Daniel H. Pink

The Flip *Manifesto*

16

Counterintuitive Ideas About Motivation, Innovation, and Leadership

Dear Reader –

Have you ever suspected that some of the advice you've been getting has been wrong?

Not wrong as in a "little bit off" or "not quite right." But just plain wrong—flatly, flagrantly, fatally incorrect.

Me too.

So I decided to do something about it. The manifesto you have here offers 16 pieces of advice that run counter to—indeed, that often directly contradict—what you might have heard elsewhere.

I proffer this contrarian counsel not for the sake of being clever or controversial, but because in my travels and research, I've found that the individuals and organizations doing great things have often flipped the conventional wisdom. They've taken age-old beliefs—and turned them upside down. What they're doing, and what I'm advising based on their success, represents smarter advice—despite (perhaps because of) running counter to what many others believe.

In the pages that follow, we'll look at:

- why you should continue doing what you're doing—just in reverse order

- why doubting yourself is often wiser than believing in yourself
- why trying to find your passion is a stupid idea
- and why maximizing shareholder value is a worse idea still.

Consider this manifesto like a piece of software—the latest word, but not the last one. Many of these ideas had their genesis in a column I wrote for the UK newspaper, *The Sunday Telegraph*. A few appear in somewhat different form in *Drive: The Surprising Truth About What Motivates Us*. Many will eventually be retrofitted, refined, and maybe even rebuffed.

But for now, take a look. Then let me know what you think. You can always find me through the Pink Blog (danpink.com), on Twitter (@danielpink), and via email (dan@danpink.com).

Cheers,

Daniel Pink

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- MOTIVATION -

1. Start doubting yourself.

If you’re looking for business advice, you might haul out your old MBA textbooks or consult a management guru. But the shrewdest guidance often comes from an actual entrepreneur. Someone who's created a company. Someone who's faced the challenges of missed deadlines, cranky employees and dodgy supply chains. Someone, say, like Bob the Builder.

You might not realize it, but the overall-clad, stop-motion animated construction executive—whose television program now reaches children in 240 territories and 45 languages—is a management radical. His approach to directing projects, people and himself runs counter to the prevailing wisdom about business performance.

Most of us believe in positive self-talk. "I can achieve anything," we mouth to the mirror in the morning. "Nobody can stop me," we tell ourselves before walking into a big meeting. We think we'll do better if we banish doubts about our ability or our strategy and instead muster an inner voice that affirms our awesomeness.

But not Bob. Instead of puffing up himself and his team, he first wonders whether they can actually achieve their goal. In asking his signature question—Can we fix it?—he introduces some doubt.

Self-help gurus from Norman Vincent Peale to Anthony Robbins might shudder at allowing a shaft of negativity to shine through our mental doors. But last year, a team of American scientists concluded that Bob might be right after all.

In a nifty set of experiments, three social scientists explored the differences between what they call "declarative" self-talk (I will fix it!) and "interrogative" self-talk (Can I fix it?). They began by presenting a group of participants with some anagrams to solve (for example, rearranging the letters in "sauce" to spell "cause.") But before the participants tackled the problem, the researchers asked one half of them to take a minute to ask themselves whether they could complete the task—and the other half to tell themselves that they would complete the task.

The results?

The self-questioning group solved significantly more anagrams than the self-affirming group.

The researchers—Ibrahim Senay and Dolores Albarracin of the University of Illinois, along with Kenji Noguchi of the University of Southern Mississippi—then enlisted a new group to try a variation with a twist of trickery: "We told participants that we were interested in people's handwriting practices. With this pretense, participants were given a sheet of paper to write 20 times one of the following word pairs: *Will I, I will, I,* or *Will*. Then they were asked to work on a series of 10 anagrams in the same way participants in Experiment One did.

The outcome was the same. People "primed" with *Will I* solved nearly twice as many anagrams as people in the other three groups. In subsequent experiments, the basic pattern held. Those who approached a task with questioning self-talk did better than those who began with affirming self-talk.

"Setting goals and striving to achieve them assumes, by definition, that there is a discrepancy between where you are and want to be. When you doubt, you probably achieve the right mindset," researcher Albarracin explained in an email to me.

"In addition, asking questions forces you to define if you really want something and probably think about what you want, even in the presence of obstacles."

To Lisa Gansky, this makes sense. Gansky has launched several ventures, including Ofoto, a pioneering photo-sharing service. "I'm a self-talker for sure," she told me (and probably herself). "And when I'm working on an idea, it starts out as a declarative."

But as she progresses, she moves toward the interrogative—because business leaders in general, and entrepreneurs in particular, face an occupational hazard that Gansky calls "breathing your own exhaust.”

> “ *When you create something, you can fall in love with it and aren't able to see or hear anything contrary. Whatever comes out of your mouth is all you're inhaling, but when you ask a question—Will I?—you're creating an opening. You're inviting a conversation—whether it's self-conversation or a conversation with others.* ”

Dov Seidman agrees—to a point. In 1992, fresh out of Harvard Law School, Seidman started LRN, a consultancy that advises large companies on creating ethical cultures and that now has offices around the world. He acknowledges that "people who make proclamations show a little hubris.” But he says that "proclamations by people who are guided by integrity are promises they have to keep. And that can be very powerful."

Yet Seidman also believes there's equivalent power in humility. "People who ask questions come from a more humble place, which creates space to come up with a deeper solution," he told me.

In other words, questions open and declarations close. We need both, of course. But that initial tincture of honest doubt turns out to be more powerful than a bracing shot of certainty.

And that's something that the research affirms and that Bob the Builder exemplifies. Although Bob and his anthropomorphic trucks might not qualify for a Stanford Business School case study, his workplace isn't all that much different from yours or mine (leaving aside the weirdly compelling romantic frisson between Bob and co-worker Wendy).

His business is a series of projects—many of them unexpected, most of them hazily defined—that require people to collaborate, fashion solutions on the fly and contend with surly customers. By asking "Can we fix it?" Bob widens the possibilities. Only then—once he's explored the options and examined his assumptions—does he elicit a rousing "Yes, we can" from his team and everyone gets to work.

So the next time you're feeding your inner self a heady brew of confident declarations and bold affirmations, toss in a handful of interrogatives with a few sprinkles of humility and doubt.

Can you do that? Yes, you... well, you'll have to ask that yourself.

2. Pay people too much.

Glance at the business pages these days and it’s clear we are living in an age of austerity. Governments cut budgets. Businesses oscillate between leanness and meanness. Individuals guard their pocketbooks like ferocious mother bears.

But our stringent times are also bringing in an era of pragmatism. Both the public and private sectors are trying to slip the surly bonds of ideology and forge solutions the core virtue of which is that they deliver results.

Consider education. Here in the U.S., we've long treated schoolteachers as public servants who should be insulated from the briny waves of market forces. But now, as the world's economic center of gravity shifts eastward, and as American students underperform their Asian counterparts, leaders are casting aside this orthodoxy for a new approach.

Instead of compensating teachers like government mandarins, the reasoning goes, let's treat them like en-trepreneurs. And so, especially in the U.S., the Left and the Right, in a rare moment of comity, have pushed to link teacher pay to student performance.

You can almost feel the fresh breeze of new thinking displace the stagnant air of old dogma. The solution is sensible, practical, and attuned to the times. There's just one problem with it—**the early evidence shows it doesn't work**. And the results (or lack thereof) yield an important lesson for leaders in every realm.

In May 2011, Harvard University economist Roland Fryer released an impressive research paper that examined the effects of a large pay-for-performance program in more than 200 public schools in New York city. For three years, teachers in schools that reached certain performance targets could earn an annual bonus of $3,000.

Fryer looked at how students in those schools fared on standardized tests—and pored over the data on student absences and graduation rates. He also analyzed the impact on teachers—in particular, whether those offered a bonus took off fewer days or stayed in the profession longer.

The results?

"Providing incentives to teachers . . . did not increase student achievement in any statistically significant way," he wrote. Indeed, under the incentive plans, student test scores actually dropped. The impact on graduation rates and other measures of student behavior was "negligible" the impact on teacher absences and retention was essentially zero.

Fryer is the architect of a few such pay-for-performance schemes in the U.S., but as he summarized: "I find no evidence that teacher incentives increase student performance, attendance, or graduation, nor do I find any evidence that the incentives change student or teacher behavior. If anything, teacher incentives may decrease student achievement, especially in larger schools."

