

Animal Spirits In High Performance Cultures

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June 16, 2011

“Let us unite in banishing fear. We (the federal government) have provided the machinery to restore our financial system; it is up to you to support and make it work. It is your problem no less than it is mine. Together we cannot fail.”

With these words, spoken on March 12, 1933, President Franklin D. Roosevelt closed the first of a remarkable set of radio messages to an American public struggling through the depths of the Great Depression. His “fireside chats,” were crafted to inform and teach, and to give people perspective on the country’s situation. But, more than that, they were designed to restore confidence and instill a renewed determination to persevere in the face of tough times.

Roosevelt’s intention was to influence the spirit of the American public, what John Maynard Keynes would later refer to as the country’s “animal spirits.” Keynes used the term animal spirits to describe the emotions, affects, and beliefs that drive an economy and civic life. This concept of animal spirits, derived from human psychology and adopted by behavioral economists, recognizes that even in a free market, people’s actions are shaped not only by the laws of supply and demand, but by feelings -- positive impulses such as confidence and fairness, as well as less desirable motivations such as fear and greed.¹

¹ George A. Akerlof and Robert J. Shiller, *Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism*, Princeton University Press, New Jersey, 2009.

More recently, former Federal Reserve Chairman Alan Greenspan described feelings of “irrational exuberance” prior to the bursting of late 90’s dot.com bubble, “infectious greed” during the latter stages of the housing bubble, and “shocked disbelief” in the aftermath of the 2008 financial meltdown.

To be clear, the concept of “animal spirits,” and its use in this essay, is not to be confused with an alternative meaning associated with shamanistic cultures (including Indians of the American West) in which spirits from the animal world are embraced as sources of wisdom, guidance, and inspiration.

Animal spirits, as described by Keynes, are present not only in the general economy, but also in the cultures of individual organizations. Feelings of resignation, fear, and despair can send firms into tailspins. Optimism, hope, and confidence can propel firms to success in the face of tough times. These types of animal spirits can be of particular significance for leaders of professional design firms, which have weathered four long years of turbulence and uncertainty.

Leaders need to reflect on their cultures -- and themselves -- on a regular basis, in order to gauge which animal spirits are ascendant or receding. Then, they can target their efforts to encourage or reshape beliefs, feelings, and emotions and guide their firms to greater success.

How does this happen? Let’s examine the influence of two of the kinder animal spirits, confidence and generosity.

Confidence

Confidence embodies a positive outlook about the future and one’s ability to succeed. It resides at the top of Keynes list of animal spirits that drive economic business cycle. Confidence is

fundamental to people's ability to rebound from crisis, respond to adversity, and adjust to changing circumstances.

Teams on extended winning streaks, according to Rosabeth Moss Kanter,² act with confidence, taking responsibility for and owning all of their results, learning from setbacks, sharing information, and maintaining practices that were at the heart of previous successes. Leaders of winning teams promote initiative-taking by reassuring people that what they do makes a real difference, and that they have both the resilience and creativity to succeed in the face of adversity.

Confidence can also be thought of as the “sweet spot” between two different animal spirits, despair and arrogance.³ Despairing people lose hope, give up, and wait for someone or something to rescue them. Arrogance, on the other hand, breeds hubris and blinds organizations to internal and external imperatives for change until it is too late.

Kanter suggests three leadership practices for keeping high performance teams in that sweet spot. First, leaders help their people face the hard facts of their situation, and take responsibility for their problems. This includes offering unvarnished feedback and straight talk about issues that need to be addressed.

Second, leaders must enhance relationships and foster collaboration, emphasizing teamwork, and building trust, commitment, and accountability. They can't allow people to hunker down and isolate themselves. Instead, they must demolish the internal organizational silos that separate people, and build bridges to stakeholders outside their organizations.

² Rosabeth Moss Kanter, *Confidence, How Winning Streaks & Losing Streaks Begin & End*, Three Rivers Press, New York, 2004.

³ Rosabeth Moss Kanter, *Confidence*.

Third, leaders can spark initiative and innovation by reframing situations to point out opportunities, where before people only saw barriers. They encourage the sharing of intelligence and knowledge throughout the organization. Leaders empower people to generate new ideas and engage in experiments, encourage small wins, and build on those successes. At the same time, leaders search out and remove barriers to action. Finally, they communicate an unwavering optimism about the organization's ability to succeed.

