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Bursting the CEO Bubble

Why executives should talk less and ask more questions
by Hal Gregersen

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AND ASK MORE QUESTIONS

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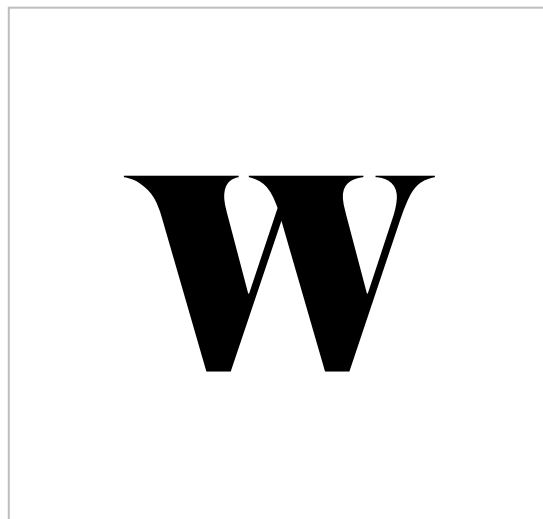
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hen you're the CEO of a large organization—or even a small one—your greatest responsibility is to recognize whether it requires a major change in direction. Indeed, no bold new course of action can be launched without

your say-so. Yet your power and privilege leave you insulated—perhaps more than anyone else in the company—from information that might challenge your assumptions and allow you to perceive a looming threat or opportunity. Ironically, to do what your exalted position demands, you must in some way escape your exalted position.



Walt Bettinger, the CEO of Charles Schwab, calls this dilemma his job’s “number one challenge.” As he explains, it takes two forms: “people telling you what they think you want to hear, and people being fearful to tell you things they believe you *don’t* want to hear.” Managers at all levels experience some form of this challenge, he points out, but “its grip is most intense in the top office.”

Nandan Nilekani, a cofounder of Infosys and recently a senior Indian government official, understands the dangers of this phenomenon. “If you’re a leader, you can put yourself in a cocoon—a good-news cocoon,” he notes. “Everyone tells you, ‘It’s all right—there’s no problem.’ And the next day, everything’s wrong.” And if it’s hard for word of internal troubles to penetrate the CEO bubble created by power and position, it can be nearly impossible for signals from outside the organization—especially early, weak ones—to get through. This is problematic in an era when competitive markets change quickly. When a dramatic shift is on the horizon, the first indications usually appear in ambiguous events on the fringes of the market.

In the course of conducting more than 200 research interviews with senior business executives over the past few years, I’ve come across hardly anyone who did not identify with this problem (including founders of fairly small firms). But more tellingly, I’ve also seen that at firms that are highly successful innovators, leaders are especially attuned to it and committed to overcoming it. Those executives work hard to break down the walls surrounding them. “When you’re in a box in an office, you’ve got to invent a way out of the box,” says Amazon’s founder, Jeff Bezos. These leaders do just that. They deliberately seek out

strikingly different situations where they are more likely to encounter the unexpected. They venture off the beaten path and, in the process, discover challenging new questions that fuel important insights.

FRAMING THE RIGHT QUESTIONS

Persistent CEOs almost always get the information they request. It might not arrive as fast as they’d like, but eventually it gets there. Their bigger problem is getting information they *haven’t* demanded because they don’t know to ask for it. And unfortunately, it’s not just obscure corners of underperforming operations that CEOs are oblivious to. Often, it’s some brewing development that will redraw the lines of competition for the future.

One way to describe these unanticipated risks is “unknown unknowns”—a phrase former U.S. defense secretary Donald Rumsfeld made famous in 2002. As he explained: “There are *known knowns*; there are things we know we know. We also know there are *known unknowns*; that is to say we know there are some things we do not know. But there are also *unknown unknowns*—the ones we don’t know we don’t know. And...it is the latter category that tend to be the difficult ones.”

Though Rumsfeld was talking about military threats, business threats that seem to come out of nowhere can likewise be the most dangerous. The worst casualties happen when a company is blindsided by innovations and new players its managers never even imagined. Just ask the executives of the GPS device makers that were rendered irrelevant by free navigation apps on phones and of the taxi businesses upended by ordinary car owners selling rides through Uber and Lyft.