If Fryer's findings were the only assessment of these new pay-for-performance measures, we could let the jury deliberate longer before delivering a verdict. But his work follows on the heels of a similarly comprehensive study.

In that work, researchers at Vanderbilt University's National Center on Performance Incentives looked at an equally pragmatic incentive plan in Nashville, Tennessee.

For three years, several hundred math teachers in grades 5 to 8 (students between the ages of 10 and 14) were randomly assigned to one of two groups. The first, the control group, received their regular salaries. The second also received their regular salaries—but could earn as much as an additional $15,000 if their students' performance on statewide tests and other measures improved.

What happened?

Not much. The students taught by incentivized teachers did no better or no worse than students taught by regular salaried teachers.

The incentive scheme "did not set off significant negative reactions of the kind that have attended the introduction of merit pay elsewhere," the researchers wrote. "But neither did it yield consistent and lasting gains in test scores. It simply did not do much of anything."

Of course, two social science studies, rigorous though they are, can't represent the final word on such a complex issue. But these findings are consistent with 50 years of behavioral science that shows that contingent pay schemes—if you do this, then you get that—are effective for simple, routine work, but not very effective at all for complex, creative, conceptual work. Ever so slowly discovering what social scientists have long known, New York City recently pulled the plug on its pay-for-performance scheme—after spending $56 million and getting zero results.

So what does this mean for corporate managers and government officials seeking to coax high performance from employees in the post-recession years?

The answer might require us to plumb research conducted way back in the Reagan era. In the mid-1980s, George Akerlof, who later won the Nobel Prize in economics, and his wife, Janet Yellen, a fellow economist who now serves on the Federal Reserve's Board of Governors, discovered something peculiar about a group of employers they were studying in Northern California.

Instead of paying employees the wages that supply and demand would have predicted, these companies gave their workers a little more. It wasn't because the leadership was selfless or the managers were stupid. It was because they were savvy.

Paying great people slightly more than the market demands, Akerlof and Yellen found, helped attract better talent, reduce turnover, and boost productivity and morale. In fact, the firms making the irrational and seemingly frivolous choice to "overpay" their employees, rather than construct elaborate incentive systems, outperformed their competitors.

Policy makers and business leaders take note: money matters. But often the best use of money as a motivator is to pay people enough to take the issue of money off the table—so that people can focus on the work rather than on the cash.

This era of pragmatism is also turning out to be an era of paradox. Perhaps the best solution for progress in our age of austerity is to be a little less austere.

3. Increase sales by eliminating comissions

Truth often begins as heresy. Five centuries ago, human beings were certain that the Earth stood at the center of the universe and that the lowly sun revolved around our glorious planet. Then Copernicus came along with a shocker: Sorry, folks, it's the other way around. Today, every school child knows that the Earth revolves around the sun—that this once heretical notion is, in fact, correct.

Neil Davidson might be launching his own Copernican revolution in business. In 1999, he and Simon Galbraith founded Red Gate Software, a firm based in Cambridge England, that makes development tools for programmers. Like almost all companies, Red Gate has a sales force. But unlike most companies, Red Gate has committed an act of managerial heresy: it has eliminated commissions for its salespeople.

Huh? Without commissions, where's the motivation?

In the early days of the company, Davidson created a fairly straightforward commission scheme. But, of course, salespeople figured out a way to game it—by pushing sales into the time period most advantageous for them, by underselling one month to show a bigger gain the following month, and so on. This wasn't because they were unethical; it was because they were rational humans responding logically to a particular incentive structure.

So Davidson made the system more complex—and salespeople responded by increasing the complexity of their own behavior. On and on it went, until both the management team and the sales force seemed more focused on the compensation system than on making great software and selling it to customers who needed it.

Davidson feared that commissions were doing more harm than good—that this largely unexamined business practice might be quietly undermining his 150-employee company. He wrote on his blog: "That's what our sales salary system felt like—a gigantic, complex and medieval Spirograph centered on an assumption that wasn't true."

So, with some trepidation, he approached his sales team with the bizarre idea of scrapping sales commissions altogether and simply paying people a healthy flat salary and a share of profits at the end of the year. The response surprised him.

"The salespeople thought the move was, generally, a good one, but that other salespeople wouldn't," Davidson says. "When I explained it to Tom [not his real name] he said, 'It sounds like a really good idea. But James would never like it; he's solely motivated by money. Remove the commission and he'll leave.' James said, 'Sounds great. But it will never work with Tom. Money is all that drives him.'"

Not only were commissioned sales not leading to better performance, it wasn't even the arrangement salespeople themselves preferred.

In the absence of commissions, Red Gate's total sales have increased. And while two salespeople left the company–uncomfortable with the new regime—most stayed and are thriving—including Tom and James.

Across the Atlantic Ocean, Maury Weinstein—founder of System Source, an IT services company in Baltimore, Maryland—followed a similar path. He and partner Bob Roswell eliminated commissions for their company's sales force in 1994. Weinstein says it's one of the reasons that System Source has flourished for so long—and why the median tenure at his company is 17 years, greater than the lifespan of most firms in this intensely competitive industry.

Both Weinstein and Davidson have found that challenging the sanctity of commissioned sales can bring several, often unexpected, benefits.

For example, in Red Gate's case, managers were spending a huge amount of time and energy policing the compensation system and arbitrating disputes over who deserved what. Once pay arrangements became simpler, leaders could focus their efforts on more useful activities.

Davidson says: Rather than relying on carrots [sell more and you can buy the new car] and sticks [don't sell enough and you won't be able to feed your kids], we are compelled to make our salespeople's work more interesting, to set better goals and encourage teamwork."

Indeed, improved teamwork is another advantage.

“ *By their very nature, individual commissions discourage collaboration. Why help 'Mary' close the deal when she'll get the gains from the sale? The comp plan was dividing people,* ” says Weinstein.

But at both Red Gate and System Source, once commissions were no longer around, collaboration and commitment increased.

And then there's the experience of the companies' customers. When we buy, we often see the salesperson as an adversary with whom we're locked in a zero-sum battle. That sort of relationship, says Weinstein, is ultimately bad for business.

Ending commissions, he said, sent "a strong message to the staff: We're not just paying you for what you close in the next five minutes. We want you to be an agent for the customer rather than a salesperson."

In the end, an elaborate system of commissions might have been the problem rather than the solution.

"Imagine you could construct a sales robot, programmed solely by the rules in any sales structure," Davidson wrote on his blog. "How would it behave? It would steal deals off other salespeople, sell customers software they didn't need, argue with its boss over its commission and backstab its colleagues. That wasn't the behavior we wanted, but our commission structure sent a strong signal that it was."

Should every company eliminate commissions for its sales staff? Probably not. But should entrepreneurs, managers, and the rest of us step back every now and again and question the supposedly fixed laws of the universe?

Definitely. Just ask heretics like Copernicus, Neil Davidson and Maury Weinstein.

4. Take as much vacation as you want, whenever you want it.

White-collar workers have an uneasy relationship with holidays. On the one hand, we consider them our due. (And in much of Europe, paid vacations are a right fixed in the law.) On the other hand, we view them as minor betrayals—of our obligations to customers and clients, of our responsibilities to colleagues left behind, even of the values we hold most dear.

That's why most organizations treat vacations the same reluctant way that parents dole out candy to their children. They dispense a certain number of days each year—but once we've reached our allotment, no more sweets for us.

One Silicon Valley company, however, has quietly pioneered an alternative approach. Netflix, Inc. is a streaming video and DVD-by-mail service that has amassed 20 million subscribers. Even though its recent blunders—Qwikster, anyone?—cast it in a negative light, the company has upended America's brick-and-mortar video rental business.

At Netflix, the vacation policy is audaciously simple and simply audacious. Salaried employees can take as much time off as they'd like, whenever they want to take it. Nobody—not employees themselves, not managers—tracks vacation days.

In other words, Netflix's holiday policy is to have **no policy at all.**

If that sounds like a recipe for anarchic stew, devoid of essential workplace nutrients such as temperance and hard work, think again. In its own way, Netflix's non-policy is more attuned to the nature of 21st century work, and even to the values of industriousness and self-discipline, than its sterner counterparts.

Back in the old days—2004—Netflix treated holidays the old-fashioned way: it allotted everyone N days a year. You either used them up—or you duked it out with accounting to try to get paid for the time you didn't consume.

