Learning and Perverse Incentives: The Evil Hat

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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.

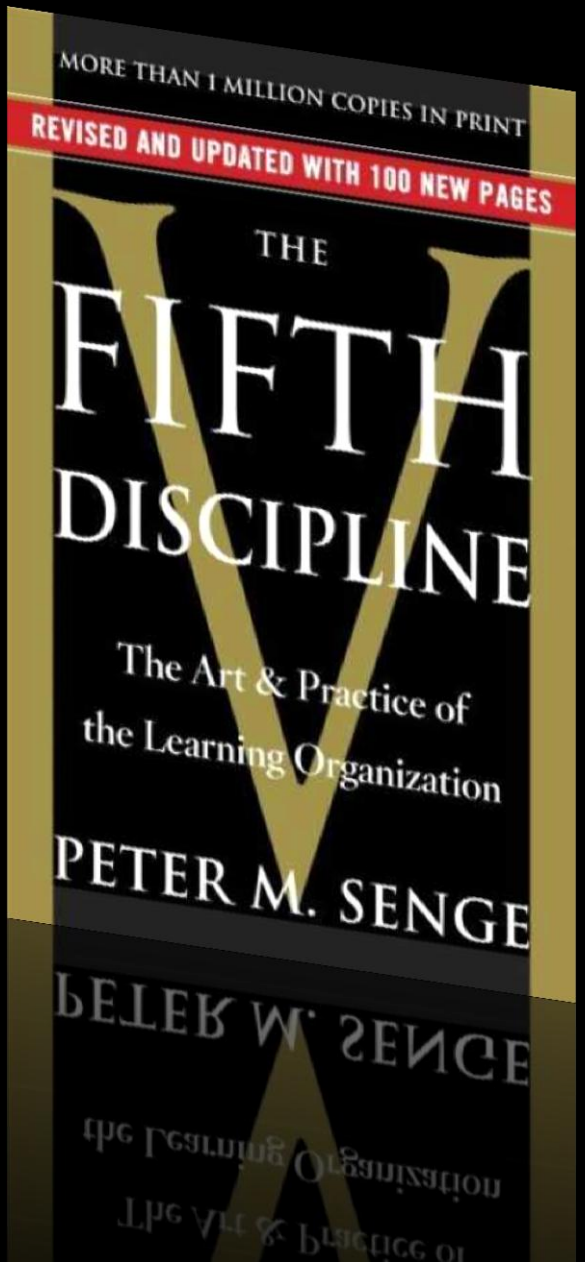
How can we focus on systems?

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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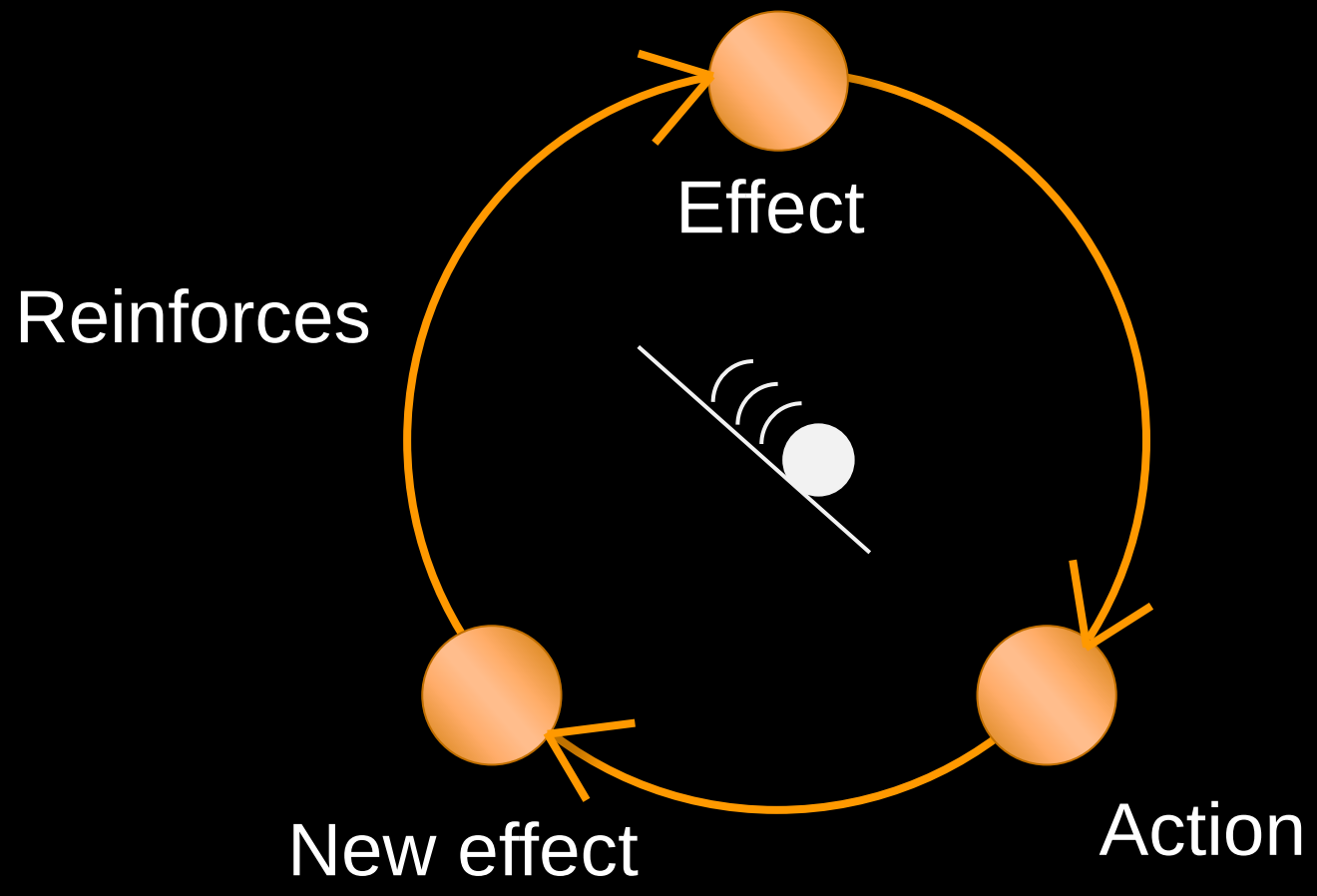
THE
FIFTH
DISCIPLINE
The Art & Practice of
the Learning Organization
PETER M. SENGE

Reinforcing Feedback



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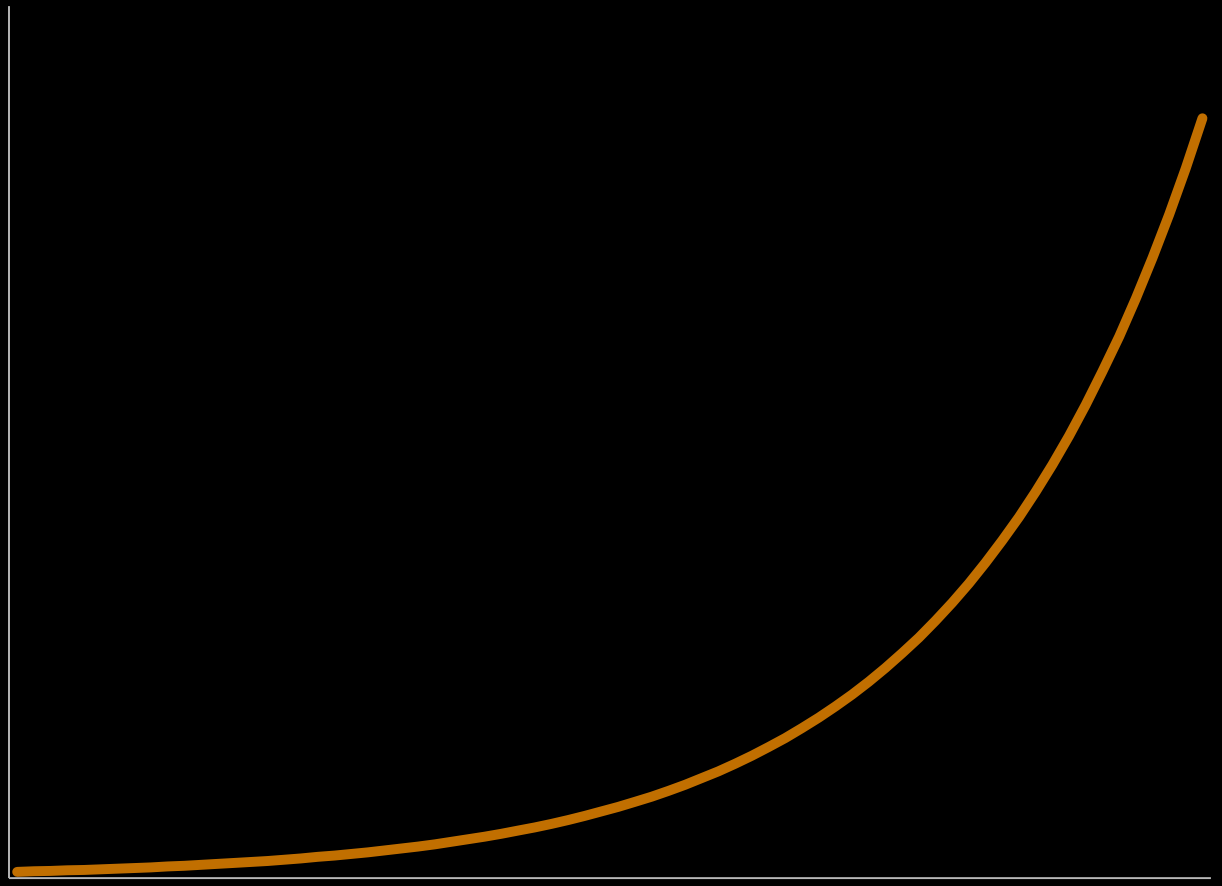
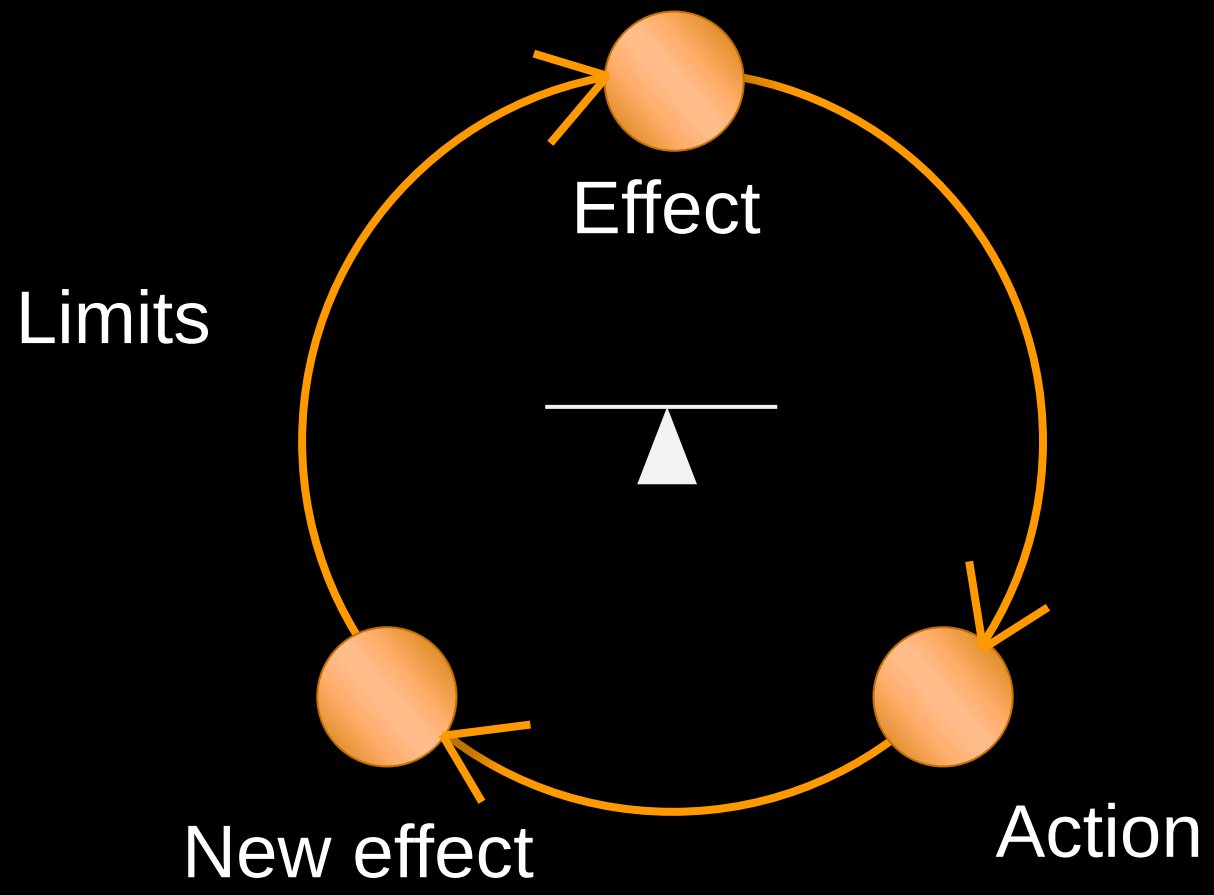
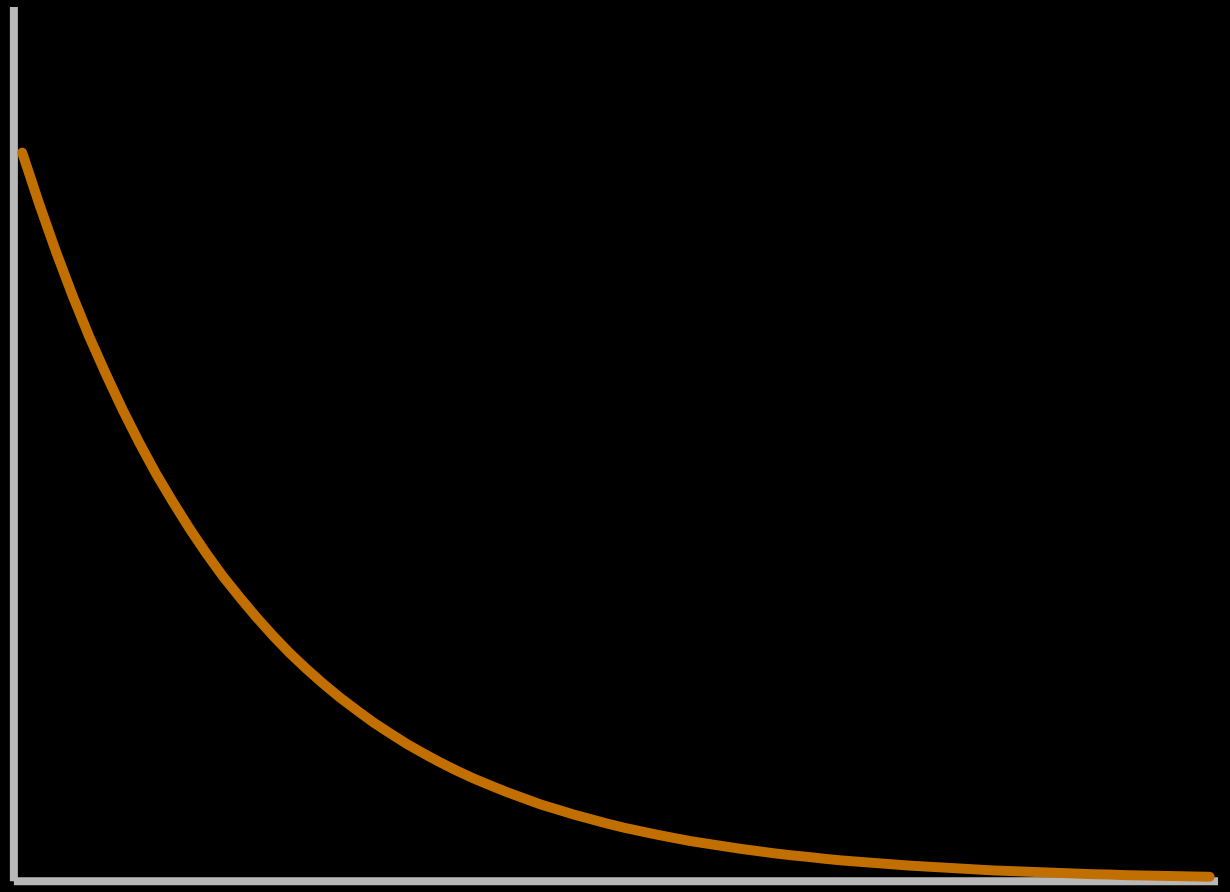