Roosevelt's first fireside chat illustrates each of these practices in action. He offers the American public a dose of straight talk, telling the story of the bank crisis and how it unfolded. He stresses that solving the problem will require unity of action (collaboration) across the country. He outlines policy responses that his administration is taking to help ease the pain and stimulate progress (initiative & innovation). And, finally he expresses his unshakeable belief that "together we cannot fail."

Generosity & Noble Purpose

The animal spirit generosity, which is often expressed in an organization's noble purpose, or contribution to society, can be a powerful source of creative energy. Over the last twenty years, business scholars have noted that the pursuit of a higher purpose can be key to stimulating progress and maintaining forward momentum. It can also provide a rallying flag for orienting and uniting a staff buffeted by turbulence and change.

This spirit of giving and offering service to humanity can also be found in the burgeoning corporate social responsibility movement, which is rewriting the rules of corporate governance and management. Increasingly, people want companies to combine traditional business pursuits with initiatives that serve a set of stakeholders that is broader than just customers and shareholders. This trend is particularly evident in the younger generation of workers who want to know that their efforts make a difference in their communities and the world.

As Daniel Pink illustrates in his book *DRiVE*, a noble purpose, particularly one that goes beyond the profit motive, can be a primary motivator. Google, for example, taps into that motivational potential by allowing people to spend time pursuing aspects of their work that they personally find most meaningful.⁴

A powerful illustration of an inspirational purpose, within the context of a professional organization, is the Mayo Clinic. The growth of this remarkable organization from the clinic founded in 1883 by the two Mayo brothers in Rochester, Minnesota into one of the world's leading medical institutions (patient provider, medial innovator, and global brand) was powered by the pursuit of a singular purpose ... “to help the sickest patients.”

Inspired by this shared purpose, the Clinic, throughout its history has placed a priority on the social benefits produced by its approach to medicine, not the potential for financial revenues. Even before the Clinic was converted to non-profit status, the Mayo brothers poured the majority of their earnings back into the Clinic to help better fulfill its mission, opting to provide themselves and other physician partners with what they described as “decent financial security” as opposed to wealth or lavish lifestyles. This approach continues to attract physicians and staff who are primarily driven by intrinsic motivations -- doing work they love and believe to be important.

Assessing Your Firm's Animal Spirits

If you are curious about the animal spirits present in your firm's culture, take a look at the following ten word pairs. Each pair contains two contrasting “animal spirits.” Rate, along the scale, each pair of animal spirits as to which most closely describes your firm's culture.

⁴ Daniel H. Pink, *DRiVE: The Surprising Truth About what Motivates Us*, Riverhead Books, New York, 2009.

CONFIDENCE	1	2	3	4	5	DESPAIR
CONFIDENCE	1	2	3	4	5	ARROGANCE
HOPE	1	2	3	4	5	FEAR
OPTIMISM	1	2	3	4	5	RESIGNATION
ACCOUNTABLE	1	2	3	4	5	IN DENIAL
GENEROUS	1	2	3	4	5	SELF SERVING
CONNECTED	1	2	3	4	5	ISOLATED
CAPABLE	1	2	3	4	5	HELPLESS
ENGAGED	1	2	3	4	5	COMPLACENT
INSPIRED	1	2	3	4	5	DEADENED

Other members of your firm may also find this instructive. Spend time with them sharing your perceptions and identifying potential leverage points for change. And, finally, turn your attention to your own beliefs and feelings. How do you rate yourself? Which of the animal spirits present the greatest challenge to you, personally, and how might you address those challenges?

Inspiring Animal Spirits

In the 1930's, Roosevelt had an intuitive grasp of the country's "animal spirits" and understood his role as a leader to inspire a positive, constructive outlook in society during a time of extreme adversity. Now, in this post-recessionary environment, professional design firms face their own serious challenges. The effects of the recession linger across the economy, markets haven't recovered, clients are increasingly assertive, and new aggressive competitors loom. Leaders of professional design firms must become masters of their company's animal spirits, inspiring positive beliefs and behaviors to build high performance cultures.