But eventually some employees recognized that this arrangement was at odds with how they really did their jobs. After all, they were responding to emails on weekends, they were solving problems online at night at home. And every so often, they would take off an afternoon to ferry a child to the pediatrician or to check in on an ageing parent.

Since Netflix wasn't tracking how many hours people were logging each work day, these employees wondered, why should it track how many holidays people were taking each work year?

Fair point, said management. As the company explains in its "Reference Guide on our Freedom & Responsibility Culture," a 128-slide PowerPoint presentation that has spread like samizdat literature on the Internet: "We should focus on what people get done, not how many hours or days worked. Just as we don't have a nine to five day policy, we don't need a vacation policy."

So the company scrapped its formal plan. Today, Netflix's roughly 600 salaried employees can vacation any time they desire for as long as they want—provided that their managers know where they are and that their work is covered.

This ultra-flexible, freedom-intensive approach to holiday time hasn't exactly hurt the company. Launched in 1999, Netflix now has market cap of over $5 billion. Meanwhile, its chief rival, the video rental chain Blockbuster, has been delisted from the New York Stock Exchange.

Perhaps more importantly, this non-policy yields broader lessons about the modern workplace.

For instance, ever more companies are realizing that autonomy isn't the opposite of accountability—it's the pathway to it. Steve Swasey, Netflix's vice-president for corporate communication, says:

> “*Rules and policies and regulations and stipulations are innovation killers. People do their best work when they're unencumbered. If you're spending a lot of time accounting for the time you're spending, that's time you're not innovating.*”

The same goes for expenses. Employees typically don't need to get approval to spend money on entertainment, travel, or gifts. Instead, the guidance is simpler: act in Netflix's best interest. It sounds delightfully adult. And it is — in every regard. People who don't produce are shown the door. "Adequate performance," the company says, "gets a generous severance package."

The idea is that freedom and responsibility, long considered fundamentally incompatible, actually go together quite well.

What's more, the Netflix holiday policy reveals the limits of relying on time in managing the modern work-force. In an era when people were turning screws on an assembly line or processing paper in an office, the connection between input and output was tight. The more time you spent on a task, the more you produced.

But in much white-collar work today, where one good idea can be orders of magnitude more valuable than a dozen mediocre ones, the link between the time you spend and the results you produce is murkier. Outcomes are what matter. How long it took is less relevant.

Finally, the Netflix technique demonstrates how the starting premises of workplace arrangements can shape behavior. In his book, *Cognitive Surplus: Creativity and Generosity in a Connected Age,* New York University scholar Clay Shirky argues that when we design systems that assume bad faith from the participants, and whose main purpose is to defend against that nasty behavior, we often foster the very behavior we're trying to deter. People will push and push the limits of the formal rules, search for every available loophole, and look for ways to game the system when the defenders aren't watching. By contrast, a structure of rules that assumes good faith can actually encourage that behavior.

So if you think people in your organization are predisposed to rip you off, maybe the solution isn't to build a tighter, more punitive set of rules. Maybe the answer is to hire new people.

To paraphrase one Netflix executive, the company doesn't have a clothing policy either. But—so far at least—

nobody has shown up to work naked.

5. Give up on trying to find your passion.

When we find ourselves in the midst of a career change or feel a dull sense that what we're doing now isn't what we should be doing forever, our friends and families—along with every mentor, advisor, and consultant—will smile knowingly, lean in tenderly, and pose this question: Tell me, what's your passion?

The idea is that if we simply acknowledge what fires our soul, if we just pull out our metaphysical arthroscope and examine our hearts, the path will reveal itself.

So—with a voice that quavers in expectation and an inflection that italicizes the final word—they ask us again, "What's your *passion*?"

Ladies and gentlemen, I detest that question.

When someone poses it to me, my innards tighten. My vocabulary becomes a palette of aahs and ums. My chest wells with the urge to flee.

Oh my. The answer better be top-shelf—not some fumbling, bargain basement reply. But I know the responses I've formed in my head aren't especially good. Worse, they're probably not even accurate. And I'm not alone.

So, as the economy rebounds, and people begin pondering new opportunities, maybe we can take a break from this daunting and distracting question and ask a far more productive one: What do you do?

I learned the wisdom of this alternative from Gretchen Rubin, who lives and works in New York City. After graduating from law school in the early 1990s, Rubin served as a law clerk for the US Supreme Court. This job is perhaps the sweetest plum in the American legal orchard. It practically guarantees a career of high-level positions in law firms and government.

But during her stint, Rubin's eyes wandered away from the law.

"When I had free time, I never wanted to talk about cases or read law journals, the way my fellow clerks did. Instead, I spent hours reading, taking notes and writing my observations about the worldly passions—power, money, fame and sex," Rubin says.

"Finally, I realized, 'Hey, I'm writing a book.' And it dawned on me that some people write books for a living. This project didn't have to be my hobby; it could be my job."

She wrote her first book—*Power Money Fame Sex: A User's Guide*—and soon she realized that she wasn't a lawyer. She was a writer. Now she has four books to her name, including her latest, *The Happiness Project.* Rubin might have felt an occasional bolt of passion while writing. But that didn't offer much guidance. Instead, she took a step back and watched what she did.

Emma Jones is the founder of Enterprise Nation, a London company that supports small businesses. She has discovered that people who notice what they do when nobody is watching them, or even paying them, often end up as entrepreneurs.

"I'm seeing quite an increase in the number of people turning a hobby into a business," she says. "You start innocently by making cakes or taking photos in your spare time. Friends and family admire the results and recommend you to others. Before you know it, you are your own boss and making a living from doing what you do."

This is how people find their way. Instead of endless self-examination and the search for some inscrutable holy emotional grail, they act.

Sometimes the answer that emerges from the action isn't fully formed, says Marci Alboher, author of *One Person/Multiple Careers.* "Often that thing 'on the side' becomes a slash that gets tacked on after an answer to the 'What do you do?' question. That's why we're seeing so many lawyer/chefs and dentist/massage therapists. And these slash careers are often pit stops on the way to full-blown career shifts."

Of course, passion isn't bad. But business can be a bit like love. When people first fall in love, they experience that woozy and besotted feeling that verges on obsessiveness. That's passion, and it's great. But as couples bond more enduringly, that fiery intensity can give way to a calmer warmth. That's true love—and that's where the magic is.

So next time you're on either the giving or receiving end of advice, skip the hot and steamy passion and go for the calm and deeper love. Ask questions like:

What did you do last Saturday afternoon—for fun, for yourself?

What books do you read or blogs do you visit, not for work, but just because you're interested in them?

What are you great at? What comes easily to you? What would you do—or are you already doing—for free?

As it happens, I can testify to the power of de-emphasizing passion and re-emphasizing doing. Beginning about two decades ago, I worked in some very demanding, intensely stressful jobs in American politics and government. But throughout—on the side, usually for no money—I wrote magazine articles about business and work, and formulated ideas for books. At one level, it was foolish. I lost sleep, sacrificed leisure, and probably distracted myself from my paid employment.

But after many years, it finally hit me: This—not politics—is what I did. And now, as a result, that's what I do.

Am I passionate about it? Sure, I guess. Maybe. Some days. But passion isn't something I much ponder.

I'm too busy doing what I do.

6. Keep a To-*Don't* list.

The two most influential management gurus of the past 30 years are Tom Peters and Jim Collins. In 1982, Peters taught the corporate world how to go "In Search of Excellence.” Nineteen years later, Collins showed leaders how to move from "Good to Great." Walk into any large organization just about anywhere in the world—and there's a 50-50 chance you'll see either Peters's book (which he co-authored with Robert H. Waterman, Jr.) or Collins's on shelves in the C-suite.

And even if you don't glimpse actual dog-eared copies of *In Search of Excellence* or *Good to Great*, you'll detect their philosophies in corporate practices and hear their lingo in office conversations. Wow projects. Management by walking around. Pushing the flywheel. Level 5 leadership.

But in my opinion, this duo's most powerful idea—a notion that each created separately but that shares a common DNA—is one you probably haven't heard of. Collins and Peters have long advised companies what to do. But both suggest that the secret to high performance for individuals is deciding what not to do.

For instance, if you're reading this manifesto at your desk, somewhere within an arm's length is your "to-do" list. Many of us can't imagine daily life without it. A to-do list focuses our attention and delivers a delicious dose of dopamine to our brains each time we cross off an item.

Peters has nothing against to-do lists, but he says that they're insufficient—that we should also create "to-don't" lists. He recommends that we specify and enumerate what holds us back—the actions, behaviors and obligations that sap our energy, distract our attention and therefore ought to be avoided.

