Focus

Overall, a very healthy culture with strong values.

Guardian's corporate values provide a very strong, and valuable, foundation to build success on:

- People Count
- We do the Right Thing
- We make a Difference

These values have proven timeless and still resonate today.

Assertion :

Harmony increases project productivity.

“Who controls the past, controls the future” Orwell

- Evolutionary Past
 - How we are wired
- Industrial Past
 - Management practices and beliefs
- The Path Forward
 - Leveraging all that we know

The Goal ⇒ Increase productivity and success rates

This speech is the companion to *Turnaround and Transformation*, given April 21st, at CIO Perspectives, New York

Our Evolutionary Past

From Whence we Came!

“Our civilization is still in a middle stage, scarcely beast, in that it is no longer guided by instinct, scarcely human in that it is not yet wholly guided by reason.”

The Past is Prologue.

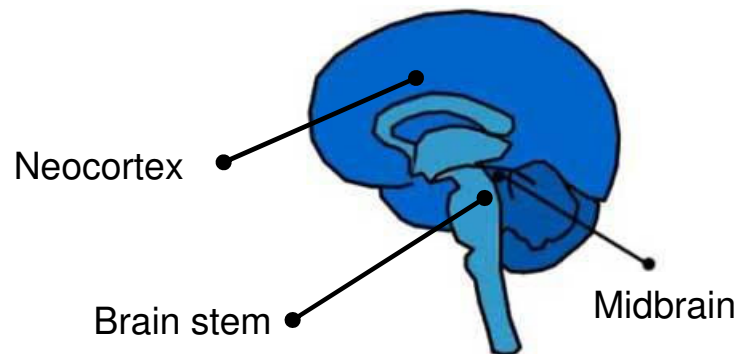
Sister Carrie, Theodore Dreiser

What “beasts” do we have to contend with?

One is the *Emotional Brain*, which is geared for survival, and wired to triumph in an era where physical threats and scarcity of resources were the norm.

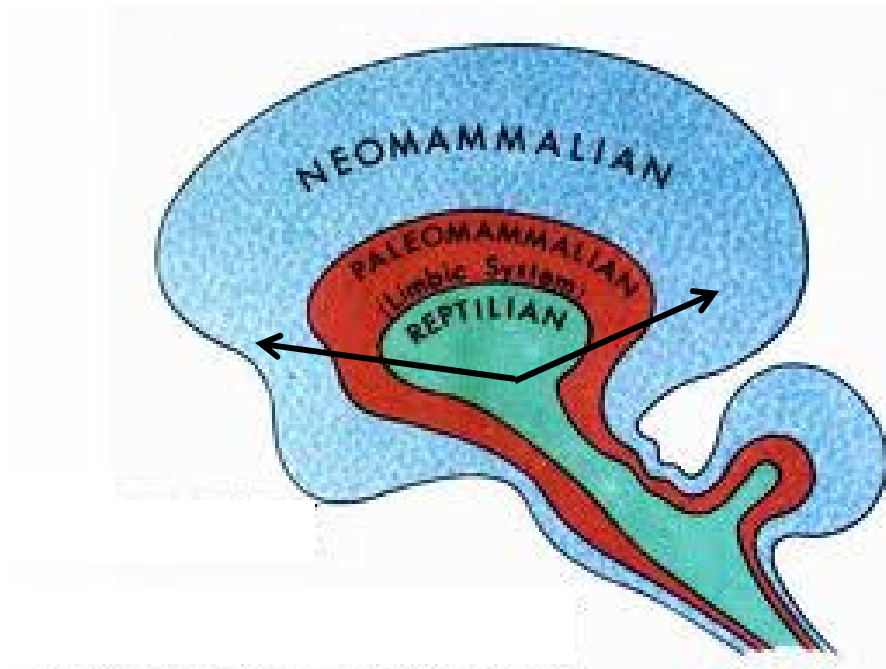
Neuroscience has opened very clear windows into the brain and how it works. IT leaders need “Applied Neuroscience”.