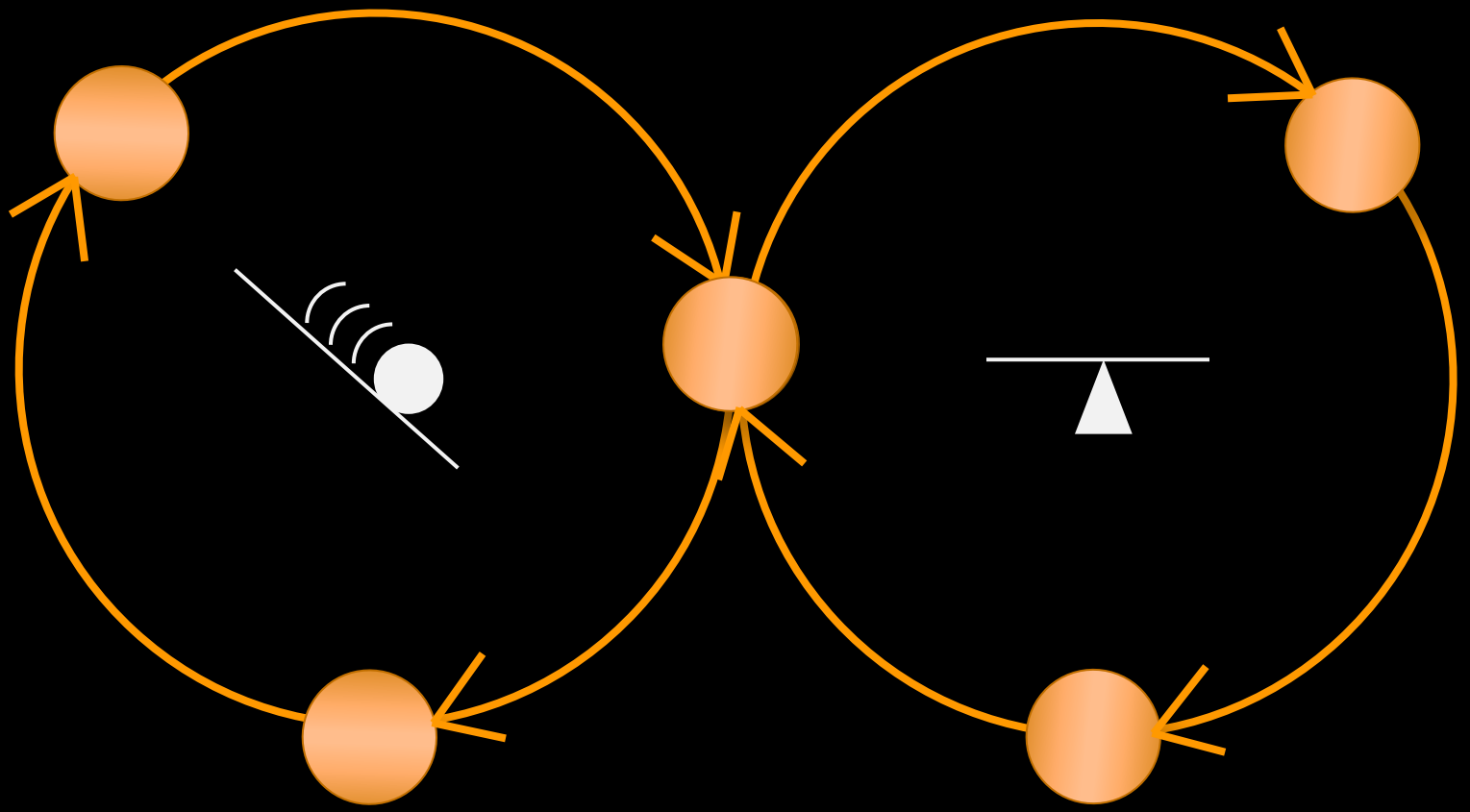
Balancing Feedback



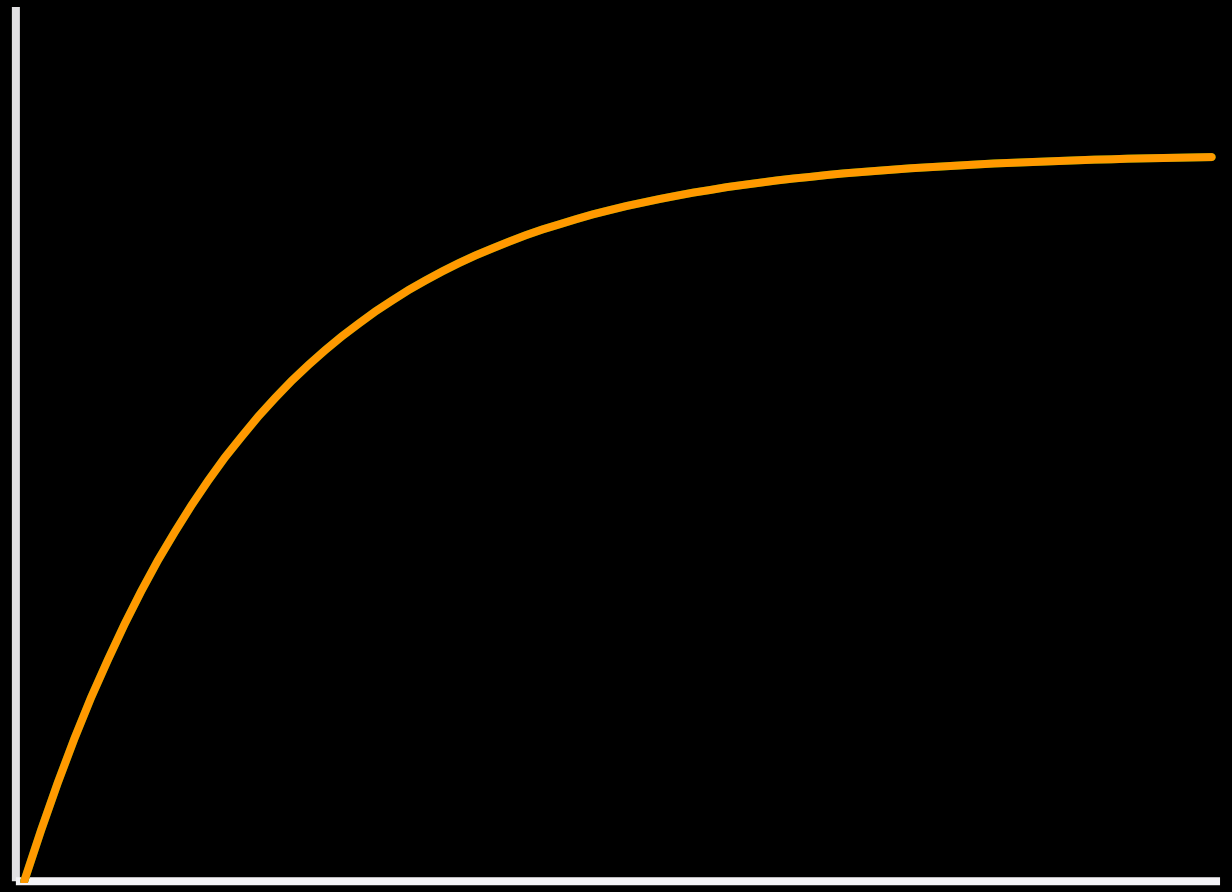
Balancing Feedback



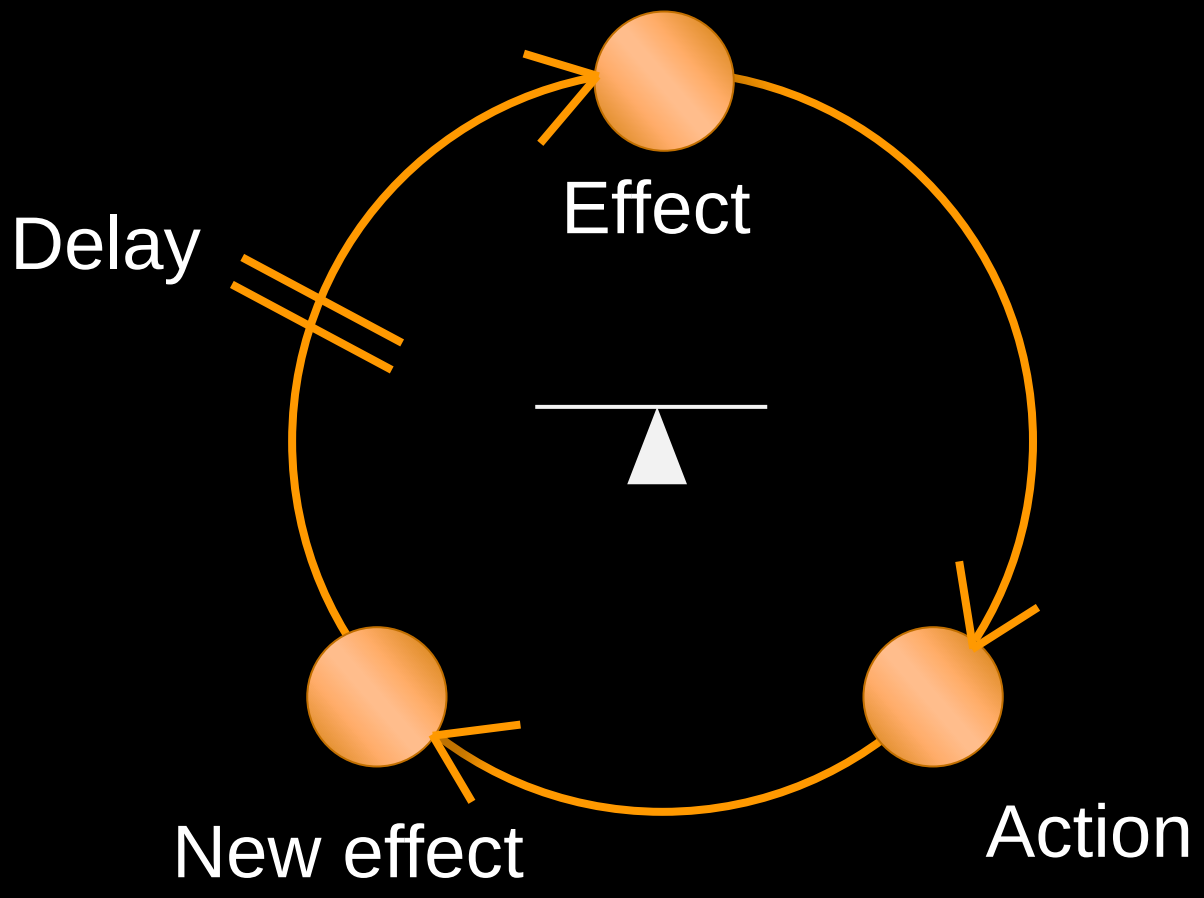
A Typical System



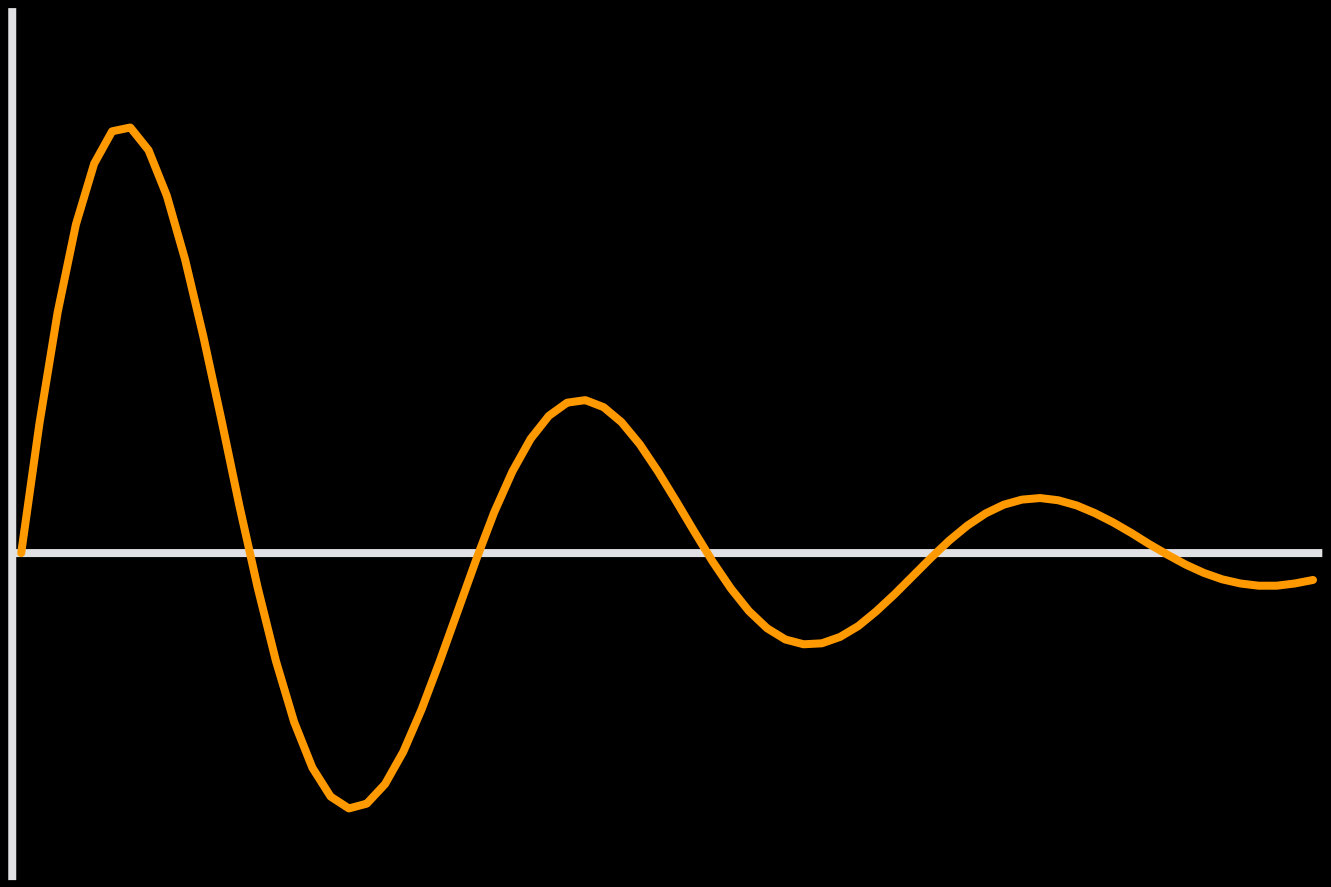
A Typical System



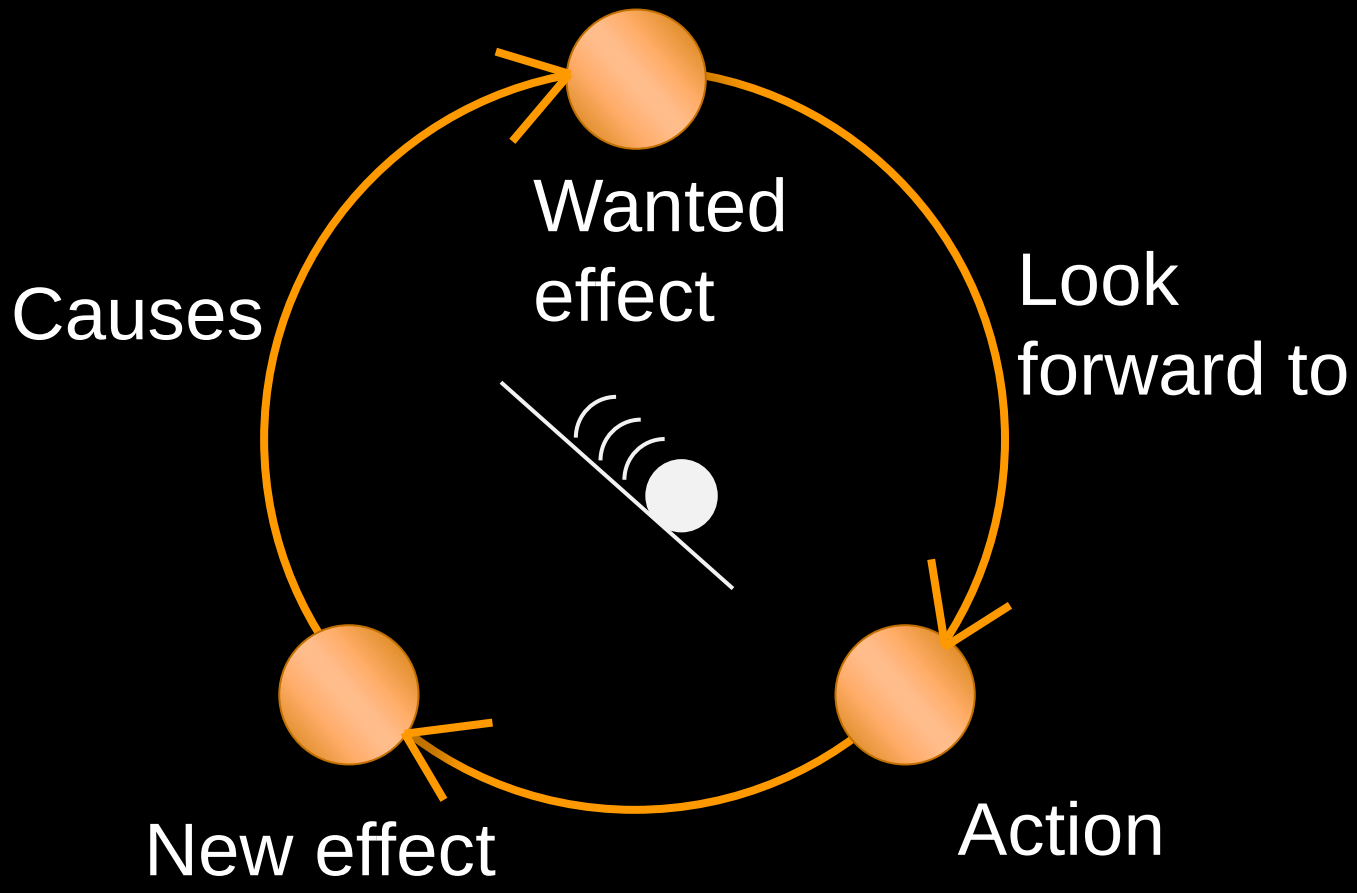
Delayed Feedback



Delayed Feedback



