

Learning and Perverse Incentives: **The Evil Hat**

Liz Keogh

liz@lunivore.com

@lunivore

Why are we here?

Perverse incentives
are a common problem.

How are perverse incentives created?

We think more about solutions than we do about the system the solutions create.

How can we focus on systems?

We can see systems better
from outside the system.

What do we do then?

Create a system, not a solution.

The Common Problem

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THE FIFTH DISCIPLINE

The Art & Practice of
the Learning Organization

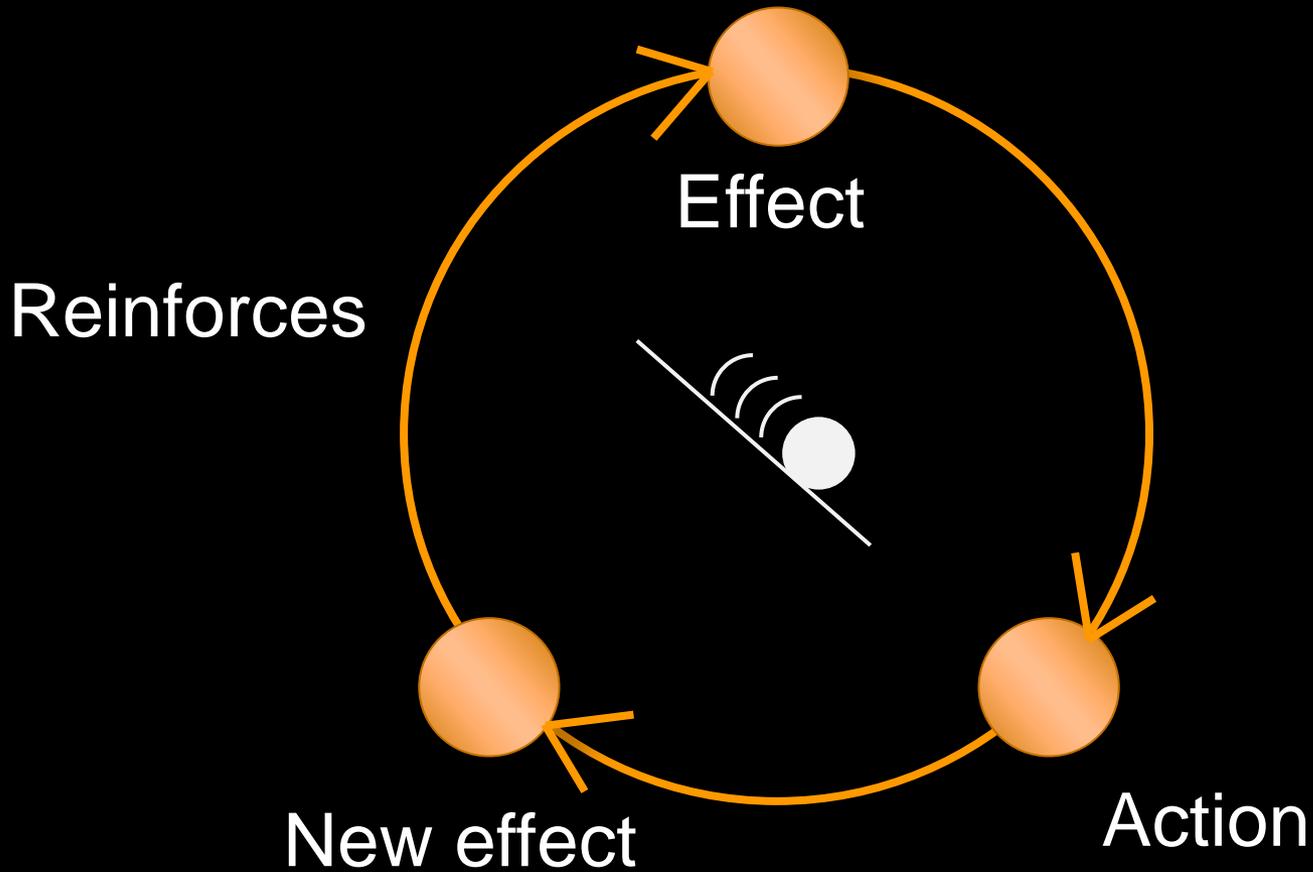
PETER M. SENGE

PETER M. SENGE

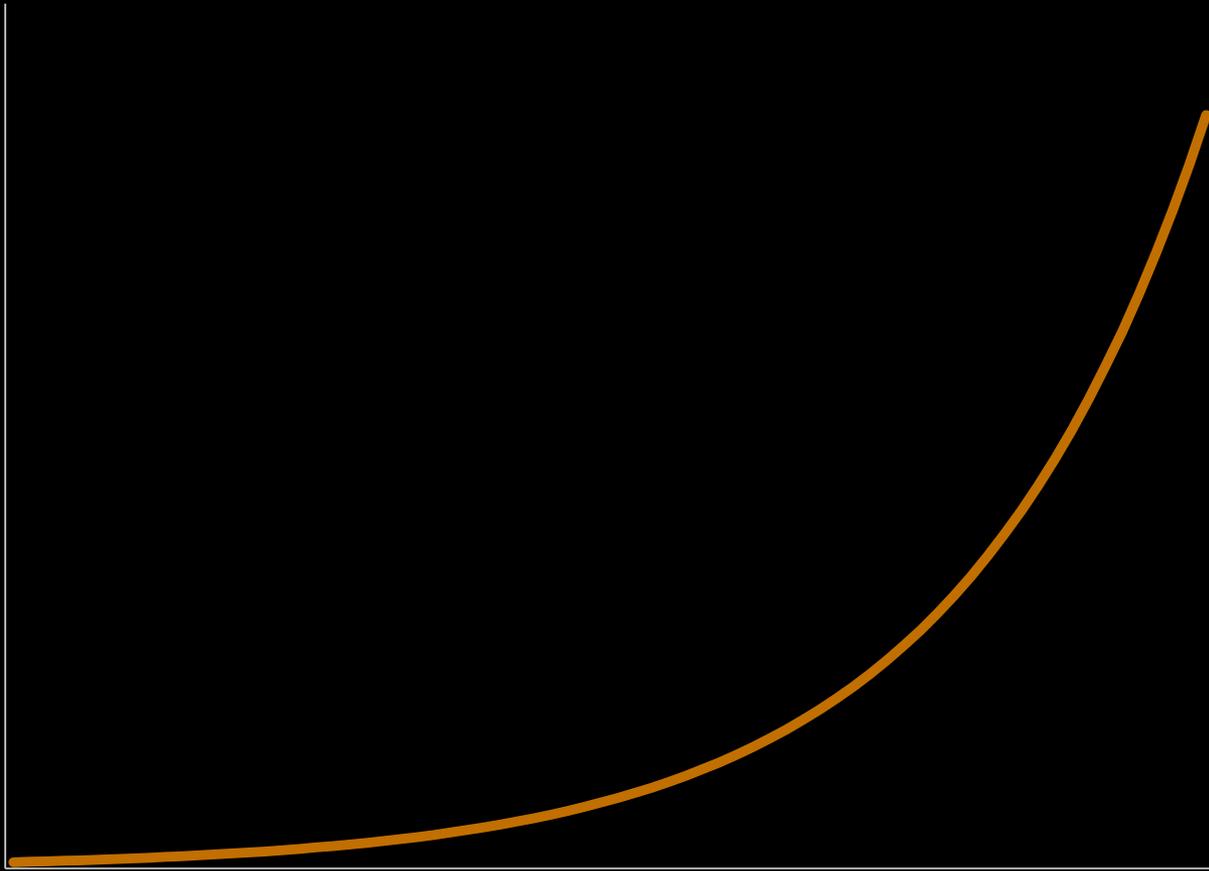
the Learning Organization

THE ART & PRACTICE OF

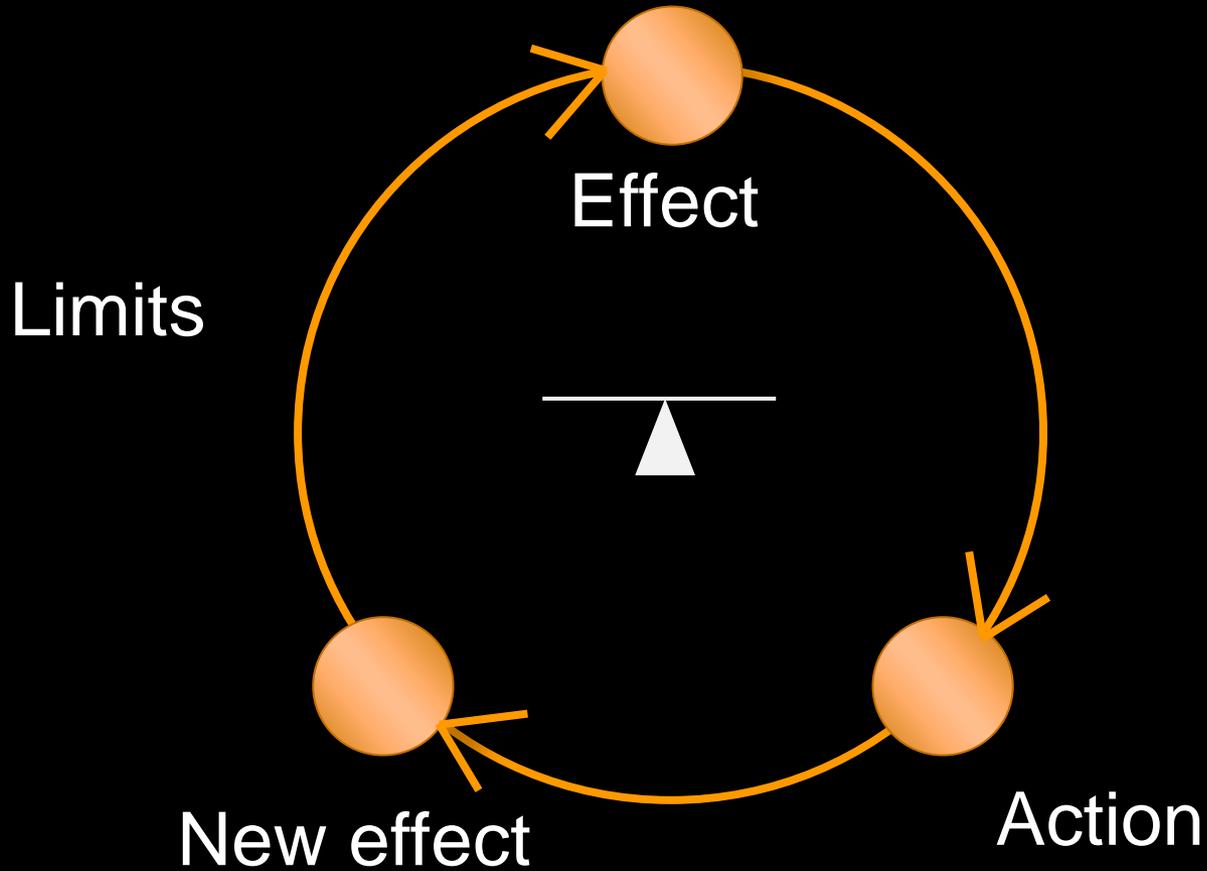
Reinforcing Feedback



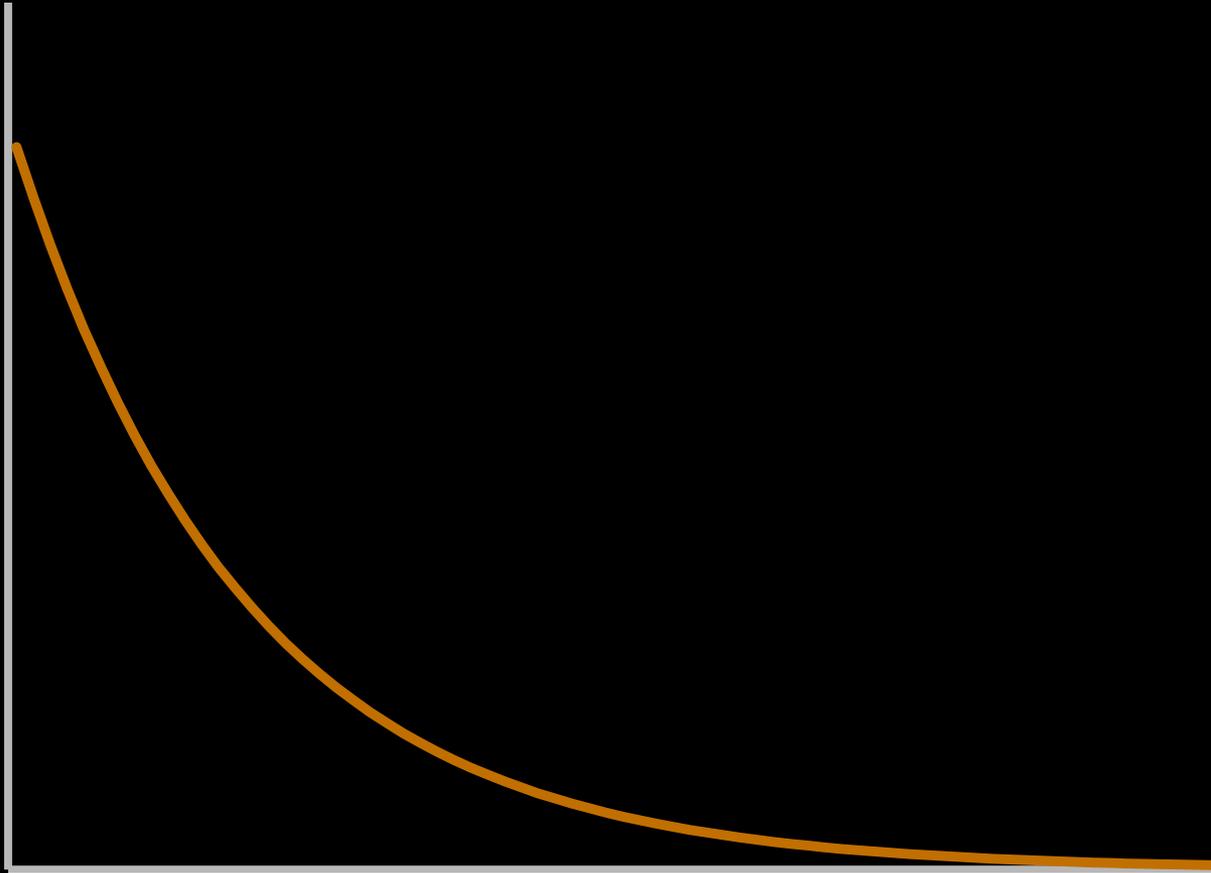
Reinforcing Feedback



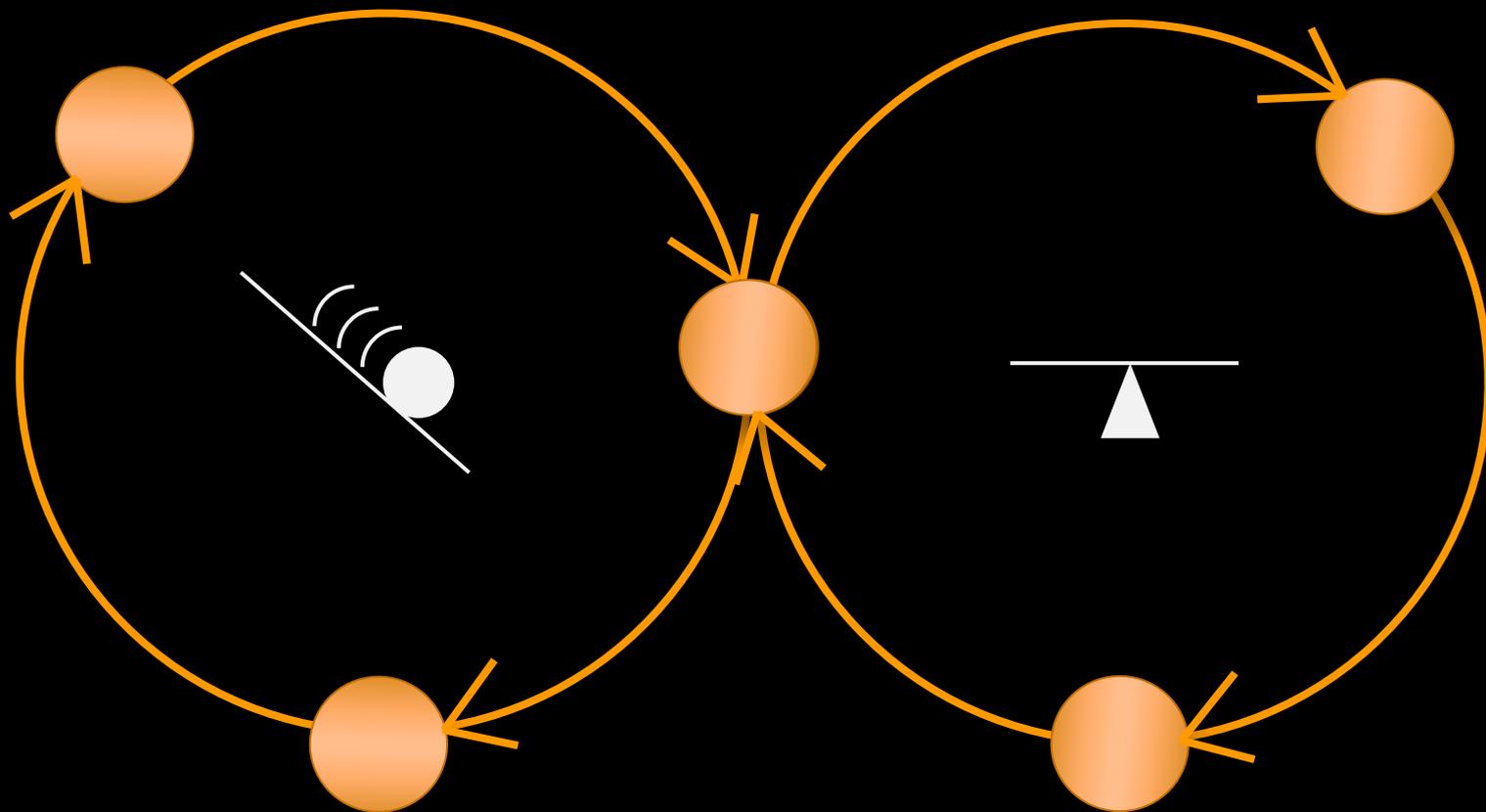
Balancing Feedback



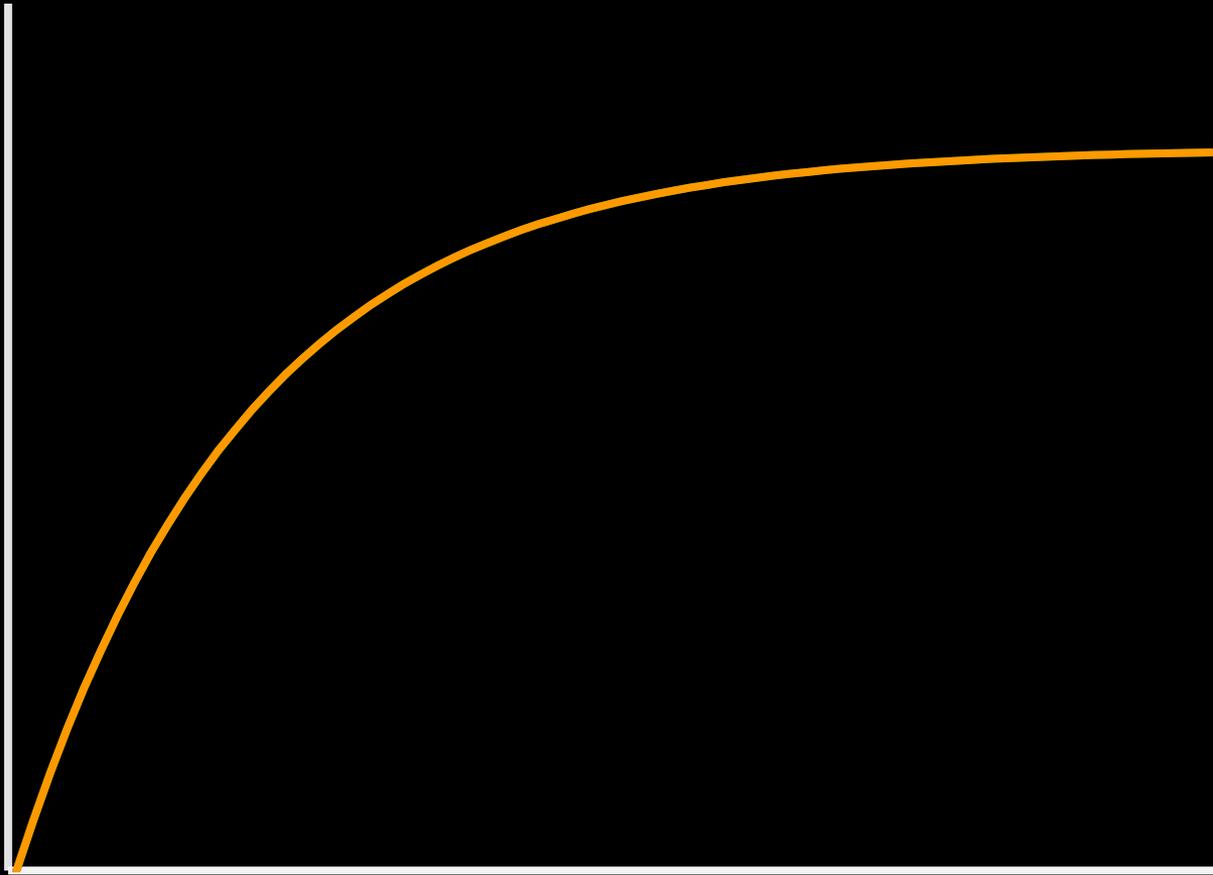
Balancing Feedback



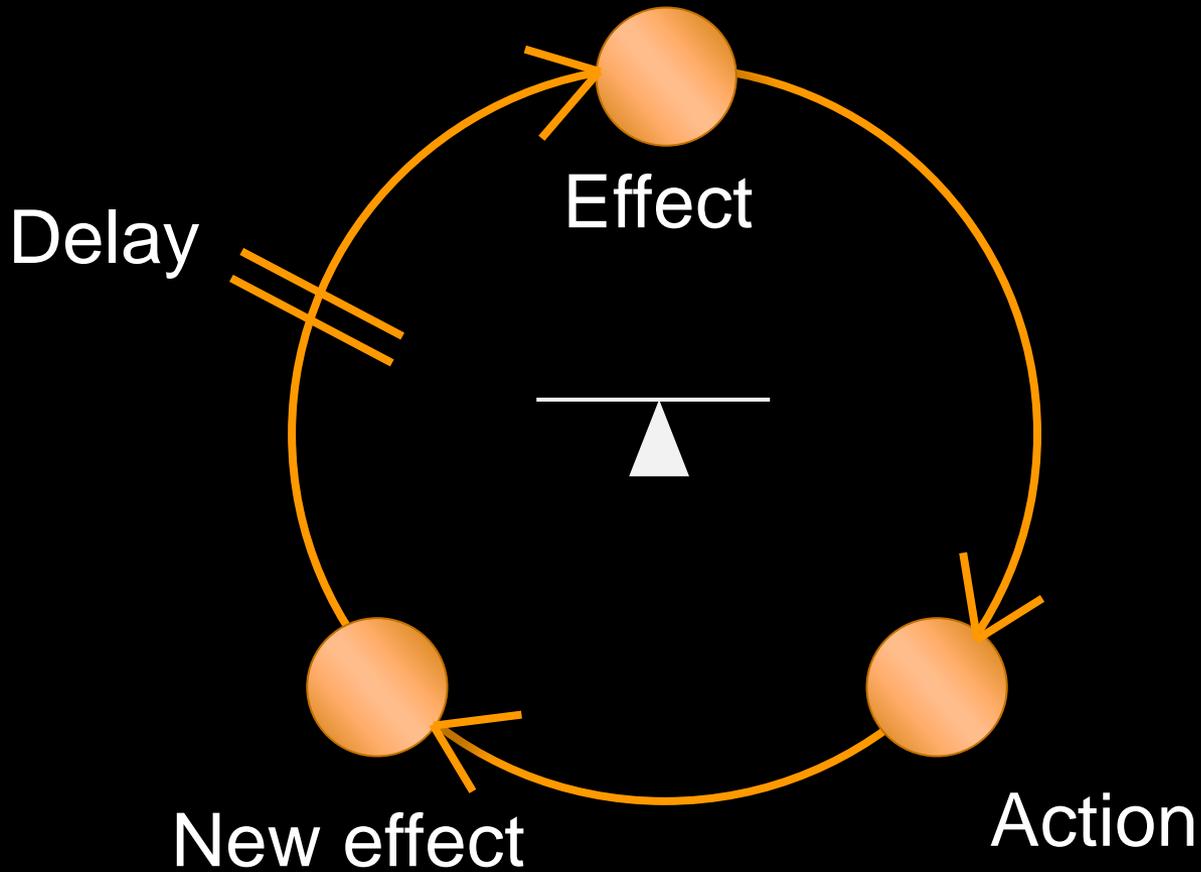
A Typical System