"Get rid of all the clutter that undermines your sense of focus," Peters has advised. Your to-don't list can help you illuminate what belongs on your to-do list. As Peters puts it: "What you decide not to do is probably more important than what you decide to do."

Meanwhile, Collins has reached a similar conclusion. Years ago, when he was a graduate student, a professor told Collins that he wasn't leading a disciplined life, but merely a busy one.

She asked him how he would change his behavior if he learned one day that he had just inherited $20 million but that he had only 10 more years to live. In that situation, she asked him, what would you stop doing? Thus was born Collins's counterpart to Peters's innovation. He calls it a "stop-doing list"—and he compiles it once a year. Collins wrote in 2003,

> *A great piece of art is composed not just of what is in the final piece, but equally important, what is not. It is the discipline to discard what does not fit—to cut out what might have already cost days or even years of effort—that distinguishes the truly exceptional artist and marks the ideal piece of work, be it a symphony, a novel, a painting, a company or, most important of all, a life.*

The key insight of both Peters and Collins is that we spend too much time on addition and not nearly enough on subtraction. Yet it's only by taking away what doesn't matter that allows us to reveal what does matter.

That's why a couple of years ago I began using a hybrid of the Peters and Collins techniques—a combo of a to-don't and stop-doing list. I revisit the list more than once a year, but I don't craft a new one every day. Instead, I post it on the wall next to my desk where it's always in view and revise it when circumstances demand. Let me share with you what's been on the list:

- Don't answer email during peak morning writing hours;
- Don't accept meetings or conference calls initiated by others that you wouldn't have initiated yourself;
- Don't drink coffee in the afternoon;
- Don't go to sleep after 11pm.

Have I eradicated all unproductive behavior and become a self-disciplined, self-actualizing productivity machine? Not exactly. But I have improved. I no longer drink coffee after midday—when in the past I thought I needed that caffeine jolt to power through the afternoon. I generally avoid staying up late—because I've discovered that I'm only about 10 percent as productive after 8pm as I am before 1pm.

Without consciously making that list—and then being forced to confront it at my desk—I doubt I would have been able to make those improvements.

Other items have proved more stubborn. But I'm getting slightly better at not answering email when I should be writing—and at escaping many of those soul-sucking meetings and conference calls. And merely by making those productivity and satisfaction destroyers explicit, and facing them day after day, I clarify what is truly important to me—producing good work and spending time with people I care about.

So I urge you to give the Peters or Collins method a try—and **make a list of your own**. Lists have a peculiar resonance in our lives—a power to shape our behavior in ways that other language forms often cannot match.

After all, God didn't offer Moses a few paragraphs of prose on Mount Sinai. Instead, he presented his commandments as a list. And, as it happens, eight out of 10 of them tell us what not to do.

- INNOVATION -

7. Do the reverse of whatever you're doing now.

Every morning, tens of millions make their way to school on bikes, by foot, or in buses.

These students have a lot in their little heads. But lots of them are too young even to remember the 20th century. When they arrive in their classrooms, many of these students will see smartboards instead of chalkboards. They'll turn in their assignments online rather than on paper. Their teachers will stay in touch with their parents by email.

And yet for all the gadgets and geegaws in their midst, the rhythm of these students' actual days will be much the same as when their parents sat in those same uncomfortable seats last century.

During class time, the teacher will stand at the front of the room and hold forth on the day's topic. Then, as the period ends, he or she will give students a clutch of work to do at home. Lectures in the day, homework at night. It was ever thus and ever shall be.

But one American teacher is taking a different approach—and in the process, he's offering a lesson in innovation for organizations of every kind.

Karl Fisch is a 22-year veteran of Arapahoe High School, located south of Denver, Colorado. For the past 14 years, the one-time math teacher had been the school's technology co-ordinator. But a round of budget cuts forced him to take on extra duties—and last year, he returned to the classroom to teach an algebra course to 9th and 10th graders.

However, instead of lecturing about polynomials and exponents during class time—and then giving his young charges 30 problems to work on at home—Fisch has flipped the sequence. He's recorded his lectures on video and uploaded them to YouTube for his 28 students to watch at home. Then, in class, he works with students as they solve problems and experiment with the concepts.

Lectures at night, "homework" during the day. **Call it the Fisch Flip**.

"When you do a standard lecture in class, and then the students go home to do the problems, some of them are lost. They spend a whole lot of time being frustrated and, even worse, doing it wrong," Fisch told me.

"The idea behind the videos was to flip it. The students can watch it outside of class, pause it, replay it, view it several times, even mute me if they want," says Fisch, who emphasizes that he didn't come up with the idea, nor is he the only teacher in the country giving it a try. "That allows us to work on what we used to do as homework when I'm there to help students and they're there to help each other."

When he puts it like that, you want to slap your forehead at the idea's inexorable logic. You wonder why more schools aren't doing it this way.

That's the power of flipping. It melts calcified thinking and leads to solutions that are simple to envision and to implement.

Consider the publishing industry. Publishers typically launch a book by issuing a pricey hardcover. Then, after a year or so, they publish a less expensive paperback. But the marketing guru and author Seth Godin has proposed flipping the sequence—especially for books that aren't written by celebrity chefs or aging movie stars.

Why not, Godin has proposed, put out the cheaper paperback—or even an e-book—first? Readers are more likely to gamble on an unknown author when they can risk $10 rather than $30.

Then, if the book sells well and builds an audience, the publisher could produce, say, a $50 commemorative hardcover edition—something that's a collectible for true fans willing to pay a higher price.

Or imagine flipping the sequence in the movie business. For blockbusters, the typical strategy is to open huge the first week, maintain the momentum for a while, and then come out on DVD when interest wanes. Alas, most films aren't blockbusters. So for those sorts of movies, studios instead could first issue a low-price DVD or streaming video to build an audience. If the film proved popular, the studio could then release it to theaters—where early adopters and people who have heard the buzz could watch the film as a communal experience.

Even the human resources department is a candidate for the Fisch Flip. For instance, employees get a going-away party on their final day with an organization. But Rite-Solutions, an upstart American software firm, does the reverse. As William C. Taylor writes in *Practically Radical*, the company holds a welcome bash for new employees at 9am on their first day of work.

If incumbents can rejuvenate by flipping the sequence, sometimes challengers can gain by flipping an industry's very business model. For example, in large cities in the US and Europe, many cafes have become makeshift workplaces. Small entrepreneurs, independent workers and free agents can buy a cup of coffee—and get an Internet-enabled office for free.

But this trend has also helped give rise to a new industry—co-working spaces, where those same sorts of business people can rent small offices and have access to conference rooms, copiers and kindred spirits. Places like Le Bureau in London and Thinkspace in Seattle have flipped the model. They charge for the office—and give away the coffee. “We encourage collaboration among community members,” says Thinkspace founder Peter Chee, and “our free coffee is one way to facilitate that.”

So here’s your homework for tonight. Ask yourself: what is one process, practice, method or model in my business, work or life that I can flip? We’ll work on your answers together in class tomorrow.

8. Pass your problem to somone else

Try to solve the following puzzle:

In a tower is a prisoner who desperately wants to escape. One day he discovers a rope in his cell. Trouble is, the rope is only half the length necessary to allow him to reach the ground safely. Yet he divides the rope in half, ties the two parts together, and escapes to his freedom.

How did the prisoner accomplish this feat?

This isn't the sort of problem most of us face in our daily professional lives. But how we approach it, and how quickly we fashion a solution, yields some surprising lessons about innovation and creativity in business.
In a recent experiment, Evan Polman of New York University and Kyle Emich of Cornell University posed this problem to 137 undergraduate research subjects. They asked half the participants to imagine themselves as the prisoner. They asked the other half to imagine someone else as the prisoner.

Fewer than half of the participants in the first group figured out the problem. But in the second group, 66 percent came up with the solution.

In other words, people were faster and more creative when they tackled the problem on behalf of others rather than for themselves.

This was no isolated result. Polman and Emich found the same phenomenon in two other experiments. In one, they asked participants to draw a picture of an alien that could be the basis of a science fiction story. Half were told they would later write the story themselves; half were told that someone else would write the story. The aliens that people in the second group drew for others turned out to be more creative than those the first group drew for themselves.

