The Dangers of Groupthink

Sometimes, the desire to maintain group harmony overrides the importance of making sound decisions. When that occurs, team members are said to engage in groupthink. Here are some examples:

* A civilian worker at a large Air Force base recalls a time that groupthink overcame her team’s decision-making ability. She was a member of a process improvement team that and Air Force general has formed to develop a better way to handle the base’s mail, which included important letters from high-ranking military individuals. The team composes mostly of civilians, and it took almost a month to come up with a plan. The problem: The plan was not process improvement. Recalls the civilian worker, “I was horrified. What used to be 8steps; now there were 19.” The team had devised a new system that resulted in each piece of mail being read by several middle managers before reaching its intended recipient. The team’s new plan slowed down the maul considerably, with an average delay of two weeks. Even though the team members all knew that the new system was worse than its predecessor, no one wanted to question the team’s solidarity. The problem lasted for almost an entire year. It wasn’t until the general who formed the team complained about the mail that the system was changed.
* During the dot-com boom of the late 1990’s, Virginia Turezyn, managing director of Infinity Capital, states that she was victim of groupthink. AT first Turezyn was skeptical about the stability of the boom. But after continually reading about start-ups turning into multimillion-dollar payoffs, she felt different. Turezyn decided to invest millions in several dot-coms, including I-drive, a company that provided electronic data storage. The problem was I-drive was giving storage away for free; as a result the company was losing money. Turezyn recalls one board meeting at I-drive where she spoke to no avail. “We’re spending way too much money,” she screamed. The younger executives shook their heads and replied that if they charged for storage they would lose their customers. Says Turezyn, “I started to think, ‘Maybe I’m just too old. Maybe I really don’t get it ‘”. Unfortunately, Turezyn did get it. I-drive later filed for bankruptcy.
* Steve Blank, an entrepreneur, also fell victim to groupthink. Blank was a dot-com investor, and he participated on advisory boards if several Internet start-ups. During meetings for one such start-up, a Web photo finisher, Blank tried to persuade his fellow board members to change the business model to be more traditional. Recalls Blank, “I went to those meetings and started saying things like, ‘Maybe you should spend that $10 million you just raised on acquiring a customer base rather than building a brand.’ The CEO told me, ‘Steve, you just don’t get it – all the rules have changed.’” The team didn’t take Blank’s advice, and Blank says that he lost hundreds of thousands of dollars on the deal.

According to Michael Useem, a professor at the University of Pennsylvania’s Wharton College o Business, one of the main reasons that groupthink occurs is a lack of conflict. “A single devil’s advocate or whistle-blower faces a really uphill struggle,” he states. “But if you [the naysayer] have one ally that is enormously strengthening.”.

Questions:

1. What are some factors that lead to groupthink in the cases described here? What can teams do to attempt to prevent groupthink from occurring?
2. How might differences in status among group members contribute to groupthink? For example, how might lower-status members react to a group’s decision? Are lower-status members more or less likely to be dissenters? Why might higher-status group members be more effective dissenters?
3. How might group characteristics such as size and cohesiveness affect groupthink?