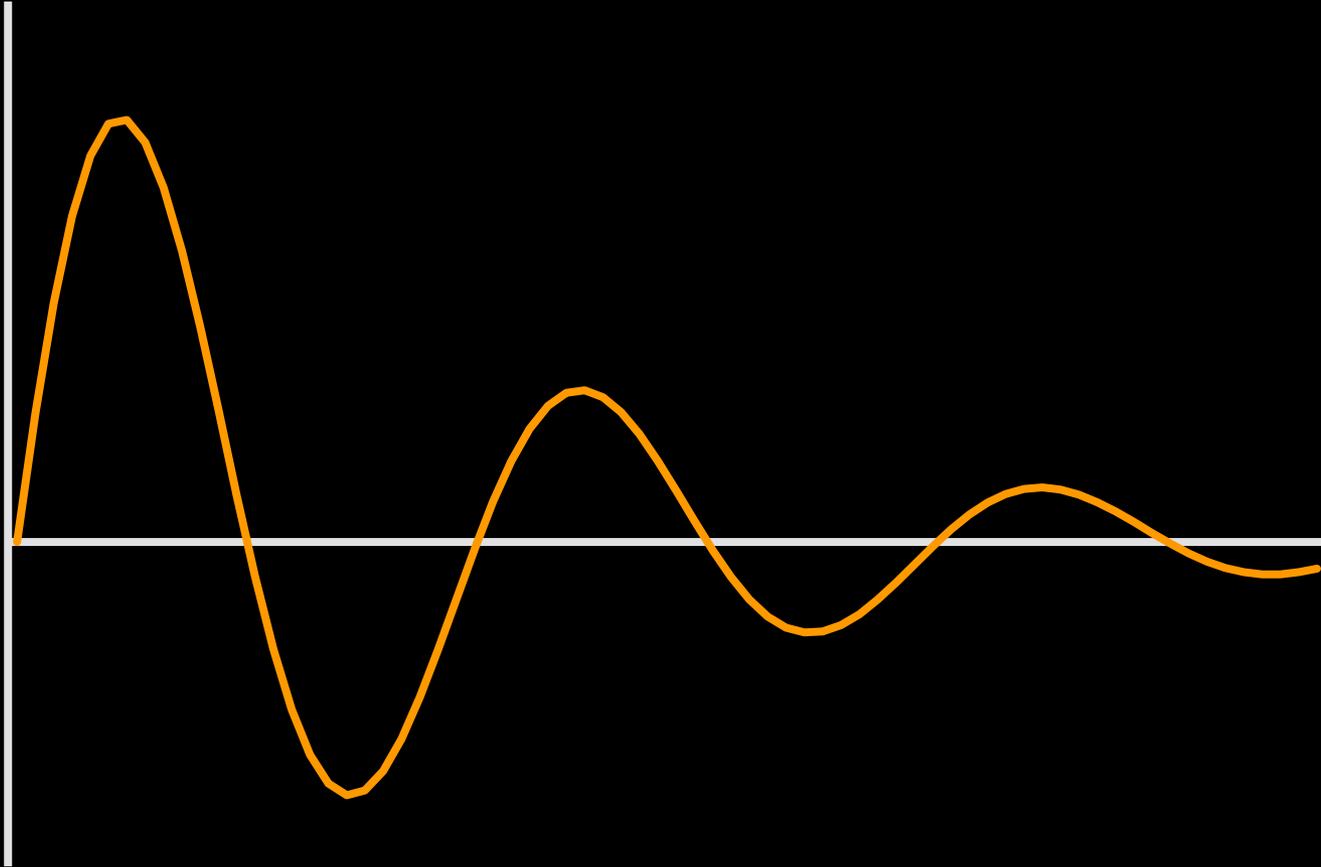
A Typical System



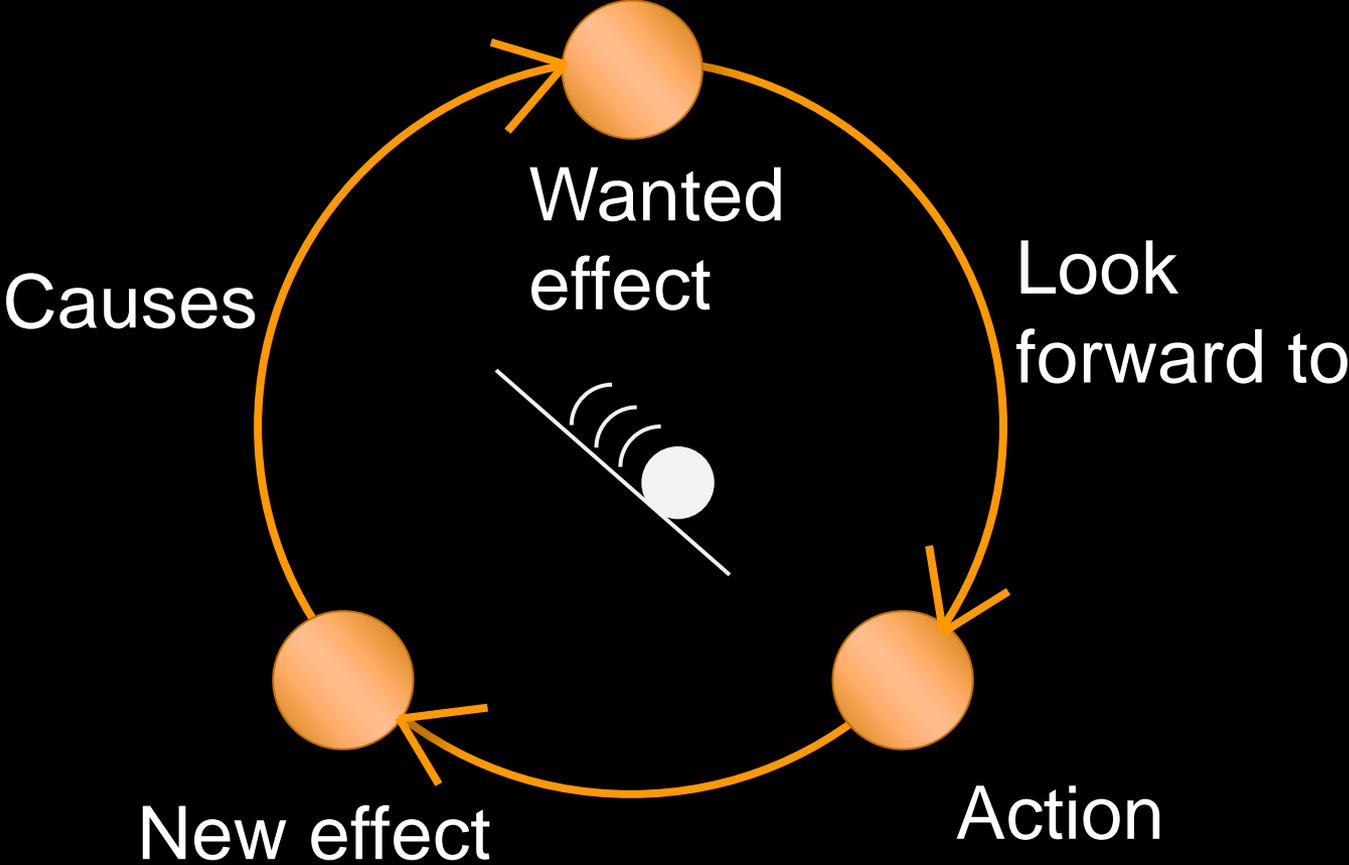
Delayed Feedback



Delayed Feedback



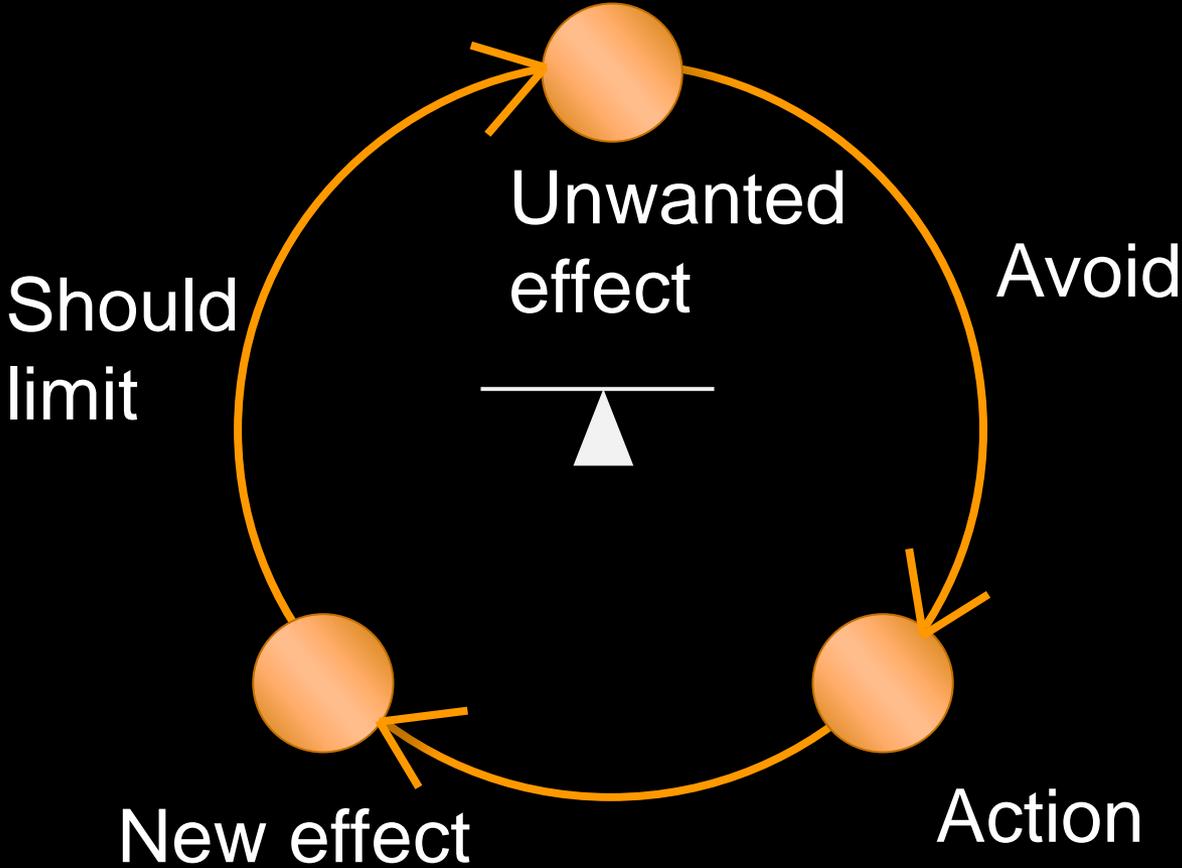
Feed Forward



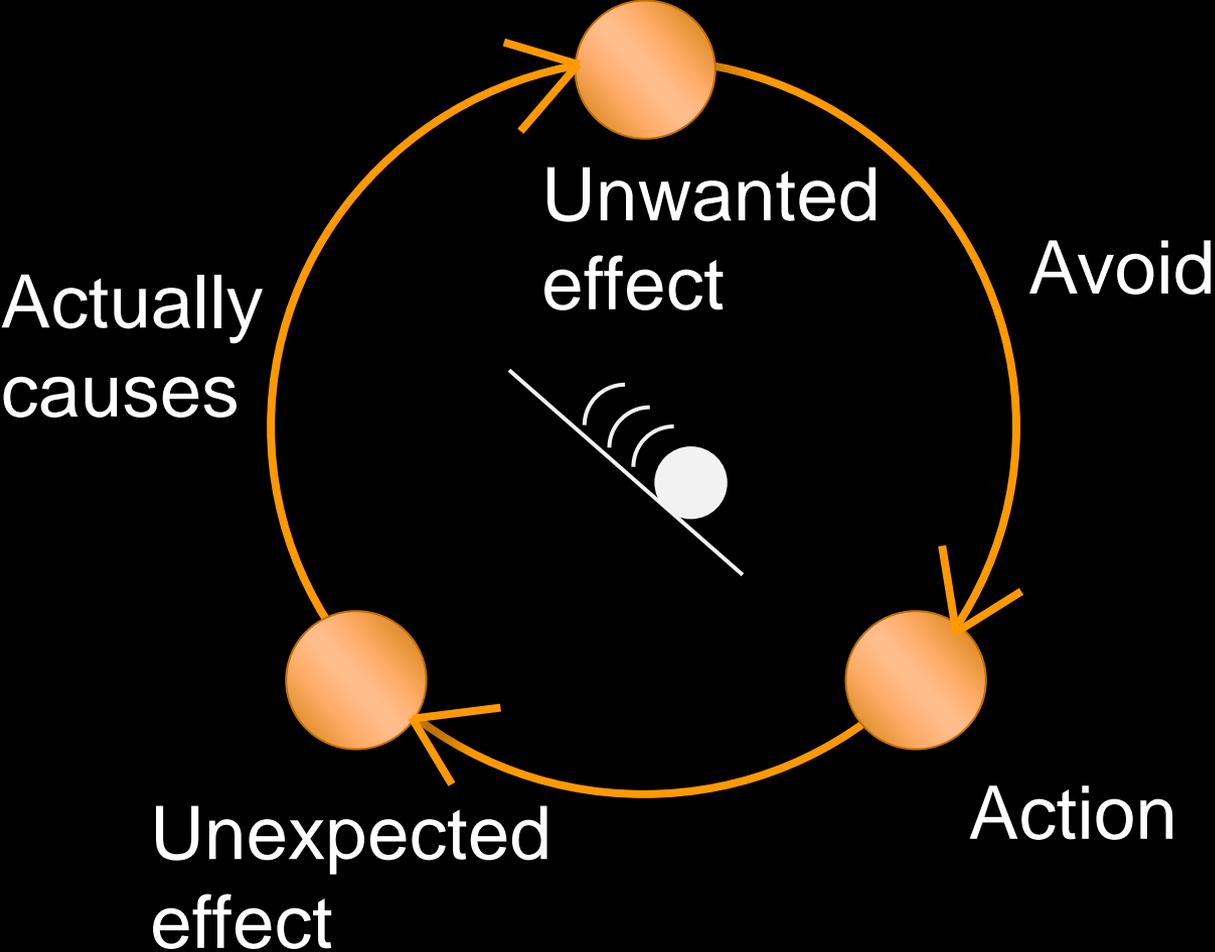
**Chance favours
the prepared mind.**

Louis Pasteur

Feed Forward



Feed Forward

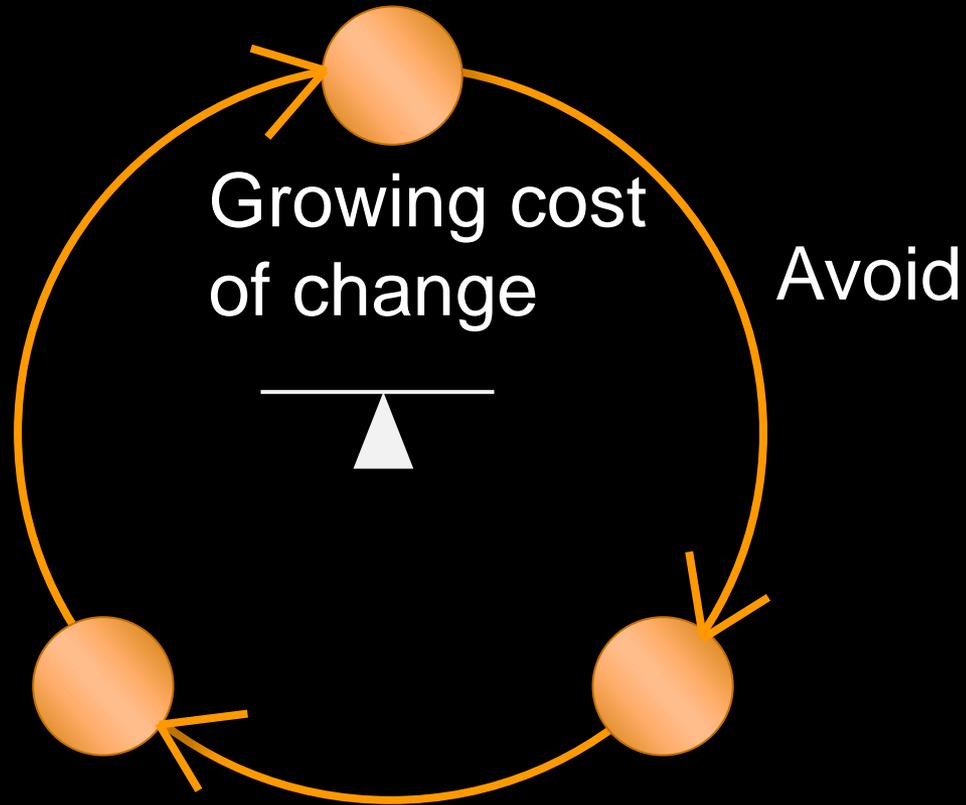


Fear is
the Mind-Killer.

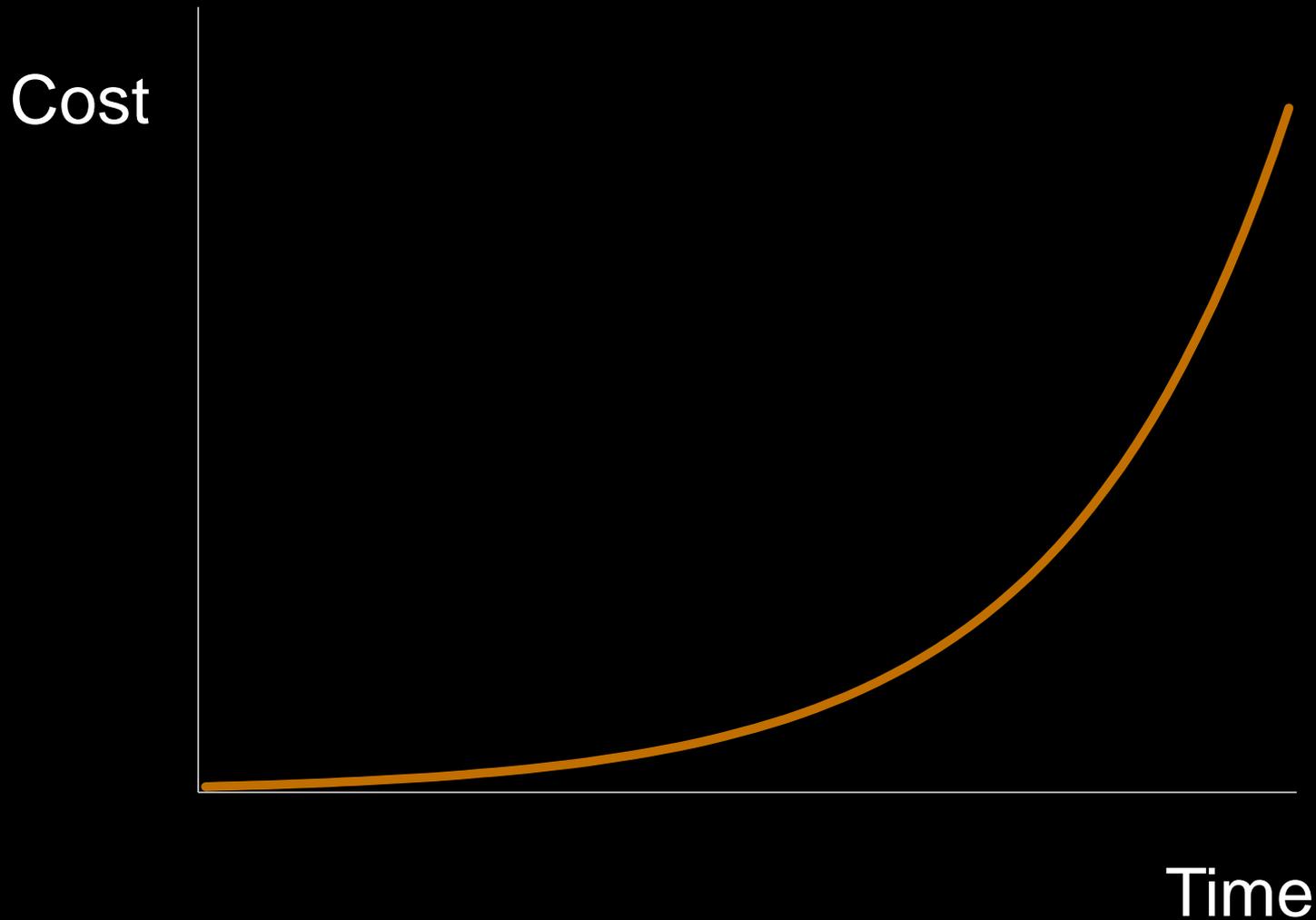
Frank Herbert,
"Dune"

An example
because we love
getting things right.

