The Knowledge Notebook

Indicators

BY LAURENCE PRUSAK

How do you evaluate a situation quickly—in seconds or minutes? Do you think it through systematically, evaluating the evidence at hand, weighing all the inputs and coming to a coherent and cohesive conclusion? Probably not, unless what goes on inside your head is a lot different from what goes on in mine. We all make speedy judgments of many kinds when we first visit a new country, enter a company or agency new to us, or visit a project team. So how do we do it? What goes into quick evaluations that retain their force for longer than we might care to admit?

How we make these judgments is, and has been for quite a while, the subject of much speculation and even some science. But one aspect of the issue mostly missing from this literature is useful to think about: the role of indicators.

Indicators come in all forms and styles and are often used to explain past events (lagging indicators) or to predict future ones (leading indicators). Many people use them in their work, be it in market research, economic planning, logistics, project analysis, or other professions. But we all use them every day—often without thinking about which ones we have adopted or developed and how we use them. Let's say you are visiting a friend in his office. As you walk over to his desk or cubicle you undoubtedly register how his colleagues are dressed, how old they are and how busy they appear to be, the lighting and noise level, the age and aesthetics of the office furniture, and maybe twenty other factors you take in in a few seconds. What do you do with all these inputs? Research shows that you interpret these indicators and use them to make a judgment based on your own values, experiences, and general knowledge of the place. It all happens in a few seconds and usually occurs semiconsciously or unconsciously.

I have asked several consultant friends of mine how long it takes them to arrive at some sort of conclusion about a company they are visiting for the first time. The consensus from these experienced folk is anywhere from five to twenty minutes. And they almost always find that these first impressions prove to be correct over time.

The indicators we deploy are self-generated and of course subject to change with our own changing views and circumstances. One indicator that I frequently use to judge a country's intellectual level is how many and what sort of books are being sold at its airports. I have been positively impressed by small Indian cities that had selections of real literature and serious social science and political commentary. These books sold well, too. The opposite experience has happened to me in even large cities in Latin America where the offerings, even in Spanish, are thin and dispiriting.

When I recently mentioned this to a colleague, however, he pointed out that although Boston, where I live, has a reasonably active intellectual environment, there are no good bookstores in the airport. The books for sale at airport newsstands are what you might expect them to be almost anywhere—escapist fare to while away the hours of a long flight.

A little digging showed me that in India the books are subsidized by the government and so airport shops have financial encouragement to offer them. In Boston, one vendor runs all the newsstands and has little incentive to offer anything but bland thrillers and romances. The same is true at Heathrow in London, by the way. And in Latin

America, in general, serious logistical and financial factors work against a more varied diet of books being offered.

So, in this case, my indicator was not really a valid clue to the local intellectual level. I needed to re-evaluate it in light of what I learned about why the shops offered what they did.

This sort of thing is interesting (I think) but probably not earthshaking. But some faulty indicators do make a huge difference and can cause considerable damage. For instance, governments base policies on indicators such as Gross National Product, household income, and other such mechanisms that can be quite misleading. A most interesting example is the fact that personal wealth, long seen as an indicator of happiness, just isn't. It turns out that there is little correlation between the two. Nigeria turns out to be a pretty happy place compared with the United States, whose wealth per capita dwarfs it. Another example in the news nearly every day is using the amount of money spent on health or schooling as indicators of good results (even though some countries that spend half of what the United States spends per capita on health have demonstrably better results).

What is the value of all this to project managers, engineers, and others not in the business of setting government policy? It leads to the idea that we all need to recognize the indicators we use to make judgments and question the assumptions they are based on to avoid or reduce errors that can harm our work and our personal lives. What seems obvious often isn't even true. Taking a conscious and critical look at how you make judgments can help make your judgments better. ●

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