Often the territory of unknown unknowns can be lit up by an insightful question. As innovation expert Clayton Christensen likes to observe, “Every answer has a question that retrieves it.” But formulating the right questions is often difficult—something Elon Musk, the visionary behind PayPal, SpaceX, and Tesla, points out. “A lot of times the question is harder than the answer,” he notes. “If you can properly phrase the question, then the answer is the easy part.”

An imaginative question helped CEO Jeff Immelt find the answer to a serious challenge confronting GE. As the web began to reshape the global economy, the corporate giant’s management started to wonder how GE, a century-old manufacturer in the age of digital start-ups, could achieve greater relevance. Thanks to a strong culture that encourages fundamental questions in “moments of intense introspection,” as Immelt describes it, he and his team had the insight

IN BRIEF

THE PROBLEM

Power and prestige insulate most CEOs from ideas and information that might alert them to looming opportunities or threats.

THE SOLUTION

Innovative executives work hard to break down the walls surrounding them by gaining exposure to a broad range of constituents and venturing off the beaten path.

THE EMPHASIS

These CEOs actively seek out situations where they may be unexpectedly wrong, unusually uncomfortable, and uncharacteristically quiet. This helps them ask the right questions, discover previously unknown territory, and detect important but weak signals.

to ask: “What if GE were a ‘digital industrial’—and what would that mean?” That reframing opened a vast amount of unknown unknown territory to explore, because the whole notion that there could be a digital industrial hybrid had not previously been articulated. The resulting innovation, which combines physical-world expertise with big data and applied analytics to tackle the “internet of really big things,” has transformed the company.

Unfortunately, leaders can’t formulate brilliant questions at will any more than they can summon lightning bolts. But they can increase the chances that flashes of insight will occur by understanding the conditions that give rise to them and then seeking out or creating those conditions.

The starting point is getting exposure to a broad variety of constituencies and projecting an approachable attitude that inspires other people to speak up. Bettinger has a comprehensive set of tactics for doing that. First, he checks in regularly with important stakeholders—employees, owners, analysts, and clients. Whenever he meets someone from one of those groups, he asks this question: “If you were in my job, what would you be focusing on?” This query is designed to unearth opportunities and threats that haven’t occurred to him, and because it’s worded so that it’s not about him, people are much more likely to volunteer information, he says. On frequent visits to work sites away from headquarters, he makes a point of telling employees that his biggest personal challenge is isolation and asks for their help. To ensure that the people he manages aren’t withholding or sugarcoating information, Bettinger requires them to write what he calls “brutally honest reports” twice a month, offering observations in five areas, including “what’s broken?” (He also urges them to follow the same practice with the people they lead.)

And to help institutionalize a probing mindset at Schwab, each year he invites several employees who brought something potentially consequential to his attention to fly out and spend a day at headquarters in San Francisco—“not as a reward,” he says, “but as encouragement.”

Other leaders might not be so thorough but have come up with their own ways to field under-the-radar ideas and information. During the internet’s early years, Marc Benioff traveled the world seeking new insights from dozens of strikingly different people. That journey led him to a question that opened up a pivotal unknown unknown: “Why aren’t all enterprise software applications built like Amazon? Why are we still loading and upgrading software when we have

the internet?” The answer inspired him to launch Salesforce, now an \$8 billion business. No wonder he and his senior leaders now regularly go on global “listening tours,” looking for weak strategic signals. Inside Salesforce, the senior team also participates in Airing of Grievances, a companywide chat group. This group serves the same purpose as Bettinger’s brutally honest reports, delivering raw, unadulterated early-warning information 24/7 to the C-suite about what’s not working and why.

Rod Drury, who founded one of the world’s fastest-growing software-as-a-service companies, New Zealand-based Xero, uses enterprise social media to host conversations that people across the firm participate in. But he doesn’t limit himself to reviewing what others post; he also shares the firm’s strategy and market intelligence. His posts invite anyone in the organization—“even someone who’s just joined the business 10 minutes ago”—to ask questions, offer perspectives, or call out assumptions that no longer track with reality.