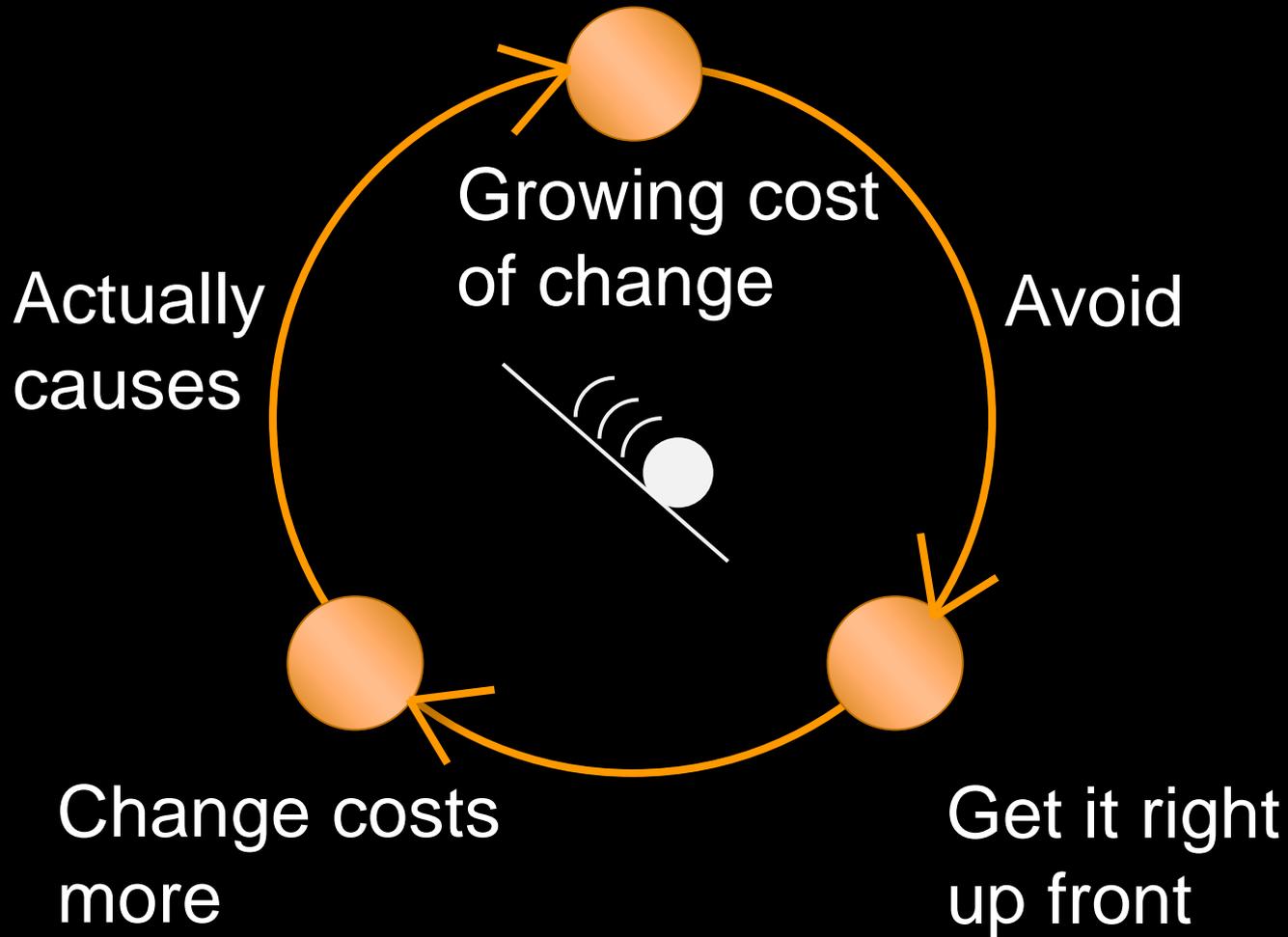
Waterfall



Cost of change over time



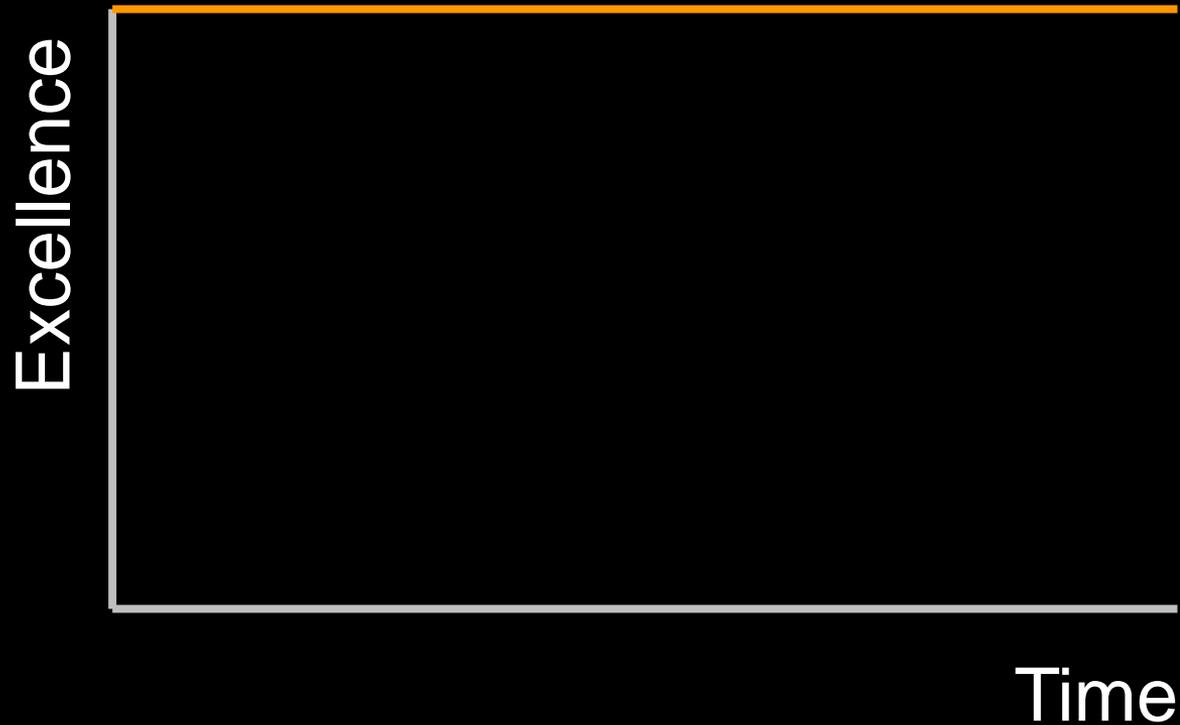
Waterfall



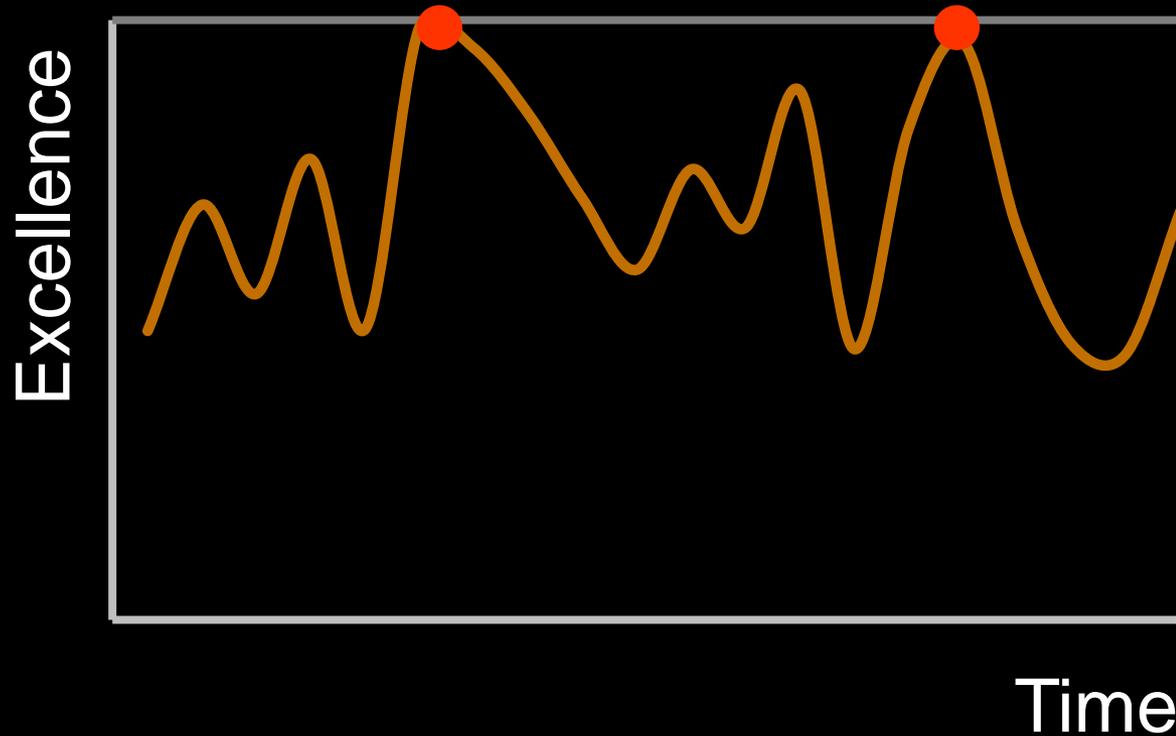
**I don't want to be
wrong.**

Chris Matts,
"Real Options at
Agile 2009"

What we want



What we actually get



What we focus on

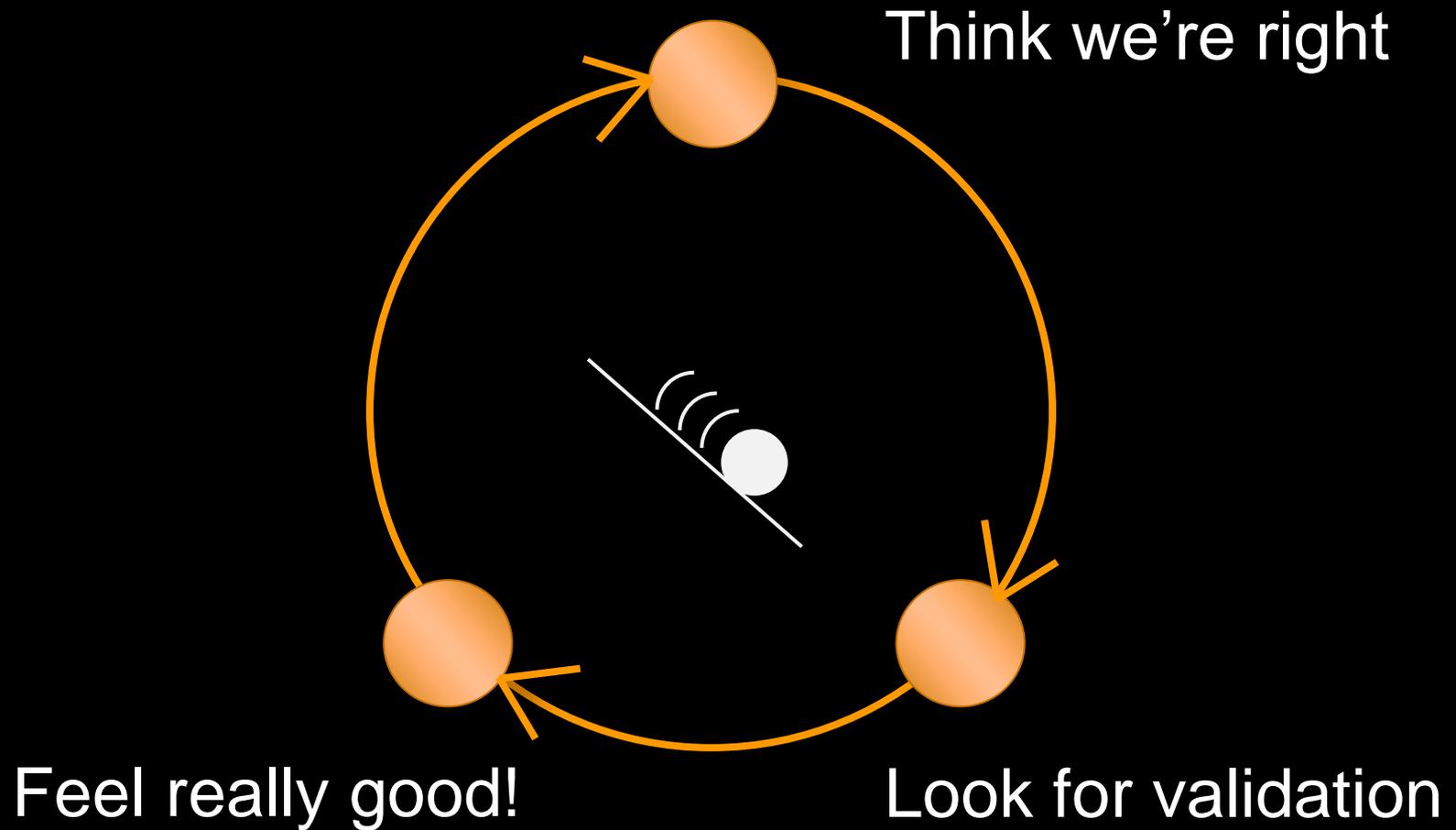


Experience

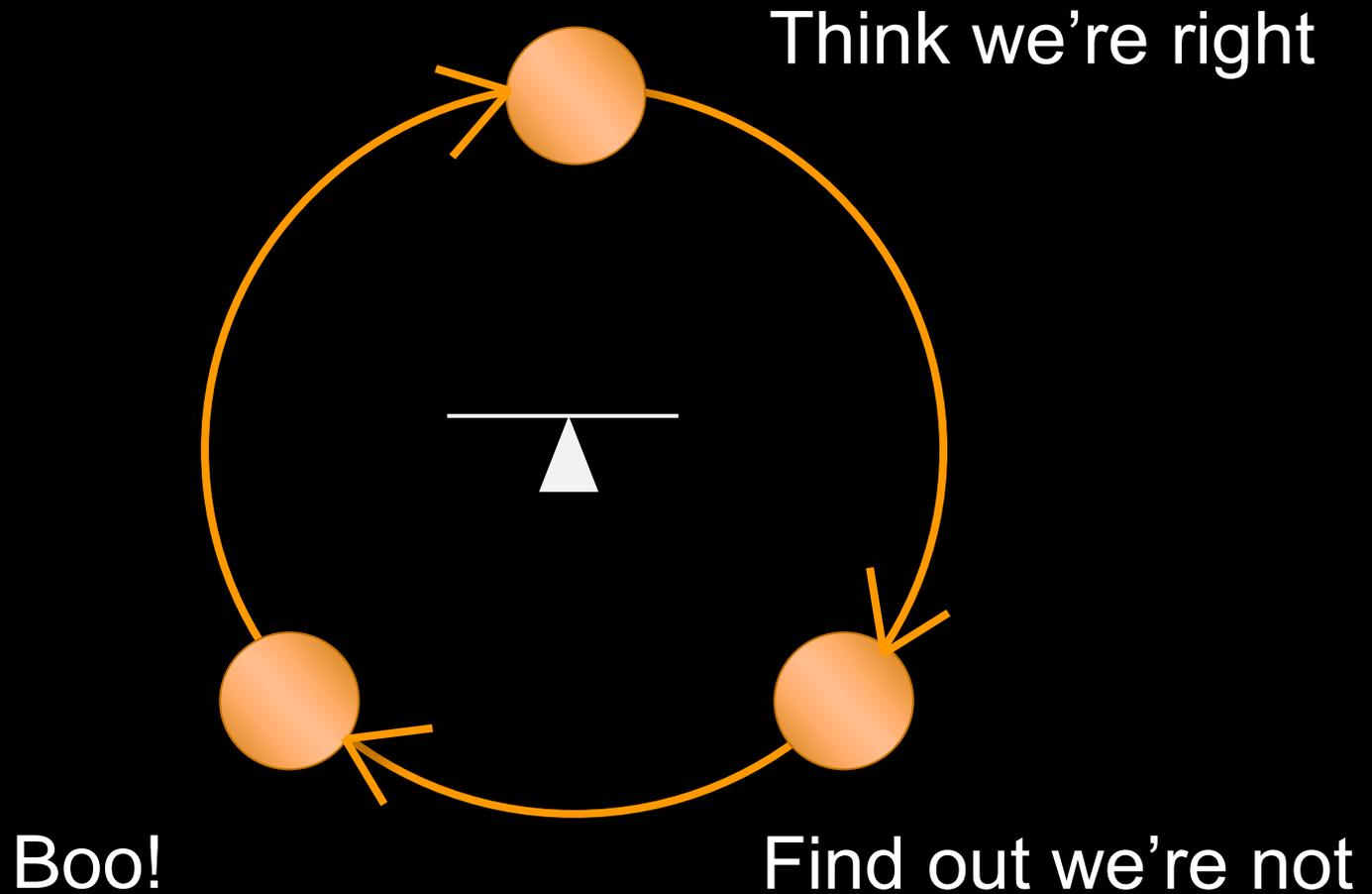
**is what you get
when you don't get
what you want.**