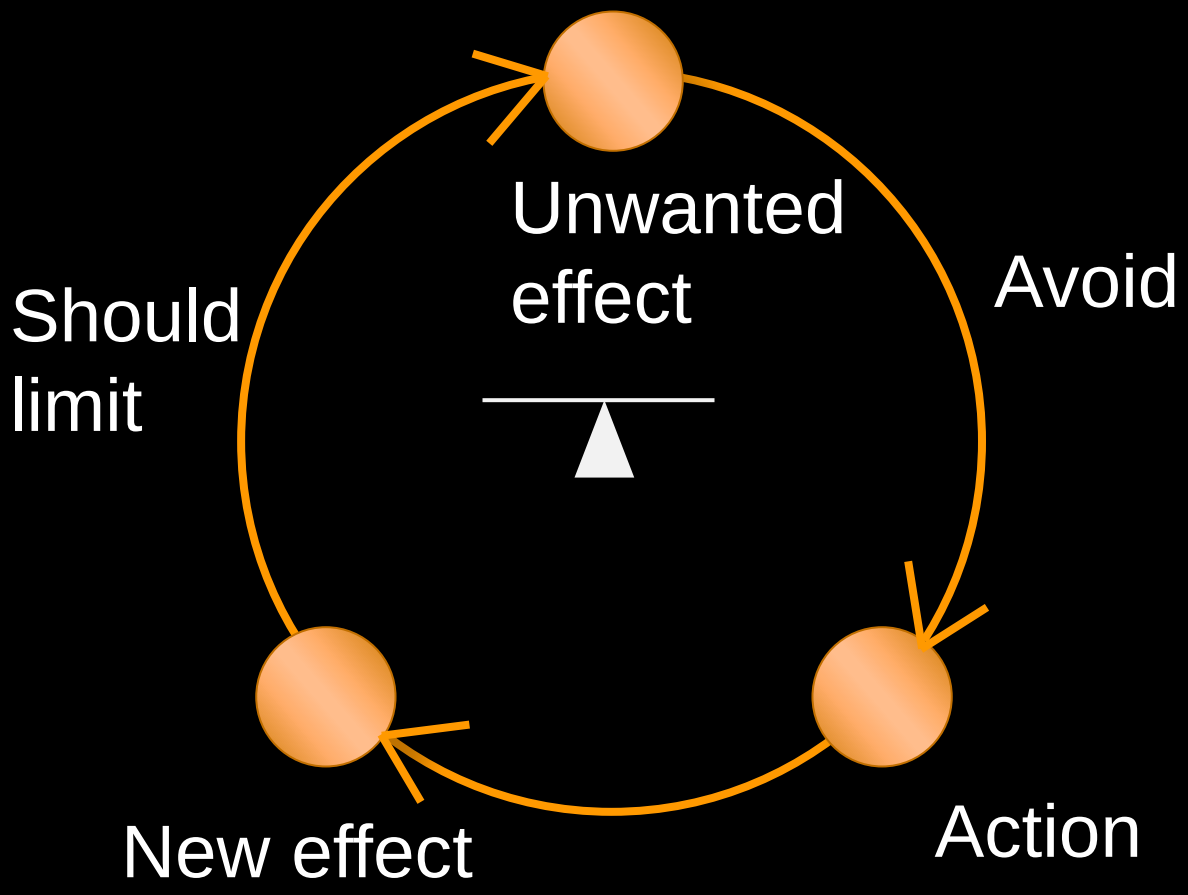
Feed Forward



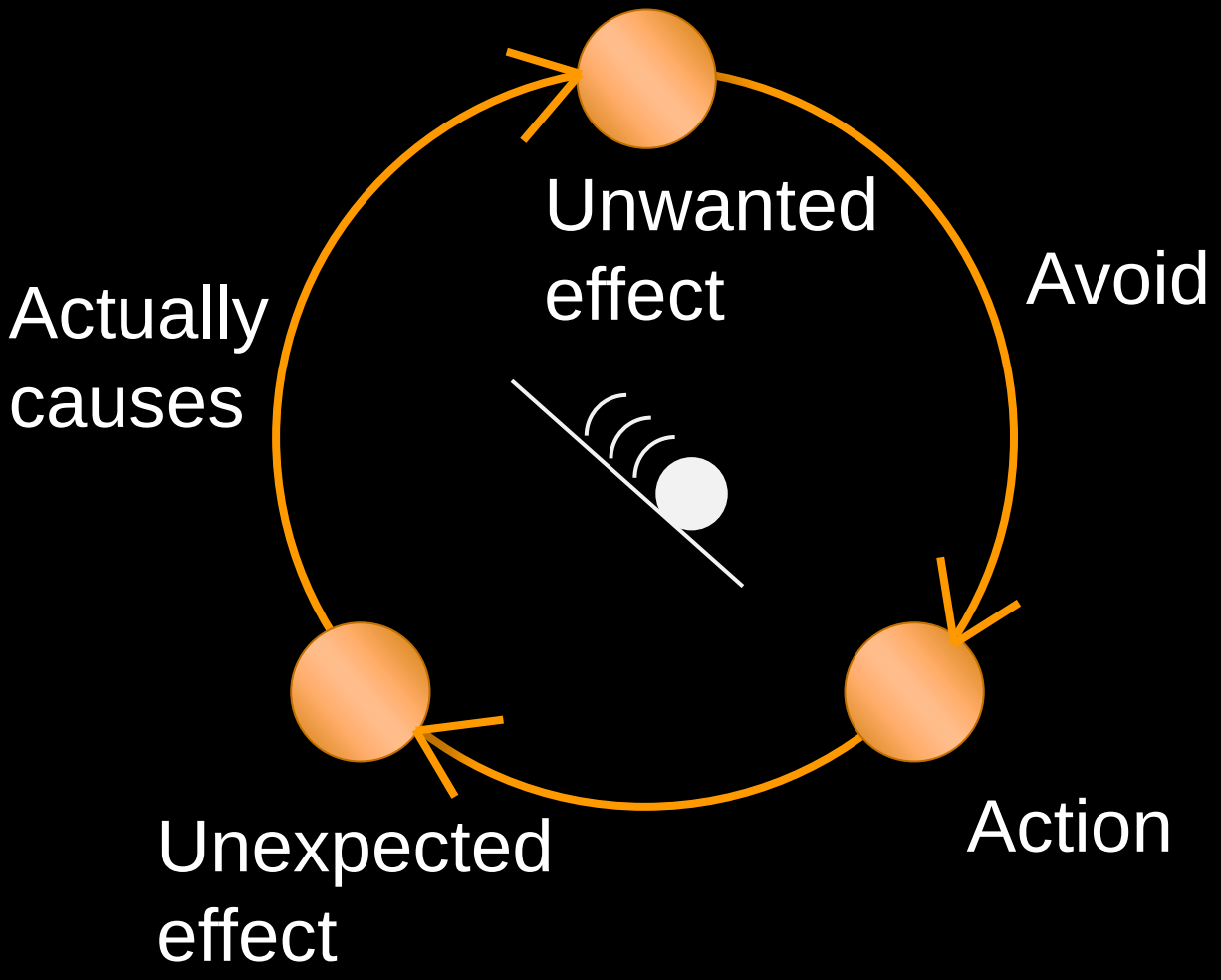
Chance favours
the prepared mind.

Louis Pasteur

Feed Forward



Feed Forward

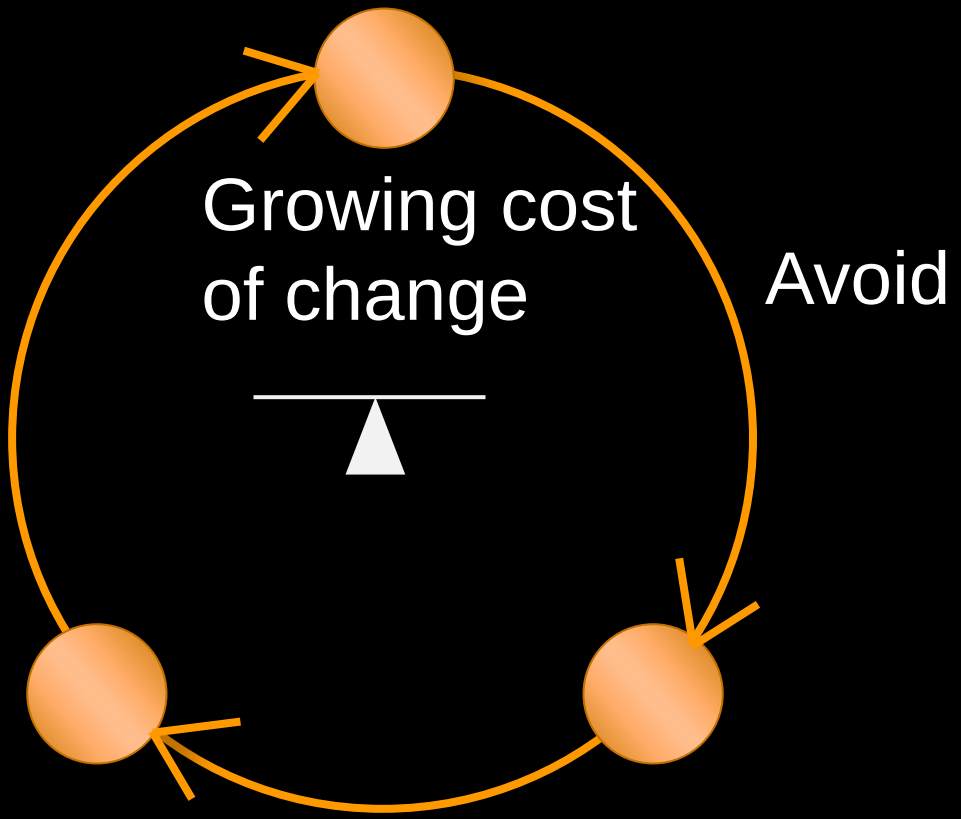


Fear is
the Mind-Killer.

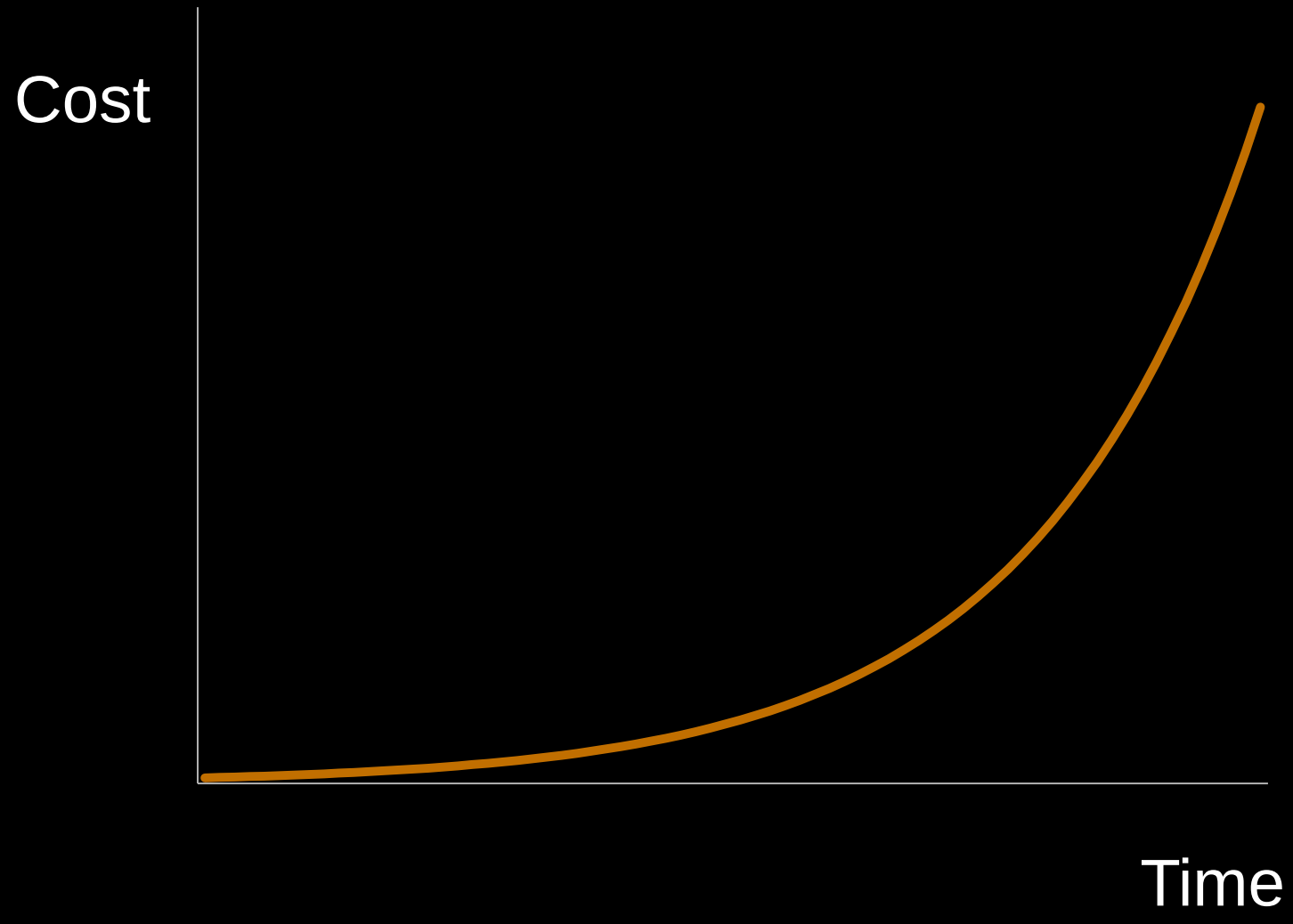
Frank Herbert,
"Dune"

An example
because we love
getting things right.

