# HOW FEARLESS ORGANIZATIONS SUCCEED

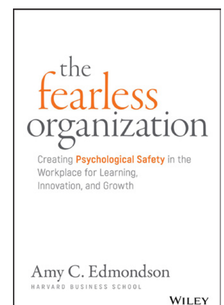
Amy Edmondson describes three steps leaders can take to create psychological safety, the prerequisite for greater innovation and growth.

BY AMY C. EDMONDSON

Achieving high performance requires having the confidence to take risks, especially in a knowledge-intensive world. When an organization minimizes the fear people feel on the job, performance — at both the organizational and the team level — is maximized. But how do you make your organization fearless in a way that builds its capability?

A fearless organization is one that provides psychological safety. But as more and more consultants, managers, and commentators are talking about psychological safety, the risk of misunderstanding what the concept is all about has intensified. In a workplace, psychological safety is the belief that the environment is safe for interpersonal risk taking. People feel able to speak up when needed — with relevant ideas, questions, or concerns — without being shut down in a gratuitous way. Psychological safety is present when colleagues trust and respect each other and feel able, even obligated, to be candid.

Most workplaces don't meet this bar — and their performance suffers accordingly. A 2017 Gallup poll found that only three in 10 employees strongly agree with the statement that their opinions count at work. Gallup calculated that by "moving the ratio to six in 10 employees, organizations could realize a 27% reduction in turnover, a 40% reduction in safety incidents, and a 12% increase in productivity." That's why it's not enough for organizations to simply hire talent. If leaders want to unleash individual and collective talent, they must foster a psychologically safe climate where employees feel free to contribute ideas, share information, and report mistakes.




In my book The Fearless Organization, I look at how organizations go wrong because people lack psychological safety and thus fail to speak up. Some consequences can be devastating and life-threatening, particularly in hospital settings. Unwillingness to speak up can also lead to longer-term failures that damage corporate reputations such as the scandals that resulted from automobile manufacturers caught gaming diesel emission tests. Fortunately, there are also many cases where psychological safety has led to reductions in accidents and exceptional decision-making.

It's important to note that working in a psychologically safe environment does not mean that people always agree with one another for the sake of being nice. It also does not mean that people offer unequivocal praise or unconditional support for everything you have to say. Psychological safety is not an "anything goes" environment where people are not expected to adhere to high standards or meet deadlines. It is not about becoming "comfortable" at work. Psychological safety enables candor and openness and, therefore, thrives in an environment of mutual respect.

Also, I do not mean to imply that psychological safety is all you need for high performance. Not even close. Psychological safety takes off the brakes that keep people from achieving what's possible. But it's not the fuel that powers the car. In any challenging industry setting, leaders have two vital tasks. One, they must build psychological safety to spur learning and avoid preventable failures; two, they must set high standards and inspire and enable people to reach them. In other words, today's leaders must motivate people to do their very best work by inspiring them, coaching them, providing feedback, and making excellence a rewarding experience (see "The Leader's Tool Kit for Building Psychological Safety" below).

## The Leader's Tool Kit for Building Psychological Safety

| | Setting the Stage | Inviting Participation | Responding Productively |
|---|---|---|---|
| **Leadership Tasks** | Frame the Work<br>• Set expectations about failure, uncertainty, and interdependence to clarify the need for voice<br><br>Emphasize Purpose<br>• Identify what's at stake, why it matters, and for whom it matters | Demonstrate Situational Humility<br>• Acknowledge gaps<br><br>Practice Inquiry<br>• Ask good questions<br>• Model intense listening<br><br>Set Up Structures and Processes<br>• Create forums for input<br>• Provide guidelines for discussion | Express Appreciation<br>• Listen<br>• Acknowledge and thank<br><br>Destigmatize Failure<br>• Look forward<br>• Offer help<br>• Discuss, consider, and brainstorm next steps<br><br>Sanction Clear Violations |
| **Accomplishes** | Shared expectations and meaning | Confidence that voice is welcome | Orientation toward continuous learning |

Source: *The Fearless Organization*

## Setting the Stage

Whenever you are trying to get people on the same page, with common goals and a shared appreciation for what they're up against, you're setting the stage for psychological safety. The most important skill to master is that of framing the work. If near-perfection is what is needed to satisfy demanding car customers, leaders must frame the work by alerting workers to catch and correct tiny deviations before the car proceeds down the assembly line. If zero worker fatalities in a dangerous platinum mine is the goal, then leaders must frame physical safety as a worthy and challenging but attainable goal. If discovering new cures is the goal, leaders have to motivate researchers to generate smart hypotheses for experiments and to feel okay about being wrong far more often than right.

When Cynthia Carroll was appointed in 2007, with much fanfare, as the first female CEO of the international mining company Anglo American, she was appalled by the number of worker fatalities that had been occurring in the company — nearly 200 in the five years prior to her arrival. Realizing that she was, as she told the Harvard Business Review, "in an unprecedented position to influence change" as both an American and an outsider in South Africa (where the company headquarters and much of its mining operations were located), she immediately used her position to speak up and demand a policy of zero fatalities or serious injuries.