Dan Stanford

Confirmation Bias



Confirmation Bias



Risk



from the best-selling authors of *PEOPLEWARE*

Waltzing with Bears

MANAGING RISK ON SOFTWARE PROJECTS

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—Mike Austin, President
Harvard Business School



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MANAGING THE DESIGN FACTORY

A PRODUCT
DEVELOPER'S
TOOLKIT



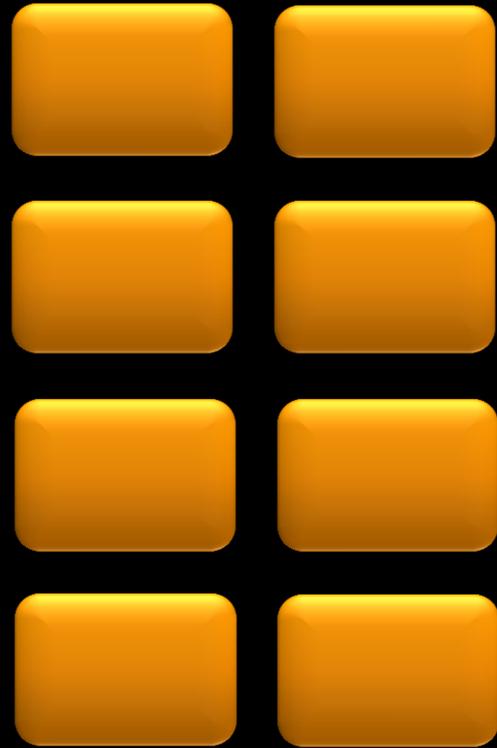
DONALD G. REINERTSEN

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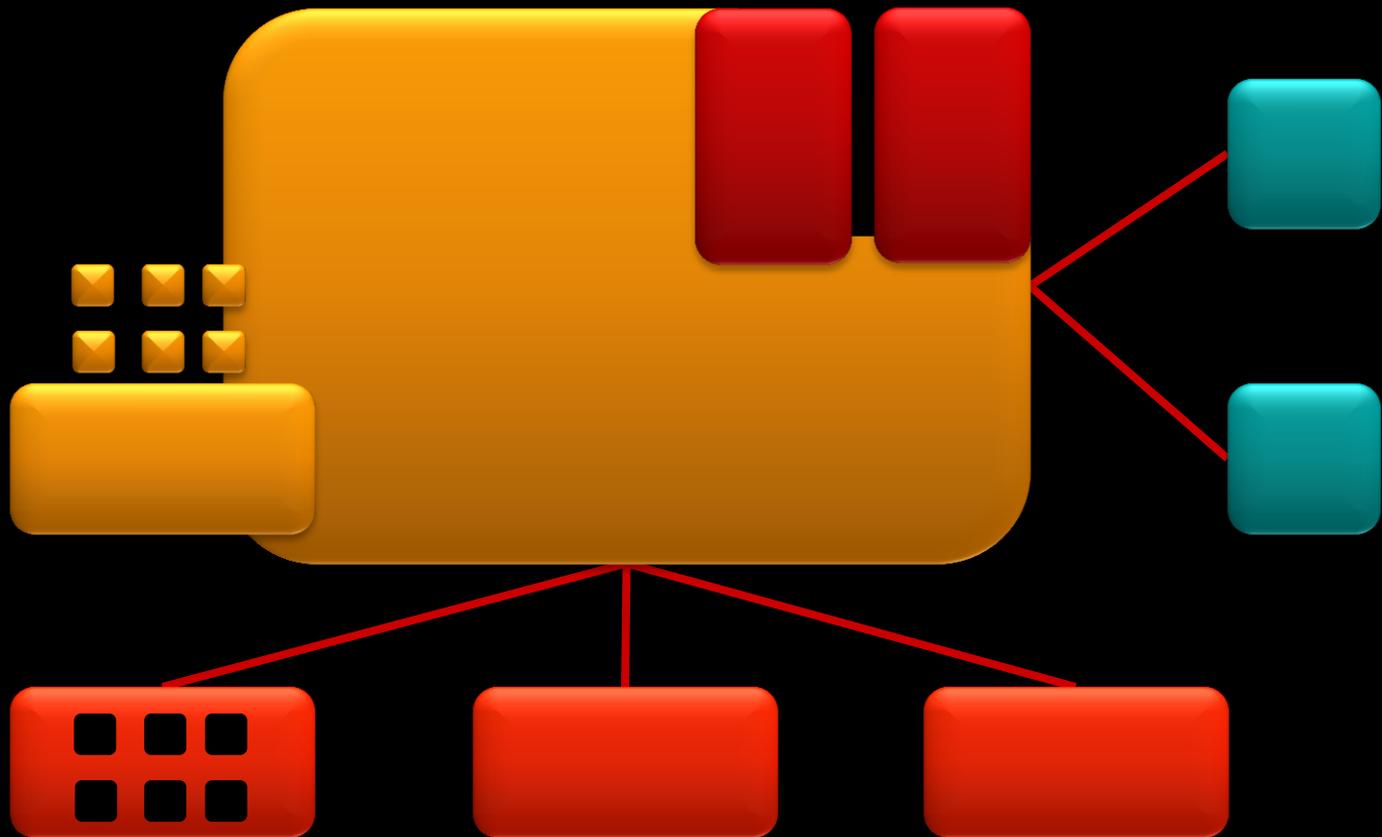
**If a project
has no risks,
don't do it.**

Tom de Marco
and Timothy Lister,
"Waltzing with Bears"

Variance



Variance



Learning



Once you become
predictable,
no one's interested
anymore.

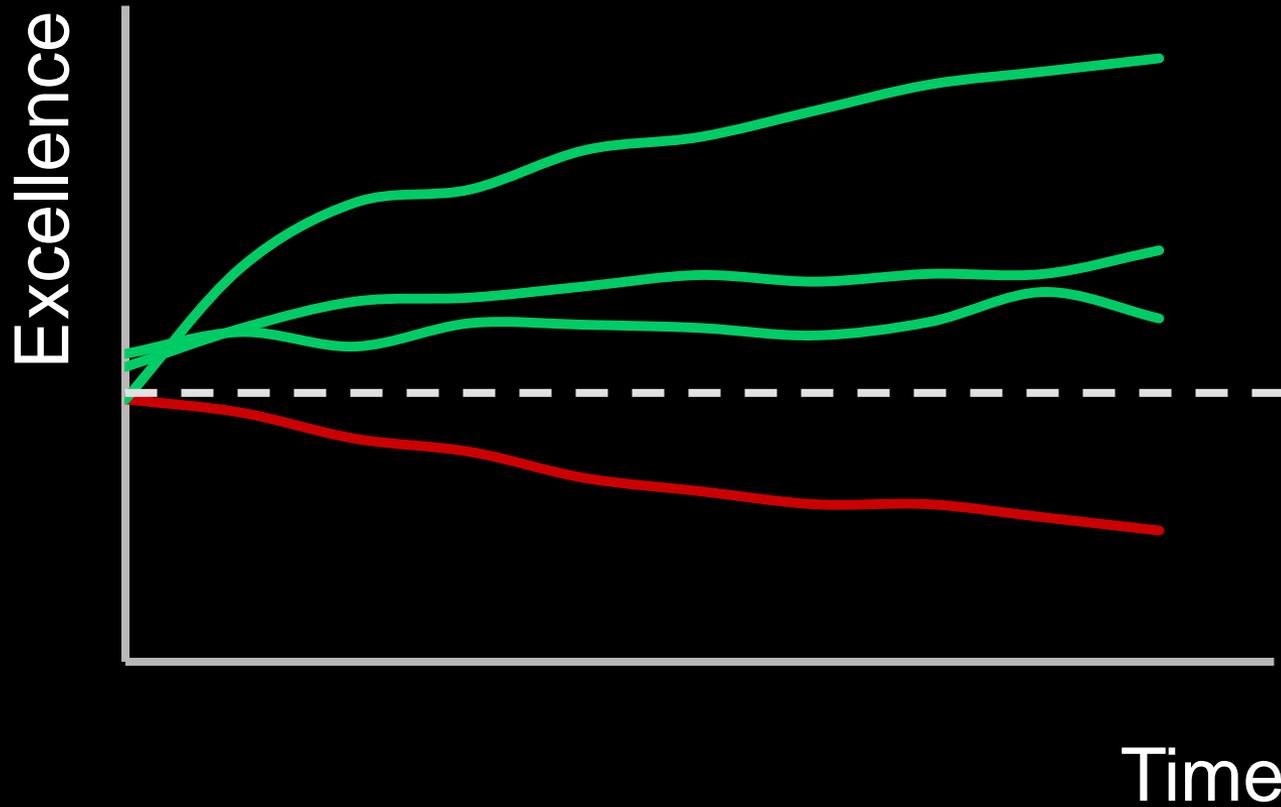
Chet Atkins,
Guitarist and
Producer

Metrics

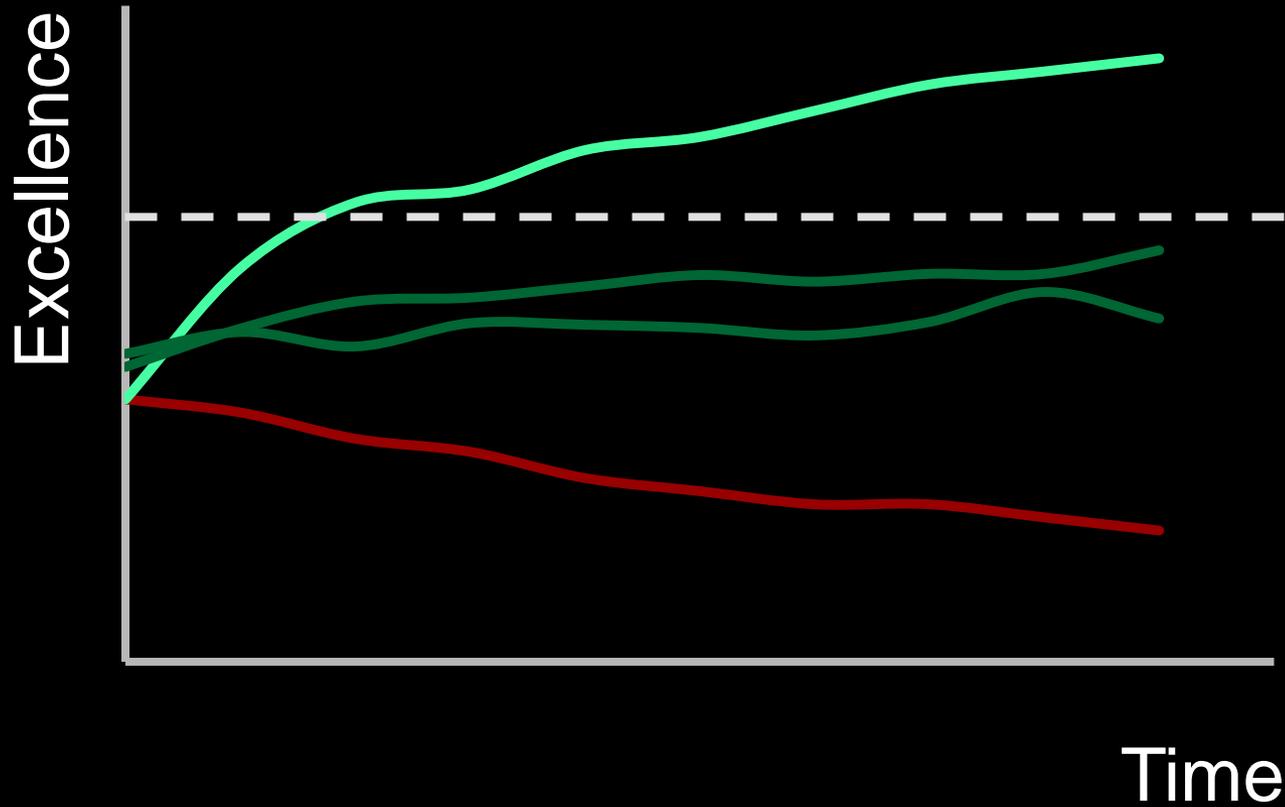
If you were a manager...



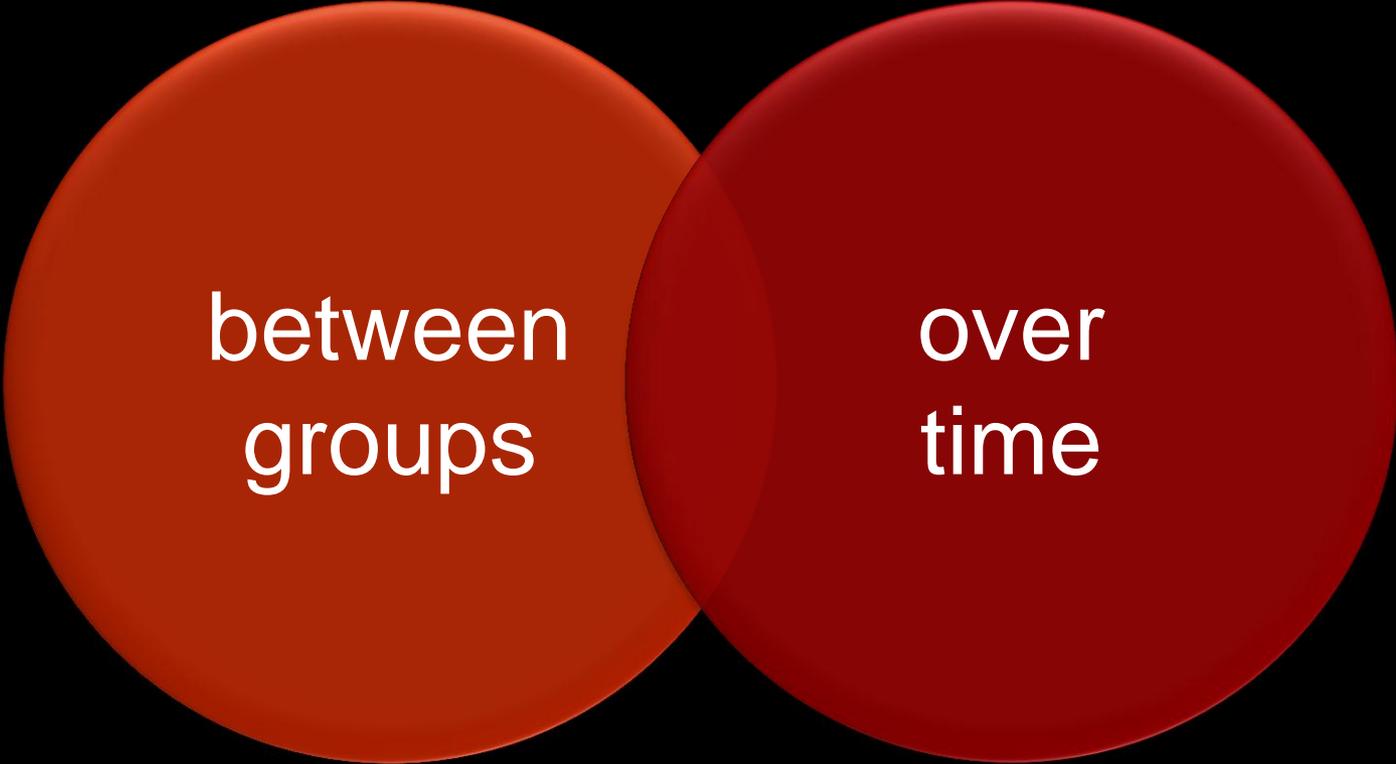
If you were a manager...



