00:00:00 Okay. We are a, we are engaging the record button, so, um, so we should be recording on everything here. So, um, okay. Christian Hod, welcome to the behavioral groups podcast. Thank you very much indeed. Pleasure to be here. It is great to have you here. We're gonna start with a couple of speed round questions. Bicycle or Unicycle? Motorcycle. Oh, okay. So is that oh breaker. Is that a Harley? Is that a BMW? Is that a Honda? What it is? 80 several because one is never enough. Um, so actually you want your first two guesses were spot on. Uh, so I have a Holly and a BMW and a um, a rule Enfield just to get a classic petitioner went in there as well. Oh my gosh. Very nice. Very nice. Okay. Alright. I can guess the answer to this one already. But coffee, your tea, coffee in the morning tea.

00:00:55 And they often, they, oh, this is like a Michael Hall's worth thing. I, he was, you know, coffee before 10 after three to your son or like, okay. A laptop. Which would you rather give up a laptop or an iPhone? Oh, give up a laptop anyway. Yeah. Okay. Okay. Alright. And final speed round question, which is a bigger risk. The risk of people doing things they shouldn't or people not doing the things they should. People not doing the things they should. And I took that from a little cartoon that you had posted up there. I thought that was fantastic. So, so why is it that that there's a bigger risk of not doing the things they should? What, what, what goes into that? Oh, cause I think we associate, uh, you know, people screwing up, which is sort of my, my term for everything from, from I accidentally doing things to deliberately doing things we don't want them to, we, we, you know, we, we focus very much on action, but, but I think inaction is equally important to think about.

00:01:57 And, and you know, doing nothing is a choice. And so I think it's important to you to focus that. I mean, you can, you can do bad things either way, but I just think that one gets forgotten about. And people sometimes think if they, if they sit on something, it's like don't take a decision. If they kind of duck it, the, that that's somehow better. And I'd actually, the consequences of not engaging with stuff is I think in many cases greater. And why is that? Why, why are the consequences of inaction? Why do they tend to be greater than the consequences of, of the wrong action? Well, I think it's, it's, it's just purely the, the sort of action, you know, we all know this action bias, right? Action feels like a positive thing. Um, inaction sort of. I think there's often less commitment to inaction because you're kind of hiding from it.

00:02:44 So, um, if I positively decide to do something, I've thought about the consequences of doing it, I kind of engage with it a bit more. If I'm choosing not to do something, my level of engagement with that is by default less. And I just think that's potentially more dangerous because it's, you know, there's less going into it in many respects. And do you think it gives people an out, they kind of say, oh, I didn't do anything. So therefore whatever happens, isn't, isn't a result of me not doing anything. So it's a totally, totally psychological safe, right? I think. Yeah. And if you look at, you know, we have this, um, and that lets you know with the still politics for two seconds, cause I know you guys love that. Um, it's um, it's, you know, if you look at what's going on in the UK at the

moment with, with facing this, this, this crisis and we have a heck of a lot of people doing nothing, right?

00:03:28 Just literally kicking the can down the road and waiting for stuff to happen. And I think you can kind of see the consequences of that leadership vacuum, you know, things don't happen. It's all consuming and, and so, so for me, inaction is, is, is just as bad and just as common. And that's why, you know, my definition of, of, of the term human risk, I wanted to make sure I captured that in there because it's, it is, it is genuinely something that I think doesn't get the focus it deserves. And, and people kind of, you know, they let things happen and, and you know, I can't be responsible for something I haven't done wrong. So help us understand, give our listeners that definition of human risks that you have. Okay. So the definition is edits intentionally broad, right? So the real human risk is the risk of people doing things they shouldn't or not doing things they should.

00:04:15 And, and I deliberately came up with something that, that was all encompassing and covered, you know, willful wrongdoing through to just, I'm a bit tired and I've, I've made a mistake and I want it to cover the full range of kind of human activity and inactivity as I looked at the risks that we pose. That that's terrific. And, uh, why is this, why is this so important to you? Why is risk so central to your work right now? So, I guess probably looking at my, my career kind of answers the question. I, I found myself, I started out in, in financial services, I actually qualified as an accountant. Um, which we don't talk about too much. Obviously [inaudible] will not be discussed. And I'll tell you what's good though. If you're an accountant you get lower motor insurance because you are lower risk. So if ever there's a benefit to that qualification that is disclosing that on the motor insurance piece, which back to the motorbikes is not unhelpful.

00:05:17 Um, from time to time. So that's, that's the sort of the peripheral benefit. It's probably not one the institute wants me to talk about too much for them. I have fascinated that they get down to the risk assessment of the work cause I, you know, and in your role, that's fascinating. And this might, this might be the one and only true benefit of being an accountant. It, well it sure as hell not, you know, social cue dos or kind of, and, and, and so it's a strange thing. They ask you the question when you go through that long process and they ask you all the, all the things and then they ask you to disclose your profession. And, and so if you are an accountant you can disclose you are in counseling. So, um, you know, I, I know and somebody pointed out to me that that resulted in lower premiums.

00:06:04 So the only thing I can conclude is they've done a, a very crude assessment based on the stereotype that caused you guys so much amusement that says if you are an accountant, you are unlikely to be a breaker of speed limits and take her off huge amounts of risk. Um, fair enough. What, we digress. So I started with that and then, and then kind of moved into banking, uh, for a number of reasons, obviously doesn't pay too badly. Um, and then, and then I found myself on a, on a kind of interesting trajectory that involve quite an irregulatory work. So I was succonded to a regulator while I was working for one firm and then I

ended up working for the financial services regulated the main regulator in the UK. And I have to stress post-crisis, they were looking for people that were not natural regulators.

