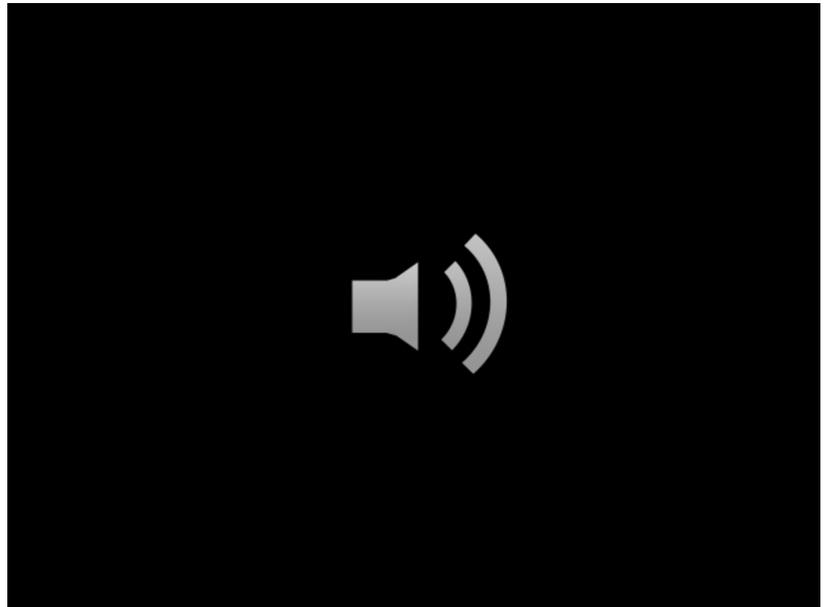


URL: https://ecorner.stanford.edu/?post_type=podcast&p=57437



Transcript

The fastest growing organization in the Catholic Church was the Jesuits, and they started out with just this rule about, we're gonna focus on education, get out of the monastery every day, and save souls.. Whereas the other, let's say the Benedictines were probably the worst, they had a rule for everything.. They had a rule for when you prayed, what spoon you used, what you wore on your feet, all these different rules and it just ossified, but the Jesuits just had a couple things and they were very chameleon.. - Friction is a huge psychological burden.. - Without friction we would not have fire, and we would not have sparks.. - I got to get a knife.. (man laughing) I gotta hide it.. I end up spending a lotta time ruminating.. - Hi, I'm Bob Sutton.. I'm an organizational psychologist and a Stanford professor, and this is the Friction Podcast..

(mellow music) On today's episode, we're joined by Stanford Engineering Professor, Kathy Eisenhardt.. Kathy is the co-author of Simple Rules, How to Thrive in a Complex World.. She is one of the most influential researchers in the field of organizational strategy and we have been colleagues for about 35 years.. We asked Kathy to the podcast because the strategies she writes about in Simple Rules have many implications for the causes and cures of organizational friction.. We tend to think of rules as limiting and restrictive, but Kathy's version of simple rules allows your team the space to explore and create efficiently and without driving one another crazy.. - I've been thinking about simple rules for a long time.. I first did a study of companies and whether or not they could develop products well.. And we looked on the east coast, and we looked on the west coast, and we looked in Europe, and we found that companies that had too many rules were too efficient and kinda boring, and could get out a bad product really fast, but not good products.. On the other hand we looked on, we also found companies that had no rules at all and everybody just had this really great time being innovative, but they couldn't get our product out either, and so what we realized is it was, it was this middle place.. We used to joke, well that must mean Chicago is the best place to be, because the crazy people are on the west, and the uptight people are in the east..

But anyway, we started to see there was this middle.. And so that got me interested in this idea of simple rules.. This idea that you want some rules to kinda guide what you're doing, but if there's too much rule, you get stuck just doing the same old same old.. So, simple rules are simple, which means there are you know, three, four, five rules, and not more because otherwise then it's not simple.. Simple rules are unique.. They're unique to you, so one of the examples I like is the Michael Pollan Food Rules.. Eat mostly vegetables and fruits, eat the only food that your grandmother would recognize which means not processed foods, and he has one or two other rules.. And my contrast to that, at the same time as we were looking at Michael Pollan, I was doing some stuff with the football team here at Stanford.. Turns out the football team has simple rules, too, but they're not the same.. So, the simple rules of the football team are, always eat breakfast, always stay hydrated, and then they have a rule, you can eat anything you want as long as you can pick it, pluck it or kill it..