- ⇒ Brain Stem (Reptilian Brain) – Controls all involuntary functions (breathing, heart rate, etc)
- ⇒ Mid-Brain (Old Mammalian) – The seat of human emotion/ the limbic system (fear, happiness, etc)
- ⇒ Neocortex (New Mammalian) – Drives intellectual tasks, thinking, vision, hearing, reasoning, etc.



Knowledge work takes place in the Neocortex.

Our Evolutionary Past The Brain Hierarchy



That said, the brain is wired from the inside out, oldest to newest, because that is how it evolved. All sensory signals pass through the emotional, or midbrain, first, which contains the amygdala, our emotional sentinel.

“This puts the amygdala in a powerful post in mental life, something like a psychological sentinel, challenging every situation ... with but one question in mind, the most primitive, Is this something that hurts me? Something I fear?”

If so, it sounds the alarm, and takes control.

Emotional Intelligence, Daniel Goleman

“When it sounds an alarm, it sends urgent messages to every major part of the brain: it triggers the secretion of flight or fright hormones, ... sets the brain on edge ... speeds heart rate, raises blood pressure, slows breathing and rivets attention on the source of the fear, and prepares the muscles to react accordingly.”

The mind and body have been hijacked.

Emotional Intelligence, Daniel Goleman

- ⇒ The body is put on high alert by chemicals (neurotransmitters) released in the brain
- ⇒ These linger and are reabsorbed slowly – the more frequently they are released, the longer the effect
- ⇒ So, if danger/threats are frequent, the body does not get a chance to return to a non-aroused state
- ⇒ The individual becomes *stressed out*

Individuals who are stressed out are continuously ready for “flight”, not for work

- ⇒ The neocortex, the thinking brain, is cut off – no knowledge work takes place.
- ⇒ A memory of the fear inducing event is created
- ⇒ If repeated, like Pavolov's dogs, a conditioned response to the "threat" is created
- ⇒ The presence of that threat is all that is needed to stimulate the response

"Not only is fear conditioning quick, it is also very long lasting. The passing of time is not enough to get rid of it."
The Emotional Brain, Joesph LeDoux

A highly negative manager or co-worker's repeated threats/provocations will be deeply imprinted in memory, and will elicit a conditioned response just by their presence.

We've all felt the chemistry of a room change just by someone's arrival.

- ⇒ Neuroscientists refer to Working Memory as the number of variables you can use to complete a task
- ⇒ This ranges from 2 to 7
- ⇒ Working memory is stored in the prefrontal lobes
- ⇒ “But, circuits from the emotional brain to the prefrontal lobes means strong emotions can sabotage the ability of the prefrontal lobe to maintain working memory.” from *Emotional Intelligence*

The higher the stress, distrust and anger, the slower the project moves.

Cognitive Symptoms

- Memory issues
- Difficulty concentrating
- Impaired judgment
- On the look out for negatives
- Anxious or racing thoughts
- Constant worrying

Emotional Symptoms

- Moodiness
- Irritability or short temper
- Agitation; an inability to relax
- Feeling overwhelmed
- Sense of loneliness and isolation
- Depression or general unhappiness

Physiological manifestations of an emotionally toxic environment.