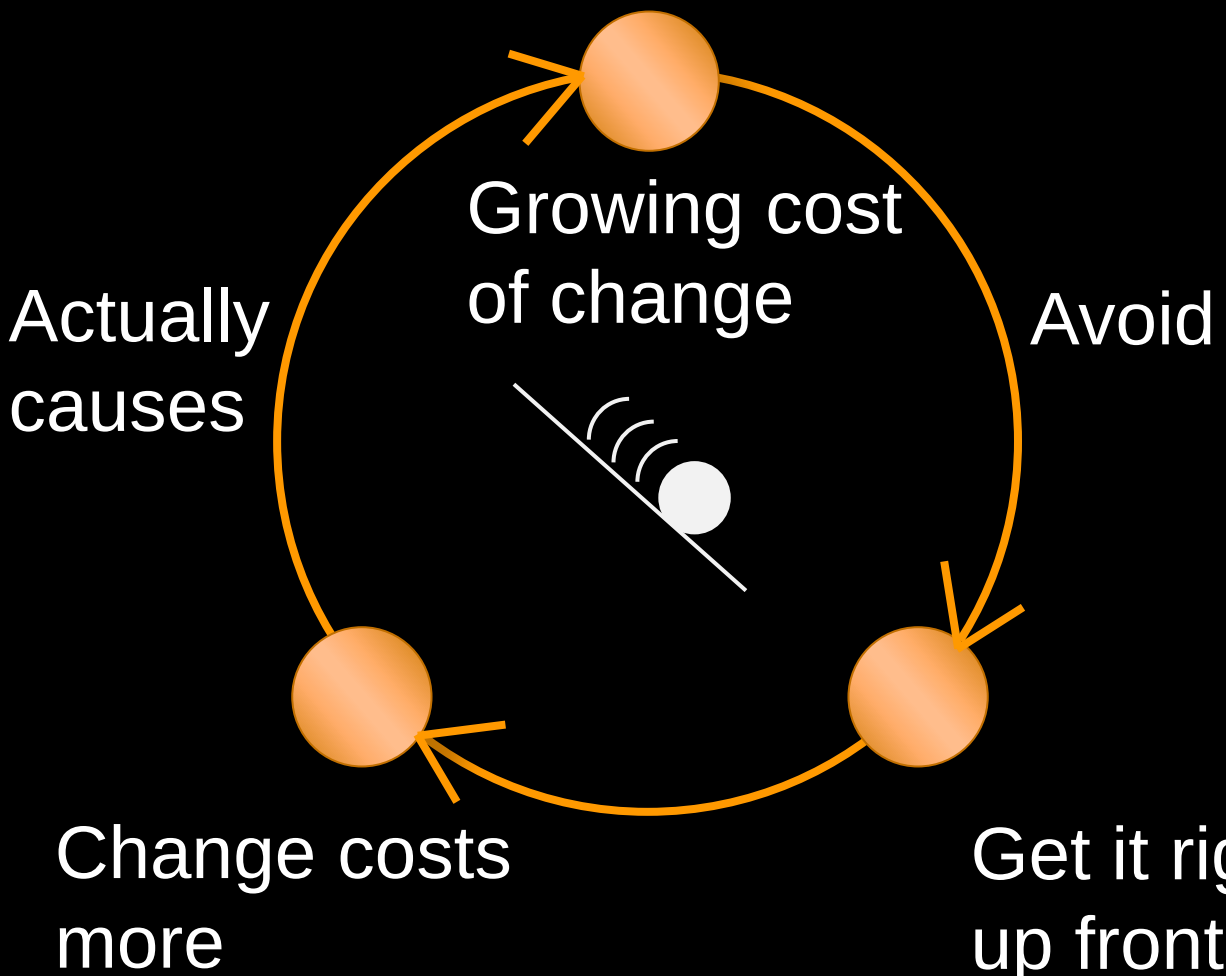
Waterfall



Cost of change over time



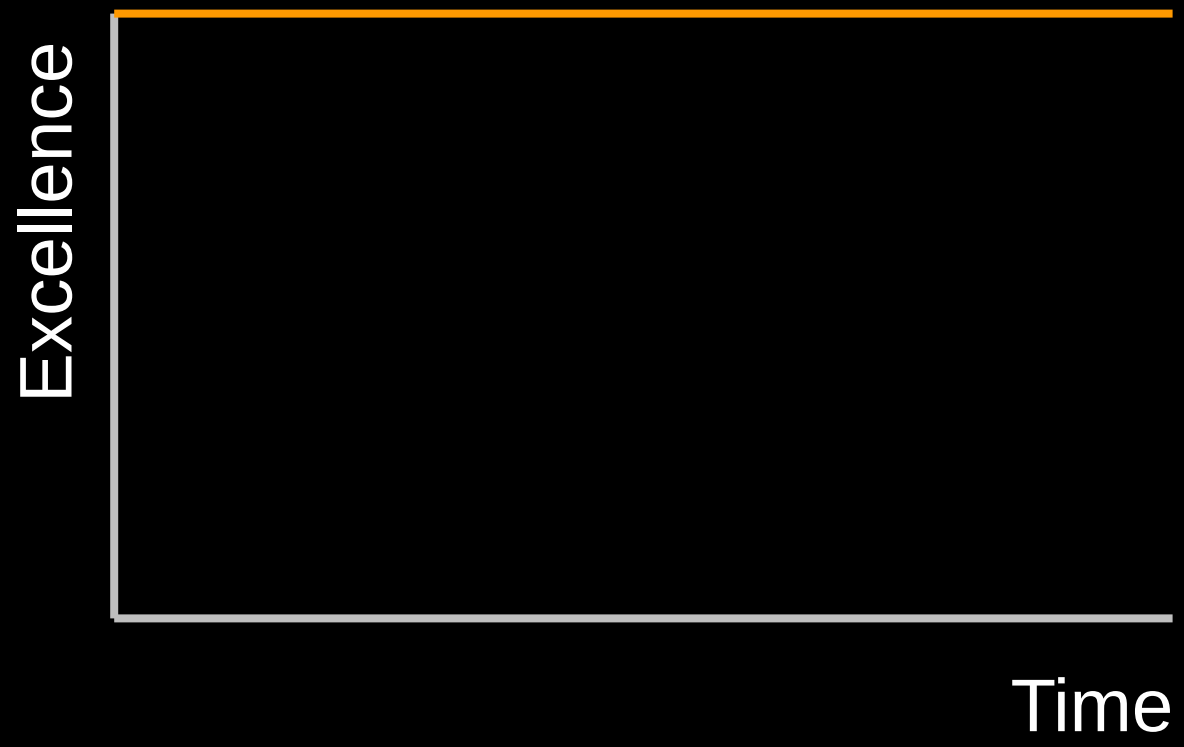
Waterfall


Growing cost of change
Avoid
Get it right up front
Change costs more
Actually causes

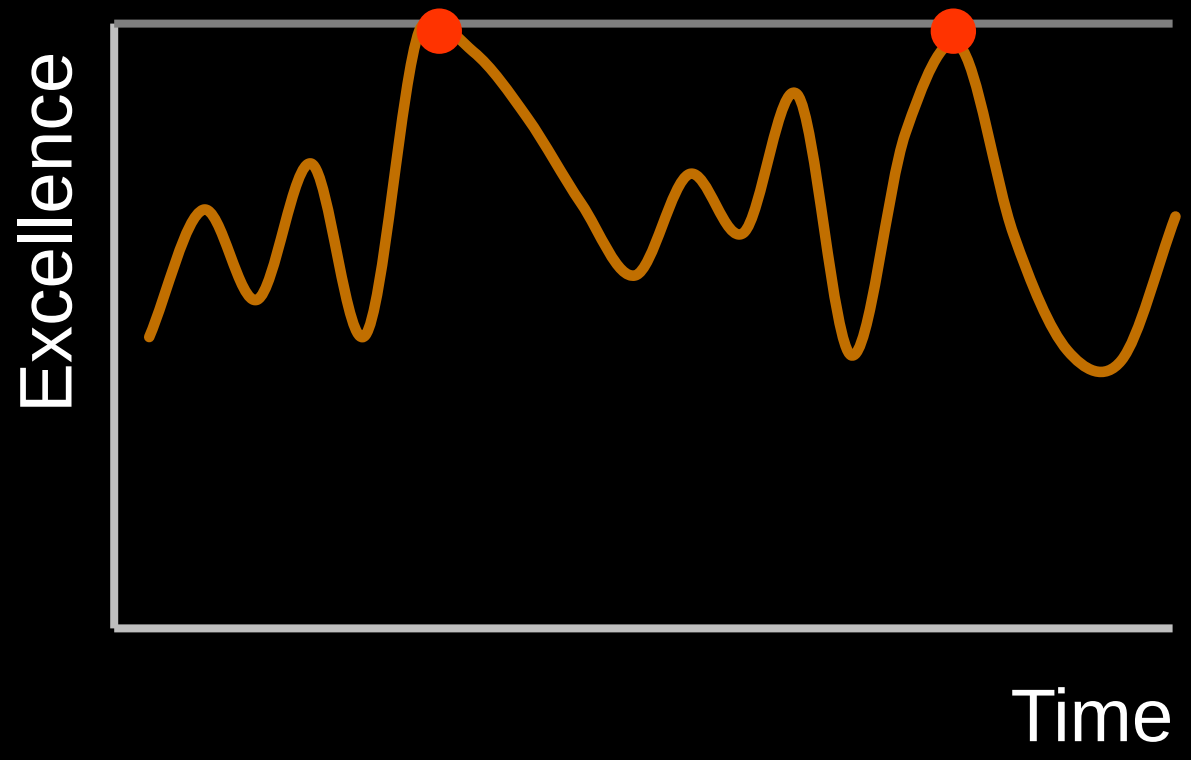
I don’t want to be wrong.

Chris Matts,
“Real Options at Agile 2009”

What we want



What we actually get

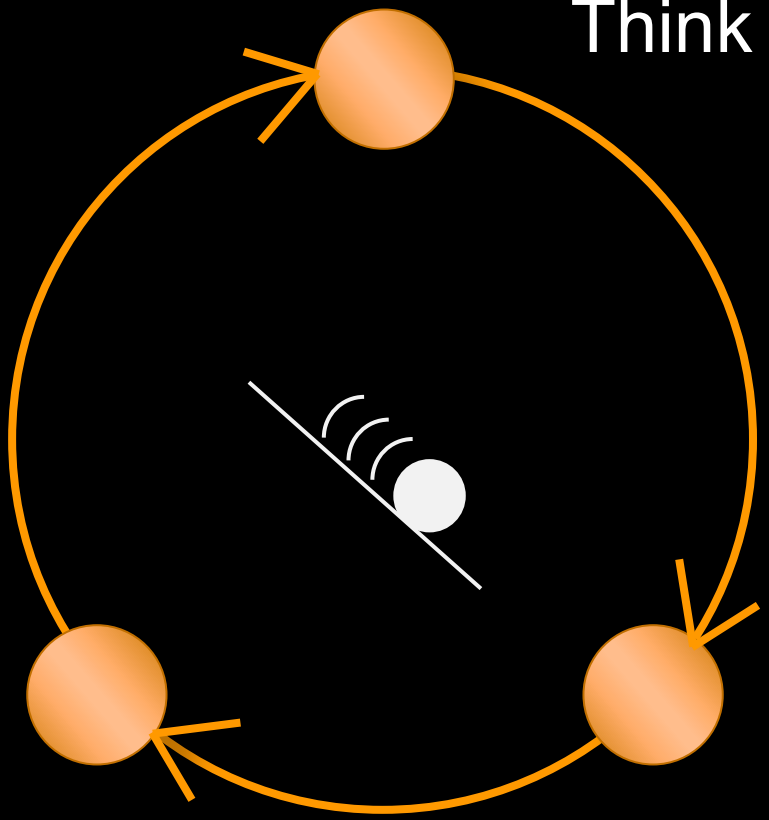


What we focus on

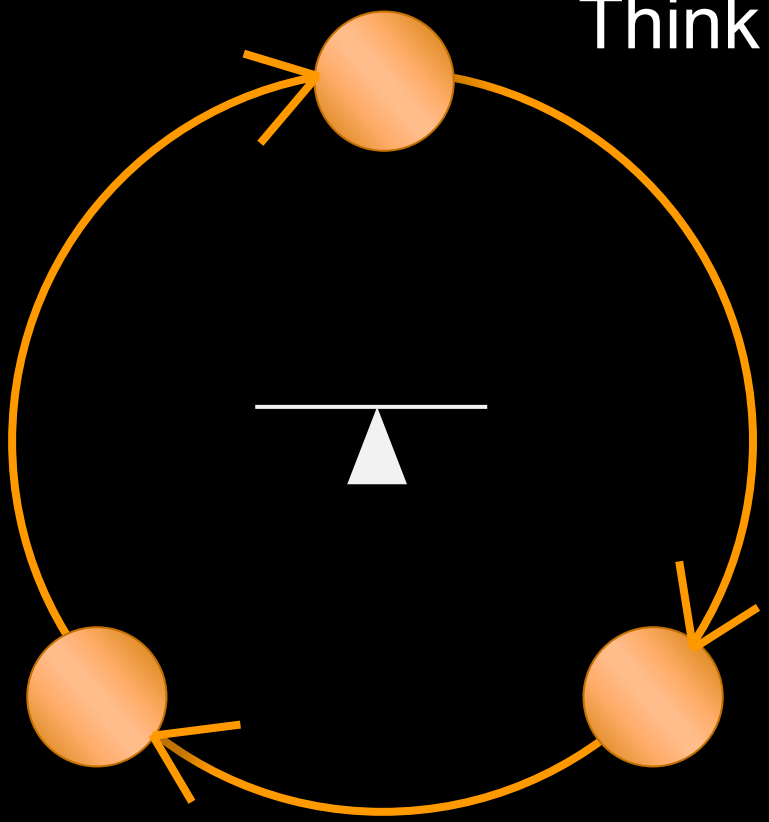
Experience
is what you get
when you don't get
what you want.