At first, others in the company, especially members of the old guard who saw themselves as upholding tradition, refused to take Carroll seriously. Carroll's response to the resistance could not have been less ambiguous. She shut down one of the most problematic and dangerous mines. She insisted that before the mine could restart, she intended to find out what the workers were thinking, and she intended to get input from every single worker about how to improve safety.

Anglo American leadership adopted a traditional South African method of conducting village assemblies, called lekgotla, to help create the psychological safety to allow miners to speak up. During the lekgotla, senior managers reframed the initial question. Instead of asking workers to give their opinions directly about safety issues, they asked, "What do we need to do to create a work environment of care and respect?" In a powerful symbolic gesture of shared commitment, workers and Anglo American executives signed a contract. When the mines reopened, more than 30,000 workers were retrained to comply with the newly agreed-upon safety protocols. Fatalities fell during Carroll's tenure, from 44 in 2006 to 17 in 2011, and, although revenues fell in both 2008 and 2011, the company achieved the highest operating profits in its history.

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Because fear of (reporting) failure is such a key indicator of an environment with low levels of psychological safety, how leaders present the role of failure is essential. Astro Teller at X Development, Alphabet's advanced research subsidiary (formerly Google X), observed that "the only way to get people to work on big, risky things...is if you make that the path of least resistance for them [and] make it safe to fail." In other words, unless a leader expressly and actively makes it psychologically safe to fail, people will automatically seek to avoid failure. So how did Teller reframe failure to make it okay? By saying, believing, and convincing others that "I'm not pro failure, I'm pro learning." Similarly, OpenTable CEO Christa Quarles tells employees, "Early, often, ugly. It's okay. It doesn't have to be perfect because then I can course-correct much, much faster." This too is a framing statement. It says that success in the online restaurant reservation business occurs through course correction — not through magically getting it right the first time. Quarles is framing early, ugly versions as information vital to making good decisions that lead to later, beautiful versions.

The reframe shows that leaders must establish and cultivate psychological safety to succeed in most work environments today. The leader is obliged to set direction for the work, to invite relevant input to clarify and improve on the general direction that has been set, and to create conditions for continued learning to achieve excellence. In the reframe, those who are not the boss are seen as valued contributors — that is, as people with crucial knowledge and insight. Leaders in a volatile, uncertain, complex, and ambiguous (VUCA) world, who understand that today's work requires continuous learning to figure out when and how to change course, must consciously reframe how they think, from the default frames that we all bring to work unconsciously to a more productive reframe. Framing the work is not something that leaders do once, and then it's done. Frequently calling attention to levels of uncertainty or interdependence helps people remember that they must be alert and candid to perform well.

## Inviting Participation

The second essential activity in the leaders' tool kit is inviting participation in a way that people find compelling and genuine. The goal is to lower what is usually a too-high bar for what's considered appropriate participation. Realizing that self-protection is natural, the invitation to participate must be crystal clear if people are going to choose to engage rather than to play it safe. Two essential behaviors that signal an invitation is genuine are adopting a mindset of situational humility and engaging in proactive inquiry.

The bottom line is that no one wants to take the interpersonal risk of imposing ideas when the boss appears to think he or she knows everything. A learning mindset, which blends humility and curiosity, mitigates this risk. A learning mindset recognizes that there is always more to learn. Frankly, adopting a humble mindset when faced with the complex, dynamic, uncertain world in which we all work today is simply realism. The term situational humility captures this concept well (the need for humility lies in the situation) and may make it easier for leaders, especially those with abundant self-confidence, to recognize the validity, and the power, of a humble mindset. Keep in mind that confidence and humility are not opposites. Confidence in one's abilities and knowledge, when warranted, is far preferable to false modesty. But humility is not modesty, false or otherwise. Humility is the simple recognition that you don't have all the answers, and you certainly don't have a crystal ball. Research shows that when leaders express humility, teams engage in more learning behavior.

This is an extreme example of how humility and proactive inquiry can work.

The Fukushima nuclear plant Daini suffered severe damage when a giant earthquake struck in March 2011, but was shut down successfully, unlike the infamous Daiichi plant nine miles to the north. Naohiro Masuda, the Daini plant superintendent, inspired life-saving teamwork, and his key weapon was a whiteboard. Instead of grabbing a megaphone or commanding action, Masuda began writing things down: the magnitude and frequency of the earthquake's aftershocks, calculations, and a rough chart that demonstrated the decreasing danger of the quakes over time. He armed his team with data about the risks and allowed them to make their own decisions about whether they wanted to assist in what might be a dangerous mission.

From the beginning, Masuda chose to issue information rather than orders. As the men raced against the clock [to restart cooling systems], Masuda slowly came to an unwelcome realization: his plan was untenable. His strength as a leader was demonstrated by the immediate admission of his mistake. This increased the psychological safety in the team and bonded the group more tightly. Consulting with the team leaders, Masuda added in adjustments to the plan on the whiteboard. Some engineers spoke up about imminent dangers, and the plan was refocused again. Although the team had not slept in almost two days, it committed to the new course of action. Workers restored the cooling action with about two hours to spare.