Our Evolutionary Past Midbrain Triggers in the Workplace

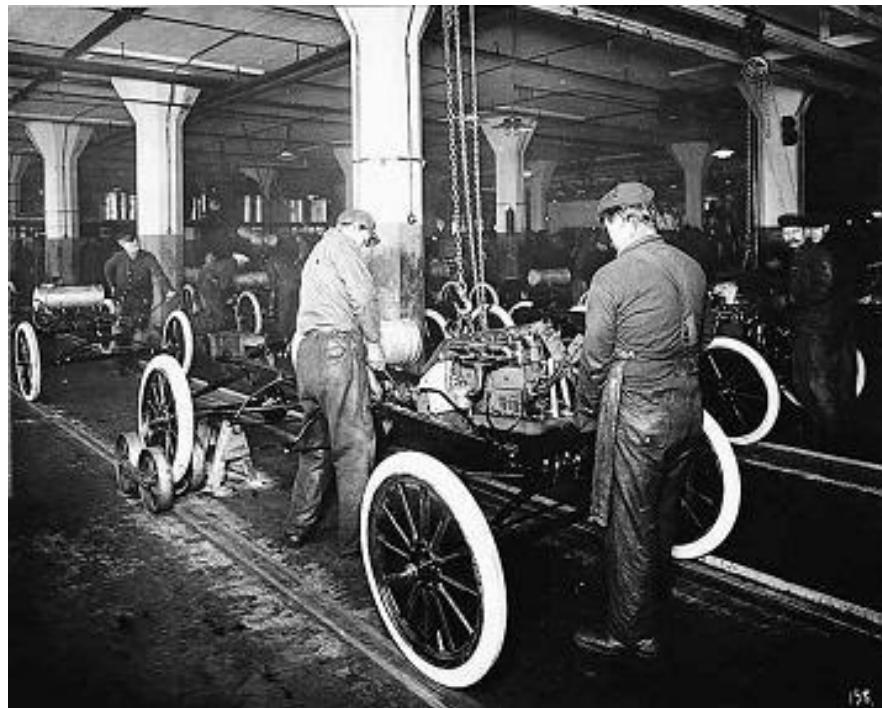
- ⇒ Blame
- ⇒ Betrayal
- ⇒ Hidden Agendas
- ⇒ Deceit
- ⇒ Fear
- ⇒ Untrustworthiness
- ⇒ Punishment
- ⇒ Public Embarrassment
- ⇒ Ostracism
- ⇒ Combative Behavior
- ⇒ Emotional Aggression
- ⇒ Criticism
- ⇒ Intimidation
- ⇒ Conflict
- ⇒ Threats
- ⇒ Insincerity

90% of the wiring in the Midbrain is for fear (survival). It overwhelms all productivity when aroused.

Our Industrial Past

Still with Us!!

Picture This: A 1920's Ford Assembly Line



A process-based manufacturing revolution.

Primary characteristics of industrial era manufacturing:

- The assembly process is sequential
- Highly capital intensive – the equipment that moves all of the parts along is the most expensive element
- The process matters most – it is optimized and highly repeatable
- Parts are standardized and highly interchangeable – including workers
- The goal: run the line as fast as you can
- Count and measure everything – Continuous Improvement
- No mistakes are allowed – it is simple, so do it right

In an Assembly Line, the workers were incidental!

INDUSTRIAL ERA ORIENTATION

- > **Cold & Insensitive**
- > **Machines**
- > **Commodity Labor**
- > **Controlling Processes**
- > **Hierarchical**
- > **Cap Ex**
- > **Assembly Line**
- > **Physical Property**
- > **Inanimate & Unfeeling**
- > **Tuned Processes**

A cold and insensitive era that led to unionization.

*Mememes: “a cultural unit (an idea or value or pattern of behavior) that is passed from one generation to another by non-genetic means (as by imitation); mememes are the cultural counterpart of genes.”
(The American Heritage® Dictionary of the English Language)*

Our management ideas have been passed down from the industrial past in an unbroken chain of inheritance.

1. **“The world is machine-like (deterministic, analyzable, and predictable; tasks are decomposable into routinizable sub-tasks)”**
 - Here is the source of our Process Methodologies.
 - An over-reliance on this is problematic because it posits that all things can be broken down into a known set of interdependent steps. Consequently, it is only the steps that matter.
 - If a task is not done properly, then, by deduction, the input (labor) for that step must be wrong.

William Acar, Bureaucracy as a Social Pathology

2. “People are machine-like (they can be predicted, motivated by extrinsic rewards, and monitored).”

- So, if the right processes are put in place, and the appropriate training is deployed, and people are paid for their output, then the factory can be made to run right.
- This single-minded focus on tasks and activities has built in the assumption that the right machine (read individual) is of secondary importance.

William Acar, Bureaucracy as a Social Pathology

Frederick Taylor founded Scientific Management. He was the first person to deem work worth measuring, and to this day we rely on metrics based management, and base our Decisions/Cost Benefit Analyses on those things that are measurable. But the root sources of knowledge worker productivity are unmeasurable: aptitudes, EQ, creativity, etc.

