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CHAPTER 8

MANAGING FRAMES TO MAKE BETTER DECISIONS

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The frames we use to view the world determine what we see, locking us into certain ideas and shutting out new possibilities. We need to actively manage our frames to make better decisions.

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The test of a first-rate intelligence is the ability to hold two opposite ideas in mind at the same time and still retain the ability to function.

—F. Scott Fitzgerald

Managers use frames to simplify reality—choosing which aspects to focus on and which to ignore—but these frames can also create blindspots and traps. For example, Encyclopedia Britannica *framed its business as print publishing and failed to quickly recognize and react to the growing market for CD-ROM encyclopedias. The authors explore the power and pitfalls of frames, as well as strategies for better managing frames. These strategies include conducting a frame audit, identifying and changing inferior frames, and using a variety of techniques for reframing. By recognizing and using frames, managers can utilize the efficiencies of frames in simplifying complex problems while avoiding the blindspots created by them.*

Assume you are the vice president of manufacturing in a Fortune 500 company that employs over 130,000 people with annual sales exceeding $10 billion. Due to the recession as well as structural changes in your industry, one of your factories (with 600 hundred employees) is faced with either a complete or partial shutdown. You and your staff have carefully narrowed the options to either:

A. Scale back and keep a few production lines open. Exactly 400 jobs will be lost (out of 600).
B. Invest in new equipment that may or may not improve your competitive position. There is a one-third chance that no jobs will be lost but a two-thirds chance that all 600 jobs will be lost.

Financially, these options are equally attractive (in expected rate of return). The major difference is the effect of the decision on the plant workers, who have stood by the company for many hard years without unionizing. Which option would you choose if these were your only alternatives?

Having presented this hypothetical dilemma to hundreds of senior managers, we find that most choose option B. Typically, they are loathe to accept a sure loss and are willing to take the chance that no jobs will be lost.

But consider what happens when we present the same options through a different frame:

A.′ Scale back and keep a few production lines open. Exactly 200 jobs will be saved (out of 600 threatened with layoff).
B.′ Invest in new equipment that may or may not improve your competitive position. There is a one-third chance that all jobs will be saved but a two-thirds chance that none of the 600 jobs will be saved.

In this case, most of the managers make the opposite choice, selecting option A′. What is the difference between the two versions? Only the framing of the situation. In the first formulation, the options are framed as losses, and in the second, as gains. The presentation of the problem shapes the outcome. Many savvy managers will take a 180-degree turn depending on how the consequences happen to be framed. Yet, most managers are not conscious of the frame or how it influences their decisions.

Frames determine how we see the world. (See box for a more precise definition of frames.) Managers allude to them often when they talk about "thinking outside the box," "shifting the paradigm," or "not being on the same page." Yet most managers are unaware of the cognitive frames that underlie their own perceptions and decisions. And even fewer know how to *systematically* use framing—or, more specifically, the skills of *re*framing—in ways that can foster organizational success. This chapter synthesizes multiple views of framing and their relevance to managers.

Frames are crucial because they simplify and focus our attention on what we deem is most relevant, making it possible to decide more quickly and efficiently than with widespread attention. Frames reside in our mind and control what information is attended to and, just as important, what is filtered out. Through a process of pattern matching, people try to match new experiences to patterns from their past experience. This is especially important in situations that demand quick action and can be very efficient in situations in which the underlying context has not changed much. We need these mental structures, and associated processes such as pattern matching, to help our minds make useful connections and not be distracted by irrelevant ones. They structure our thinking.

What Is a Frame?

A frame is a stable, coherent cognitive structure that organizes and simplifies the complex reality that a manager operates in. Many frames reside in memory and are usually evoked or triggered automatically. The terms *frame* and *framing* have their origin in cognitive science and artificial intelligence (AI), and refer to the mental representations that allow humans to perceive, interpret, judge, choose, and act.[a]

We consider three types of frames: problem frames (used to generate solutions), decision frames (used to choose among clear alternatives) and thinking frames (deeper mental structures based on years of experience). In decision making, Daniel Kahneman and Amos Tversky[b] brought the concept of decision frames to great prominence by demonstrating that changes in the surface features of the decision frame (such as framing the outcome as a gain versus a loss) can alter choices, as shown with the framing of the options for the layoff decision problem at the opening of the chapter.