Likewise, in a third experiment, the researchers asked participants to come up with three gift ideas—for themselves, for someone close to them, or for someone they scarcely knew. Once again, the more remote the recipient, the more innovative the gift. (Which might explain why many of us are useless in choosing gifts for our spouses and partners.)

Polman and Emich build upon existing psychological research showing that when we think of situations or individuals that are distant—in space, time, or social connection—we think of them in the abstract. But when those things are close—near us physically, about to happen, or standing beside us—we think about them concretely.

Over the years, social scientists have found that abstract thinking leads to greater creativity. That means that if we care about innovation, we need to be more abstract and therefore more distant. But in our businesses and our lives, we often do the opposite. We intensify our focus rather than widen our view. We draw closer rather than step back.

That's a mistake, Polman and Emich suggest. "That decisions for others are more creative than decisions for the self... should prove of considerable interest to negotiators, managers, product designers, marketers and advertisers, among many others," they write.

Indeed, their findings have practical implications at every level of business. Let me offer five suggestions to stir your thinking:

- *Recruit more independent directors*. Begin with corporate governance. If recent scandals and ethical breaches weren't sufficient evidence, this body of research underscores the importance of having independent directors on the boards of public companies. Beyond providing watchful eyes on auditing and compensation committees, their very distance from the quotidian concerns of incumbent managers might make them valuable sparks to corporate creativity.

- *Rethink the structure of your firm*. Perhaps loose alliances of distantly connected people—think Wikipedia or a Hollywood film—can produce more creative products and services than fixed rosters of employees in traditional arrangements. And maybe those consultancies, which all of us love to malign, are offering a valuable service after all by providing distance for hire.

- *Harness the power of peers*. The day-to-day crush of obligations often lures leaders closer to their challenges rather than giving them the distance that social scientists say can be more valuable. One counterweight is to assemble a small group of peers—all from different industries—and gather periodically to exchange ideas and offer solutions from new perspectives. Many such peer advisory groups in America—among them Inner Circle, CEO Clubs, and the Women Presidents Organization—already exist and are growing in popularity.

- *Find a problem-swapping partner*. If regular meetings aren't your thing, try finding a friend or colleague with whom you can occasionally swap problems. When you're stymied, give your problem to *him or her. In exchange, when he or she is stuck, they can toss their dilemma to you.*

- *Disassociate yourself.* When partners aren't an option, establish distance yourself. Create some psychological space between you and your project by imagining you're doing it for someone else or contemplating what advice you'd give to another person in your predicament.

Of course, there are plenty of times when getting the job done calls for concrete thinking and a close focus. But those hammers shouldn't be the only tools in our toolbox.

And while much of our business world is ill-configured to benefit from Polman and Emich's insights, the rise of crowdsourcing and ventures such as Innocentive (which allows companies to post problems on a web site for people around the world to solve) suggests that the moment may be right for reconfiguring the broader architecture of problem-solving.

Which leads to one final question: How exactly did the prisoner with the insufficiently long rope manage to escape? The answer: he split the rope lengthwise, tied the two halves together and shimmied to freedom.

Think about that next time you're imprisoned in a tower. Actually, don't. Instead, have someone else think about it for you.

9. Repeat after me: BO-GOA.

Once upon a time, there was a shoe company in Milwaukee. As its business matured at home, the president of the company decided to explore new markets. So he sent two of his salespeople to a remote region of Asia to assess the potential there.

After trekking from village to village, one salesman wired back to his boss: "Not much opportunity here. Nobody wears shoes."

The other salesperson, visiting the same villages, sent a different dispatch: "Huge opportunity here. Nobody wears shoes."

This story, a hardy chestnut of sales training seminars and graduation speeches, is meant to show the power of perspective. Two people can see precisely the same conditions, but reach vastly different conclusions. Which leads us back to shoes—or more specifically, TOMS Shoes.

TOMS is a 120-employee operation headquartered in southern California. It offers stylish cloth and canvas shoes on its website and in high-end retailers in the U.S. and Europe. But TOMS also does something unorthodox: for every pair of shoes it sells, it donates a pair of shoes to a child in need somewhere in the world.

Is TOMS a charity—a non-profit venture that finances its charitable giving through shoe sales? Or is it a company that's willing to sacrifice its profits to do good?

The answer? It's neither.

If we widen our perspective just a bit, it's clear that TOMS is something else altogether—and that something else might just be the future of business.

The official line is that "TOMS Shoes is a for-profit company with giving at its core." Nothing especially new there. Businesses of all kinds—from the corner store to giant multi-nationals—have always given things away. "Buy one, one get one free" is a practice as sturdy as double-entry accounting.

But TOMS is steering this concept in a new, and potentially powerful, direction, says Lisa Jones Christensen, a professor of strategy and entrepreneurship at The University of North Carolina's Kenan-Flagler Business School.

In a typical "buy one, get one free" arrangement, the benefit accrues only to the buyer, she says. "With the TOMS model, you generate something for someone else while also advancing your own fashion."

When customers purchase shoes, they "can let TOMS finish out the final mile of their own good intentions," says Christensen. Then, every time a customer slips on a pair of Classics, Cordones, or Stitchouts, he gets a reminder of the contribution he's made to the world.

"It is a model where the consumer can continue to reap satisfaction as the shoe gets worn. Most other consumption causes a decrease in satisfaction, as products become obsolete and head towards landfill."

As a result, the giveaways, though costly, increase customer satisfaction and deepen loyalty. TOMS's social mission—providing shoes to the needy—isn't a tender nicety. It's integral to the competitive logic of the company.

If this California shoe peddler, founded in 2006 by a 20-something entrepreneur, were the only venture deploying the strategy of "Buy One, Give One Away"—call it BO-GOA—we might dismiss it as an interesting oddity.

But ever so slowly, this business model is taking hold elsewhere.

For instance, Warby Parker, maker of hip, low-cost glasses, gives away a pair of glasses for every pair it sells. Happy Blankie donates a blanket to a needy child every time a customer purchases one of its kiddie bed covers. The Canadian pet food maker Darford International provides a meal for dogs in animal shelters with every package of dog food it sells. WeWood, a Los Angeles watchmaker, plants a tree each time it sells one of its wooden watches.

Why are so many BO-GOA companies springing up now? One reason is social media, which has allowed upstarts like TOMS to spread their message cheaply and to enlist their customer-benefactors as marketers.

Another is that this model allows brands to stand out in a crowded marketplace, explains Lisebeth den Toom, senior editor of Springwise, an Amsterdam-based blog and newsletter that tracks new business ideas.

"Without the connection to a larger cause," she says, "I doubt the TOMS brand would have grown as quickly or had as much staying power."

But the most important reason may be something deeper. Perhaps the profit motive, while still glorious and necessary, is no longer sufficient for 21st century ventures. Around the world, some of the top-performing businesses are marrying the profit motive with the "purpose motive"—the sense that commercial enterprises should stand for something and contribute to the world.

Indeed, over the past decade, we've seen what happens when the profit motive comes unhitched from the purpose motive. Sometimes the result is unethical and reckless behavior. But more often the result is mediocrity—average, dull, unremarkable products and services. If the rallying cry inside a company is "Let's raise earnings per share 4 cents this quarter," that's not the sort of mission that makes most people leap out of bed in the morning to race to work to do something extraordinary.

But when the profit motive and the purpose motive combine, as they do in many BO-GOA businesses, the results can be astonishing. As that second salesman might have said, there's a huge opportunity here. Not many companies are giving away shoes.

10. Carve out time for non-commissioned work.

On October 5, 2011, just as they were beginning their working day at the University of Manchester, Andre Geim and Konstantin Novoselov received a phone call from Stockholm. Congratulations, the caller said, you've won this year's Nobel Prize in physics.

For the two physicists, the news was a monumental professional achievement and an acknowledgment of the groundbreaking work they'd done in their field. But for the rest of us—who probably needn't fear that next year's Nobel Committee will ring us up while we're in the shower—Geim and Novoselov's accomplishment offers guidance in how to be more innovative in our own companies and careers. Because while the scientists' call came on a Tuesday morning, the secret to their success was how they spent their Friday nights.

The Russian-born duo—Geim is the mentor, Novoselov the protégé—won the prize for experiments that isolated graphene—a remarkable substance that is one atom thick, yet is 100 times stronger than steel.

Their laboratory, like most, has a heavy workload of research studies for which they've applied for grants, received financing and owe papers. But the Geim lab also carved out about 10 percent of its time for what the physicists called "Friday evening experiments." These were projects that didn't have funding, and for which no scientific journal was expecting an article, but that simply appealed to their curiosity.