What we quantify about our IT Professionals: cost/hour for labor, a basic list of skills, and their performance rating.

“We can see and feel the waste of material things. *Awkward, inefficient, or ill-directed movements of men, however, leave nothing visible or tangible behind them.* Their appreciation calls for an act of memory, an effort of the imagination. And for this reason, even though our daily loss from this source is greater than from our waste of material things, the one has stirred us deeply, while the other has moved us but little.”

A quote from Frederick W. Taylor, founder of the Efficiency Movement, and Scientific Management.

- A Collaborative *Assembly Process*
- Talented professionals, sharing a common outcome, each contributing pieces of the final work, operating in parallel:
 - Highly skilled and specialized
 - Highly codependent, continuously solving problems and very creative
 - They share: a common understanding - or the final product does not come “off the line” correct
 - Success depends on: their collective intelligence and collective commitment
 - Mistakes are ok: repeated mistakes (errors) are not

A Collaborative Social System has replaced the Assembly Line!

“The most important, and indeed the truly unique contribution of management in the 20th century was the fifty-fold increase in the productivity of the **MANUAL WORKER in manufacturing.”**

Peter F. Drucker, *Management Challenges for the 21st Century*

“The most important contribution management needs to make in the 21st Century is similarly to increase the productivity of KNOWLEDGE WORK and the KNOWLEDGE WORKER.”

Peter F. Drucker, *Management Challenges for the 21st Century*

“The most valuable assets of a 20th-century company were its production equipment. The most valuable asset of a 21st-Century institution, whether business or non-business, will be its knowledge workers and their productivity.”

Peter F. Drucker, *Management Challenges for the 21st Century*

The Path Forward

Blend the Wisdom of Past and Present

Overcoming Our Evolutionary Past Behavior Matters

You need to build a social environment where fear inducing behaviors are not allowed and productivity will begin to flow.

Productivity and the underlying creativity that drives it can only occur if the midbrain is idling, i.e., it is unstimulated.

Overcoming Our Evolutionary Past Socially Corrosive Behavior is Costly

- ⇒ Blame
- ⇒ Betrayal
- ⇒ Hidden Agendas
- ⇒ Deceit
- ⇒ Fear
- ⇒ Untrustworthiness
- ⇒ Punishment
- ⇒ Public Embarrassment
- ⇒ Ostracism
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- ⇒ Threats
- ⇒ Insincerity

Create a social environment where these behaviors are **thoroughly discouraged**

Trust is an Emotional Force

- It binds people together
- Without it, information and ideas do not move
- With it, ideas and information can be shared
- With it, people are open to what others have to say

Trust is what lets the midbrain idle. When trust is present, meaningful collaboration and creativity can take place.

Overcoming Our Evolutionary Past Facets of Emotional Intelligence

- **Personal Competence – Self Awareness**
(emotional awareness, self appraisal, self confidence), **Self Regulation** (trustworthiness, self control), **Self Motivation** (drive, optimism)
- **Social Competence – Social Awareness**
(empathy, influence), **Social Skills** (building bonds, collaboration and cooperation, sharing)

The Emotional Competence Framework, The Consortium for Research on Emotional Intelligence in Organizations

Effective teams have members who can consistently leverage social competencies such as:

- Empathy, or interpersonal understanding
- Cooperative conduct
- Open and honest communication
- Emotional energy to drive change
- Self awareness to understand ones impact on others
- Resilience
- Flexibility and openness to new ideas
- Strong “bonding” skills
- Positive attitude
- Effective use of humor

Overcoming Our Evolutionary Past Build High EQ Leadership

“A boss creates fear, a leader confidence.
A boss fixes blame, a leader corrects mistakes.
A boss knows all, a leader asks questions.
A boss makes work drudgery, a leader makes it
interesting”