00:06:51 And so I joined the, uh, the regulator and had responsibility for supervising. So this is the, the, the, the kind of contact point between the regulator in the firms, a number of international banks in the UK. Uh, and there was one in particular that I spent a lot of time focusing on. Um, when you focus on things, it's never particularly for good reason. Um, so, so things had happened and so I ended up spending a lot of time looking at them. I then became COO and the regulator, really looking at the inner workings, the regulator. And then I, I came and joined that firm that I'd been looking at and, and I joined in a, in a function, which is a compliance, so looking at the rules that you have to comply with. And then something called operational risk. And in the sense of bank operational risk is, is all of the non financial stuff.

00:07:37 So it's not about, uh, are you lending money to the wrong people? It's not about your exposure to stock market, it's everything from cyber risk fraud, um, you know, general sort of things that can go wrong within the, what they call consequential risk. So as I was doing these, this joint role of looking at compliance and what the rules say we can do and not and can't do, and what, uh, the risks that foam was running, as I was looking at both of these things, what I, what I realized was that I was in the business of influencing human decision making because organizations can't be compliant of their own accord. It's the people within it that determine whether you are on, and then the largest single cause of operational risk within a firm is people are either causing problems in the first place or making them worse by the way that they react or don't react to them.

00:08:23 And so I, I was looking at these sort of topics and, and recognizing that the way that the industry as a whole, um, not just the foam I was working approach these topics was, was sort of completely illogical. And if we were in the business of influencing human decision making, why were we using techniques that belonged in a Dickensian workhouse? You know, the kind of just, I'm just going to tell you to do this and I'm gonna assume that you're up to no good. Uh, when, when actually what I realized was this, this thing that had been out there, uh, that it interested me for some time and I'd read all the books and paid probably more attention than I had to my undergrad degree, which was actually literature. Um, interestingly, and I think lip that tells you something because literature is, is about people.

00:09:04 We generally don't write books about things that don't involve people, children's books being a slight exception, but, but they've got creatures that act as a proxy for people. And so, so there's been this fascination with what makes people tick. And so I basically realized that if I wanted to do this role of compliance and risk, um, and if I was in the business of influencing human decision making, why wouldn't you copy the experts? Uh, you know, advertisers, uh, governments and you know, you're in trouble when you're

copying the government. Um, you know, and, and, and, and sort of looking at [inaudible] and tech companies and you look at all those techniques and take those techniques and think of that. So I started to kind of bind these things together. And, and then at the time everybody was talking about machine risk, so, you know, cybersecurity and algorithms and all of these things that robots taking over the world.

00:09:52 And I kinda was like, well, what about people that are really important? So I coined this term human risk as a counterweight to, uh, technological risk that everybody was, I said, and particularly in financial services, you know, the obvious financial risks. And so this concept of human risk was born. Um, and so it really just came from my, from my career. And the more I looked around organizations, you know, you can see so many things going wrong, whether it's, you know, airlines have issues, you just have to search for the words human error and you'll find there's a heck of a lot of things happening that are as a result of people. So I just glibly concluded that people probably were as well as being the largest asset in many cases of organizations. Also the biggest risk or the biggest cause of risk. What got you connected to behavioral science?

00:10:36 What was the, the thread, the hit of dopamine in your brain that got you thinking that, okay, this human behavior thing is really interesting and I'm going to be, I'm more interested in the behavioral science side of it. Uh, I, you know, I, I grew up as a, as a kid and I was encouraged by my parents to whom I'm eternally grateful just to, to, to, you know, indulged to ask questions. And so I was always asking why. And, you know, sometimes embarrassingly for them, probably at the wrong time asking questions or making comments about other people's behaviors. Um, but, but I, I, you know, I've always been curious about what makes people tick and, and, and so the literature pieces I think is important because, you know, you're reading these books and it's, you know, stories go with the sort of narrative arcs around, around people in their decision making.

00:11:19 And, and so I just, I'd always been interested in that. And then I, and then I guess the sort of, you know, the, the, the Dan Ariely's of this world started to write books, uh, the [inaudible] bookshelf, but we're also really interesting and kind of brought this stuff to life. And I think it was that ability to connect an academic discipline with the real world and, and to start to have explanations for stuff that we're bugging the hell out of me. Yeah. Uh, the, the, you know, I found fascinating and, and it was then this, this, you know, then be able to combine that with what I was doing at work. Suddenly just all sat together and I, I figured I'd found my calling of, of, of, of this space.

00:11:55 So, so it was predictably irrational, your gateway drug?