Dan Stanford

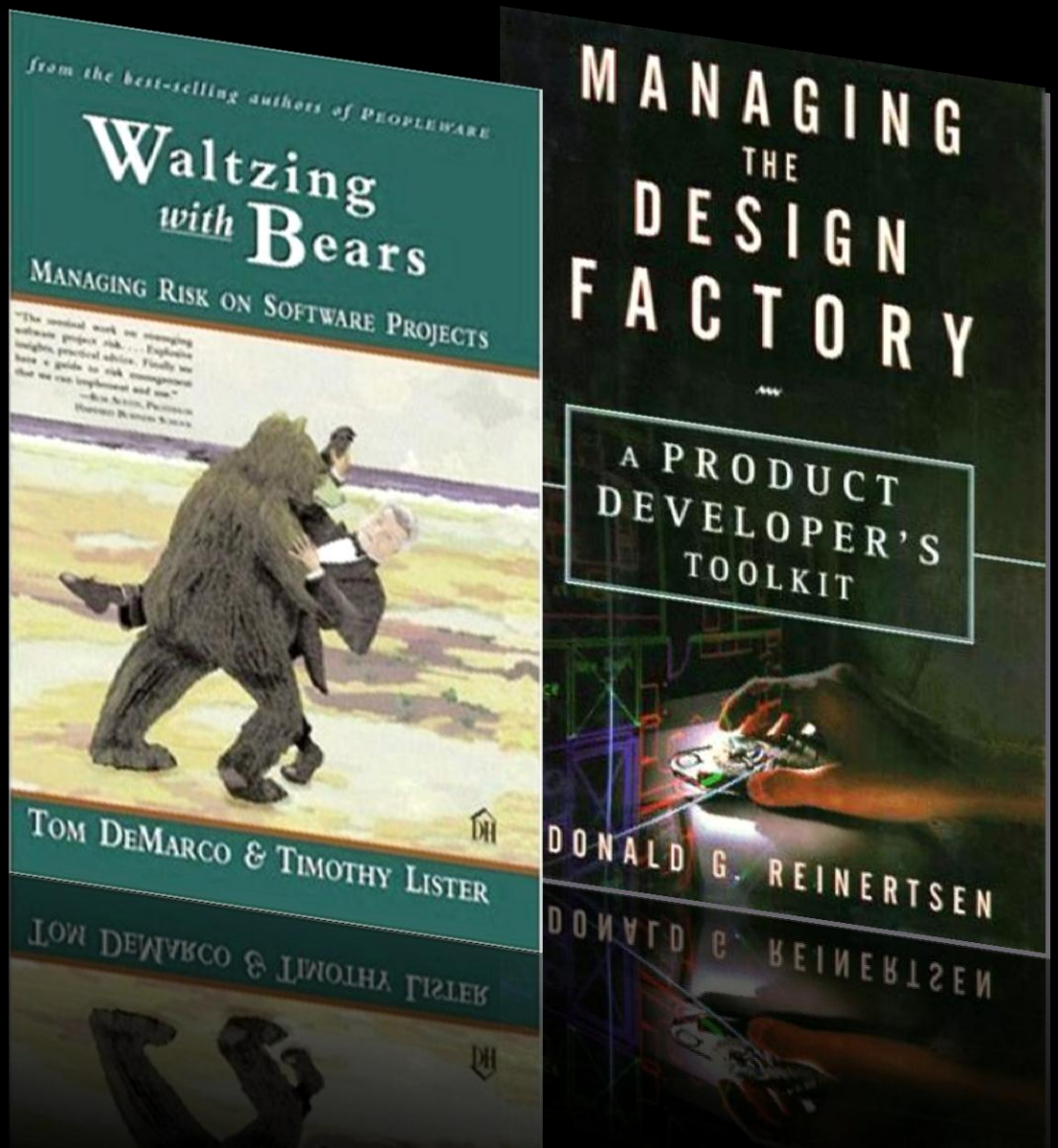
Confirmation Bias



Confirmation Bias



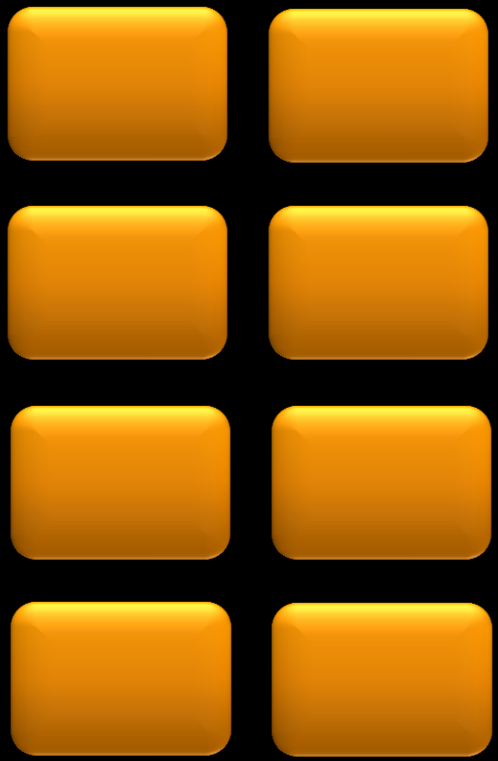
Risk


from the best-selling authors of PEOPLEWARE
Waltzing with Bears
MANAGING RISK ON SOFTWARE PROJECTS
TOM DEMARCO & TIMOTHY LISTER
MANAGING THE DESIGN FACTORY
A PRODUCT DEVELOPER'S TOOLKIT
DONALD G. REINERTSEN

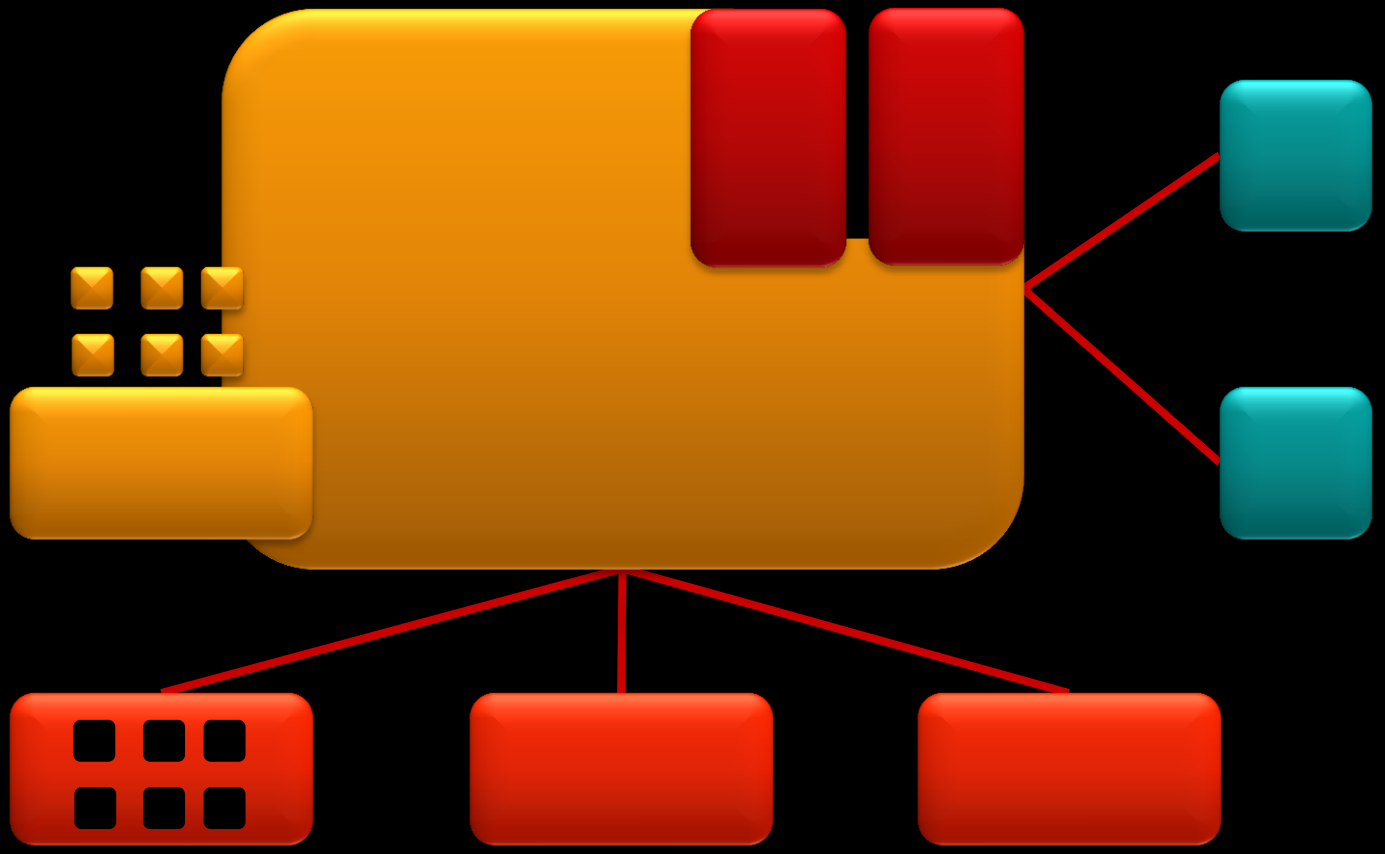
If a project has no risks, don't do it.

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

Variance



Variance



Learning

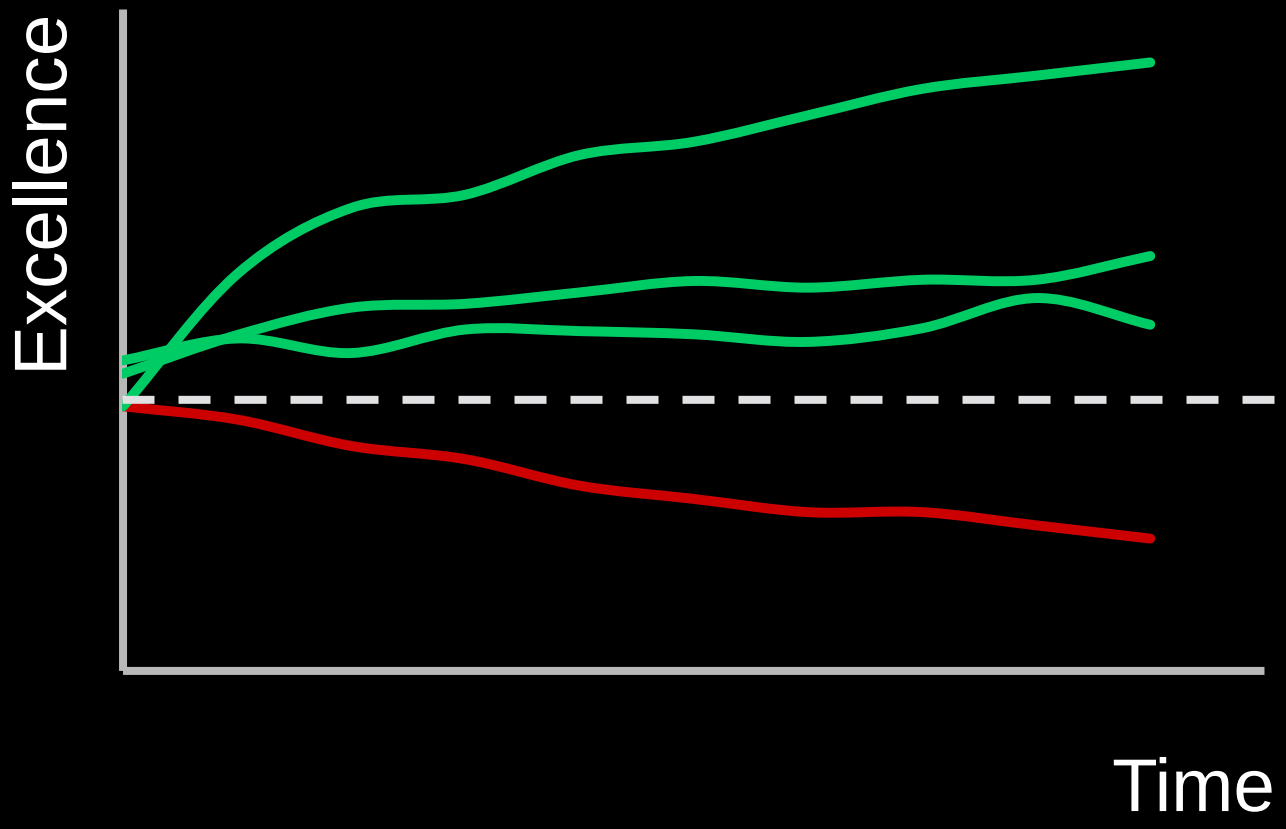
Once you become predictable, no one's interested anymore.

Chet Atkins,
Guitarist and Producer

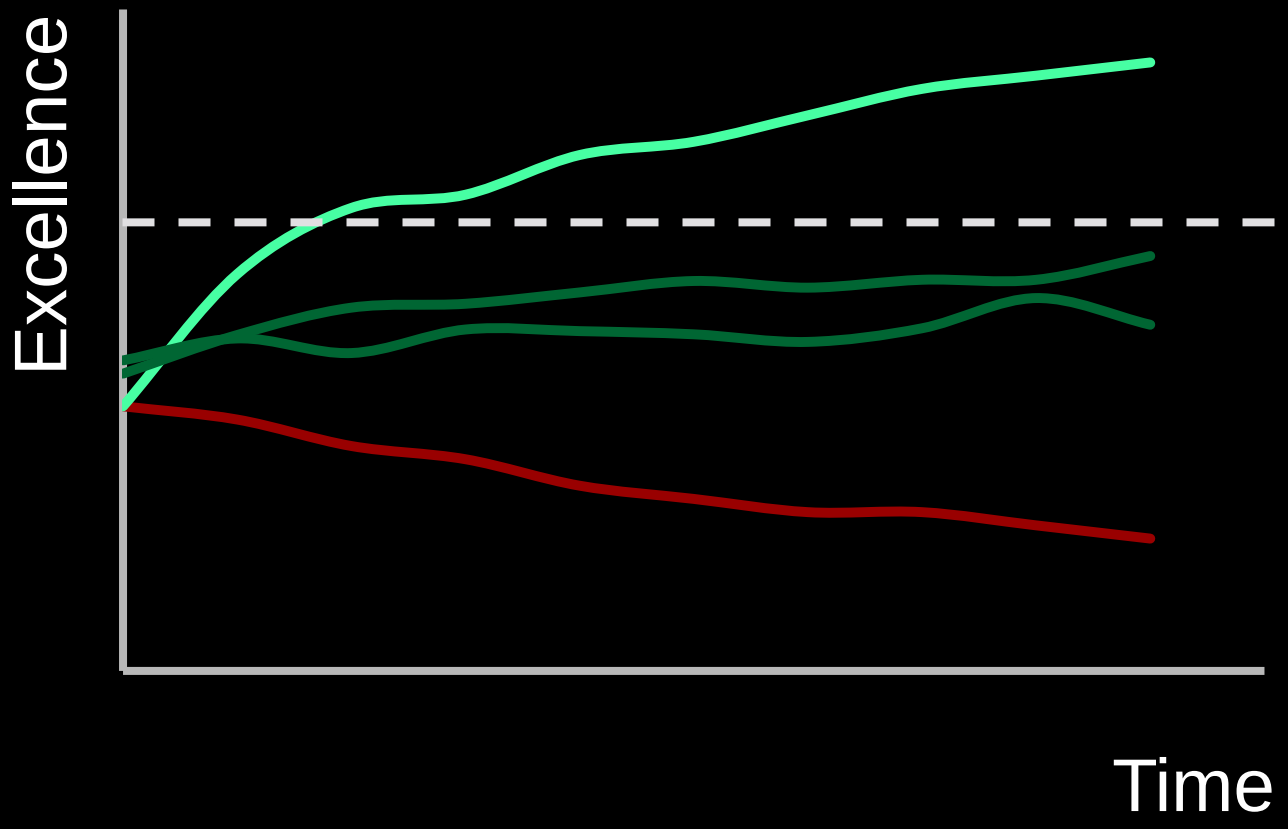
Metrics

If you were a manager...