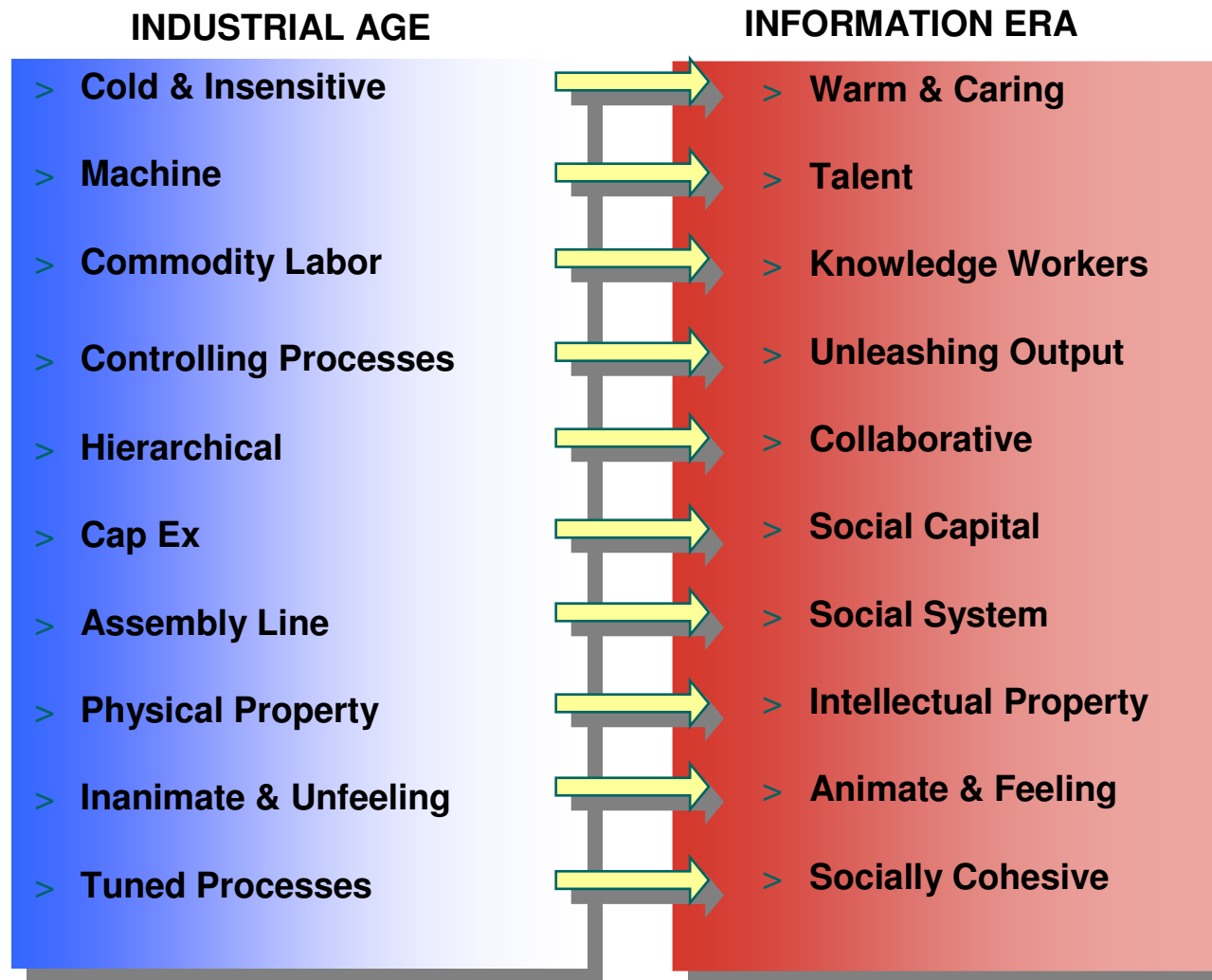
Russell H. Ewing

Overcoming Our Evolutionary Past Act or be Acted Upon

If neuroscience has shown a firm basis for avoiding negative behaviors that induce the flight/fright response, and if this is so well known, why haven't the negative behaviors been eliminated long ago? Why is it that the whole concept of emotion is barely leveraged in corporate America? Especially if it is so damaging to knowledge work!