00:12:01 Um, pre probably in recent terms, but I think, uh, I go back and I'm, I'm re, we actually back to sort of politics and things. I'm rereading a lot of literature that I, that I read years ago. So I, you know, I think George Orwell is super relevant for what's going on at the moment. Um, I think, you know, Cafca is super relevant

for what's going on. And so you look at those, those people, you know, they were analyzing it just through them, through the, the sort of mechanism of telling a story. And, and I think that, that, I would say those things. I enjoyed reading those books and, and, and, you know, watching plays where, uh, there was some kind of element of human dynamic where you had to, you had to work out, you know, what was going, what was motivating these people. So I think probably my initial hit was, was in some of that kind of, uh, particularly 20th century literature. Uh, but yeah, if you're asking specifically about kind of, uh, behavioral science literature, then that I think Mr Aria, you know, uh, not miss that at all. Uh, Dan Arielli is, um, is, is right up there and you know, and, and, and you know, you can't imagine clearly again was another, uh,

00:13:06 sea change. Yeah. It's interesting to me because I find that literature plays, movies, those, those elements that are looking at the human condition and various elements really do shine a light on that. Motivation is just, they don't have the names and they don't have some of the background. But if you look at the books like a George Orwell in 1984 or you look at, you know, calf guy or any of the other kind of elements that are driving that, that show how people are reacting in these situations. It really is this, this treating gun on human behavior and, and motivation. And why are people doing that? They just don't have the names on it. So it's, I find it really fascinating myself

00:13:54 and, and I agree with that. I think your TV shows in particular, look at the stuff that's really popular. Game of Thrones is all around, you know, ignore the setting, find there's some dragons and some stuff. But, but this is all about power play and interaction between people. And then the recently, I love that if you guys are seen Chernobyl, the a HBO Sky Series, which, which I blogged about as I did some analysis on as a sort of human risk piece and, and that's just a fascinating, you know, what motivated people to do stuff at the time and its beauty beautifully kind of rendered on screen, but it's, but, but, but you're, what engages you is that is the human interaction, not necessarily the nuclear disasters. So I think we've just carried that through into the video age now.

00:14:34 Yeah, I believe, I have not seen Chernobyl, but I've heard it and I think I read your, your piece on that and I'm like going all right. That's on my, that's on my watch list. So there we go. Well, I, I, I'm, I'm fascinated though about the literature part. Uh, both in terms of what, uh, what you studied in college university, what,

00:14:52 what was the, the focus of literature was a more, uh, you know, classics to the Romanticist I don't know, whatever group. Uh, and then what about, you know, other authors like Ipsen or Somerset mom or, uh, Sinclair Lewis, you know, are these the kind of, you know, slightly dystopian sort of unions, but did they have a, do they have an influence on your willingness to look at the human condition from a different perspective?

00:15:17 Yeah, I think so. Um, so, so I actually, I covered two European literature. Um, and, and it was, it was a pretty, you know, I looked back on it and, and it was a

pretty cool degree cause you could study what you wanted, what you interested in. And what spoke to me was, were things that explained the world that I was living in. Uh, and so I was particularly fascinated, for example, Berkeley, German literature that looked at the second world war, um, that explored the, you know, both, both the kind of the, the, the issues around that, but also how, you know, the East German literature and how they were coping with that system and the ways that artists, uh, and writers found to be able to deal with the pressures they were under. And so they, you know, there were, there was this, this great movie called in, uh, emigration where they found, they wrote about ancient worlds because they couldn't write about the world they were actually living in.

00:16:08 And so they found an escape route that, that way. And so, so the ones that really resonated me, w w were sort of the, the, the ones that really, uh, you know, the, the, the, the more I could recognize the worlds that they were talking about, um, because the world felt sort of semi-familiar even if it went into interesting spaces. Um, but, but I think, uh, you know, also also quite enjoyed going back. And if you look at some of the great writers, uh, from way back when, um, you know, they're dealing with the same issues. Shakespeare covers all of the emote. If you look at the full body of work covers the full range of emotions and passions and human intrigue, uh, that I think has, uh, picked up electronics just done in a, in a slightly different way with

00:16:50 Mendez insight as well. Tremendous clarity of what is actually happening within inside rather than just on the outside. Well, and I like it. You look at a fellow and you look at the nudges that happen in Othello to push a fellow to the point where he is, I mean, it's, it's nudge in 15, whatever context and all sorts of things, those decisions, crazy stuff. So, all right, Christian. So you have written the five rules on human risk, uh, that I have found. I've, I've read each of them when you kind of posted them out there and I found them fascinating. So for our listeners, could you summarize them? I know you probably can't get into depth on each of those, but let's just talk a little bit like the five, five rules of human rights but wouldn't yet.

00:17:39 So these, these are, these are implicitly things that are not happening, stuff people don't think about. And that's kind of where I wanted to pull them out. And so, so going through five and I, and I started with about, you know, 20 and then kind of was like, actually that's a subset of this one. And, and you know, so, so we're kind of showing them that cause five, five felt like a decent number. Um, and so, so the first one is human risks can be managed but not eliminated. And, and what I wanted to emphasize there was, was really that we need to just accept the fact that people are gonna do things that pose risk and we can't try and eliminate that. And yet many of the frameworks that we have and many of the, the approaches sort of make a presumption that we can get things down to zero.

00:18:21 Um, you know, I see, I see. So transport authority, saying things like, you know, our aim is to have zero accidents. Yeah. Which, which sounds great, but it's just

insane from a deliverability perspective because to have zero accidents, you would be literally, probably not permitting anyone to drive under any circumstances whatsoever, right. Because, because, and, and, and so, so people in firms, they talk about zero tolerance. Now sometimes that's really important. And, and things like, you know, bullying or racism or, or fraud, very, very important to eliminate that. But you cannot eliminate the entirety of, of, of humankind and, and noise that desirable because actually you want, the reason we hire people nowadays, particularly in the knowledge economy, is to be creative and to, to think and to, to be innovative. And so if you don't allow people to, to make mistakes, you will never end up with the, the, you know, trial and error.