As Novoselov explained to ScienceWatch.com: "I just do all kinds of crazy things that probably won't pan out at all, but if they do it would be really surprising."

It was in their Friday evening experiments—not their regular, day-to-day work—that the scientists made their graphene breakthrough.

In other words, they won science's highest honor not for their official duties, but for work that was unsanctioned, unfunded and unofficial.

And this path to discovery isn't a fluke—not in science or in other creative endeavors.

In the 1990s, a team of researchers led by Harvard Business School's Teresa Amabile conducted an intriguing experiment with visual artists. Amabile asked 23 painters and sculptors to randomly select 10 of their commissioned works and 10 of their non-commissioned works. Then she presented the 460 pieces to a panel of art experts—museum curators, art historians, gallery owners, and so on, who didn't know where the works came from—to evaluate the art.

"Our results were quite startling," Amabile and her colleagues reported. "The commissioned works were rated as significantly less creative than the non-commissioned works, yet they were not rated as different in technical quality."

Put another way, the commissioned art was good. But the works that were great were consistently the non-commissioned ones.

What do the experiences of Nobel Prize physicists and world-class artists have to do with less-exalted professions such as tax accountants, insurance agents and manifesto writers?

Look around your office. If yours is like most, there's no non-commissioned work. Nearly everything people do is commissioned. A few companies, however, are taking a different approach. In ways large and small, they're drawing on the spirit of those Friday evening experiments and carving out small amounts of time for non-commissioned work.

Take the Australian software company Atlassian. Once a quarter, on a Thursday afternoon, they ask their software developers to drop their official work and instead spend 24 hours working on something that interests or irks them. The only obligation is that they must show what they've created to the rest of the company on Friday afternoon in a fun, free-wheeling meeting.

Atlassian calls these jamborees **FedEx Days**—because people have to deliver something overnight. It turns out that these 24 hours of liberty have led to an array of ideas for new products, improvements to existing products, and refinements of company processes that had otherwise never emerged.

Indeed, the FedEx Days were so successful that Atlassian went a step further and told developers they could now spend 20 percent of their time working on whatever they wanted.

Google has done "20 percent time" since its earliest days. But enlightened though the company may be, it doesn't sign away the intellectual property rights to what's created during that 20 percent time. That's wise. Google News, which has reshaped the newspaper business, was not an official project. It was a 20 percent project. Gmail, now one of the world's most popular communication tools, wasn't an official project either. It, too, was a 20 percent project.

Indeed, if you talk to employees at the Googleplex in California, as I had the chance to do last year, they'll tell you that most of the good ideas in the company have their roots in 20 percent time.

Then there's Twitter. Each year, the company holds what it calls a "Hack Week"—an entire week when its engineers cast aside their regular work and pursued things that were just plain interesting. Twitter's recipe was to combine scale and innovation and to mix rigor and creativity—51 weeks of commissioned work and one week of non-commissioned work.

Of course, letting people run free doesn't always lead to amazing achievement. Geim is the first Nobelist to have also won an Ig Nobel Prize, a parody award given to research endeavors that are just plain bizarre. In 2000, Geim earned this distinction for a study in which he deployed a magnetic field to make a frog float in the air. It, too, began as a Friday evening experiment.

But the broader lesson is clear: if you want breakthrough work in your organization, carve out a small island—a week or even just a few days—for non-commissioned work. The results—levitating frogs and all—could be stunning.

- LEADERSHIP -

11. Establish a Department of Why.

On the very first day of my very first journalism course—back in the late 1970s at a Midwestern high school—my instructor told me about a magical formula called “Five Ws and an H.”

A journalist’s job, she said, was to explain to readers who, what, where, when, why, and how. Five Ws and an H. I don’t remember much else she taught us that year. But the talismanic power of those six letters has remained with me since.

Indeed, I’ve discovered that the notion applies with particular force to the world of business. Just consider the structure of the modern firm. The training and development department, and sometimes even a corporate university, take care of the H—how employees do things. The human resources department, along with some outside recruiters, handles the “who.”

Meanwhile, the CEO, often flanked by a few high-priced consultants, devises the strategy—the “what.” The “where” and “when” of products is the domain of the logistics and supply chain team, the “where” and “when” of people the province of the facilities manager and administrative staff.

And the “why”? Well, that’s handled by, er… hmmm.

You can find who, what, where, when and how in any company org chart and every MBA curriculum. But “why”—beyond occasional incantations about “maximizing shareholder return”—is conspicuously absent. At most companies, it’s the Four W’s and an H.

But that might be a costly mistake, according to an intriguing new line of research by Adam Grant at the University of Pennsylvania’s Wharton School.

He has found that introducing “why”—even in surprisingly modest ways—can have a big impact.

In one study, Grant visited a call center at a large American university, where each night employees made phone calls to alumni to raise scholarship funds.

With the permission of the university, Grant and his team randomly divided the call center representatives into three groups. For a few days, before they made calls, people in the first group read brief stories from previous employees about the personal benefits of working in the job—how they developed communication skills and sales know-how that later helped them in their careers.

The second group also read stories before hitting the phones, but theirs were from people who had received scholarships from the funds raised and who described how the money had improved their lives. The aim of these stories was to remind workers of the purpose of their efforts.

The third group was the control group; they read nothing before dialing for dollars. Participants were also told not to discuss what they'd read with the recipients of their calls. Then a month later, Grant measured the performance of the three groups.

The people in the first group, who'd been reminded of the personal benefit of working in a call center, did no better than those in the control group. Both groups earned about the same number of weekly pledges and raised the same amount of money as they had in the weeks before the experiment.

However, the people in the second group—who took a moment to consider the significance of their work and its effect on others' lives—raised more than twice as much money, in twice as many pledges, as they had in previous weeks and significantly more than their counterparts in the other two groups.

In other words, reminding employees about that missing W—the "why"—doubled their performance. Grant and some colleagues uncovered similar results in another call center study. There, when employees spent just five minutes talking to the recipients of the funds they were raising, those employees spent twice as much time on the phone with prospective donors and raised nearly three times as much money as they had in the past. And Grant found the same phenomenon in a study of lifeguards at a community aquatics center. A group of lifeguards read stories from previous lifeguards about rescuing swimmers. Then, a month later, those lifeguards worked more hours, and received higher ratings from their bosses, than a similar group that wasn't reminded of its purpose.

It's often difficult to do something well if we don't know the reasons we're doing it to begin with. People at work are thirsting for context, yearning to know that their efforts contribute to a larger whole. And a powerful way to provide that context is to spend a little less time monitoring who, what, where, when and how—and little more time considering why.

Here are two simple ways to do that.

First, find out whether the people on your team even have a "why." At your next staff meeting, ask this question: **"What's the purpose of this organization?"** Then hand everyone a blank index card and ask them to write their answer anonymously. Collect the cards and read them aloud. What do you hear? People needn't recite the same lyrics, but they should be playing the same basic tune. If they're not—if answers range all over the place or people don't have answers at all—you might have a problem no matter how good you are at the where, when and what.

Second, keep the why alive. Once a week, at that staff meeting, spend a few minutes revisiting the question. Talk about the purpose of the week's activities. Discuss your efforts' effect on other people's lives. Remind each other why you're doing what you're doing in the first place.

If a management consultancy had discovered, as Grant did, a five-minute intervention that could double productivity, it would charge you millions of dollars. But I won't charge a thing. You can probably guess why.

12. Scrap performance reviews.

What's the matter with Millennials?

Baby Boomer managers have been asking that question since this cohort of workers—women and men born between the late 1970s and mid-1990s—began streaming into offices several years ago.

Sure, these youngsters are confident. Some of them even work hard. But—let's face it—they're pests. "They're driving me crazy," 40-something Jack might say to 50-something Jill. "Every time they complete even the smallest task, they turn around and ask me: 'How was that?' or 'How'd I do?' or 'What'd you think?' I can't take it!"

Jill will nod sympathetically in response. And so might you—if, like me, you're north of age 40.

Many of us interpret our younger colleagues' badgering as some sort of deep-seated emotional neediness—the legacy of cushy childhoods where at breakfast each morning their parents fed them heaping bowls of self-esteem.

Alas—and it pains me slightly to admit this—I think we've got it wrong. The question we should be asking isn't "What's the matter with Millennials?" Instead, we ought to ask: "What's the matter with the workplace?"