Though their tactics may vary, Bettinger, Benioff, and Drury all illustrate the way innovative CEOs regularly force themselves into modes of intense information intake. But it goes beyond that: Innovative executives deliberately put themselves into situations where they may be unexpectedly *wrong*, unusually *uncomfortable*, and uncharacteristically *quiet*. In so doing, they increase the chances that the right questions will surface to help them pick up on critical weak signals.

UNEXPECTEDLY WRONG

What kind of CEO gets paid for being mistaken? Boards expect senior executives to be confidently right, and for the most part organizations need that decisive stance, too. But when leaders are determined to have all the answers, they stay within the bounds of what they know. Sometimes that’s necessary and appropriate. But if you’re going to crack open the territory of “what you don’t know you don’t know,” you’ll need to break that habit.

Bettinger certainly assumes he is wrong about many things.

“The difference between successful executives and unsuccessful ones is not the quality of their decision making,” he says. “Each one probably makes good decisions 60% of the time and bad ones 40% of the time—and maybe it’s even 55% to 45%. The difference is, the successful executive is faster to recognize the bad decisions and adjust, whereas failing executives often dig in and try to convince people that they were right.”

**“IF YOU’RE A LEADER, YOU CAN
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If you really believe that what separates great from mediocre executives is the speed with which they spot their faulty thinking, then you'll be on the lookout for times when you're wrong. I once asked the visionary Stewart Brand, who founded *The Whole Earth Catalog* and the online community The WELL, what he felt was the key to his creative instinct. He told me, "Every day I ask myself, 'How many things am I dead wrong about?'" When in the course of this project I shared that anecdote with SAP cofounder Hasso Plattner, he leaned forward and confirmed, "That's how I wake up in the morning!"

Innovation always involves at least an implicit acknowledgment that you were wrong about something before. Robin Chase founded Zipcar after she saw car sharing in Europe and recognized how the assumption that everyone should own a car had created tremendous waste throughout U.S. society. That is the most positive kind of error recognition, because it points to opportunity. More commonly, awareness of their misguided assumptions is thrust upon businesses when a new competitor raises a threat or the inadequacy of long-held practices becomes downright painful.

The question for leaders is how to go about embracing the notion of being wrong. Ed Catmull, president of Pixar and Disney Animation Studios, makes it a practice to connect with new hires at employee orientations, where he declares very publicly that he doesn't have all the answers. "I talk about the mistakes we've made and the lessons we've learned.... We do not want people to assume that because we are successful, everything we do is right," he explained in a 2008 *Harvard Business Review* article. In Catmull's view, being mistaken is not only accepted but encouraged: "To be wrong as fast as you can is to sign up for aggressive, rapid learning," he wrote in his book, *Creativity, Inc.*

Sara Blakely, the founder and CEO of Spanx, actually celebrates failures to help people learn from being wrong. At a recent companywide meeting, she highlighted a series of "oops" moments that she'd personally had since founding Spanx. And Drury has a unique way of reminding himself to challenge what he and other veterans of his industry think. "I love the George Costanza theory of management," he told me. He's referring to a famous episode of the TV show *Seinfeld*, in which the hapless George resolves to change his life for the better by acting on a new principle: "If every instinct you have is wrong, doing the exact opposite must be right." Drury knows Xero can't beat its much bigger competitors at their own game—it has to outsmart them with a different approach. So he finds it useful to ask: "What is the exact opposite of

**"EVERY DAY I ASK MYSELF,
'HOW MANY THINGS AM I DEAD
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what an incumbent would expect us to do?" Certainly that is what he did when he gambled on going all-in on the cloud back in 2005, when the software world was still deeply entrenched in desktop applications.