If you were a manager...



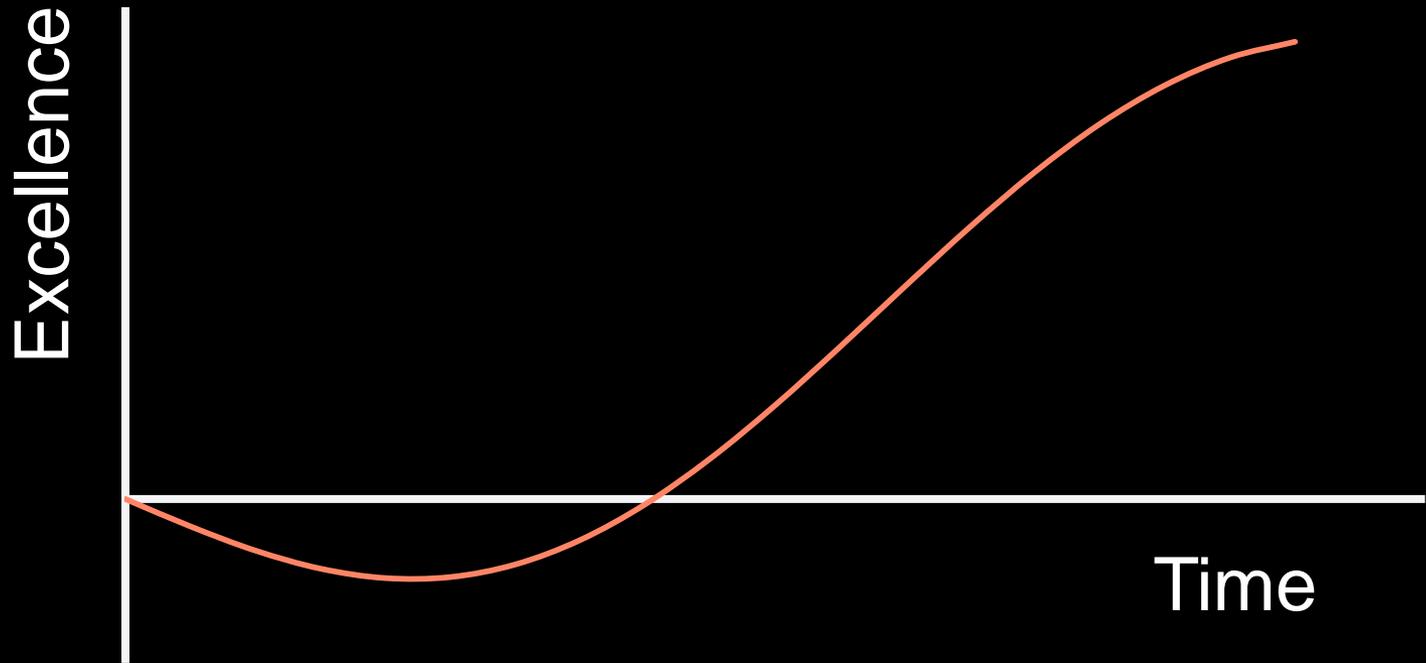
Comparisons



between
groups

over
time

The J Curve



A story
because we all love estimates.

Another story
because we love
to be told what to do.

Edward de Bono Six Thinking Hats®



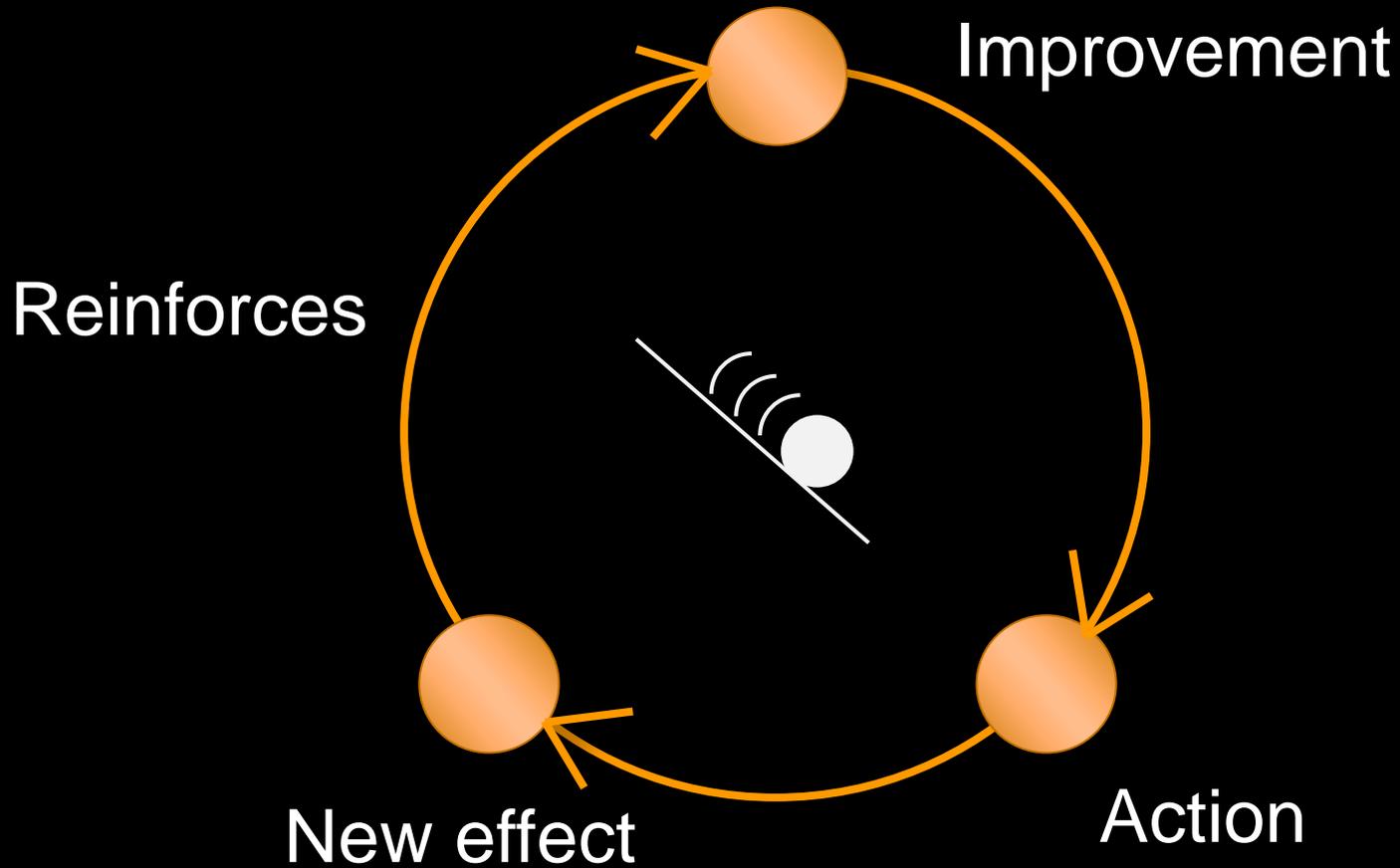
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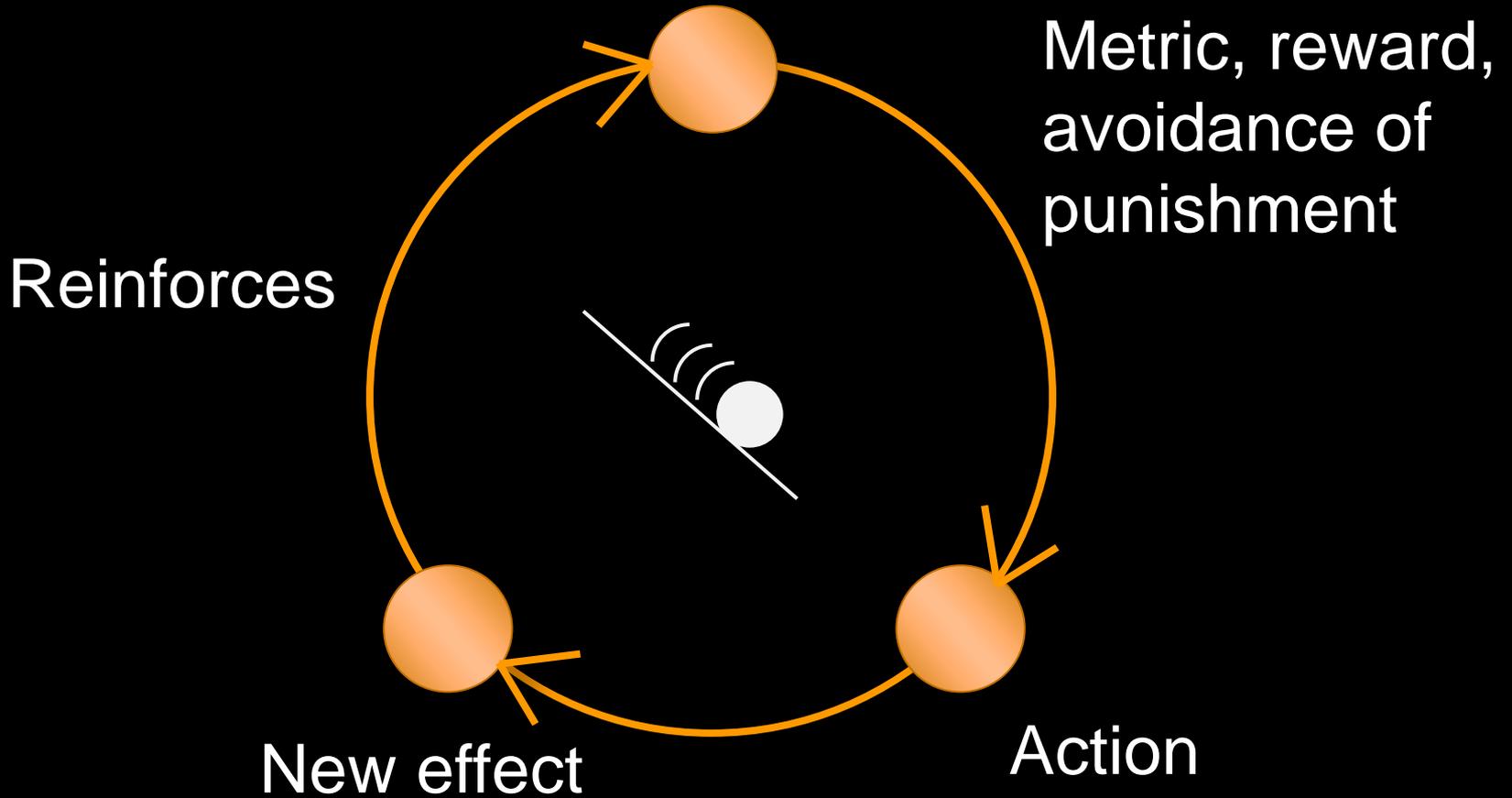
Das Buch ist ein Teil der *Thinking Hats* Reihe
von Edward de Bono, dem Autor der *Six Thinking Hats*