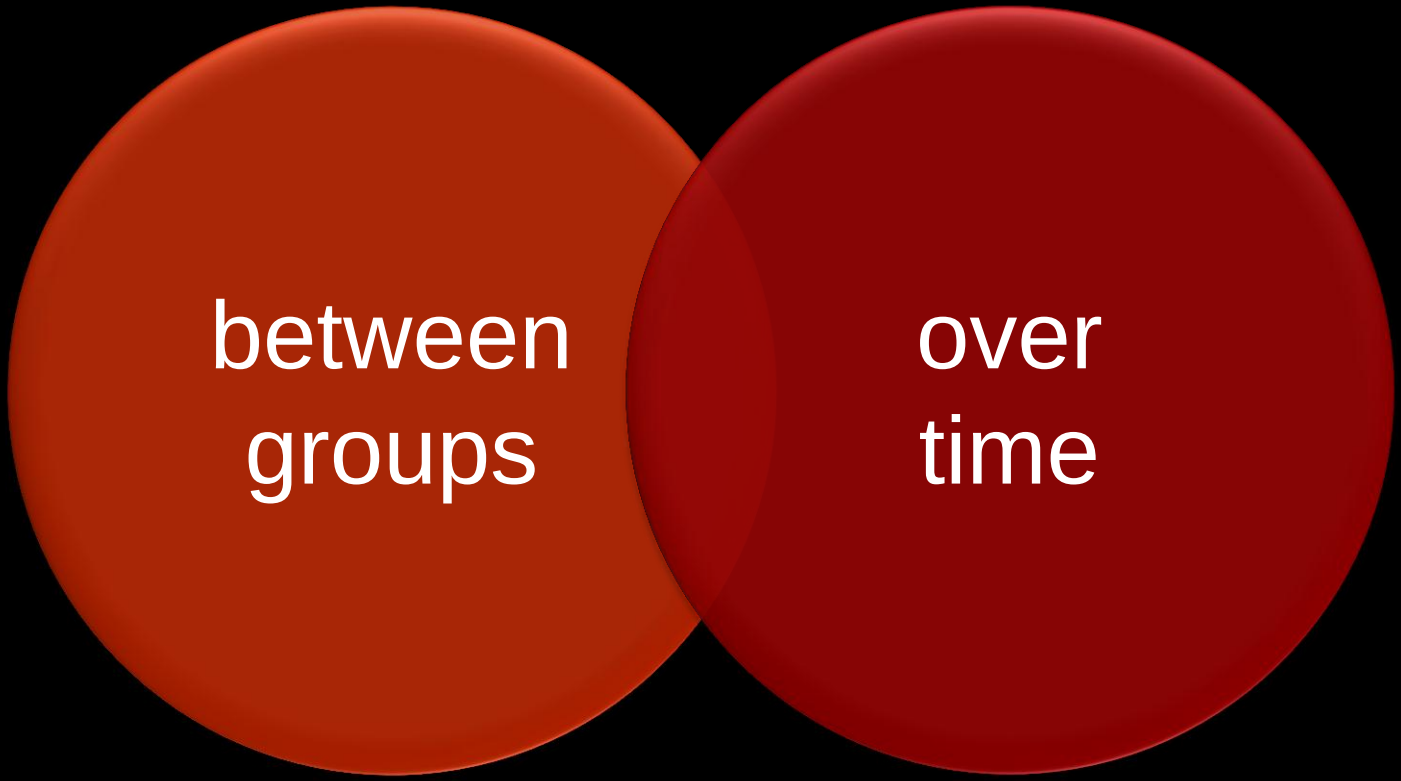
If you were a manager...



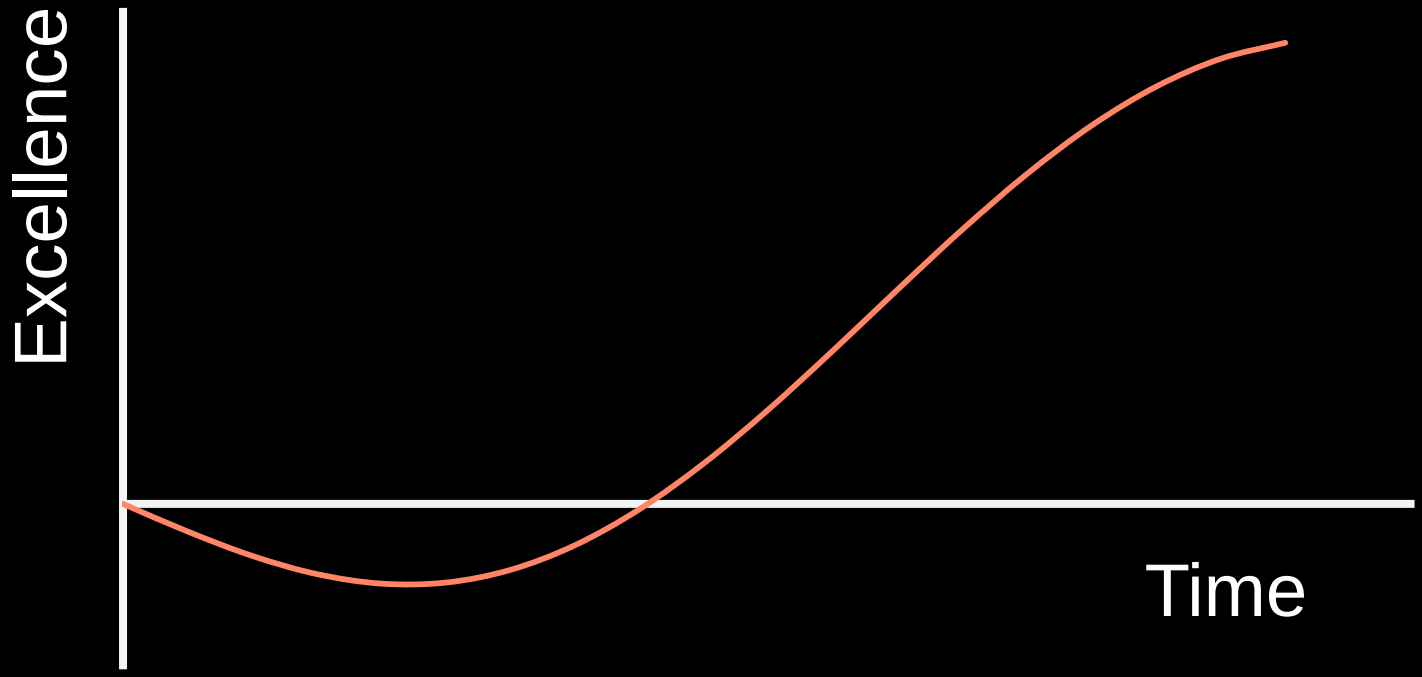
If you were a manager...



Comparisons



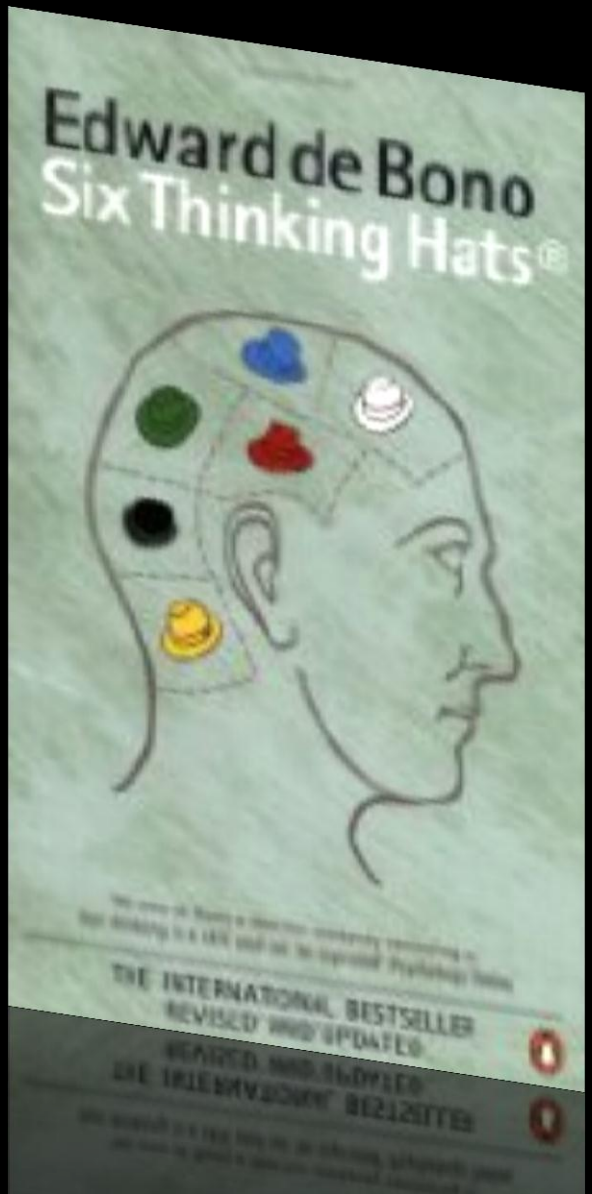
The J Curve



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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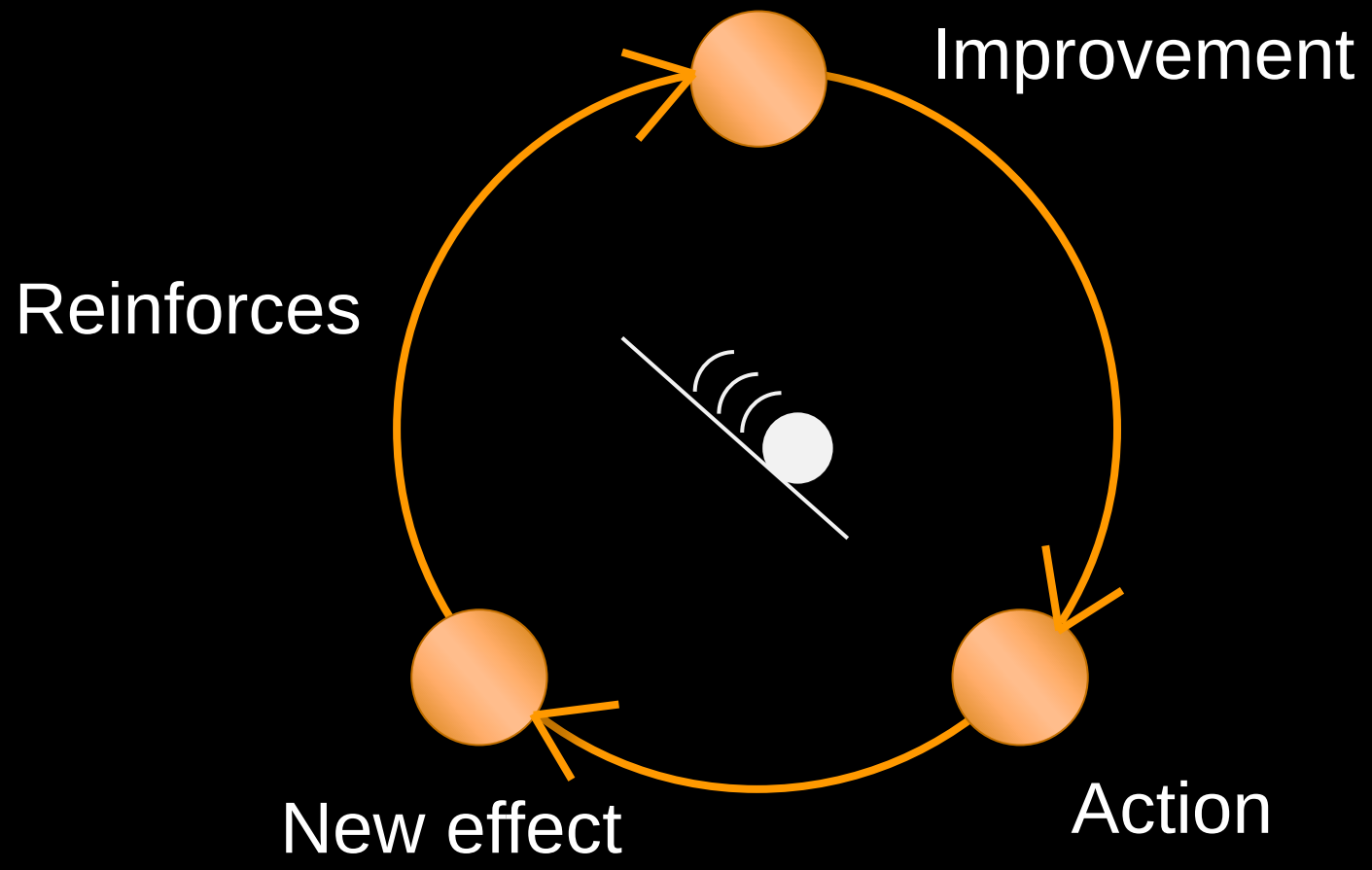
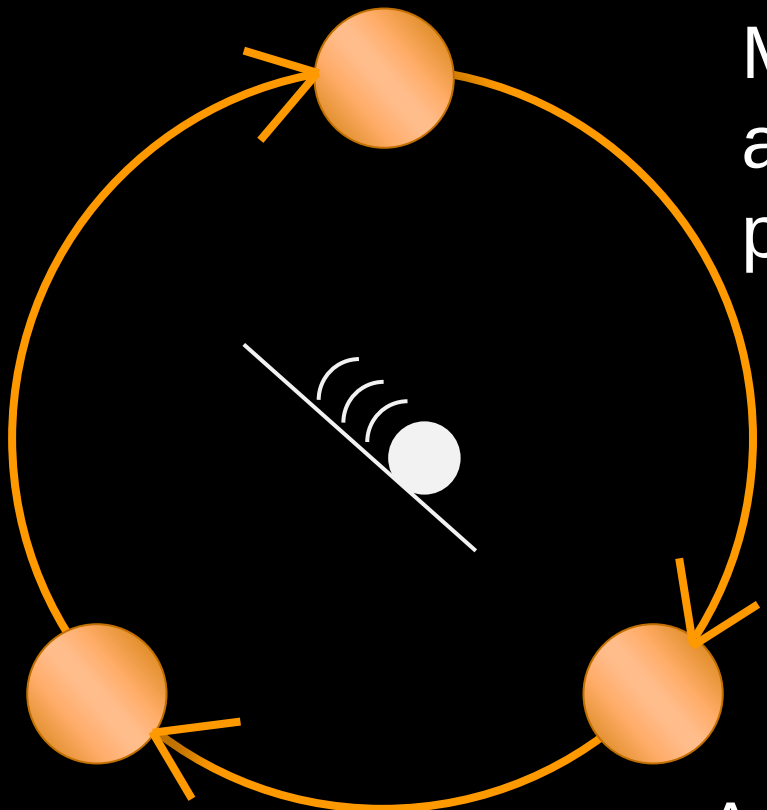
The Evil Hat