A journey begins with a single step. Mandate the right behaviors and your organization will benefit.

Overcoming Our Industrial Past Leverage a New Understanding



Overcoming Our Industrial Past Create a Productive Social Environment

Trust enables strong bonds to form, and you can strengthen them further by culturally mandating:

- **Meaningful Collaboration:** Many minds, one result
- **Transparency:** Hidden thoughts and agendas emerge as threats
- **Sharing:** Group success comes through sharing information and caring about one other
- **Openness:** The desire and willingness to speak up and to consider others ideas

Encouraging these goals/behaviors will ensure the working environment is highly productive.

Overcoming Our Industrial Past Create a Productive Social Environment

- **Unselfishness** – enables sharing
- **Safety** – lack of fear enables initiative and “risk taking”
- **Caring** – talent must be nurtured to grow
- **Tolerance** – mistakes are ok
- **Listening** – respect for one another
- **Optimism** – maintain a positive orientation so people are upbeat and can create

The list goes on, but these are a good start.

Overcoming Our Industrial Past Increase Social Cohesion

In a factory, what mattered was having a process that was optimized.

Today, the degree of Social Cohesion across all participants governs how fast collaborative activities take place. We do not measure it, talk about, or ensure that behaviors that damage it are proscribed. Why?

Social Cohesion: An unseen force that improves outcomes.

Overcoming our Industrial Past Increase Social Cohesion

“The quality of a system is merely a reflection of the social system that built it.”

In a socially dysfunctional environment, collaboration breaks down, impeding the exchange of ideas and information, creating gaps (defects) and jeopardizing success.

Overcoming Our Industrial Past Talent is anything but a Commodity

Interchangeability of Parts?

You see this in the outsourcing deals where individual knowledge and understanding, expensively acquired during years of analysis, debate and design – the situational knowledge - is accorded zero value. The only data is labor cost per hour.

Talent is certainly interchangeable, but at what cost?

What is the value of the situational knowledge?

- **Institutional Knowledge** – Understanding how to do work where you are – knowing the processes and procedures
- **Product Knowledge** – Knowing the business
- **Business Systems Intimacy** – Possessing a very detailed understanding of the systems, architecture, data, etc.
- **Social Capital** – The ability to sustain relationships and get things done
- **Understanding Others** – How to effectively interact
- **A Collaborative Social System** – a productive “factory”

**In IT, one creates sustained value, by not
destroying it.**

- IT is fundamentally a problem solving business that requires creativity ...

“In my experience, the best creative work is never done when one is unhappy.”

Albert Einstein

On an assembly line, humor was of no added value to management

“Studies show that a quick infusion of lightheartedness does more than boost your energy. It encourages intuitive *flow*, makes you more helpful towards others, and significantly improves processes such as judgment, problem solving and decision making when facing difficult challenges. It is a great aid to creative transformation”.

Robert K. Cooper, *Executive EQ*

“Robert Rosenthal, a Harvard psychologist and expert on empathy, has shown that when people administering IQ tests treat their subjects warmly, the test scores are higher”.

Robert K. Cooper, *Executive EQ*

In the industrial era, if a machine broke or began to run inefficiently, then tremendous energy was focused on repairing it. Do the same for your knowledge workers.

Improve the collective capability of the organization by working to ensure negative environmental factors are minimized.

As a leader, your knowledge workers need to know you have their back. It is OK to care about the workers. They can relax more, and produce more.

Everyone gets it. There is a bottom line, and its not a love in. But caring does produce better results.

Overcoming the Industrial Past Time for a New Paradigm

We sincerely need to reinvent modern work and the rules of the work place.

Our current paradigm's over emphasis of process needs to be balanced with the human dimensions that are missing.

Know Thyself!

Socrates

Intimately Understand Others

“Everything that irritates us about others, can lead us to an understanding of ourselves.” *Carl Jung.*

Trust

An unseen current that flows across the team, positively energizing the bonds and connections.

“Without trust, there is nothing.” *Unknown.*

Create Harmony

Trust and Caring give way to Harmony

“A family in harmony will prosper in everything.” *Unknown.*