Consider a typical 28 year-old. From the moment she was born, her world has been rich in feedback. When she presses a button, something happens. When she plays a videogame, she gets a score. When she sends a text message, she hears a sound that confirms it went out. She's lived her whole life on a landscape lush with feedback.

Yet when she steps through the office door, she finds herself in a veritable feedback desert.

The main—often the only—mechanism for giving her information on how she's doing on the job is the annual performance review. This sturdy feature of organizational life is deeply flawed in at least two ways.

First, it's annual. It's hard to get better at something if you receive feedback on your performance just once a year. Think about Rafael Nadal. His job is to hit tennis balls back and forth across a court. Now imagine if Nadal played tennis for an entire season—and got feedback on his performance only once a year in a 45-minute meeting with his boss. Absurd, right?

Second, performance reviews are rarely authentic conversations. More often, they are the West's form of kabuki theatre—highly stylized rituals in which people recite predictable lines in a formulaic way and hope the experience ends very quickly.

So the problem isn't that the Millennials are wrong. **The problem is that they're right**. The workplace is one of the most feedback-deprived places in modern life.

Fortunately, it needn't be that way. Let me suggest three modest strategies for greening the desert—and making the workplace a little more feedback-rich.

1. Do it yourself

Formal performance appraisals have their place. But we should supplement them with evaluations we do ourselves. Here's how a DIY performance review would work: At the beginning of the month, set out your goals—your performance goals and your learning goals. Then, at the end of the month, call yourself into the office. Where are you making progress? Where are you falling behind? What tools or information do you need to do your job better?

If a conversation with yourself seems odd, try it with a few colleagues. Indeed, many top-performing teams already do this as a matter of course—often without the boss's permission, sometimes without the boss even knowing. This ethic of self-evaluation is also a hallmark of star athletes and great musicians. They set high standards for themselves and then meticulously monitor their own progress.

2. Do it through peers

Kimley-Horn, a large American engineering firm, takes a peer-to-peer approach. At this sprawling 60-office company, anybody at any time can award a colleague a $50 bonus.

Instead of once-a-year acknowledgment from a boss who may not remember your heroic deeds, these modest bonuses allow colleagues to recognize good work instantly—and that, in turn, can create an environment in which feedback more regularly bursts through the dry sands of office life. Last year, Kimley-Horn employees gave each other nearly 2,000 of these on-the-spot bonuses.

A person's supervisor must sign off on each award. But ultimately the decision rests with peers, not bosses—which can make the feedback and recognition more meaningful. As Kimley-Horn's Julie Beauvais puts it, giving employees a way to acknowledge a co-worker "puts the feedback control in the hands of the folks who are closest to the activity.”

3. Do it with software

Meanwhile, a few entrepreneurial companies have emerged with technological cures for feedback deprivation. Rypple, a startup in Toronto recently acquired by Salesforce.com, has developed a suite of social software tools that allows managers and colleagues to provide rich, rapid feedback. For instance, suppose you've been working on a project with 15 people. At the end of the project, you could use Rypple software to ask your colleagues to suggest areas where you might improve your work. Your 14 teammates could respond—anonymously—using the software and offer real-time advice and guidance.

Rypple co-founder Daniel Debow says he came up with the idea at the previous company he'd launched. He and a partner built a 600+ person software company "filled with incredibly talented Millennials. We instituted a traditional performance review process and people hated it, including us." His employees found once-a-year reviews out of synch with their lives. "People kept streaming into our offices looking for coaching, mentoring, and feedback to improve."

So Debow decided his next company would "foster the 'feedback culture' that Millennials want.” His aim—

which should be our aim more broadly—was to fix the workplace, not the workers.

13. For Godsakes, talk like a human being.

One night a Virgin Atlantic flight left Heathrow Airport bound for Newark, New Jersey. As the plane neared the Eastern Seaboard, bad weather forced the flight to divert to Hartford, Connecticut, some 106 miles north of its destination. The plane sat on the runway there for four hours—without air-conditioning, food or water—as babies wailed and adults anguished in the darkened cabin.

The next day, the airline, which explained that the Hartford airport lacked the customs personnel to process an international flight, offered this response: “Virgin Atlantic would like to thank passengers for their patience and apologize for any inconvenience caused.”

Jason Fried, co-founder of the American software firm 37 Signals and co-author of *ReWork: Change the Way You Work Forever*, finds the language of that statement almost as inhuman as the problem that prompted it.

Not too long ago, Fried saw a similar, though less calamitous, disaster in a Chicago cafe. A woman had just purchased a large cup of coffee. On the way to sit down, she tripped, and spilled the entire contents all over another customer.

Here's what she said: **"I'm so sorry. I'm so, so sorry."**

"If someone is really, truly sorry," says Fried, "that's how they respond."

But in business we rarely talk like that. Instead, we resort to a weird and inadvertent bilingualism. We speak human at home and "professionalese" at work. And that might be hurting our businesses more than we realize.

Go back to that all-too-common phrase: "We apologize for any inconvenience this might have caused." Would you say that to your daughter when you were late picking her up from soccer practice? To your neighbor when your dog trampled his flowerbed?

"Any inconvenience" is emotionally anemic and lacks the specificity to make it meaningful. "We apologize" isn't much better. It's distancing almost to the point of dismissiveness. "When you say, 'I'm sorry,' you're owning," Fried explains. "When you say 'I apologize,' you're renting."

Professionalese is a renter's language. It doesn't expect to be around for very long and has no stake in the long-term prospects of the neighborhood. It says, "mistakes were made" rather than "we messed up" and claims to "take responsibility" instead of acknowledging "it's my fault."

Using business-speak at work rests on the notion that the distance of professional language is inherently strong—and the closeness of personal language inherently weak. But this idea may be wrong.

The behavioral economist Dan Ariely has conducted research showing that when people are treated rudely, they're more likely to behave vengefully—for instance, by not saying anything when they're given too much change in a transaction. But when rudeness is followed by a clear and simple "I'm sorry," the annoyance dissipates and people tend to behave as honorably as they do in ordinary circumstances.

Or consider medicine. In the U.S., where physicians fret that every patient is a potential plaintiff in a malpractice lawsuit, lawyers counsel doctors never to admit a mistake. But evidence shows that when doctors apologize for an error and show how they'll avoid it in the future—that is, **when they talk and act like human beings**—aggrieved patients think more highly of the physician and are less likely to sue.

In 2006, Threadless, an online T-shirt company, confronted a case of technological malpractice. While upgrading its computer system, the company accidentally deleted all of the blogs that its customers had maintained for several years. Yet when Threadless, instead of hiding behind the stilted language of "inconvenience caused," explained its errors, apologized directly for them and even invited comments on the blunder, customers reacted with surprising empathy.

"The best way to figure out if you're running a good company is to figure out if your customers trust your apology," says Jeffrey Kalmikoff, who was Threadless's chief creative officer during the snafu.

Like any valuable relationship, the ones we have in business hinge on trust. And trust depends on openness, respect and humanity. Yet we often resist taking that approach in our professional lives, even though we know it would be absurd to do anything else in our personal lives.

For instance, suppose I'm talking on my mobile phone—maybe doing an interview for my next book—when my wife calls. I can't speak with her at the moment, so I say to her: "All of my brain is busy right now. Please hold and I'll be with you shortly. Your call is very important to me."

I guarantee that my customer satisfaction scores at home would suffer.

But if that's true, why not re-craft the waiting message in our call centers so that it's more like what we'd say to our spouses? “We know it’s frustrating to wait on hold—but we’re swamped right now answering other calls. We’ll get to you as soon as we can—probably about [insert an accurate number] minutes. We’re sorry for making you wait.”

In a world awash in information and choices, clarity is now a source of competitive advantage, says Fried.

> “ *The real winners in business are going to be the clear companies. Clarity is what everybody really wants and appreciates.* ”

So try an experiment. For the next seven days, go monolingual and speak only human at work. Don’t say anything to your boss, your staff, your teammate, your supplier or your customer that you wouldn’t say to your spouse or your friend.

It might startle people at first. But I suspect that they’ll reply in the same vernacular—and you might start actually understanding each other and getting something done.

However, if I’m mistaken—and this test flops—I apologize in advance for any inconvenience caused.

14. Stop trying to maximize shareholder value.

Next time you're inside a large corporate headquarters, try this experiment. Take the elevator up to the top floor, where the senior executives usually reside. Knock on the first office door you see, and ask the inhabitant this question: 'What is the main goal of this corporation?'