It's an often amusing exercise, and it points to a serious truth. For many, welcoming the state of being wrong means getting over a fear of looking clueless. Adrian Wooldridge, a columnist for *The Economist* who produces insightful copy week after week, learned how to do this by watching the legendary Bob Woodward, half of the team that exposed the Watergate break-in. Woodward asked others almost embarrassingly fundamental questions, which made him sound completely uninformed. But Wooldridge saw the effect: Because Woodward hadn't sig-

naled any clear line of inquiry, people were more likely to reveal something he didn't know he was looking for.

Narayana Murthy, another cofounder of Infosys, asks his top management team to approach questions similarly—and let go of the desire to sound "impressive" to others. "I help," he says, "by saying that our questions must be, as far as possible, framed using simple sentences." He doesn't care if they sound unsophisticated, "because complex sentences and compound questions bring a set of conditionalities"—embedded assumptions, in other words, that constrain the response before anyone has even begun to think about it.

UNUSUALLY UNCOMFORTABLE

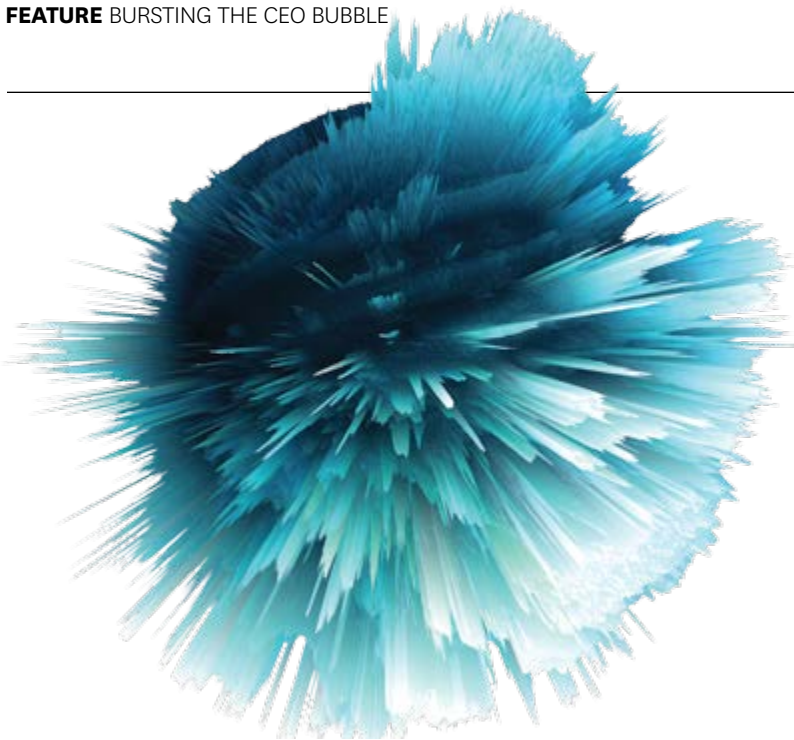
The process of discovery almost always takes you outside the zone where you feel competent and in control. As the author Joseph Campbell once wrote, "Where you stumble, there lies your treasure. The very cave you are afraid to enter turns out to be the source of what you are looking for." Being far outside your element puts you into a heightened state of alertness, just as being wrong does. You become extra receptive, trying to pick up a scent. As you struggle to get your bearings or get on top of a disconcerting situation, fresh questions race through your mind, and you actively gather all kinds of information before making any decisive moves. Many CEOs have only a dim memory of spending time in such a state, at least at work. It takes real resolve to enter it. It is, after all, somewhat exhausting to be on high alert.

But it also can be a source of inspiration. For instance, in 1988, when social entrepreneur Andreas Heinecke was in his first job, at a radio station, he was asked to train another young journalist who had lost his eyesight in a car accident. At first Heinecke was bewildered about how to do it. He also quickly

ARE YOU TRAPPED IN A CEO BUBBLE?

