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HUBRIS vs HUMILITY: WHY EXECUTIVE INCOMPETENCE IS NOT OUR BIGGEST PROBLEM



BIG IDEA In A Few Words

Very smart people can be very wrong about something very important. In the arena of leadership, especially higher level organizational leadership, overconfidence is a bigger problem than incompetence. Incompetence is frustrating; overconfidence is scary. One of the most important lessons we can learn from the recent financial crisis is the danger of overconfidence and the importance of total dependence. The antidote for overconfidence is humility and here's why, humility is the root system of faith. Great humility produces great faith. Great faith releases great power.

I came across a quote in March 2010 by an economist that I found very interesting in relation to the struggling economy. Here's what he said:

"Economists are at this moment called upon to say how to extricate the...world from...a serious threat...which, it must be admitted, has been brought on by policies which the majority of economists recommended and even urged governments to pursue. We have indeed at the moment little cause for pride: as a profession we have made a mess of things."

The reason I was so intrigued by that statement is because it was made in 1974 by



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Frederich August von Hayek, in his acceptance speech as the recipient of the very first Nobel Prize in economics. The title of his speech was, "The Pretence of Knowledge." The tone of his speech sounds very familiar to comments made much more recently by former Federal Reserve Chair Alan Greenspan in an exchange with a congressman in 2008.

Greenspan: "I have found a flaw. I don't know how significant or permanent it is. But I have been very distressed by the fact."

The congressman questioning him asked: "In other words, you found that your view of the world, your ideology, was not right. It was not working?"

Greenspan: "Absolutely. Precisely. That's the reason I was shocked. Because I have been going for forty years or more with very considerable evidence that it was working exceptionally well."

Very Smart...Very Wrong

I want to pose a question and offer a warning. Here's the question, "How could people with this level of experience and expertise be so wrong about something so important?" The warning is that if you are trying to interpret the changes happening around us in the world of mission through your old maps based on evidence of past success you are in for just as big of a surprise as Alan Greenspan.

I want to posit an answer to my question, "How can really smart people be so wrong about something so important?" by borrowing an idea from Malcolm Gladwell. I heard him give a lecture in which he said for leaders, especially in higher level organizational leadership, overconfidence is a bigger problem than incompetence. What Gladwell meant is there are Darwinian forces at work in organizations weeding out chronic incompetence before it reaches high enough levels of organizational leadership to pose a big problem. The danger is those very same forces feed overconfidence. Gladwell went on to say, incompetence is frustrating; overconfidence is scary.

So let me repeat the question, “How can people so smart be so wrong about something so important?” My answer: Overconfidence. And in the words of Gladwell, overconfidence is a bigger problem than incompetence. Incompetence is frustrating; overconfidence is scary. There are a number of factors that converge to create a perfect storm for overconfidence. I want to mention two: the abundance of information, and the development of well-crafted plans. These two factors actually make leaders vulnerable to a paradox where with great confidence we put forth right answers to the wrong questions.

Same Data...Different Conclusion

Let's return to the financial meltdown for a moment. In the summer of 2007, Bill Browder, head of the \$2 billion Hermitage Fund, was riding a thirty percent increase over a period of a few months. He saw a news item in the paper saying an auction in New York of debt from leveraged buyout deals had failed to draw enough bidders and was shut down. Given the momentum he was experiencing, we would expect Browder to be brimming with confidence. To most of the investing world, including people like Alan Greenspan, this looked like a small hiccup in an otherwise well-functioning financial system. But Browder recognized it for what it was: a sign that the world had run out of the ability to absorb new debt. It was the end of a Ponzi-like scheme and in his mind was the start of an avalanche that might reach historic, tragic scale.

Almost immediately, he began stockpiling cash, reducing his exposure to stocks as much as he could, and moving his investors' money into any safe haven he could find. He began to pioneer what he called an “off the grid” investing style. He wrote to investors saying, “The analogy is an electrical black out.” So if you are working in a high rise at night you get paralyzed, but if you are living in a cabin in the mountains you hardly notice. Browder wanted to achieve the financial market's equivalent of living in a cabin in the mountains.

How did investor Bill Browder see this coming, tipped off only by a few lines in the financial section of a newspaper that others ignored? Was he more competent than the tens of thousands of other financial

experts who read that same news story? No, the reason he saw what was coming is not because he was more competent it's because he was not overconfident. Having seen the potential for extreme market volatility from his work in Russia he was asking another set of questions altogether. He wasn't working off Alan Greenspan's map.

Interesting, you say, but what does this have to do with mission leadership? We have more information and more well-crafted plans than ever and in turn we are incredibly vulnerable to overconfidence.

I believe one of the most important lessons God is trying to teach us in the midst of this season of economic uncertainty is the danger of overconfidence and the importance of total dependence. The antidote for overconfidence is humility and here's why, humility is the root system of faith

Great Humility...Great Faith

On two occasions in the gospels Jesus highlighted "great faith." Andrew Murray pointed out that in both instances the people who were commended for their great faith were demonstrating great humility. In Matthew 8, as Jesus entered Capernaum, a centurion came to him concerned about a servant who was paralyzed and suffering greatly. But the centurion demonstrated great humility before Jesus, saying, "Lord, I do not deserve to have you come under my roof."¹² Matthew says Jesus "was astonished" and said, "I have not found anyone in Israel with such great faith."¹³ Great humility produces great faith. Great faith releases great power.

A similar story is told in Matthew 15 as Jesus interacted with a Canaanite woman¹⁴; I'll let you dig that one out for yourself. It reinforces a simple truth: great humility produces great faith which releases great power to do what only God can do. The antidote for the hubris of overconfidence is humility.

As a missions community we are where the world of physics was in the early 20th century when the maps (or in this case formulas) that Newton provided could not answer the important questions of the day. We are in a critical transition window in global mission; metaphorically speaking we are in between Newton and Einstein, between the laws of motion and the theory of relativity.

And because of our overconfidence we are in danger of getting the right answers to the wrong questions and vulnerable to dismissing the twenty-something patent clerks (the Einsteins of our day who operate completely outside the elite halls of organizational power) who are operating from a different set of maps and understand that often the questions actually are the answers.

Very smart people can be very wrong about something very important. Overconfidence is a bigger problem than incompetence. I believe God is calling us back to a posture of great humility that produces great faith that releases great power.

Here are a few questions worth considering. To what extent has your training and experience, the fact you are very smart, made you more vulnerable to being very wrong? How might overconfidence bias you to use “outdated maps” when seeking to interpret new information? Review the biblical passages that connect great humility and great faith. What are the implications for you and your organization?

NOTES

¹² Matthew 8:8

¹³ Matthew 8:10

¹⁴ Matthew 15:28

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