Demonstrating situational humility also includes acknowledging your errors and shortcomings. Anne Mulcahy, former chairperson and CEO of Xerox, who led the company through a successful transformation out of bankruptcy in the 2000s, said that she was known to many in the company as the "Master of I Don't Know" because rather than offer an uninformed opinion she would so often reply, "I don't know" to questions. Humility can be strangely rare in many organizations. London Business School Professor Dan Cable sheds light on why. In a recent article in Harvard Business Review, he writes, "Power...can cause leaders to become overly obsessed with outcomes and control," inadvertently ramping up "people's fear — fear of not hitting targets, fear of losing bonuses, fear of failing — and as a consequence...their drive to experiment and learn is stifled." Being overly certain or just plain arrogant can have similar effects — increasing fear, reducing motivation, and inhibiting interpersonal risk taking.

## Responding Productively

To reinforce a climate of psychological safety, it's imperative that leaders — at all levels — respond productively to the risks people take. Productive responses are characterized by three elements: expressions of appreciation, destigmatizing failure, and sanctioning clear violations. Stanford University Professor Carol Dweck, whose celebrated research on mindset shows the power of a learning orientation for individual achievement and resilience in the face of challenge, notes the importance of praising people for efforts, regardless of the outcome. When people believe their performance is an indication of their ability or intelligence, they are less likely to take risks — for fear of a result that would disconfirm their ability. But when people believe that performance reflects effort and good strategy, they are eager to try new things and willing to persevere despite adversity and failure.

Praising effort is especially important in uncertain environments, where good outcomes are not always the result of good process, and vice versa. Although many of the examples in this book present responses from CEOs, an equally important leadership responsibility for C-level executives is making sure that people throughout the organization respond productively to their colleagues. Clearly, good process can lead to good outcomes, and bad process can lead to bad outcomes. But good process also can produce bad outcomes (especially facing high uncertainty or complexity, as in VUCA conditions), and bad process can produce a good outcome (when you get lucky). The lack of simple cause-effect relationships in uncertain, ambiguous environments reinforces the importance of productive responses to outcomes of all kinds, but especially to bad news outcomes.

Productive responses often include expressions of appreciation, ranging from the small ("thank you so much for speaking up") to the elaborate — celebrations or bonuses in response to intelligent failure. Failure is a necessary part of uncertainty and innovation, but this must be made explicit to reinforce the invitation for voice. I frequently ask managers, scientists, salespeople, and technologists around the world the following question: What percentage of the failures in your organizations should be considered blameworthy? Their answers are usually in the single digits — perhaps 1% to 4%. I then ask what percentage are treated as blameworthy. Now, they say (after a pause or a laugh) 70% to 90%! The

unfortunate consequence of this gap between simple logic and organizational response is that many failures go unreported and their lessons are lost.

In fact, a productive response to intelligent failure can mean actually celebrating the news. Some years ago, the chief scientific officer at Eli Lilly introduced "failure parties" to honor intelligent, high-quality scientific experiments that failed to achieve the desired results. Might this be a bridge too far? I don't think so. First, and most obviously, it helps build a psychologically safe climate for thoughtful risks, which is mission critical in science. Second, it helps people acknowledge failures in a timely way, which allows redeployment of valuable resources — scientists and materials — to new projects earlier rather than later, potentially saving thousands of dollars. Third, when you hold a party, people tend to show up — which means they learn about the failure. This in turn lowers the risk that the company will repeat the same failure. An intelligent failure the first time around no longer qualifies as intelligent the second time.

In brief, a productive response to preventable failures is to double down on prevention, usually a combination of training and improved system design to make it easier for people to do the right thing. However, there are instances in which a preventable failure is the result of a blameworthy action or a repeated instance of deviation from prescribed process, impervious to prior attempts at redirection. In such cases, usually rare, there is an obligation to act in ways that prevent future occurrence. This may mean levying fines or other sanctions, and in some cases even firing someone.

A productive response is concerned with future impact. Punishment sends a powerful message, and an appropriate one if boundaries were clear in advance. Indeed, it is vital to send messages that reinforce values the company holds dear. However, it is equally vital not to inadvertently send a message that says, "diverse opinions simply won't be tolerated here," or "one strike and you're out." Such messages reduce psychological safety and ultimately erode the quality of the work. In contrast, a message that reinforces the values and practices of a learning organization is, "it's okay to make a mistake, and it's okay to hold an opinion that others don't like, so long as you are willing to learn from the consequences." The most important goal is figuring out a way to help the organization learn from what happened. And so, if there is ambiguity about public self-expression related to company policies, then a productive response is one that engages people in a learning dialogue to better understand and improve how the company functions.

The practices described here are dominated by complex interpersonal skills and thus not easy to master. They take time, effort, and practice. Perhaps the most important aspect of learning them is to practice self-reflection. Building psychological safety is a good place to start building your fearless organization.

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