Ninety-nine out of 100 times, you'll get the same answer, often in identical words: 'To maximize shareholder value.' We forget sometimes that it wasn't always thus. For much of economic history, business organizations were so small they didn't even have shareholders. In sole proprietorships, partnerships and family firms, the people who ran the business were the same ones who owned it.

But the modern corporation was different. Because it needed lots more capital to get rolling, it needed lots more owners to finance it—people and institutions who became known as shareholders. Yet this collection of owners lacked the expertise actually to run operations of such scale and complexity—so they handed the job to professional managers and executives.

And this delegation of control created a problem. If the people in charge weren't owners, how could we be sure they acted in the company's interest rather than their own?

In 1976, economists Michael Jensen and William Meckling at the University of Rochester devised a solution to this conundrum—make the managers and executives owners of the corporation. In fact, configure their compensation so that the bulk of it came from stock and stock options. That way, the interests of the executives and the interests of the shareholders would align.

Incentivizing executives with shares in their company is utterly unremarkable today, a practice so commonplace that most of us don't realize that it was once an ingenious breakthrough.

Few have challenged the idea—and for good reason. Its logic is airtight, its execution straightforward. There's just one problem: **it might be doing more harm than good**.

In a searing 2011 book, *Fixing the Game*, Roger Martin, dean of the Rotman School of Management at the University of Toronto, declares that the emperor presiding over corporate governance for the last four decades has no clothes.

"Our theories about the fundamental goal of corporations and the optimal structure of executive compensation are fatally flawed," he writes.

"The shareholder maximization argument is entirely theoretical rather than empirical. There is no clear data supporting the notion that making shareholder value maximization the objective of the firm actually does maximize shareholder value over the long term."

Martin points out that between 1933 (the end of the Great Depression) and 1976 (the dawn of the shareholder value era), the S&P 500 returned a compound annual return of 7.5 percent. But from 1977 to the end of last year, the return was 6.5 percent. In other words, during the very era their interests were ascendant, shareholders did worse.

He's not alone in marshaling the evidence. In a recent paper, Raghavendra Rau, a finance professor at the Judge Business School at the University of Cambridge, along with two colleagues, examined the link between executive incentives and company stock performance in about 1,500 large corporations.

They compared companies whose CEOs were in the bottom 10 percent for compensation levels with those in the top 10 percent. Conventional theory would suggest that corporations whose executives had lavish stock and stock options would out-perform companies whose CEOs had far fewer incentives.

Alas, the results showed precisely the opposite.

Shares in firms that paid their CEOs in the top 10 percent of incentive pay typically saw their share price decline—and they fared considerably worse than the shares of companies in the bottom 10 percent.

"Our results imply that managerial compensation such as restricted stock, options and long-term incentive payouts, that are meant to align managerial interests with shareholder value, do not necessarily translate into higher future returns for shareholders," the researchers write.

So what is to be done?

The most radical step is to eliminate stock-based compensation, something that Martin has proposed, but that might be difficult given how entrenched the practice has become.

But perhaps three other steps would help.

First, prohibit executives from selling stock while they're employed at their company—and perhaps for a cooling-off period afterwards. To be clear, Martin doesn't oppose executives owning stock. If they want to buy shares, that's fine. They just shouldn't be able to sell those shares while they have control over what the company does.

Second, get rid of corporate guidance, usually quarterly. Martin draws a distinction between the "real market," where customers buy a company's goods and services and the "expectations market," where executives offer guidance to analysts about the next quarter's earnings. Because executive compensation hinges so heavily on performance in this expectations market, CEOs and others often spend more time smoothing earnings to benefit themselves personally in the short term than they do building companies and benefiting shareholders in the long term. If guidance disappears, the distracting, often counterproductive expectations market loses its oxygen.

Third, and most important, rethink the underlying theory of the corporation. If shareholders are no longer at the center of the corporate form, who should be? Martin suggests customers. In his view, companies that serve and delight customers—for whom that is the animating purpose—will do just fine. They'll flourish in the real market—and over time, their share price will reflect that success.

It's an old-fashioned notion really. Take care of your customers and put their interests first. My guess is that your shareholders would approve.

15. Take the "E" test.

If you ever want to understand your boss, corner him at the next office party and see if he'll play a little game. Tell him you need only 30 seconds. Then ask your boss to extend his right forefinger.

"Go ahead," you might need to assure him, "this won't hurt."

Then ask him to take that extended finger and draw a capital E on his forehead.

Does he draw the letter so that it faces him—that is, backward to a person looking at him? Or does he draw the letter so that the viewer can read it? Neither way is right or wrong. But the direction of that letter might tell you something about the disposition of that leader.

This seemingly innocent parlor trick is actually a method social scientists have used for more than a decade to measure perspective-taking—the ability to step outside one's own experience and see the world from someone else's viewpoint.

People who write the E so that it's backward to themselves but legible to their partner have taken the other's perspective. Those who draw the E so that it's readable to themselves but backward to others haven't bothered to consider the other person's point of view.

In a fascinating set of experiments a few years ago, a group of American social scientists led by Adam Galinsky at Northwestern University's Kellogg School of Management used the E test and some other techniques to investigate the connection between power and empathy. They found that while most people seem naturally inclined to take the other's perspective, providing people a dose of power correlated with their being less likely to draw the E in the perspective-taking way. In other words, a surplus of power seemed to be connected, and perhaps even led, to a deficit of empathy.

As the researchers wrote: "Across these studies, power was associated with a reduced tendency to comprehend how others see, think, and feel."

This finding might reveal what's gone wrong with leadership at every level. On the altar of action orientation and tough-mindedness, we've sacrificed the fundamentally human quality of empathy.

To be sure, empathy shouldn't be the only quality of leaders. If an executive is too worried that a decision might hurt Caroline's feelings or make Rajiv sad, she'll never get anything done. Thinking strategically and acting vigorously are essential.

But action orientation without sufficient empathy has at least two flaws. First, people resist going along with proposed actions, which can impede progress. It's a bedrock principle of organizational life that people quit bosses, not companies. Second, if people do go along, they do so reluctantly, leading to an atmosphere of compliance rather than engagement.

The key is to strike a delicate balance between action-orientation and perspective-taking. It's not a matter of deciding between hitting your numbers or drawing the E. It's a matter of hitting your numbers *by* drawing the E.

What's more, unlike many technical skills, empathy is extremely difficult to shift to low-cost providers and nearly impossible to reduce to lines of code in a computer program—which makes it a scarce, and therefore more valuable, commodity.

That's why empathy is racing into many other business functions. For instance, medical schools, especially in the U.S., are using questionnaires to measure empathy levels of young physicians because scores on this empathy index correlate with patient outcomes in ways that traditional metrics do not.

Designers are donning thick glasses to distort their vision, sticking cotton in their ears to reduce their hearing, and slipping on garden gloves to limit their dexterity—all in an effort to design better products and services for the elderly by empathizing with what it's really like to be old.

And when so many consumer transactions can be executed online, learning how to see the world from the perspective of customers and prospects has become integral to customer service and sales.

Yet somehow in the higher reaches of business, even in our supposedly more enlightened era, empathy, when it's discussed at all, is often dismissed as frivolous or, worse, "soft."

A few months ago, I was talking to the dean of an American business school. He told me that when alumni return to campus to guest lecture, the current students invariably ask them a version of this question: As you think back on what you learned in B-school, what do you wish you had paid more attention to or had studied more?

And invariably the answer is the same.

"I'm glad I studied finance and accounting and the quantitative subjects," the graduates say. "But I wish I had taken all that soft stuff more seriously."

After they left the orderly farm of a case study for the roaring jungle of a real business, it turned out that what seemed superficially soft—organizational behavior, psychology, people smarts, communication and, yes, empathy—were crucial. Spreadsheets are easy. Spreadsheets never get bored, call in sick, or spend hours updating their Facebook page.

But influencing people requires more than simply putting the correct number in the proper cell and applying the right formula. And since most corporate managers have reasonably sound technical skills, as well as access to the same information and tools, mastery of these nominally soft aptitudes is creating a fault line that's separating who moves up and who stays put.

So if you're a boss, especially a new one, sprinkle a few seasonings on your newly acquired bowl of power. Treat everybody with respect. And if one of your employees asks you to draw a vowel on your forehead, you know what to do.

16. Talk less, listen more.

That is all.