The Evil Hat

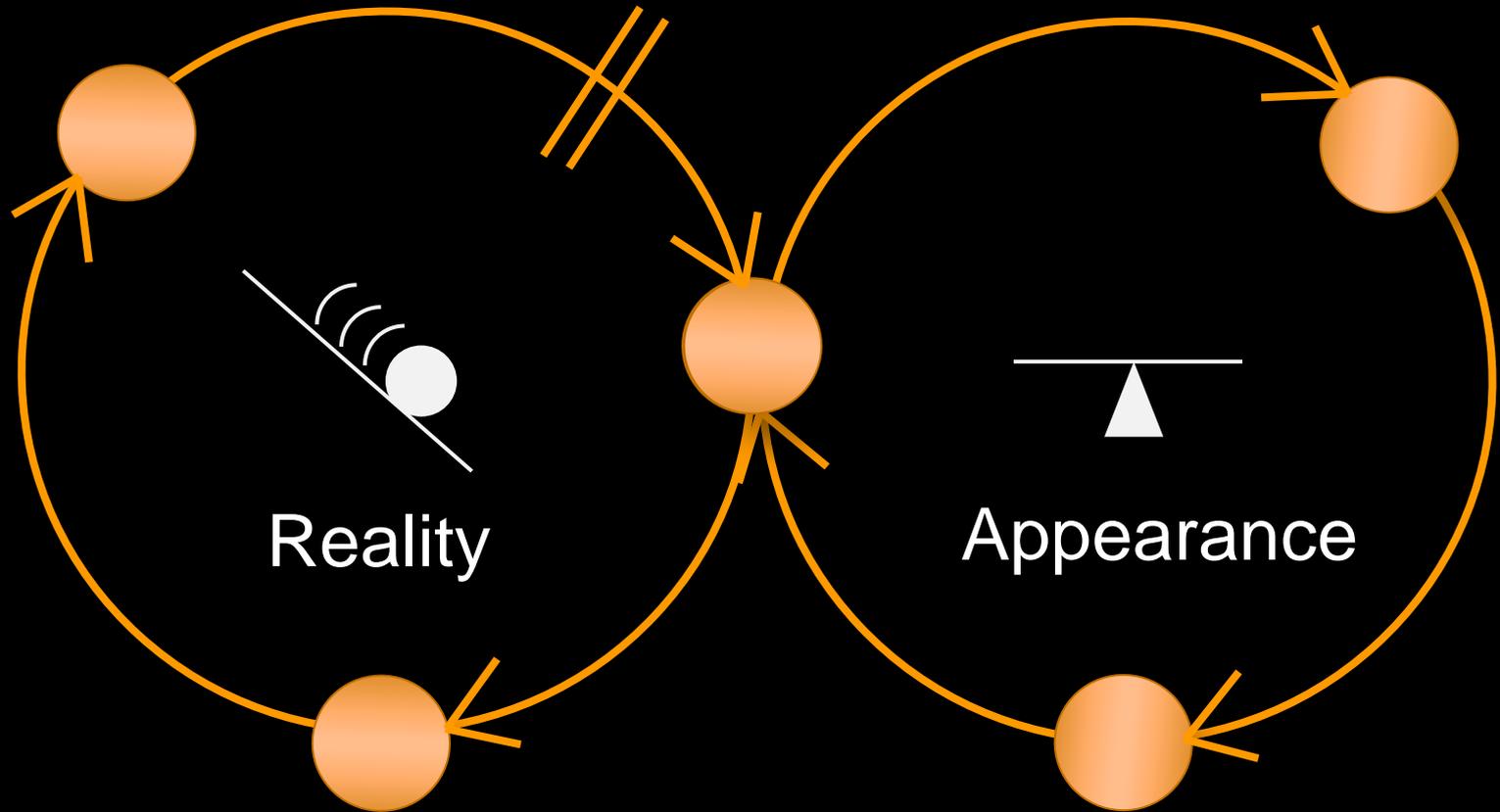
Becoming better



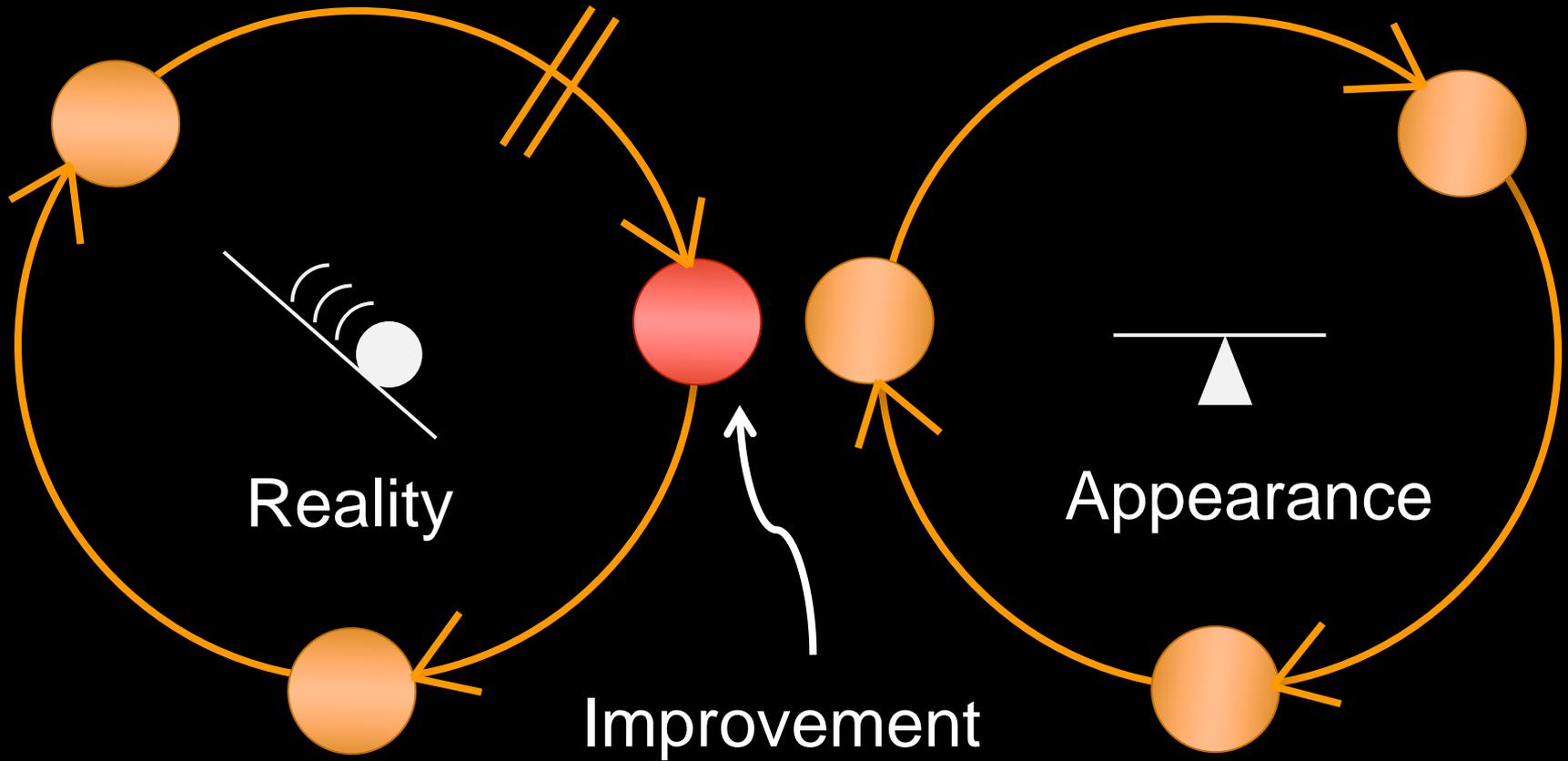
Appearing better



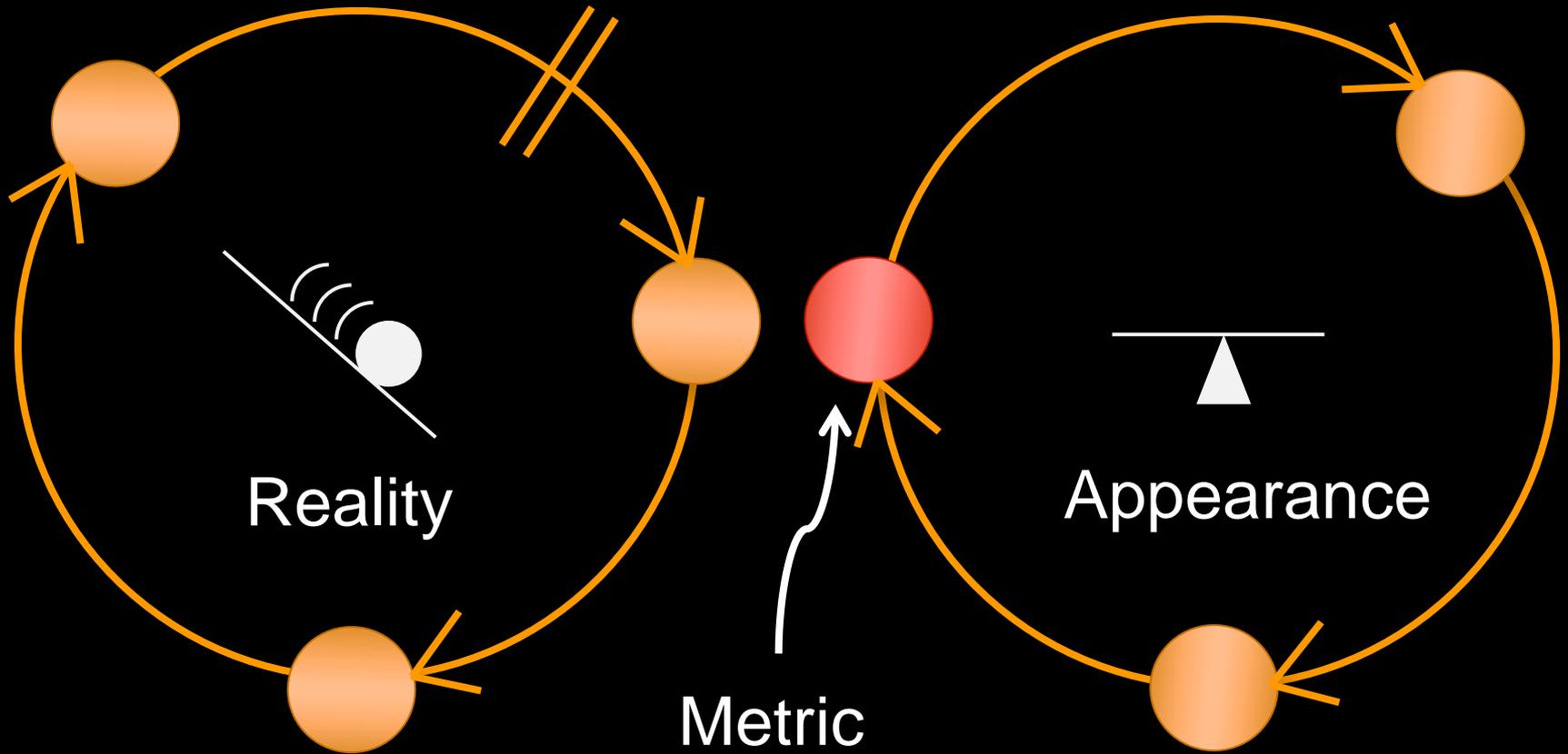
Perverse Incentives



Perverse Incentives



Perverse Incentive



Perverse Incentives

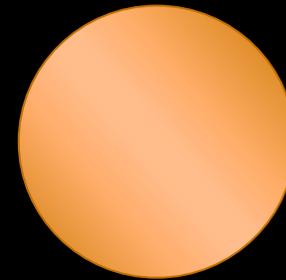
Improvement



Delayed feedback
Hard to measure
Hard to achieve



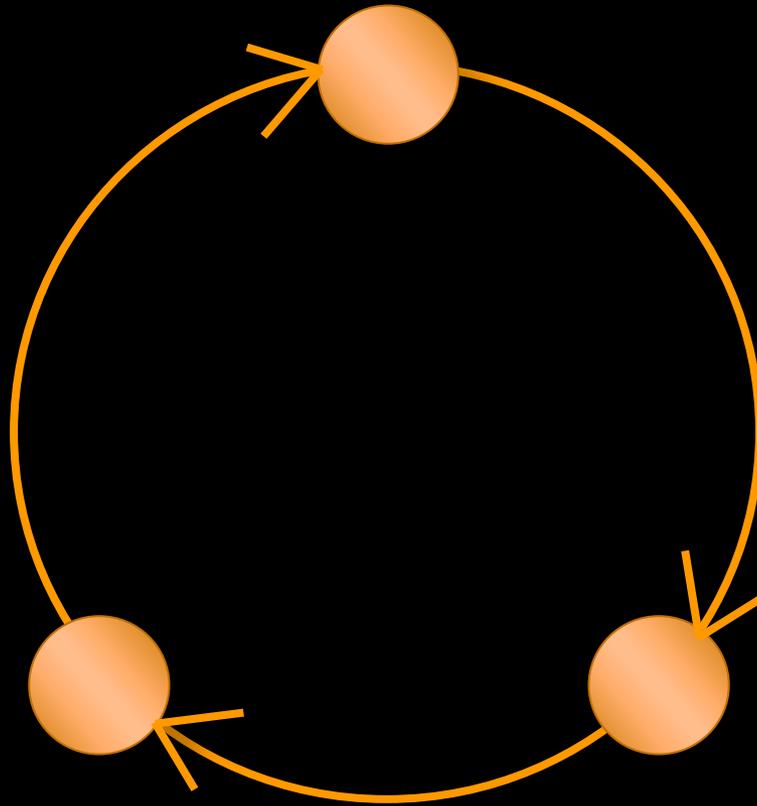
Metric



Quicker feedback
Easier to achieve
Valued as if it *is* the improvement

A story
because we all love
rescuing projects.

How can I game this?

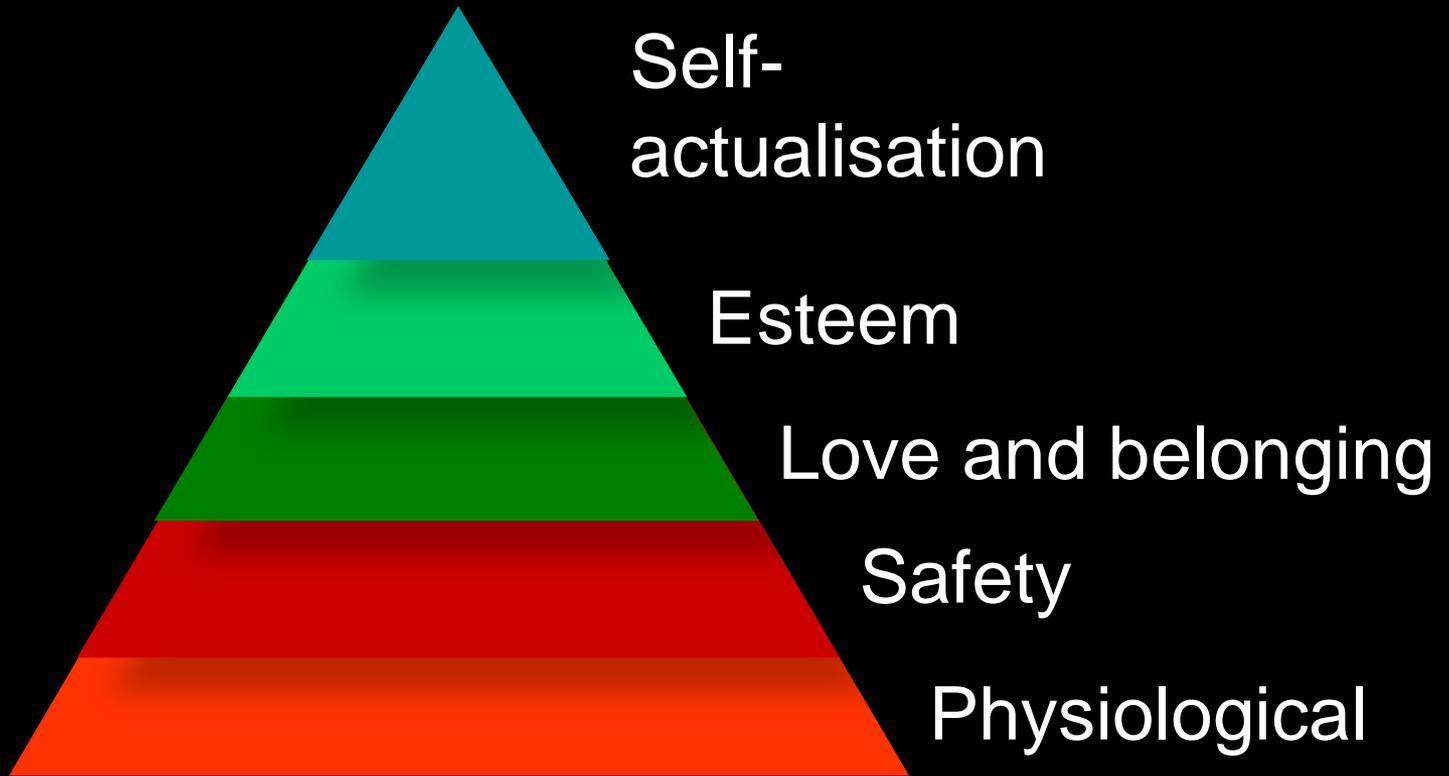


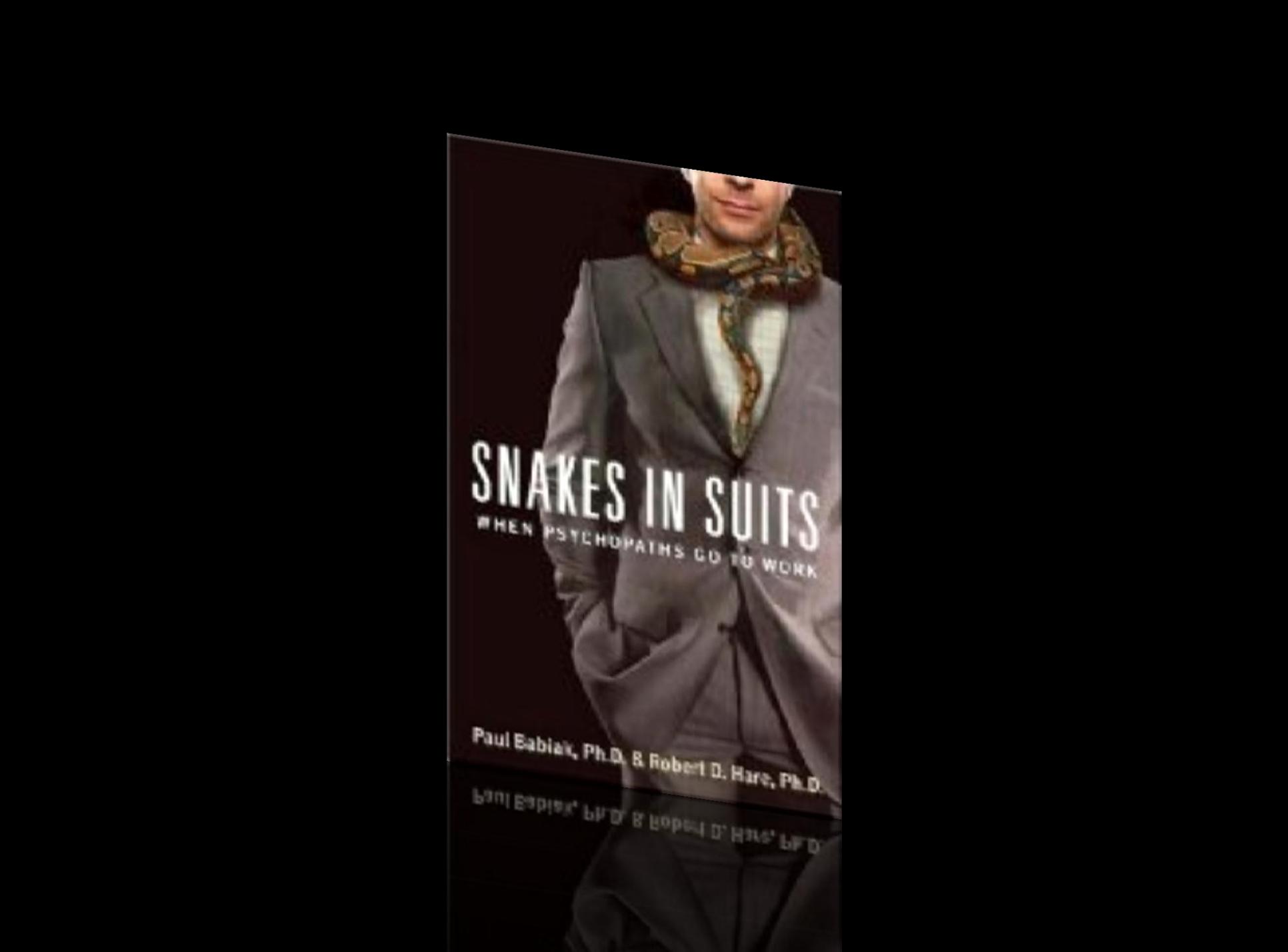
A story,
because we love KPIs.

