

# Cognitive Dissonance

(Or continuing to believe despite the evidence!)

It's a human trait that once we come to a conclusion or a perceived solution to a problem the belief in that conclusion or the way to solve the problem gets very hard to shift. It's actually quite amazing the lengths that people will go to, to try and fit the evidence (often hard empirical evidence) into the model of the world that they have created and despite all the evidence to the contrary they believe what they believe. In other words people will convince themselves of a falsehood rather than alter their model of the world (or tell a lie as in the well-known Leon Festinger and James Carlsmith study carried out back in 1954).



This trait is one to watch out for in business and one that is so very common when you start to watch the way that managers and teams approach problem solving. Often

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they start with a perceived conclusion and try (like hell!) to make their experimental results fit the conclusion they have come to previously or the 'facts' they have learned. There is a simple game to play with 'lean' for example where participants are asked to find the most efficient way of performing a simple task like signing a number of letters, folding them and then putting them in the envelopes, sealing them and posting. The belief that batches are the most efficient way of doing anything (sign all the letters then fold them all then stuff all the envelopes then post the 'batch') is embedded in most people but in fact one piece flow (sign, fold, stuff seal and post each letter one at a time) is significantly more efficient (and by

the way means customers get their letters more quickly, some significantly so). This translates into the more complex manufacturing processes that they encounter in their working life and whilst not ideal in our scenario it can actually lead to very serious consequences if you think about this human trait affecting how a doctor or surgeon decides on a course of action, for example blood letting = life saving used to be a known fact.

***The window industry where we spend most of our working time suffers from a huge piece of cognitive dissonance, the belief that low cost = high profits.*** Taken to it's logical conclusion this means that achieving zero cost will achieve the businesses financial goals... crazy, zero cost is easy just shut the business but this belief is firmly embedded. Don't get me wrong, cost control and in particular efficiency is important but value add and throughput beat it every time.

Cost reduction is limited but throughput is only limited by the market size. Cost control is about getting what you need at the best possible price, it's not logical to believe you can get something for nothing. There is a belief that you can persuade a supplier to give you a better product or better support at the same price as the supplier who provides a basic compliant product and no strategic engagement, a belief that a win/lose deal will be done and be sustainable. Another piece of cognitive dissonance if ever there was one, evidence to the contrary abounds but it doesn't stop this behaviour from customers many of whom are intelligent and street wise.

As margins continue to be squeezed and companies battle not to increase but in most cases just to maintain margins the debate about price for the supplier and cost for the customer becomes more and more desperate in some quarters but a cooperative approach is way more likely to achieve the right outcome for both parties. Actions however speak louder than words, lets see who really wants to help their customers grow and let's see who is actually capable of delivering a strategy that has sustainable suppliers as part of the mix and value add as key for the customer. There can only be one cost leader and one price leader in the marketplace and it's not an easy strategy to execute (although it looks the simplest!)

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