Becoming better



Appearing better



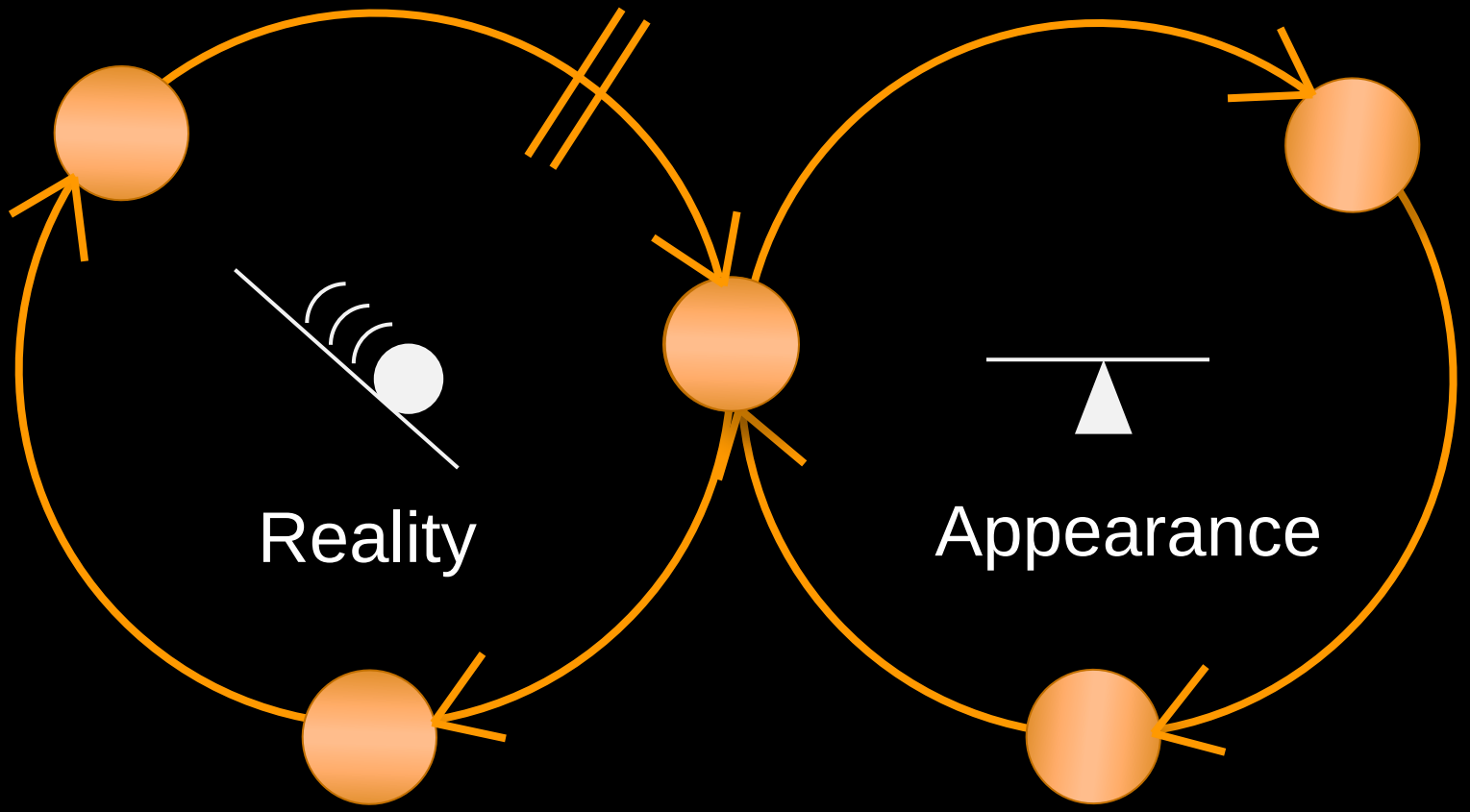
Metric, reward, avoidance of punishment

Reinforces

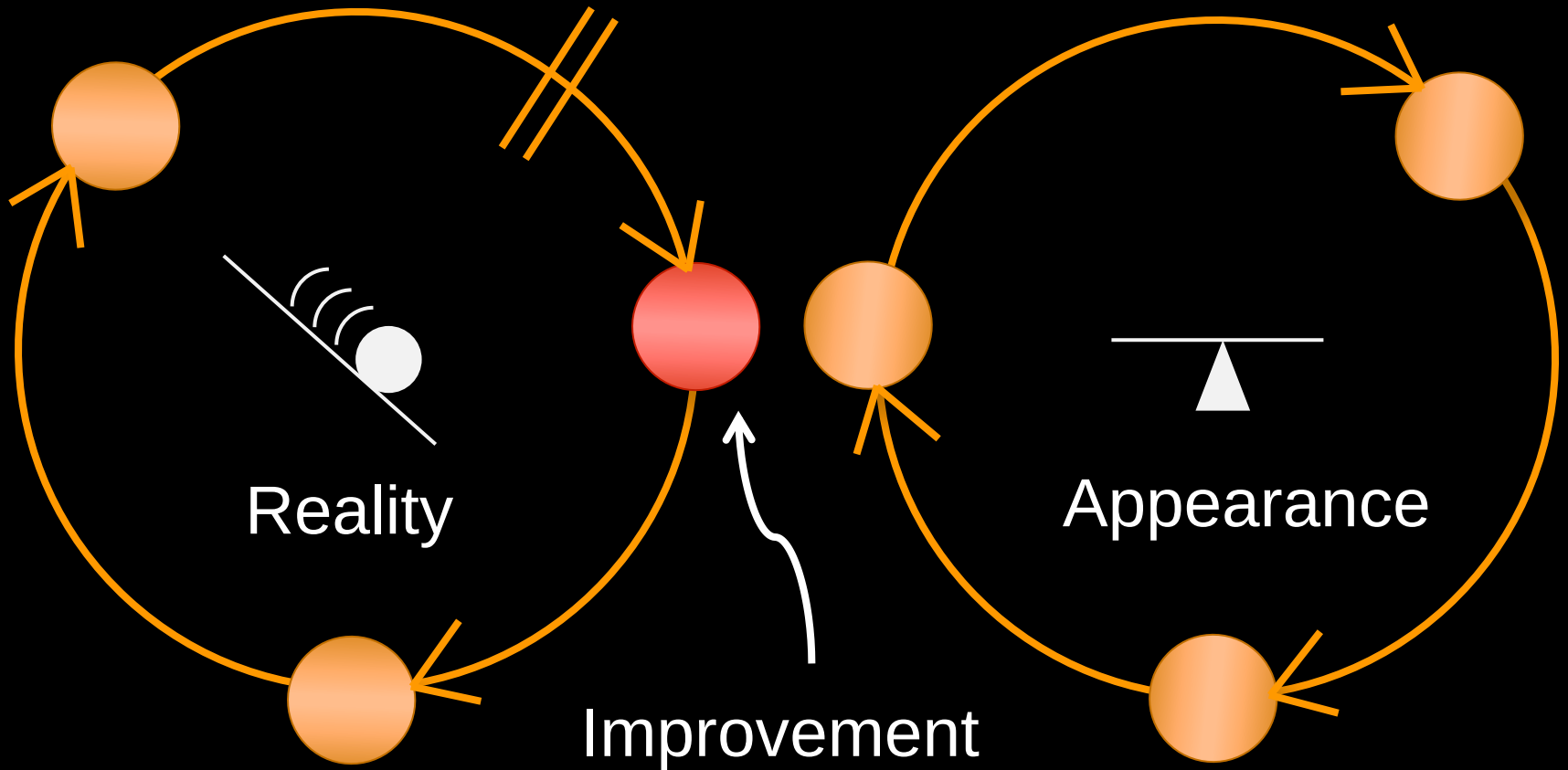
New effect

Action

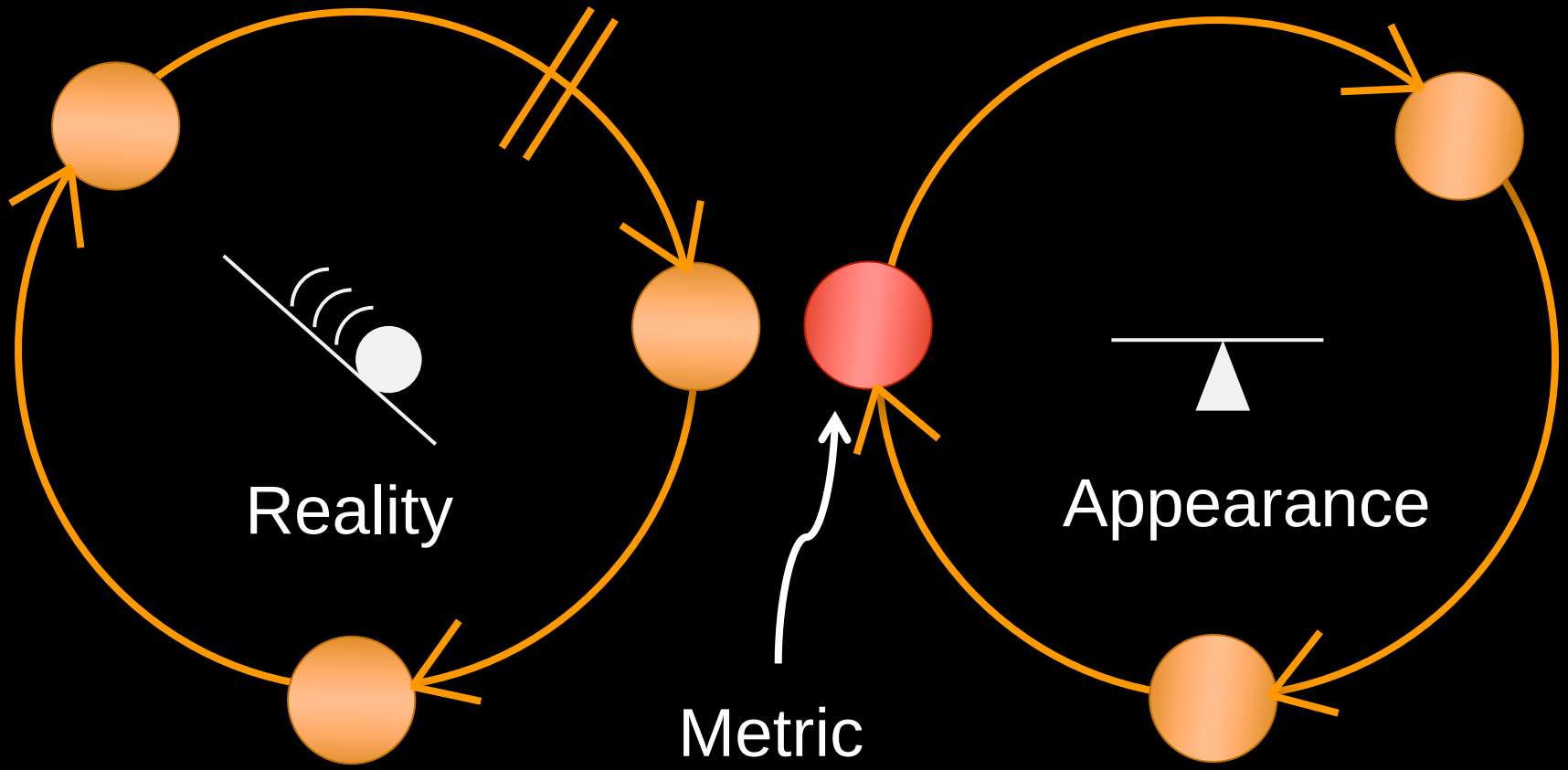
Perverse Incentives



Perverse Incentives



Perverse Incentive



Perverse Incentives

Improvement

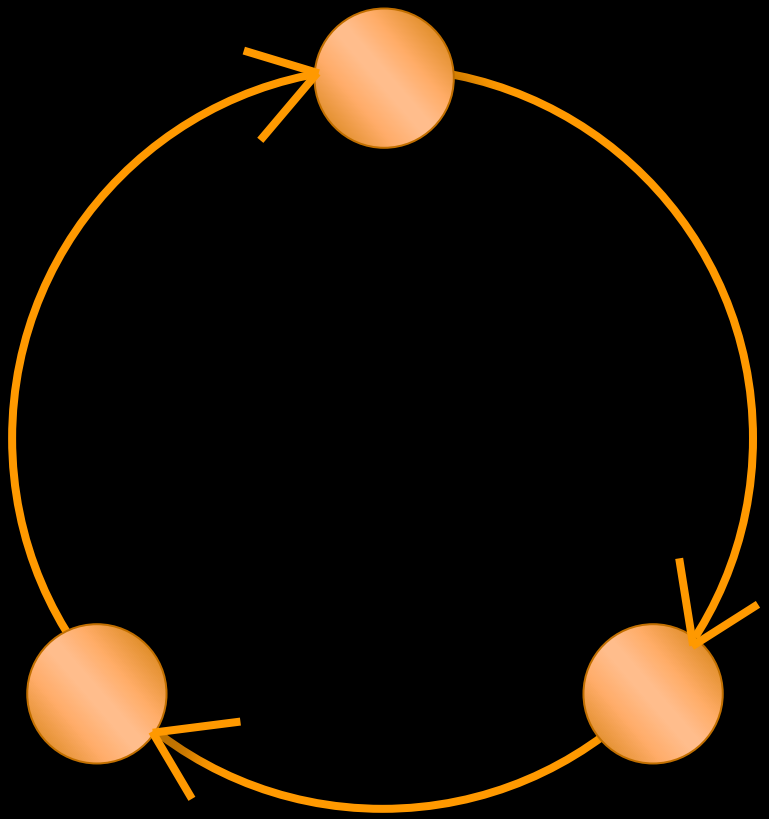
Metric

Delayed feedback
Hard to measure
Hard to achieve

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

A story
because we all love
rescuing projects.

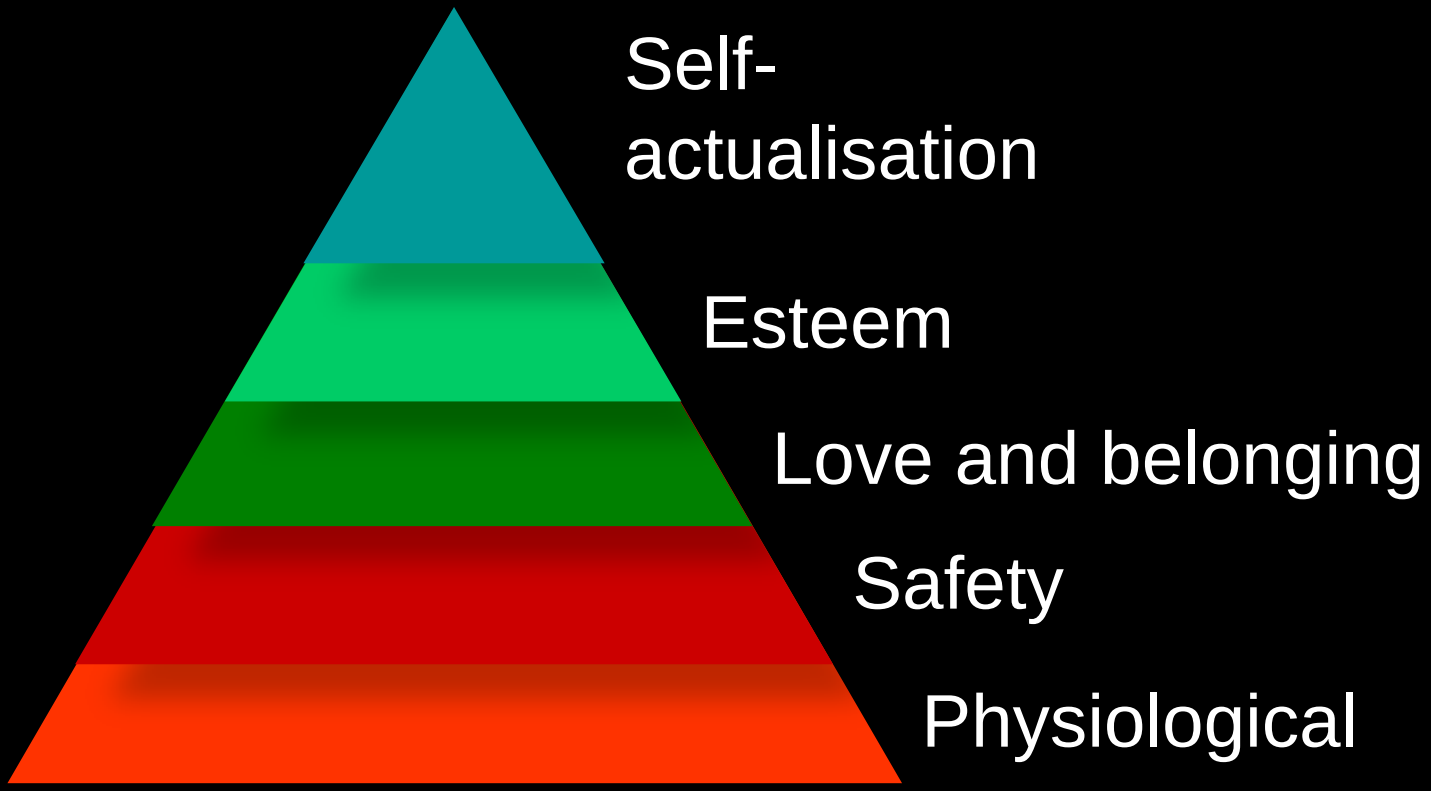
How can I game this?