**Your brain is brighter
than you are.**

You will game the system.

Maslowe's Hierarchy of Needs



The image shows the front cover of the book 'Snakes in Suits: When Psychopaths Go to Work'. The cover features a photograph of a man in a grey suit and white shirt, with a large snake coiled around his neck. The title 'SNAKES IN SUITS' is printed in large, bold, white capital letters. Below it, the subtitle 'WHEN PSYCHOPATHS GO TO WORK' is in smaller white capital letters. At the bottom, the authors' names 'Paul Babiak, Ph.D. & Robert D. Hare, Ph.D.' are listed in white. The background is dark, and the overall design is professional and intriguing.

SNAKES IN SUITS

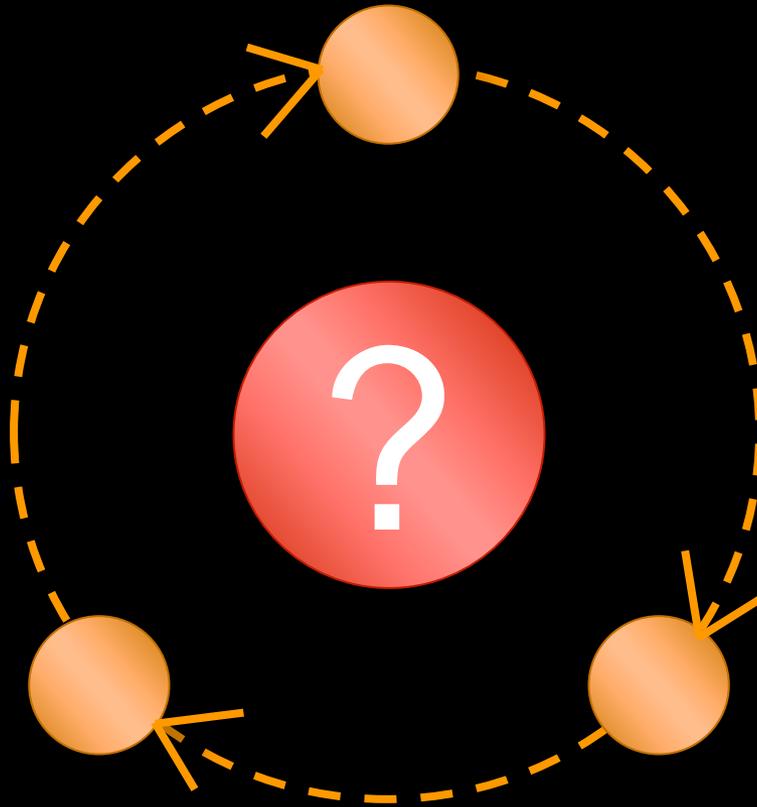
WHEN PSYCHOPATHS GO TO WORK

Paul Babiak, Ph.D. & Robert D. Hare, Ph.D.

Paul Babiak, Ph.D. & Robert D. Hare, Ph.D.

**Create a system,
not a solution.**

Root Cause Analysis



**Fix the causes,
not the symptoms.**

A story

**because we love it when
the bug count goes down.**

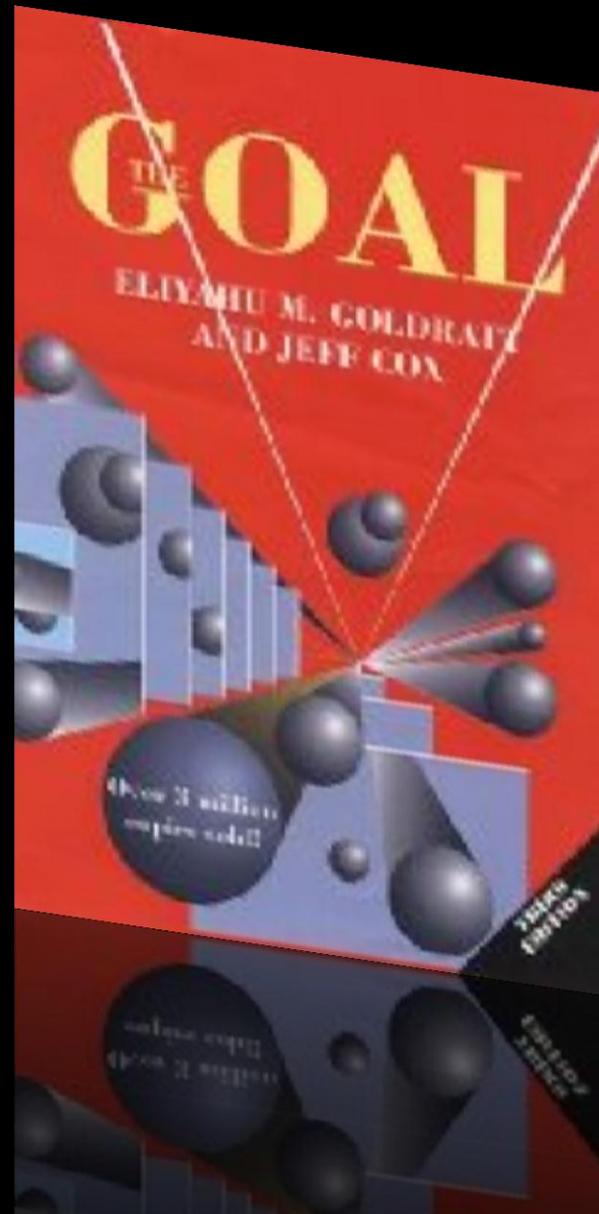
THE GOAL

ELIYAHU M. GOLDRATT
AND JEFF COX

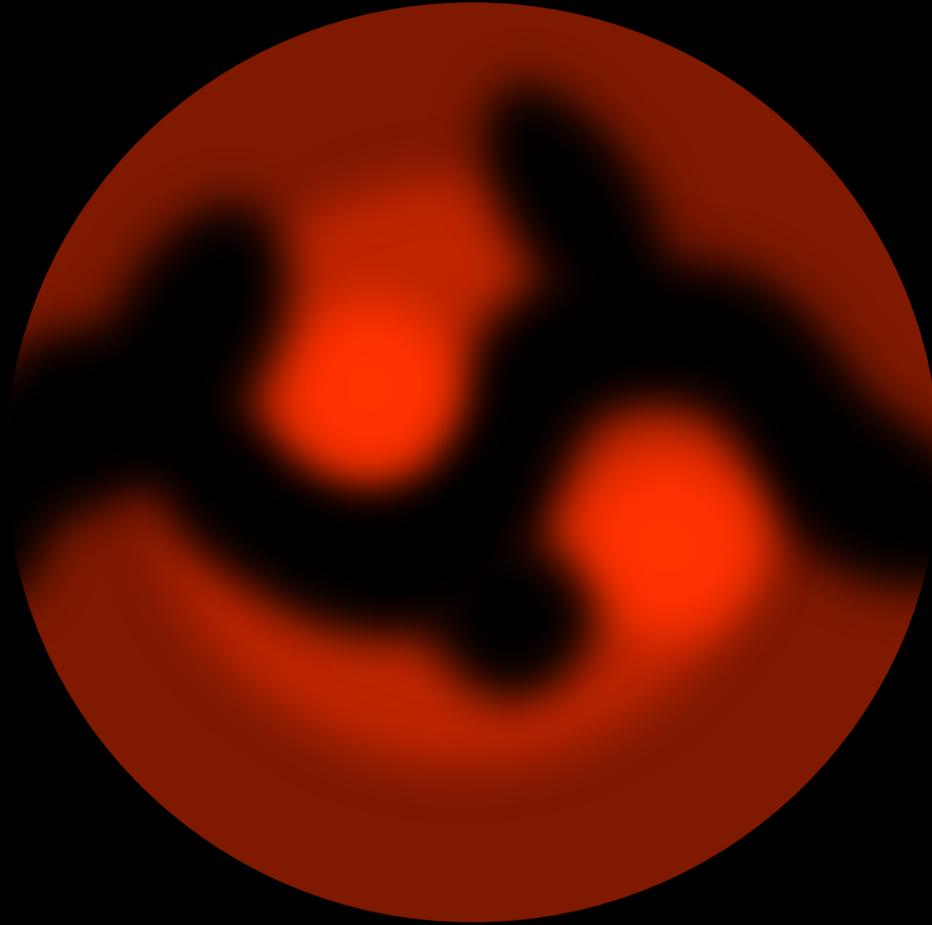
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Ecosystem Thinking



Learning Environment

This is what I learnt today.

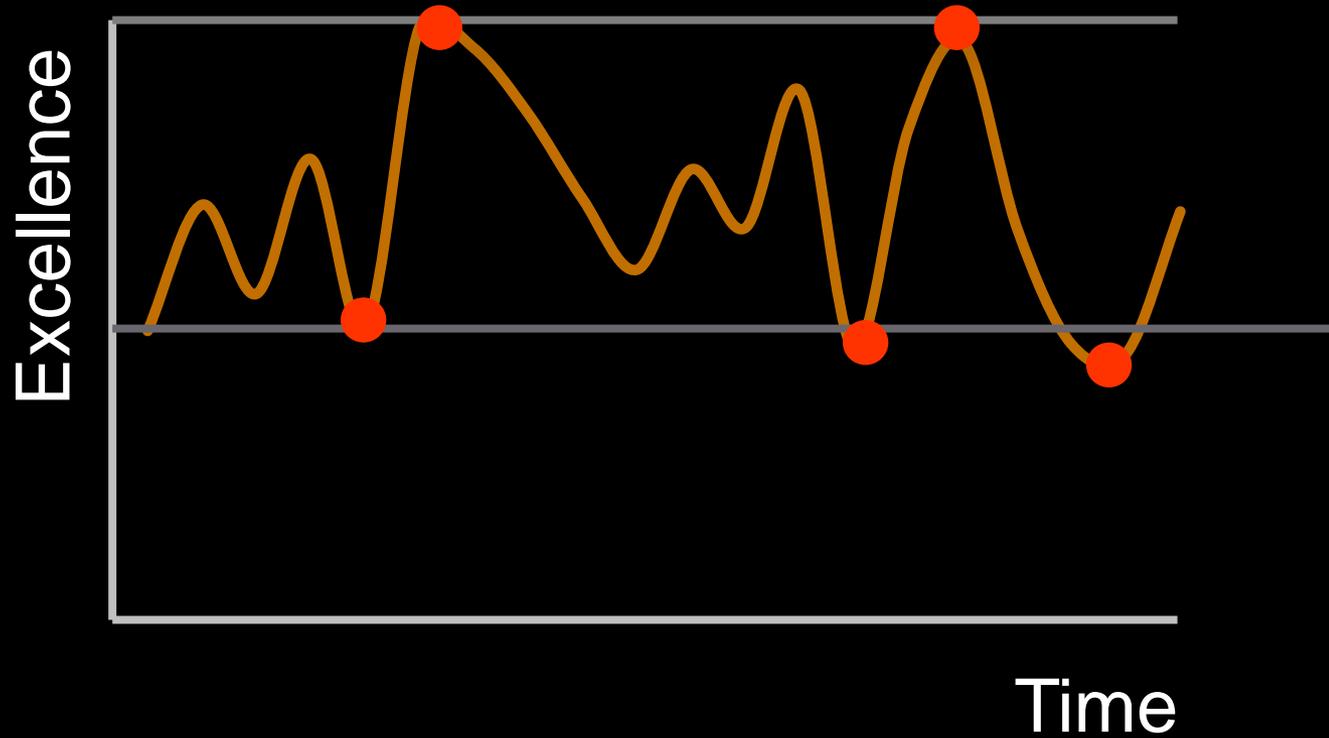
This is what I hope to learn tomorrow.

Can anyone help me find out... ?

**Fit the process to reality,
not reality to the process.**

**Yelling at the engine
does not make the car go faster.**

Balanced thinking

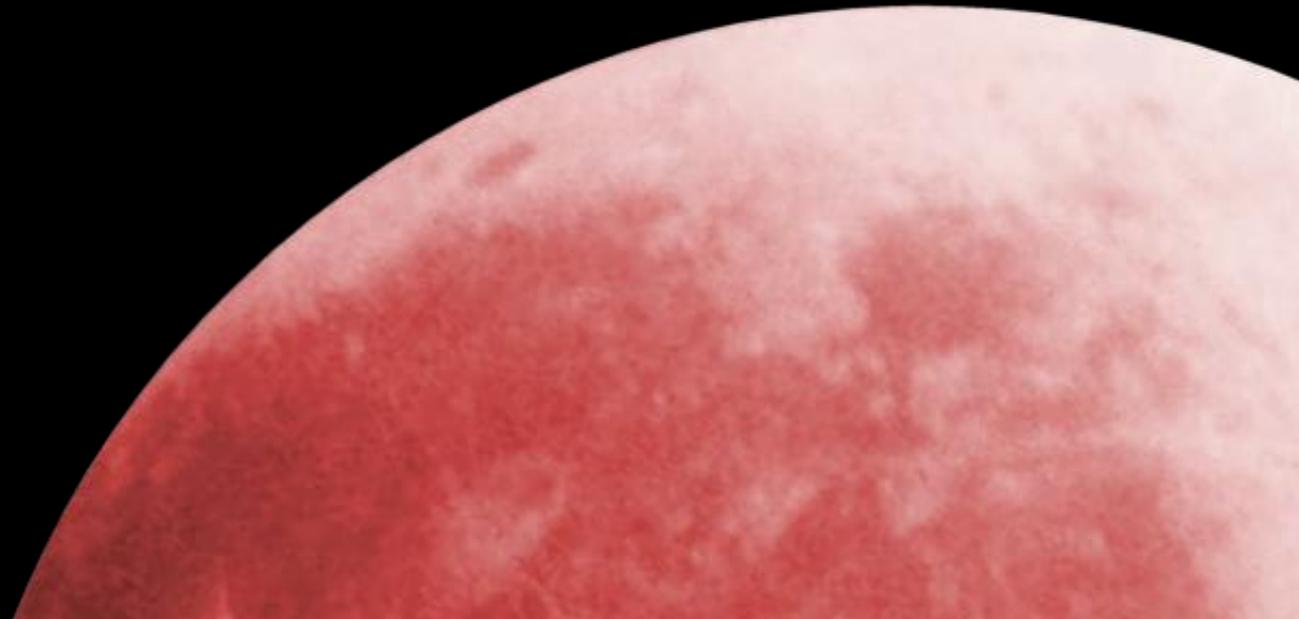


Be evil.
Game the system.

Liz Keogh

liz@lunivore.com

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Booklist

- The Fifth Discipline, Peter M. Senge
- Waltzing with Bears,
Tom de Marco & Timothy Lister
- Managing the Design Factory,
Don Reinertsen
- Six Thinking Hats, Edward de Bono
- Snakes in Suits, Paul Babiak & Robert D. Hare
- The Goal, Eliyahu M. Goldratt