00:19:15 And so innovation requires making mistakes. And I think it's a very strange world where we sort of go, you know, nobody's ever allowed to make a mistake. Well then no one's ever gonna innovate. And so for me it's critical that we identify the things we don't want to have happen. And Netflix has been really good on this actually in terms of the, they publish this deck, I bet you've seen it. The culture of responsibility and it's up. I'll ping you after it and put it in, put it in the show notes. But it's a very 21st century handbook really. And they looked at it and said, look, how do we, how do we run a company that's fun and interesting to work for? And they said, let's have a few rules as possible and we'll have rules for things we really care about. Right? So let's make sure we're crystal clear.

00:19:54 We don't want credit card details to be outed in the public domain. That's unacceptable. We don't want bullying, we don't want sexism. So we drove very clear red lines there have rules and controls around those. But we accept the fact that we employ adults. And so we give them a certain amount of freedom. But with freedom comes responsibility. And that for me, encapsulates what this first rule is all around. Which is saying, you know, we, we absolutely, um, we can manage human risk and be intelligent about it, but we cannot eliminate it entirety and let's not even try. Yeah. And the fact that you, you mentioned that they employ adults, that that is the thing. I think too many organizations forget. They, they hire these people that they're think are the best and the brightest and then they put these handcuffs on them to say, oh, but we don't trust you enough to do anything. So here are the, here's this little box that you get to play within and don't use any of your creativity. Don't use any of your imagination because

00:20:48 we don't want to take that risk of you potentially doing something stupid or wrong. So,

00:20:54 right. And it's, it's, it's so idiotic. You know, we spend loads of money hiring the, the brightest and the best, and then we, and then we kind of get that, you know, remove their ability to use that, that the skill that you've hired them. I was always reminded, I was hired once by someone who said, um, he was like, you know, it's really important to me that people have social lives and that they, I want people who go to the theater and I want people who play sports. It

doesn't matter what it is, but if you're going to engage with clients, have a story to tell, be a, be human being. And so, so we hire people on that basis. Of course, I already was that in many cases, he made people work so hard that they couldn't do the very things they'd been hired for. But it was a nice idea. Yeah. You can't go to the theater and you can't play sports because you gotta put that extra hours in the office. We never lacked for irony.

00:21:41 So that was rule one. Rule two is compliance is an outcome, not a process. Um, I had to use the word compliance in there. Uh, some point, uh, you'll detect from my disdain. I hate it as a piece of branding. It's appalling. Anything that you add the word officer too that makes it worse, tells you the original bit of branding wasn't great. But what I, what I do with what I, I used the word compliance here just, just as a one genuinely meaning compliance in the way that people probably understand it. Um, you know, set a rules, but also just looking at the, the outcome that we want from people and we say, look, the, the, the, what we want people to do is, is an outcome, not a process. And often what people do is they focus on a process. So they, they decide how they're going to manage the particular risk, put something in place and then focus on has that been done?

00:22:26 Not Looking at the effectiveness of the, uh, of the piece. And, and you know, so often the processes that we put in place to manage human risk and to achieve compliance, uh, on as effective as, as you know, they ought to be or we think they are. And so we fixate on having these things done. You know, people need to, people need to follow this book. We don't look at it, we, it's, it's the, it's the form over the substance. And, and I sort of, you know, I wanted to kind of emphasize to people, you need to look at w w what's the direction of travel and back to motorbikes, if you're, if you're riding a bike and you're turning on a bend, you need to look where you're going, otherwise you will come off. Um, and it's a, it's a very well known fact.

00:23:04 Just look where you want to go, look at the outcome but don't focus on the, on the process. And so that was kind of what I was driving out here. And really, you know, lots of things that we're asked to do are just dumb and don't serve the purpose and people, people kind of cleave to these things. And anybody that's traveled, you go to certain countries and the questions they ask you, you know, to fill in, you know, things like, are you here to commit acts of terror? And you just kind of think, has anybody ever, and actually the worst, it's your country is one of those by the way. Yes, there was a British lady who accidentally tick the Yes box and just, you know, it just, it, which, which is sort of interesting in itself. Um, but, but look at and go, why are you asking that question?

00:23:48 It's not like someone suddenly gonna go, Oh God, you know, I, I am and I wasn't going to tell you, but now that you've asked a question on the form, I cannot lie on the phone. It's just, you know, and it's a print and this is, this is a classic thing. It's the sort of primacy of, of kind of lawyers approach. Let's do this so that we position ourselves strongly if there's a legal case. But, but you ignore, select the fact that for the remaining people, uh, you know, where there isn't a legal case and that's the majority of outcomes. It's just irritating and dumb and,

and fine. You know, I'd have no choice. I have to fill in a silly form answering silly questions about what the purpose of my trip is to places. But, but if you look at it within organizations, you want individuals engaged and wasting their time with, with silly processes, particularly because human beings can smell a poor process.

00:24:36 You know, I know, I know when something is done so the organization can cover its backside. So don't waste my time with things that actually maybe I recognize, probably don't cover the organizations backside effectively, but you're still doing them. **And so this primacy of process over outcome I think is really dangerous**.

Tim: Excellent. Excellent. What a, what's number three?

Christian: **Number three is the human algorithm is complex and often irrational.** Um, the irrational bet. I think none of your listeners will need that explaining. That's the sort of Ariely argument. But if they bear in mind, this is for people that don't think behavioral science, um, and, and what I've, what I've done here is really just said, look, the human algorithm, and I've used that term because in essence, that is what's going on in our, in our heads. You know, we are running algorithms and, and often the way that people approach those algorithms is logical.