- That's pretty good.. - And so, the idea was that that's why simple rules are unique.. Because the football team, a 20 year old guy who has a lot of exercise, doesn't have the same rules let's say, middle age people like you and me have.. - Right, right.. - So, simple rules are simple, and simple rules are unique to you.. - So, there's another part that really struck me in the

book, which is, you're not talking about simple rules for simple situations.. You're talking about simple rules for complex situations, even, this is a quote from your book, situations where unpredictable interactions among many moving parts happen.. So, to me that's sort of the dream.. The world is the mess and this is the, this is, like my grandfather, he had this simple rule, whenever anybody committed any crime, he thought that they should be shot.. It was like that..

Just shoot 'em.. There was no other punishment.. It was actually, it was a simple rule, but I think it was overly simplistic.. So just when you hear about this from a simple rules perspective, let me start with kind of Rorschach test approach.. Then I'll start drilling in.. - Okay.. - What comes to mind, what's your reaction about what simple rules brings to the table, and some of the things that you and Don would recommend to get rid of destructive friction? - Okay, I guess what we would see friction as being, as a situation that's too complicated, too much going on.. Kind of like tax law? You know, like tax law is like, oh my gosh.. And you know, our government is saying they made it simpler.. It sure doesn't look simpler to me..

So tax law would be something where it's crazy and complex, and I don't know what's going on, and I hate alternative minimum.. But I don't actually even know what it is.. And what simple rules would be, would be say, taking the tax code and just having it like five lines long.. Or five pages.. I mean, five pages would be-- - That would be great.. - And in fact, there's some data on, that in countries where tax code is very complicated, there's both a lot of people who don't pay taxes, and there's a lot of cheating.. Actually, you get more people paying their taxes, and doing it correctly, when your tax code's not too complicated.. So that's like the perfect example to me of simple rules, something really complicated, but when you boil it down, oh yeah, it's just these couple of ideas.. Actually, in fact, this is kind of, It always struck me how funny on the book, is that our book was very popular on the Rand Paul Network.. - Because? - Because, Rand Paul was into simplicity..

Simple government, simple ideas.. So I never thought of myself as a Rand Paul kind of girl.. (laughter) But um, Rand Paul's network was into us.. - So Libertarians like simple rules.. - They do.. - I like simple rules too.. I'm not a Libertarian.. (mellow R&B music) I was having a conversation with, let's just say an unnamed, famous academic leader, okay? 'Cause if I name this person, I will get in trouble.. And this person said to me, "I'm fatalistic." I was complaining about the rules of this particular large academic institution.. - So this is an administrator? - Yes..

Yeah, she's a very capable person.. And this person said to me, "Well, I'm gonna try to reduce the friction, but I'm actually kind of fatalistic.. Because, I really believe that as systems get older, larger, and more complex, they're just gonna get more bureaucratic, and things are gonna get harder and harder to do.. And you can reduce the pain some, but as organizations get big and old, they're just gonna get worse and worse." - Hmm.. - You believe that? - Do I believe that? I think that is the natural course.. But I also think you can stop the natural course.. So if you don't do anything, you don't intervene-- - Oh, good.. - It's probably true that we all just get, well, it's kind of like health.. You know, you get older and older, and your body gets worse, and whatever.. But if you actually step in and start exercising, and you're going, you can change, or at least slow the pace..

