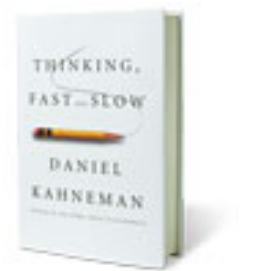


Can the Entrepreneur Optimism Be Risky?

As an entrepreneur, I consider myself a pretty optimistic person. I look to the future and see a rosy picture filled with visions of a lifestyle that incorporates my dreams. I will sacrifice now acknowledging that I will see better times ahead. Knowing that the little steps of progress I see in my company is leading to something better really gets me excited, and the optimism overflows even more! Have you ever thought this could be a little risky? I didn't, but let's explore this some more.

When I was preparing for India, I knew I needed some good reading material to entertain me on the 24 hours of travel time I would have each way. I went to [Barnes & Noble](#) to search and came upon a really good book called "[Thinking, Fast and Slow](#)" by [Daniel Kahneman](#). Daniel won the Nobel Memorial Prize in Economics in 2002, and with this book he aimed to "improve the ability to identify and understand errors of judgment and choice in others, and eventually in ourselves, by providing a richer and more precise language to discuss them."



I have found this book to be very interesting and mentally stimulating in the same vein that I did with "[The Black Swan](#)," which you can read more about [here](#) on my [blog](#). I have not finished the entire book yet but was very intrigued with a chapter called "The Engine of Capitalism." Here, Daniel discusses the advantages of optimism and how it leads to happier, healthier, more resilient people. The optimists are

the inventors, the entrepreneurs, and the political and military leaders, which he points out are not the average people. They get there by seeking challenges and taking risk.

Most interestingly, he discusses how an optimistic bias can blind an entrepreneur from seeing the full risk of an undertaking or the decisions they make. In study after study, Daniel shows that optimistic people were not capable of predicting or generating the results they expected. What do we do with this overconfident optimism? Daniel suggests one option would be to do a "premortem," and I see another option of firing "bullets."

The premortem occurs when the organization has almost come to an important choice but still before the big decision. They gather a group of people involved in the assessment, and they write a brief history imagining that they implemented the decision and it died, so now they have to imagine they are looking back and come up with reasons why it might have failed. Daniel says this does two things. First, it overcomes group think when it appears a decision is moving forward.

Second, it opens up the floor for knowledgeable individuals to express their doubts when they may have been suppressed by the leader before.

I think there is another way to handle overconfident optimism, and that is to fire bullets, as [Collins](#) discussed in "[Great by Choice](#)." When you test the market reaction by looking for empirical evidence with small, low risk exposure (firing a bullet), your confidence comes from real world market feedback. Only then do you fire the big cannon ball without worrying that your optimistic bias got in the way of a venture that could have been devastating to your company.

I know my over eager optimism has gotten in my way and has been costly. How are you managing yours?

Side note on the [4 Billion Customers'](#) blog last week: I read

[David Meerman Scott's blog](#) this week, reinforcing the mobile expansion to all parts of the world. He was in the jungles of Central America and experienced tribal people with no running water or electricity using mobile devices to better their world. Check out his [blog](#).

[How Do You Get Great Ideas?](#)

Many of us out there hold a strong aversion and distaste for meetings. You have heard it before, or possibly even said it yourself: "We do nothing but have meetings around here, so how am I to get any work done?" Why do we have such negative feelings in regards to getting a group of people together to discuss issues and create solutions to move forward?



I believe strongly in the power of the group and think it is vital to bring people together to create the best ideas. If you have read this blog for any amount of time, you have seen me discuss my belief in collective intelligence, an ideal I trust in so much that I even started a mutual fund managed around the philosophy.

When you imagine a good idea occurring, what do you envision? Do you see Einstein with his crazy hair looking up into the sky with a light bulb going off? Do you visualize the lonely scientist looking into a microscope, and then Eureka . . . It happens?

I read about a study in [Steve Johnson's](#) book "[Where Good Ideas Come From / The Natural History of Innovation](#)" and was not surprised to find it shows that good ideas happen not in these moments of individual discovery but when a group of people are sitting around a table sharing ideas. I said to myself, "Holy moly Batman! Now I have real evidence to support my gut!"

Psychologist [Kevin Dunbar](#) actually set up cameras to watch a research group of scientists work in the early 1990s. His team transcribed all the interactions and tracked the flow of information. Dunbar discovered the physical location where the most important breakthroughs occurred – the MEETING ROOM!

They found the group interactions helped reconceptualize the problem. In his book, Johnson explains, “questions from colleagues forced researchers to think about their experiments on a different scale or level.” Group interactions allowed the more surprising finds to be questioned rather than dismissed, and this led to better ideas and breakthroughs.

So there we have it! Those all day quarterly meetings we have in order to focus, strategize, and plan along with our two day off-site annual meeting have purpose! This can also be said for any other meeting where you need important decisions made or great ideas from your team. If for some reason the team has doubts, get the book! It is a great piece of evidence.