Ask yourself these questions to see whether you're insulated from crucial ideas and information in your everyday work:

- 1** How many barriers do people have to cross to talk directly with you?
- 2** How much of your typical workweek is spent outside your office or headquarters?
- 3** When was the last time you were dead wrong about something at work?
- 4** How quickly did you uncover your last mistake? How fast did you change course?
- 5** How often do people ask you uncomfortable questions at work?
- 6** How often do you talk with people who make you uncomfortable? How much time do you spend in places that cause you to feel uncomfortable?
- 7** How many questions do you ask versus statements do you make in typical conversations?
- 8** How often do you wait silently (three seconds or more) for others to answer your questions?
- 9** How many times this week have you said "I don't know" in response to a question?
- 10** When was the last time your provocative questions gave rise to a catalytic story—one that radically transformed some part of your organization for the better?



realized to his mortification how many stereotypes he harbored about people with disabilities. That discomfort made him seek to understand a realm he had no knowledge of—and in that extreme questioning mode, Heinecke found the passion that would guide an entire career. It led him to build Dialogue in the Dark, an award-winning organization that employs blind guides to take 800,000 visitors a year (or more than 8 million to date) through exhibits and workshops on the sightless experience.

Fadi Ghandour, the cofounder of the Dubai-based delivery and logistics firm Aramex, is an avid proponent of leaving the executive comfort zone. One time when he arrived in Dubai at 2 AM, he chose to skip the luxury car service from the airport and had one of the company's package couriers pick him up instead. During the drive to his hotel, he asked the courier probing questions and listened closely to the answers, which revealed operational issues that were compromising the courier's ability to deliver on time. First thing that morning, Ghandour called an all-hands meeting of local management and made sure some couriers could be there, too. While the executives listened, he posed the same kinds of questions—and allowed everyone to hear of the brewing problems (such as couriers' being overloaded and managers' being out of touch).

Crucially, the tone of the gathering was one of mutual discovery. No one was called on the carpet to explain why these concerns had been overlooked. Just as important, Ghandour decided that this should be an ongoing way for the team to pick up early signals. Now it's a policy for Aramex executives to periodically get out of their ergonomic office chairs and do stints as couriers.

Perhaps what Ghandour advocates doesn't sound so unbearable. It isn't. But ask yourself when you last

made a move like the one he made at the airport. In the midst of an exhausting month of travel, knowing you would touch down on the tarmac to find a slew of fresh messages needing responses, wouldn't you have had a town car waiting? There is always an excellent excuse not to leave the seemingly efficient CEO cocoon.

Drury has followed an approach similar to Ghandour's, although with customers, not employees. In his firm's quest to take on industry leader Intuit, he made it a point to mimic Intuit's founder, Scott Cook, who habitually spends time watching QuickBooks customers do everyday work. In 2005 Drury shadowed more than 200 potential customers—owners and managers of small businesses—meeting them at their offices just as they arrived in the morning, booted up their computers, and poured that first cup of coffee. The visits inspired a fundamental insight: "That it was never about accounting software." Drury realized that though this focused solution responded to a customer need, a much greater, "once-in-a-lifetime opportunity" lay in bringing all the data a small business gathered together into one environment—and then connecting that data "to do some amazing, magical things."

Guy Laliberté, the cofounder of Cirque du Soleil, an entertainment company known for its highly creative productions, is constantly on the road and on the lookout for new trends in architecture, fashion, music, and language. Everyone in the company is encouraged to do the same; Cirque even publishes a feature called "Open Eyes" in its internal newsletter, which is filled with staffers' "by the way" observations from their travels. But perhaps Laliberté's most unusual technique for breaking himself and his team out of their comfort zone can be seen back home in Montreal. One day he told his CEO, Daniel Lamarre, "I'm afraid we're getting a little bit too corporate. So I've hired you a new employee." Shortly afterward, a clown in full costume reported to work at company headquarters. "Madame Zazou" spends a fair bit of her time staging entertainments and dispensing popcorn. But she has full license to play the role of court jester, for example by "coming into our [executive committee] meeting and doing the introductions—and making fun of us," Lamarre says.