So I think that's true of organizations.. - So when I think of institutions that have, just to survive.. The Catholic Church, we can calculate pretty precisely, this is 2018, so it's 2000 years old.. And they've had 150 senior executive changes or so? (laughter) - Yes.. - So maybe they're doing something right, despite those problems.. - Yes, despite the problems, right.. - Can you think of any more, well, I don't know, non-religious organizations that have done a good job of reinventing themselves? - I'd say Johnson & Johnson.. How 'bout Johnson & Johnson? - Ooh.. - I think the key at Johnson & Johnson was what Hewlett Packard used to do-- - Ooh.. - Which was lots of small businesses that were run pretty entrepreneurially..

- Ooh.. - So tying their business units into lots of small, similar business units, and then giving people opportunities to run them.. So you had your own little mini business, and if it didn't work out, you kind of get rid of it, and if it does work out, maybe you split it apart.. But that idea that was the old Hewlett Packard model of lots of little businesses, all about the same size-- - Right.. - Very entrepreneurial, was a way of refreshing things.. And so you had more opportunities for people to get their first shot running things, than you do in most organizations.. - Oh, that's interesting.. You know, the organization that you make me think of, which could be controversial, but they've got world dominance, is McDonald's.. They have a lot of constraints, but they actually allow a lot of individual autonomy, country by country.. - Mm-hmm..

Yeah, and that's actually true.. There's another comparison, besides them, is the Uber versus Lyft comparison.. That Uber has historically given their city managers a lot more room to run, than at least Lyft did early on.. And, 'cause actually they started out was, Lyft was actually the first mover.. So I think that idea of giving people space to do things.. - Until the point you give 'em too much, and you gotta reel them back in.. - So you gotta reel 'em back in, 'cause maybe that's part of the cultural issues at Uber.. And speaking of the Catholic Church, and you probably saw that in Simple Rules, that was the Jesuits, you know the-- - Oh, the Jesuits? Oh, you have the Jesuits versus the Benedictines? - Yeah.. - And talk about that.. Oh, that's a great example..

Talk about that.. - It was the fastest growing organization in the Catholic Church, was the Jesuits.. And they started out with just this rule about, we're gonna focus on education, get out of the monastery everyday, and save souls.. Whereas the other, the Benedictines were probably the worst.. They had a rule for everything.. They had a rule for when you prayed, what spoon you used, what you wore on your feet.. All these different rules and, that just ossified.. But the Jesuits just had a couple things, and they were very chameleon.. And so in Japan, they hobnobbed with the Shoguns, but in China they hung out with the peasants.. So they could be different people depending upon where they were..

- Oh, that's really cool.. Ironically, in Scaling Up Excellence, we talk about Catholicism versus Buddhism, and we talk about Catholicism as being standardized, and we talk about Buddhism as being not.. But essentially, this is a case where the Benedictines, well, they were Catholic by our language, (laughs) the Jesuits were Buddhist.. (laughs) - That's right, that's right.. In fact, there are, and now there are Buddhist Catholics.. So you can, well that's the beauty of Buddhism.. You can be kind of anything you could.. - Anything you want to be, yeah.. (upbeat R&B music) So another kind of rule I really thought were interesting.. These timing rules..

So tell us what a timing rule is, and how they, 'cause those to me, seem like classic friction fighters.. - Yeah, yeah.. Timing rules.. Well, there's couple different kinds of timing rules.. But the simple timing rule's just being in a rhythm.. So like for a while, Uber was in a rhythm of opening two cities a week.. - Right.. - And why that works, I mean I don't know whether it should have been two, or it should have been five, or one, or whatever.. But why timing rules work, is they let people who have to coordinate, coordinate more easily.. So if we know that we're gonna do two cities next month, then we start to realize, oh, we gotta do this in week one, and that in week two, and yeah..

And so we sort of organize ourselves.. In fact, I first got this idea because I was sitting on a plane coming back from Paris, back to here, to California.. And as you know, it's like a 12 hour flight.. And so I had this seatmate this particular time.. And his name was Dirk, and he was a race car driver.. Not kidding, that was true.. (laughter) But he told me about racing.. And he said, when you're doing, when you're race car driving, you don't drive as fast as you can.. You drive at a constant rhythm.. So you don't wear out your car, you don't wear out yourself, and your pit crew knows when you're gonna show up..