00:25:27 Let's, let's try and influence people's behavior using logic. Yep. And we know that emotion and environment and a whole host of other places are there. So yeah, it is important to understand that there's an algorithm going on. But the complexity of that is critical. And I think if one looks at that, uh, you know, how, what can you do? We can't really change the algorithm but we can do is change the inputs. And that's where I think changing people's perceptions starts to be quite helpful. So the message here to that, to that, to the less behavioral science infused a you readers of this thing was, was really to say, look, uh, think about the fact that the, you know, don't assume that people are these logical, rational people. So the homo economics kind of hold discussion, but, but think about perhaps we can think about the fact that we can't change the algorithm.

00:26:13 We cannot use. Somebody said to me the other day, I thought it was a lovely description. You know, we, we are basically, our hardware and software is kind of preprogrammed. So all we can do is play with the data that we put through that. Um, and so, so if we, if we're looking to change the human algorithm, let's change the, the inputs, the algorithm, and that'll then change the outputs rather than trying to reprogram the algorithm in a way that you would do with a computer. That's a lot of that. Yeah. I'm sorry. Excuse me. No, love that. I'm, I'm,

00:26:44 I'm sorry, Kurt, I didn't mean to talk over you there, but I love this idea of thinking about the human condition as this system that is to a very large degree, hardwired

00:26:53 well, and it goes into what you always talk about, which is context matters. And so it's the context of the inputs that are going into that algorithm that are going to determine what that outcome is. And oftentimes we dismiss that because we say, oh no, that software or hardware should over over compensate for whatever that would be that, oh, you put me in a room with full of donuts and I should know that a, my, my software says, no, I'm on a diet. I should not eat those donuts. But it, it's really hard. Right? So right now, I'd probably eat a donut. Uh, and it takes you to some interesting spaces. Well, I think if you look at prison, you know, the, the, the, and the whole theory behind behind that and, and sort of if we, you know, the, the, the, traditionally I'll just look someone up so they can think a little bit harder about what they've done.

00:27:44 And we kind of expect them to come out being muddle citizens. And, and so only, you know, I find, I find that fascinating. There's a great book and if you've seen that done by Julia Schewel called making evil, no, the analyzes, you know, wanting to people what does evil mean and why do people think? And she's got some really fascinating sort of views on this, but she goes into, you know, looks at prison and saying, is prison effective? Yes. No. Well, the way that we typically approach it in the crime and punishment mindset is he doesn't because we, you know, we're not, we're not really dealing with the situation. We just kind of making ourselves feel a bit better by, by looking someone up and that'll teach them. Yeah. And of course it doesn't. Right. And, and, and, and if you irritate the hell out of SIBO, and by looking them up and they'll give them an opportunity, if there's no path to redemption, then then why would you bother?

00:28:31 Well, and you're putting in, you're putting people into a, a context, right? The situation where they're surrounded, they might go in for, for a maybe a minor offense, right? That something they, whatever that would be. And yet they're surrounded by people who this is a lifestyle for them. And so what are they going to be? What, what is that data that's going to be input into that? Right? It goes back to the, you know, Zimbardo and the Stanford prison experiment and all of his work and kind of looking at, hey, that environment caused not only changes to the prisoners and how they responded, but it also looked at changing the guards and how they viewed the prisoners and they viewed themselves. And so, and granted there's some, you know, controversy around that whole component and that, that experiment, I think the underlying components of that are still true. And that is really this, this component. And I love the way that you talk about that. So great.

00:29:27 I'm reminded of, uh, speaking of literature, Stephen King's book, the Shawshank Redemption, where a read is a, is in for life and he, every, every few years he's up for parole and he sits in front of the parole board. And the question is, have you

00:29:42 been rehabilitated? Does that mean in a tank? How would I go? Could I have been rehabilitated? It's absurd. Which brings this nicely actually to the fourth rule, which is, which is to change behavior, change the environment. And again, I think for your audience that, that's kind of obvious, but, but for those that are

less aware of this, and I, my point here was, was all too often within organizations, you know, the way they perceive, uh, poor behavior, behavior that they don't want from their employees, uh, is, is there something wrong with the person? And, and the start point is, you know, the first question is, it was Oscar's, who's, who's, who's responsible? And you frame the whole thing around bad employee, bad person, let's reprogram that person rather than saying, well, what, what were the contributing factors in the environment? And, and I've just seen so many examples where it's not even considered that the environment might have some part in it's immediately let's go, let's go find the names of the guilty and if necessarily we fire them or we discipline them or whatever rather than, you know, I, I think the start point should be what in the environment could have contributed to this happening.

00:30:55 And sure, if somebody has done something that's negligent, that's irresponsible is whatever, you can pick that up. But let's not start with that, that presumption. Um, and there's a, there's a great, um, book by an Israeli professor called Yuval Feldman, a yet another one from the Israeli School of amazing behavioral scientist and he specializes in behavioral Lord. And if you've seen this stuff, and so look at how do you write legal systems that think about the way people actually behave rather than the way we'd like them to. And so he looks at, you know, how do you get the most, and, and his book is called the ***Law of Good People*** because he says, we always start by writing rules for bad people. And we focused on it. He said, we should focus on the good people. And, and, and I'm paraphrasing hugely here, but you know, it's quite right.