UNCHARACTERISTICALLY QUIET

There's another way to increase your chances of encountering novel ideas and information and discerning weak signals: being quiet. This is not typical behavior for CEOs, who are generally expected to be in broadcast mode, delivering words of inspiration, explanation, and unambiguous direction. A.G. Lafley, two-time chairman and CEO of Procter & Gamble, likes to say that his job is to keep repeating for people what the mission is and to keep it "*Sesame Street* simple." That is the default setting for CEOs for sound reasons. But it will never open a window onto

things you don't know you don't know. So for some significant portion of your time, you have to stop transmitting messages and switch over to receiving them. No surprise, then, that each week Lafley asks himself, "What am I going to be curious about?" as a reminder that strategic insight demands deep listening born of equally deep curiosity.

The need to work on being quieter came up again and again in my interviews with CEOs. As Diane Greene, the cofounder and former CEO of VMware and now senior vice president and a board member at Google, puts it, "Quiet time is key to clear thinking and increases the likelihood of asking the right questions." Hal Barron, president of R&D at Calico, a life sciences company funded by Google, agrees about the power of quieting down. He commented that the longer you can gather information before you crystallize "the story in your head," the more likely you are to arrive at some truly novel hypothesis. "As long as you're truly listening, as opposed to fitting what they're saying into your story—which I call 'not listening'—then you ask good questions. Because you're really not sure what the story is yet."

One of the "most amazing qualities" of Cirque du Soleil's Laliberté, says Lamarre, is that when someone utters a crazy idea in a meeting, Laliberté urges him or her to say more—"where most people would just hit the brakes." Everyone else in the room might be highly skeptical, but Laliberté says, "OK, keep going. I'm not sure about it, but keep going." Simon Mulcahy, one of Benioff's top executives at Salesforce, notes that it takes deliberate effort to keep others talking. In meetings, he says, he mentally has "this sort of background music playing all the time: *Don't tell. Ask questions. Don't tell. Ask questions.*"

Good listeners also try to abandon their preconceived notions. Scott Di Valerio, former CEO of Coinstar and now CFO of RetailMeNot, reminds himself constantly to "start from zero" when listening to people he has dealt with before. It's too easy for assumptions about what they probably believe or memories of how valuable (or not) their input was in the past to get in the way of understanding what they're truly trying to communicate now.

Deval Patrick, the former governor of Massachusetts and now a managing director at Bain Capital, offers another tactic. He is a huge believer in "the power of the pause." As he explains, "We all seem to feel like we have to fill up the space between our comments." Quelling that impulse has repeatedly benefited him. Especially when someone is, as he says, "having a real tough time telling the boss that something isn't going

well. If you wait a beat or two, they take a deep breath and then they go ahead." A simple pause is rewarded with "layers of valuable information."

MAKE IT HABITUAL

It takes concerted effort for a CEO to avoid isolation and stay attuned to changes in the world. Bettinger, for one, believes the effort is well worth it. "To informally hope that you will figure out ways to get that information, I think, has always been dangerous," he says. Catmull likewise worries about the "dangerous disconnect" that afflicts top managers when they consistently fail to "step up to the boundary" of what they know and what they don't know. Determined not to let Pixar down in that way, he's designed a whole set of institutions and practices to "systematically fight complacency." Catmull and Bettinger are outliers, however. After hundreds of interviews, I have to report that the majority of leaders, familiar as they may be with the built-in dilemma created by

the CEO's power and position, have not yet found the will or the way to fight it coherently and consistently.


Yet the solution is not that complicated: Get out of the office today and spend more time being wrong, being uncomfortable, and being quiet.

And even if you're not a CEO, you'll benefit from cultivating deeply inquisitive leadership practices. SAP's CEO, Bill McDermott, has pointed out that as managers get promoted

up the ranks, they reach their limits fast if they aren't able to ask probing and insightful questions. At the top layers of the organization, the people with the most potential to succeed, he says, are the ones who can "take a difficult situation and bring it to its knees with questions."

The CEO's dilemma is really every leader's dilemma. All leadership roles are subject to the isolating bubble fueled by position and power. As soon as you put too many layers between yourself and the front lines of the business, and as soon as people start worrying about bringing you information that might trouble you, the odds quickly decline that you'll stumble upon what you didn't know you didn't know—before it's too late. Change your habits now to fix that. Reframe your old questions into new ones, and by the time you make it to the CEO's office, you might face no dilemma at all. ☺

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