And so that's the same with timing rules, is it lets you coordinate people.. It also puts you in a rhythm.. And we all know, rhythm, as people, you know a dance rhythm, or I was just skiing last week.. I have a ski rhythm.. That you kind of, when you're in a rhythm, you feel more focused, and more motivated, and more effective.. Well, organizations can be in rhythms too.. And so if I know that I've got to ship a product every six months, or I'm entering two cities a month, or something, The organization can get into a rhythm.. And so, I think be more productive, more focused, we can organize ourselves better.. We know what's gonna happen.. And so I think those kind of rhythm rules are really, they're kind of subtle, but they're pretty powerful..

- So that is, that's a really interesting example.. And so one of the jokes that Huggie would tell was, that maybe one of the reasons that universities have existed for so many centuries, and everything else dies, is we're all locked in these quarter-end semester systems.. And that's what keeps all of us crazy.. 'Cause that's, the students, the administrators, the faculty, we all know the-- - The rhythm, yeah.. - 'Cause we know the day after graduation, the campus is gonna be completely empty and nobody's gonna be here.. - Yeah, I hadn't thought of that, but that's right.. We're all in a lockstep rhythm, and maybe-- - So maybe it's the only thing that's saved us.. In the book, you mentioned Pixar, which I'm not sure they still do this, but you mentioned for a long time, on the rhythm of one movie a year? And if they show you the workforce, they've got seven movies going, but because there's one a year, they actually know how to staff every single movie, from three people in a room coming up with the concept to the next release has 700 people working on it, or something like that.. - Yeah, and Pixar's really cool, because they essentially created a movie factory.. - Yep..

- Because we always think of a factory, you know, I think in our mind of a factory is, you know, potato chips coming out, potato chip, potato chip, you know, like really fast, and they created a factory of a movie that comes out once a year.. But it was a factory.. It was like, at this time, these, yeah.. We're at this point in the process, and it's a four year process.. It actually takes four years to do a movie.. You know, at this point in the process, it's three people in a room.. At this point in the process, it's 20 of the designers, and they've got it synchronized like an assembly line.. Like it takes a certain amount of time, certain number of people, and then it goes to the next part.. - Even though it's a very creative process.. It is interesting, 'cause one of the advantages of that, when you talk about having a system and having that kind of cadence is, you actually know when something's wrong, because for example, if the dailies are really bad, and it's early on, that's fine..

But if the dailies are really bad and you're six months from release, it's really a problem.. Because every, they're all sort of on the same rhythm.. (mellow R&B music) So you've got a magic wand, okay? - Okay.. - And by this point, with your years of experience and research, you've looked at a lot of different companies, and if you could do one thing to every organization.. If you make one thing harder to do, to increase friction in every organization, what would you do? What would you make more difficult for people to do? - More difficult for people to do? Well, I know that some of the companies that I work with, they don't understand sometimes basic economics.. When you get into economics, when you get into ecosystems and platforms, those are fairly complicated business models.. And so I guess I would make it harder maybe to move ahead in those businesses without making people really think through the economics of it.. Because people miss the economics, and they go too fast, and they think they understand.. And they kind of get this get-big fast mentality.. I think you've heard that term..

And they really should stop and think more about the underlying economics of what they're trying to do.. This one company, they were doing in-home cooking for travelers.. So you know, you go to Asia, and you want to get a home-cooked meal, and an authentic experience in, I don't know, Luang Prabang, or Ubud, or somewhere like that.. And so this company would hook you up as the traveler with a home-cooked meal by a local.. And actually, there were actually two companies, one started in one part of the world, one started in the other.. And one company kind of got it, but the company that didn't, they were always rushing around trying to match buyers and suppliers, and they started actually worrying more about the buyers,

the eaters, because when you do a meal, you usually have five or six people eating it, but you only need one person cooking it.. So they, well, we gotta get more people.. And that reasoning works for a steady state platform where you're trying to balance supply and demand.. But when you're starting, which is a different thing, you actually want to focus on the hosts, and get the hosts right, get them trained, get it going, and then you go to the guests.. And so they were in this constant chaos of trying to match hosts with guests, but they were always out of balance, and it didn't, it never, anyway, they went out of business..