00:31:40 If you're a really bad person, you don't care what the law says, you're gonna do it anyway. And what we don't look at it is the unintended consequences for the, for the majority of people who in most circumstances want to do the right thing. And so for me, this focal point around any individual, it's just the wrong way of looking at things. Um, and we should, we should look at, um, you know, the, the, the environmental circumstances before we start to wonder whose fault it is, particularly if you're, if you're investigating something, um, you know, you wanna, you want to make sure that you have a, you've got the, the full facts from people. They're not going to tell you the full fact, if you are, if one of the consequences of being open and transparent as you get into more trouble. Right? Yeah. So it,

00:32:20 when you're talking environment inside of an organization, you're not talking the bricks and mortars per particular, you're talking culture, you're talking

00:32:28 the

00:32:29 kind of unwritten rules of how people operate. Is that,

00:32:33 yeah, I'm, I'm, I mean, I do mean the physical environment to an extent. Um, and then sometimes that can be highly relevant. Um, but, but you're right. I mean, uh, you know, things like the culture, but also things like, you know, how easy is it to comply with the rule. So when I went to some of the bits of work I

was, I was doing when I was, um, still employed in, in, in financial services was looking at saying, you know, is there a correlation between very long rules and people breaching those rules, unsurprisingly, right. The answer is yes. Because if you write a fat rule book that's 500 pages long from an organizational perspective, that's awesome because I've covered myself off. Uh, you know, we've got, it's in this book they will have known better but, but actually from the individual's perspective you've got, it is not surprising that people don't bother reading 500 page policies.

00:33:21 Yes. And so the, the stuff I always look at sort of the, you know, we have to look at all of the factors that we know of and clearly there'll be a whole host that we don't and say to ourselves, what is it that could have contributed? Now in the examples I've come across, both as a regulator and a and a practitioner, there are always things within the organizations controls that it could do better. And, and I think if the start point was let's fix those and then worry about people, we, we, we'd been a much, much better, much better place. And, and the focus would be right. And I think people would engage with investigations and processes if they thought there was a chance that actually the environment, the organization might end up bearing more of the responsibility than they do themselves.

00:34:05 Yeah. We talked with Roger Dooley a few months back and he has a new book out called friction and various different things. But you're, what you're talking about is that friction. That 500 page rule book is highly friction. You know, it's a high friction component. People are not going to do that. If you were to summarize that down into a one page, here are the key, as you said, these are the things that we can absolutely not do. All right, then you're getting to, you're reducing the friction and people are more likely to a, read it and then B, comply with whatever that would be. And so I think those are those factors that again, we, we so often want to just check that box as an organization and cover our butts and say, but look, we wrote it out in black and white on page 428 it was written up there and three paragraphs of legal speak. And if I didn't, you understand it.

00:34:56 Yeah. And, and, and I, I like looking. So I always try and find analogies in the real world as I call it. Yeah. Four for what's going on and say to myself, you know, what can we learn? And, and more often than not, there are examples of things done better elsewhere. So if you, if you take the average car right, the way they design cars is so that the average driver can just jump in and jump it, be providing a license, anything else, right? You can just get in and you can drive off pretty much under average circumstances without having to read the manual. And, and the, the way they designed the dashboard operates roughly in an urgent matter. And the manual is what you go to when a funny light comes on, there's a strange sound you don't quite know. And the way the manual is structured is helpful, right?

00:35:40 It, it helps you solve your problem. And, and so the whole thing has been designed to allow people to engage very quickly and make it, make it easy for

people to kind of operate. Uh, I think organizations often go the opposite way around, right? Which is before you're allowed to get into the car, you must read the engineering manual, understand the engineering manual and then, and then we'll let you drive the thing which it, which is presented to you in an utterly and comprehensible way. And I think that the, if we, if we turn around and took a leaf out of car manufacturers and said, let's start designing environments for the way that people operate for the scenarios they find themselves in. You know, you see lots of examples of training programs within organizations where they, that they're teaching you obvious stuff and you can, you can kind of see it, you know, in the, in the sort of response to me too, there's lots of organizations who are getting concerned about these things.

00:36:26 So they send people on training that is kind of like, you know, is it okay to rape someone yes or no. Right. And, and it's just like she's just idiotic or that's not the dilemma people are facing in the real world. Yeah. They want to be guided through real life situations that they might come across. And we need to start speaking to people in a language that reflects the realities, you know, stop pretending the world is black and white when we know it's gray and start speaking to people and, and, and, and recognizing the nuances of the challenges that are there and give them the information. It's, it's the classic behavioral science frameworks. So I look at the, you know, the, the, the, the behavioral insights teams, **E.A.S.T. framework** for example, easy, attractive, social, timely, really simple. If you just, if you just start with that stuff in a, in a kind of compliance, uh, risk management world, you'll go a hell of a long way to getting it right.

00:37:17 And, and you know, I, I, people sort of tend to meet, we'll have you, have you tested this out? I just see so many examples of things that are so poor that are so far away. It's not like there's no point in testing stuff when you're miles away from anything. That's that sort of even objectively sensible. And by the way, and the reason that they're asking the question is because their situation isn't working. Like what they're doing is failing. And yet they're saying, well wait, wait, wait a minute. You've got something new. Is that proven? Are you sure about that?

00:37:50 Um, and, and then the, the, the final, um, the final rule is just because you can doesn't mean you should. And, and this sort of has that, I've left it till last cause it has two aspects to it. One is I think we need to start endowing people within organizations with a bit more of a sense of **personal responsibility**. So all too often organizations in the way that they treat their employees send a signal that the employees are not trusted and is a classic example of somewhere that I saw once where they had locked down YouTube. And by YouTube, I mean every single sort of um, you know, video streaming site and you kind of look at your wall. Why would you do that? Because actually what it does is it stops people watching Ted talks. It stops. Yeah. There's a lot of decent content that's highly relevant to people's roles.