A story,
because we love KPIs.

Your brain is brighter
than you are.
You will game the system.

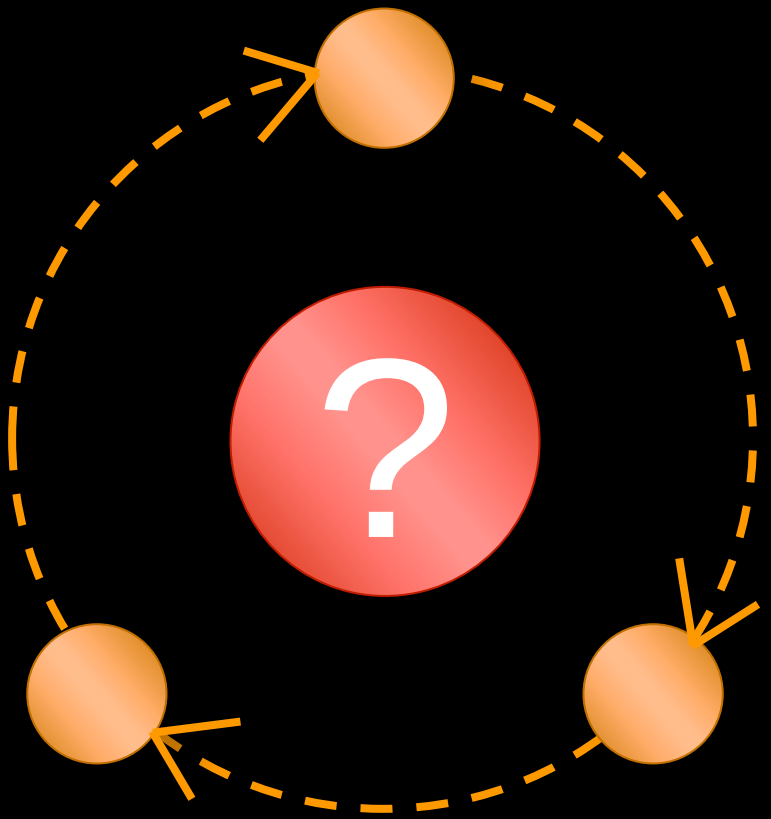
Maslowe's Hierarchy of Needs



SNAKES IN SUITS
WHEN PSYCHOPATHS GO TO WORK
Paul Babiak, Ph.D. & Robert D. Hare, Ph.D.

Create a system,
not a solution.

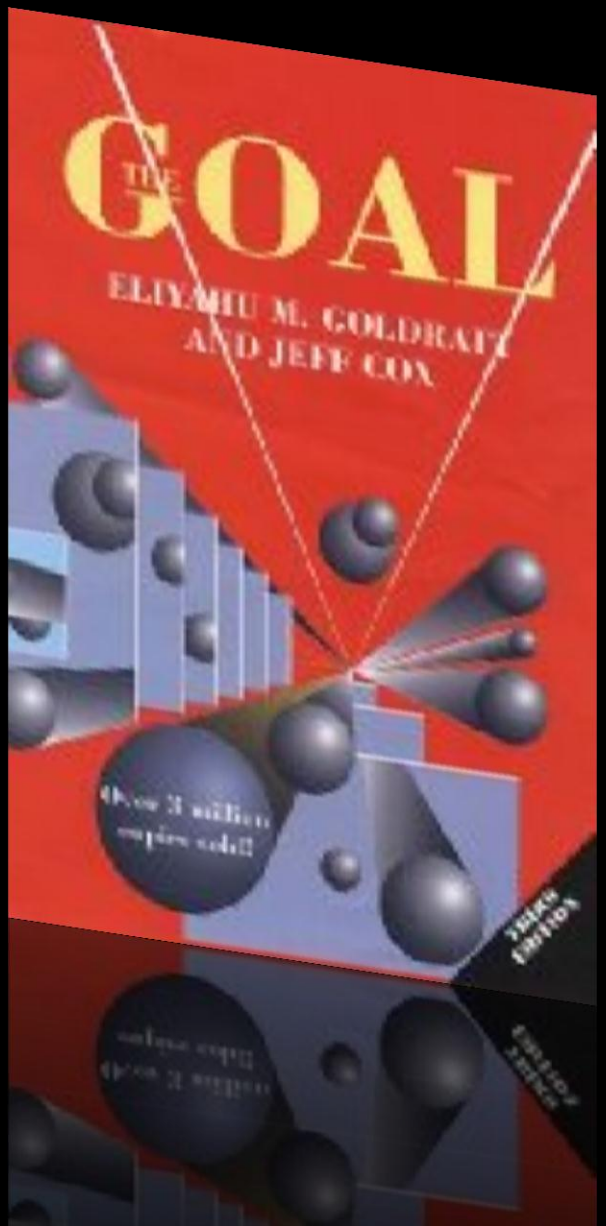
Root Cause Analysis



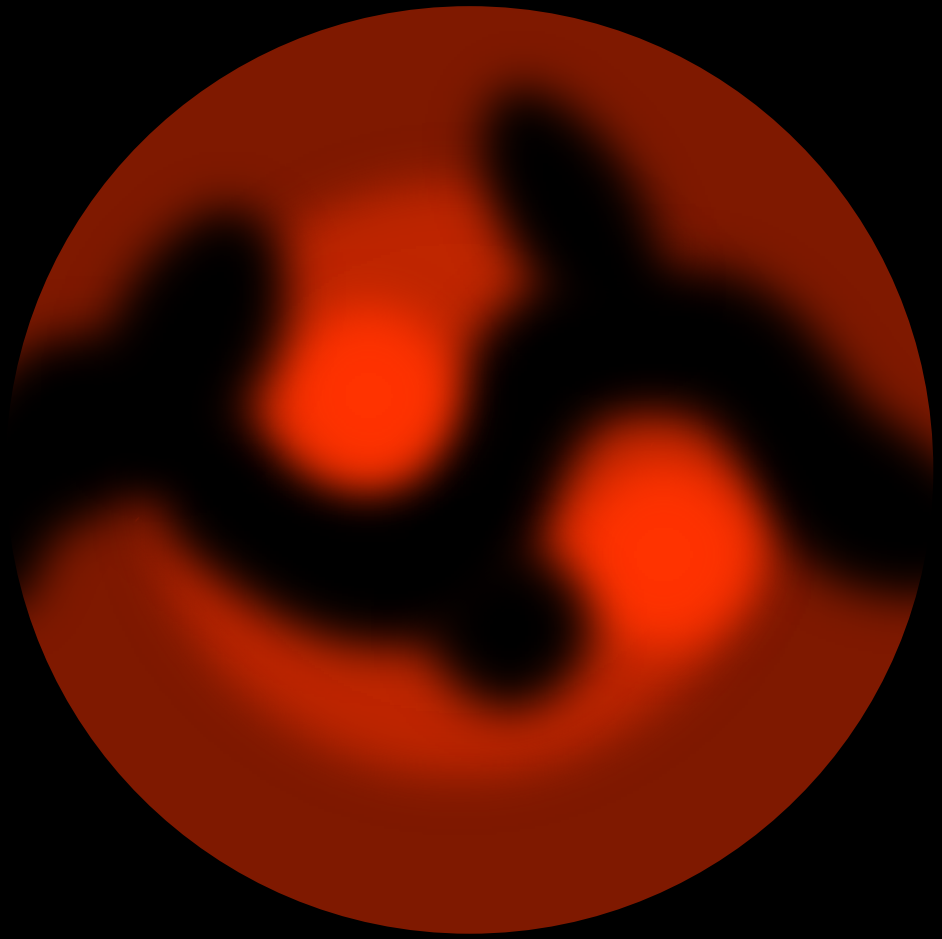
Fix the causes,
not the symptoms.

A story

because we love it when the bug count goes down.


THE GOAL
ELIYAHU M. GOLDRATT
AND JEFF COX

Ecosystem Thinking



Learning Environment

This is what I learnt today.

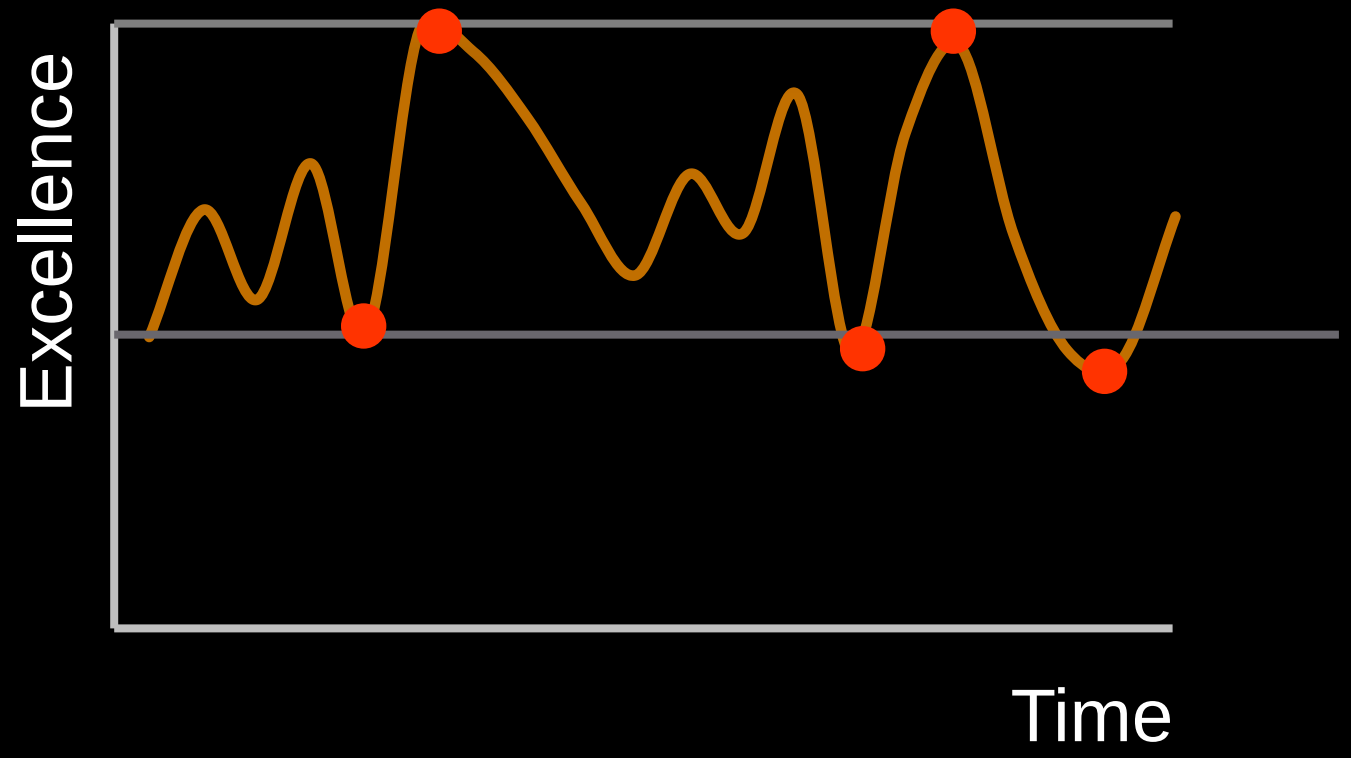
This is what I hope to learn tomorrow.

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.

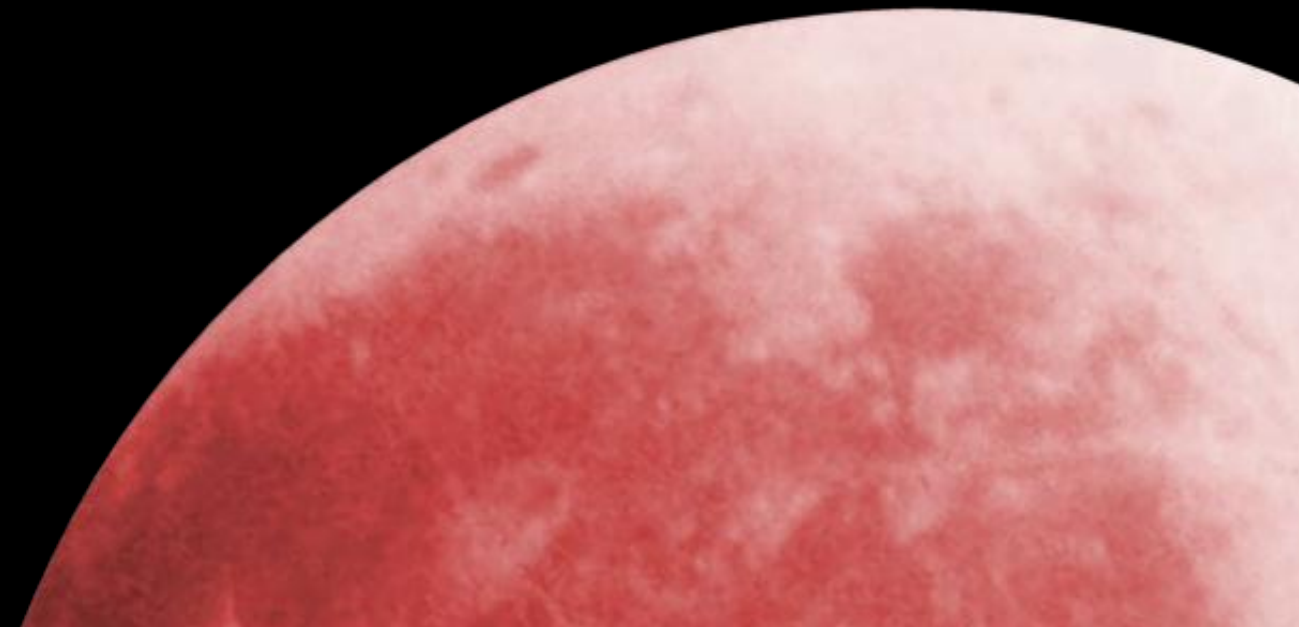
Balanced thinking



Be evil.

Game the system.

Liz Keogh
liz@lunivore.com
@lunivore



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