This other one understood, thought more about what the economics of platforms really is, which is it was really fundamentally driven by supply.. And so they really got supply.. They spent a fair amount of time really learning supply.. Who's a host for us? What makes for a good host? And obviously, good cooking is one aspect of it.. But it turns out good storytelling is, also.. Because it's entertainment.. It's not just food.. - That is actually interesting, 'cause if you think about the Airbnb story, I mean, that's one thing they've been, they really work the hosts harder than attracting, well, attracting the guests, because they figured if they got that right, the rest-- - The rest would happen.. - The people would come.. So, you've still got your magic wand in your hand..

And so you want to, in the organizations that you've studied and worked with, and executives you've met over the years, you want to take a magic wand and make one thing easier.. One thing to get rid of the friction.. - One thing easier for people? I'd say that they should have a certain time of day where they shut off their devices.. That their life would be a lot easier, if at a certain point in the evening, I'm done with my devices, and you just check out.. I think that's the thing that I'd tell them that they should do.. And that's across the board, and I think they'll be more relaxed, more focused, and they'll have that real joy that you have when you come back to your device and you see a problem, you see people talking about it, and then it goes away, and you didn't have to deal with it.. - Oh, that's really interesting.. You know, my wife, Marina, has a rule that she uses, which she will break in the case of an emergency.. But her rule is, with her staff at the Girl Scouts, that although she actually writes emails over the weekend and at night, she doesn't, she only sends them during regular working hours.. - Uh-huh..

I actually do that too.. 'Cause I don't want people to feel stressed out.. Excessively stressed out.. - So that's one thing I actually have to work on.. But I liked your simple rule.. I think we all should follow it.. Literally, the world would be a better place if-- - Oh, I think so, yes.. (laughs) (mellow R&B music) - Kathy, thank you so much for joining us on the Friction podcast.. As usual, you've been well, charming, and came up with delightfully weird and interesting examples.. - Okay, well thank you Bob..

It was fun to do.. (mellow R&B music) - Too many rules can stifle your organization, but too few are even worse.. The main thing I take from Kathy's episode is that having a set of simple guidelines for you and your team to follow not only allows employees to streamline their workflow, but can help reduce the amount of friction and frustration in your organization.. Please spread the word about the Friction podcast.. Rate and review us on iTunes, and share your favorite episodes with your colleagues, your family, and even your therapist.. On the next episode, we will be joined by Jeff Pfeffer, who's a Stanford Business School professor, and author of *Dying for a Paycheck*.. We're going to discuss the implications of his research on how workplaces where friction, frustration, and fatigue are rampant, can have a negative effect on employee health and well-being, and what employers can do to mitigate this growing public health crisis.. And now, for the final tangent.. You talked about stopping rules.. - Mm-hmm..

This is maybe kind of a grim example, but one of the leaders of the expedition to Mt.. Everest, where a large number of people died, it was in the mid-'90s.. - Yeah, I remember that they got stuck on the mountain too late.. - Stuck on the mountain too late.. Well, they had, the guide, he had a rule for his guiding.. And he had guided lots and lots of tours up there, was, if you're not on the top by 2:00, turn around.. So that was a stopping rule.. If we're not at the top, we're done.. Turn it around.. Well, that was the day he didn't follow the rule..

And they weren't in the last, people were on the top of the mountain at 4:00 in the afternoon.. And it started out as a beautiful day, and it ended up as a really bad day.. And a lot of people didn't get back.. And so that's a stopping rule.. That's a value, it's I don't know, maybe an extreme example of the stopping rule.. But a rule that's saying, wait a minute, we've put enough into this.. Whether it's climbing Mt.. Everest, or a bad boyfriend, or the sales call that's never gonna happen.. People are very good at choosing something, like picking a stock, or picking something.. But they're very bad at saying, that was a really bad choice, it's time to end it..

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