00:38:36 So the first argument you get is bandwidth, which I kind of buy it if the, you know, I don't know if the Superbowl is on a Wimbledon tennis or something, but you can, you can sort of throttle it at that point to stop those things being streamed. But generally speaking, bandwidth shouldn't be an issue. Then the second argument you get is cat videos. You know, people will spend their whole day watching cat videos to which I say one, if it's the okay if that floats someone's boat and they get, you know, creativity from watching it again, what's the harm? Um, and, and, and secondly, even if somebody spends their whole life watching cat videos, that's not a YouTube or a video problem, that's a, that's a kind of employee challenge that's got nothing to do with the mechanism they've chosen. Well, and you're hired adults, right? Hired adults that are competent and keep right.

00:39:22 And then, and then, and then the final argument is you, well, people might watch pornography all day, right? Which if people think that's okay, you've got a whole host of bigger problems, and of course you can, or you can lock that stuff out. But what I find interesting about that approach is it sends a signal that the systems are covered everything. So therefore I approach everything with an attitude of, oh well they've locked down YouTube. If I can, you know, if the system will let me do something, I don't need to think for myself. And I think this is something we need to instill in people. We need to allow people back to the Netflix example of it. **We need to allow people to screw up slightly, stop the really severe stuff, but give them a sense of agency and responsibility so that they can start to think for themselves**.

00:40:03 Because if you, if you remove that ability, people will just go, well, you know, my world is set. I'm doing what I'm told. And if like, if the system lets me do it, it must be okay. And we've seen lots of examples where the system does allow crazy things to happen and people haven't thought for themselves the equivalent of slavish following your GPS unit and driving into a river. It happens in organizational context. So that's the, the, the, the first context. And the second one, just because you can doesn't mean you should, he's targeted the organization to say, look at it. It's really easy as an organization to go, we have employed you. Therefore we will dictate terms to you. We will tell you what to do. We will impose dress codes, we will impose whole lowly restrictions on you. And, and I say to organizations, I think that's really, you sure there's times where that's appropriate and you should do that.

00:40:49 And you, you have the ability to force somebody to carry a security badge to be able to get into their office. You can dictate, you know, where they work. There's a whole load of things. It's perfectly reasonable. Health and safety would be a good example where it's perfectly okay for you to be dictatorial. But there are lots of other examples where you need people to comply in a kind of qualitative way **where you need them to think for themselves**, where you need them to be responsive to the situation and where a kind of very robotic response to things will produce the outcome that you don't want. And therefore I say to organizations, just because you can put pressure on people in certain ways over control them doesn't mean you should do it. Think about the

negative consequences, the things that, you know, the unintended consequences of control framework.

00:41:35 Fascinating. Yeah. I, I'm, I, I think about this, uh, this big challenge though that you're putting out to people, getting people to think for themselves is really, really hard. It is much, much easier for us to think in black and white than it to thinking in the nuances, to actually consider the consequences or to think about a situation. It's a, it's a big damn challenge that, that you're putting, uh, in front of us in a world where we like the idea that gps will just take us wherever we want to go. And, okay, occasionally we end up in the river,

00:42:06 but, but, but I think, uh, if we don't get to grips with these issues, we're going to W W W W we're not getting the most out of society. Organizations will fail if they don't get a handle on this stuff and start thinking about these things because, um, you know, it's the, the human risks for me is critical. You can, you can see it if it's a single employee within an organization does something that is social media worthy. Yeah. Let's take that United Airlines situation for example, that can cause, you know, end of damage and no end of harm in a way that was never previously the case. You know, in the old days, the only person that could really cause reputational risk work with were there. And it was of course always men in the c suite because they were the ones with the fax machines and the telex, they spoke to the press, you know, it was their, their, their decisions.

00:42:52 Every single employee has the capability to cause their organization reputational and beyond risks. And I think we have to just recognize that and and the control frameworks that we had in place that might have been fit for purpose and they questioned whether they always were in the 20th century. Don't help us deal with a world where there's, you know, information flow is much greater. There is a, the societal expectations are shifting and if we don't start to address some of these issues, I think organizations are going to be taken down by some of these new challenges coming over the hill, which if we get up and used our employees correctly, you can help to mitigate, you know, the best form of human risk mitigation is other humans. Yeah. Well you talk about this component of people being

00:43:40 not thinking because the system is correcting it. For me and Tim, you said that that's hard to get people to think. I actually don't think it's hard to get people to think. I think it's, it's actually one of the easiest thing I think people want. Yeah, I don't know. I don't know exactly what happened there, but somehow we just got disconnected and we're back on your speaker with an echo.

00:44:10 I might have to slow reboot again.

00:44:15 Okay. Yeah. If you have to go, go right ahead.

00:44:21 I don't know what happened.

00:44:24 You're still having an echo, so,

00:44:30 oh, okay. I know I'm going to do,

00:44:39 is that better? Yeah, way by, there we go. Perfect. [inaudible]

00:44:45 okay, so you want me to just start with Tim? I disagree. Yeah. Christian, do you, do you mind if we pick up there? Please do. Thank you. So I actually have to disagree with you, Tim, on this component that where you said it's hard to get people to think inside an organization. I think actually getting people to think is one of the easier pieces that organizations can do. I think people want to think, they want to feel like they're contributing. They don't want to be a cog in the machine. The, the hard part is that leadership is allowing by, by not having those systems in place that only allow you to do x and Y andZ and not anything else is that it becomes scary. And so from a leadership perspective, they put those in because they're scared of their, and that they're feeling there. They're having a fear around that risk that's component there. So I don't know, Christian thoughts on that?

00:45:38 Yeah, I, I think there is this, what I call the sort of primacy of auditability, right? So if, if I want to be seen to be controlling something or because a stakeholder be a regulator, being an audit, Serbia, whatever needs me to demonstrate that I am on top of something, I will default to logic and logic is therefore I have restricted this from happening. And therefore, you know, I'm a good risk manager. I'm a good guy. You know, I'm, I'm, I'm a good, oh, I'm a good manager in general terms. And I think actually the stuff that, you know, that's, that's fine. And there are certain circumstances where that makes sense, but there are so many more where,

00:46:28 yeah,

00:47:47 yeah. Little Grid. Well, how does that play in a world where we have a generation of kids growing up with helicopter parents and so they're having to make fewer decisions. They're certainly having to make less investment in a world and they're kind of relying on the systems around them to guide them through things. I mean, we have, you know, uh, young people in their 20s, uh, staying at home, whereas a generation ago it would have been unimaginable to be 20 something and still living at home.

00:48:29 Okay. [inaudible] yeah,

00:50:21 we'll, we'll see. Uh, so let's, uh, is there current music time timetable? I think it's music. I think you should talk about what's

00:50:28 on your playlist. Christian.

00:50:36 Yes. Yeah. Oh, excellent. Don't, don't tell us. Let us guess.

00:51:04 Yup. Yep,

00:51:22 Yup. [inaudible]

00:51:50 I think it's, it's, it's interesting and in that, that component of you think you're elegant and, and if you've ever had a component where you've seen a video of yourself when you have been wasted and you look at that and you're going, wow, at the time I sure thought I was being very articulate and smooth and saw the a, and then you see the video and it is absolutely 100% opposite or that are you speaking from some space? I have no clue what you're talking about. Life experience. Okay. What number two? What's next? [inaudible]

00:52:41 okay. Ah,

00:53:06 yeah. Boy, it's too bad. The idea of the Saturday's conflicts with, in my mind with the Sundays, which I think was one of the greatest, uh, bands from the 80s. I think Harriet Wheeler just did an absolutely fabulous job of writing lyrics and singing. And Yeah, I just absolutely love the Sundays. And so hearing that there's a band

00:53:26 called the Saturdays just, they feel like posers already, you know, confirmation bias. You haven't ever heard of that right there. Oh, snap. I would've, I would've guessed that. That would have been off bounds for you, but I was going with the Saturdays. Oh yeah, definitely. The Saturdays. There's not [inaudible] on your list. Yeah. Okay. Wow. Who like, can you give us an, an artist's name that we can share? I hate them. I hate them. I hate them. I hate them. Wow. Ever. Wow. And Ed and EDM. Tell us about the Beatles. Is there a particular era or album or vibe that you liked about the Beatles? More than the rest?

00:56:37 Yeah,

00:56:38 there will be. There will be hate mail from that. Yes.

00:56:53 Yeah. Amazing. Yeah.

00:57:56 Yeah, yeah. It's very interesting. I, I put on the Beatles the other day for my, my nine year old daughter, cause I'm realizing I go, I know some of these songs get played but not on the stations that she would normally listen to you. And it's just, she needs to have that grounding. My kids have to have that grounded because it is so fundamental. And to your point, it was just a Pandora playstation, but they played stuff from early Beatles, which was more of the, you know, the campy kind of love song poppy kind of stuff too. You know, the white album and, and you know that you're getting all of the, these different, you know, really deep, kind of more, more fundamentally kind of introspective and various different other things that I thought were really, really cool. And,

and I realized, you know, my kids, I need to educate my kids cause otherwise they're gonna they're gonna think that one direction is the coolest thing since sliced bread,

00:59:25 Huh?

00:59:41 Yeah. He, he truly earned his, his, uh, moniker as the fifth beetle. [inaudible] he's, it's well deserved because his production, I couldn't agree more Christian that he created something that was streamlined and focused and really let the music shine through.

00:59:59 And was that, did we just, we didn't lose you, did we? No. Okay. Uh, well Christian, thank you. This has been

01:00:15 fun. It has been informative and I am absolutely positive that our listeners will have loved this. So thank you very much for, for joining us here in behavioral groups.

01:00:28 We will end the recording there and, uh, we're, I don't know, we're four or five weeks out or so from production. Uh, I don't know if you know this, that Christian, but this is, this is just a hobby for us. We dearly love it. Uh, but, uh, it's not a big revenue generator. And so we unfortunately just kind of take it

01:00:46 in a and happened. I will, I do, when I listen back to these, it's like I sit there and I'm going, Holy Shit. Oh my gosh. And then if both from our guests, but then also every once in a while from Tim and,

01:01:34 but it's true. Go like, oh, I articulated that in a way that I hadn't done before and it makes sense in the moment. It was just, it was, it was on spot and wow, I need to reuse that or think about that in that way again. So,

01:01:53 Yep. That happens as much. Oh, I've,

01:02:04 well, I'm sorry you had to look at our ugly mugs, but you know, I,

01:02:19 yeah,

01:02:22 that's fantastic. That'd be terrific. Yeah. Thank you very much, brunch. Appreciate it. Do you have a good afternoon? Take care. Bye.