Frames are related to mental models and paradigms, but are less complete than mental models and less widely held than paradigms:

- *Mental models.* Peter Senge defines mental models as people's deeply held images of the world.[c] We can think of each mental model as a rich network of concepts and relationships that captures a mental construct such as a car, a computer, or something more abstract such as a restaurant.[d] An adult brain contains thousands of mental models that have developed over decades of education and experience. In addition to models for objects (such as a car, computer, or house), we also possess mental models for constructs such as the boss, a legal contract, leadership, democracy and so on. Much of managers' special knowledge about their business may be represented as a collection of mental models. Frames are the essential elements of mental models. Like the frame of a house, they define the shape of these models, even if the models themselves are fully furnished with more details. Because frames are simpler than full mental models they are easier to deal with.
- *Paradigm.* A paradigm is a widely shared mental model that groups of people use to define their reality.[e] Thomas Kuhn's original notion of a paradigm views it as a mental structure that is broad, encompassing, and largely invisible to those within it. Frames, in contrast, entail fewer elements and can be highly personal or confined to a specific domain.

What Is a Frame? (Continued)

Furthermore, frames can be more easily exposed, understood, and realigned in a limited time. This is why we focus on frames rather than paradigms (or mental models).

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[a] Marvin L. Minsky, "A Framework for Presenting Knowledge," in *The Psychology of Computer Visions*, ed. P. Winston (New York: McGraw-Hill, 1975).
[b] Amos Tversky and Daniel Kahneman, "Prospect Theory: An Analysis of Decision Under Risk," *Econometrica*, 47 (1979), pp. 263–91.
[c] Peter Senge, "The Leader's New Work: Building Learning Organizations," *Sloan Management Review* (Fall 1990), pp. 7–23.
[d] For more on mental models see Rob Ranyard, *Decision Making: Cognitive Models and Explanations* (Routledge, New York/London, 1997) or C. Marlene Fiol and Anne Sigismund Huff, "Maps for Managers: Where Are We? Where Do We Go From Here?," *Journal of Management Studies* 29, 3 (1992), pp. 267–285. The classic references to mental models and their cognitive functions are: *Mental Models: Towards a Cognitive Science of Language, Influence and Conciousness*, ed. Dedre Gentner and Albert L. Stevens (Erlbaum, Hillsdale, NJ, 1983) and Philip N. Johnson-Laird, *Mental Models* (2nd ed.) (Harvard University Press, Boston, 1983).
[e] Thomas S. Kuhn, *The Structure of Scientific Revolution* (University of Chicago Press, 1970).

But sizing up a situation based on past patterns can be disastrous if there have been significant changes in the decision context. Because we accept these simplifications as reality, frames can also create blindspots and be very hard to challenge.

IMPRISONED BY FRAMES

The choice of frames is not an idle exercise. The wrong frames can have significant negative consequences for companies. Encyclopedia Britannica thought it was in the book business until it woke up to find it was really in the knowledge and information business, which had gone digital. In 1989, Britannica was booming, with $627 million in sales of its $1,300 sets of encyclopedias. By 1994, its sales had dropped 53 percent. Why? Other

encyclopedia companies were developing CD-ROM alternatives, which made content more exciting, less expensive, and easier to use. Britannica's management, unfortunately, had framed the company as a book publisher, and consequently offered only a very limited electronic license of the series' content. By the time the company's leaders realized the full impact of CD-ROM on their business, they had neither the money nor time to develop new technology or new license partners. Their large sales staff was dedicated to selling the print product. In 1995, CEO Peter Norton was forced to resign.[1] Britannica suffered a near-death experience because they were locked into the wrong frame.

Even with the right frames for a particular time or place, firms very often find themselves trapped by their own success. Like actors who become typecast in a single role, a company's reliance on a frame that was effective in the past can inhibit healthy change. Several decades ago, Federal Express virtually created the U.S. overnight delivery system through a radical shift in the way package delivery was framed. Its winning approach called for a dedicated fleet of planes, a single central hub, standardized procedures for processing packages, and an image campaign that equated the firm with guaranteed on-time delivery. But when FedEx exported its system to Europe in the late 1980s, it was spectacularly unsuccessful. A single hub in Brussels added costly customs delays. Differences in national cultures frustrated FedEx's attempt to standardize its procedures. European firms shipped intercountry less frequently than U.S. firms do interstate. And finally, the European market failed to exhibit the kind of growth the U.S. market had experienced, a crucial factor in this high fixed-cost business. The bottom line: annual losses as high as $200 million. In 1992, the company scrapped its intra-European express delivery, laid off 6,600 employees and closed more than 100 European facilities. It took a $254 million restructuring charge and lost $114 million for that year.[2]

These two examples illustrate how senior executives missed key changes in their environment. It is difficult in hindsight to unravel the myriad causes of a particular pattern of failure. The origins of such executive failures can be numerous, ranging from bad luck, to misdirected incentives, to a flawed strategy. Nonetheless, we believe that in these cases, previously successful corporate leaders got stuck in a narrow way of looking at their business environment. They did not factor significant new considerations

into crucial strategic decisions. We believe they failed, in large measure, because of key mistakes in framing.

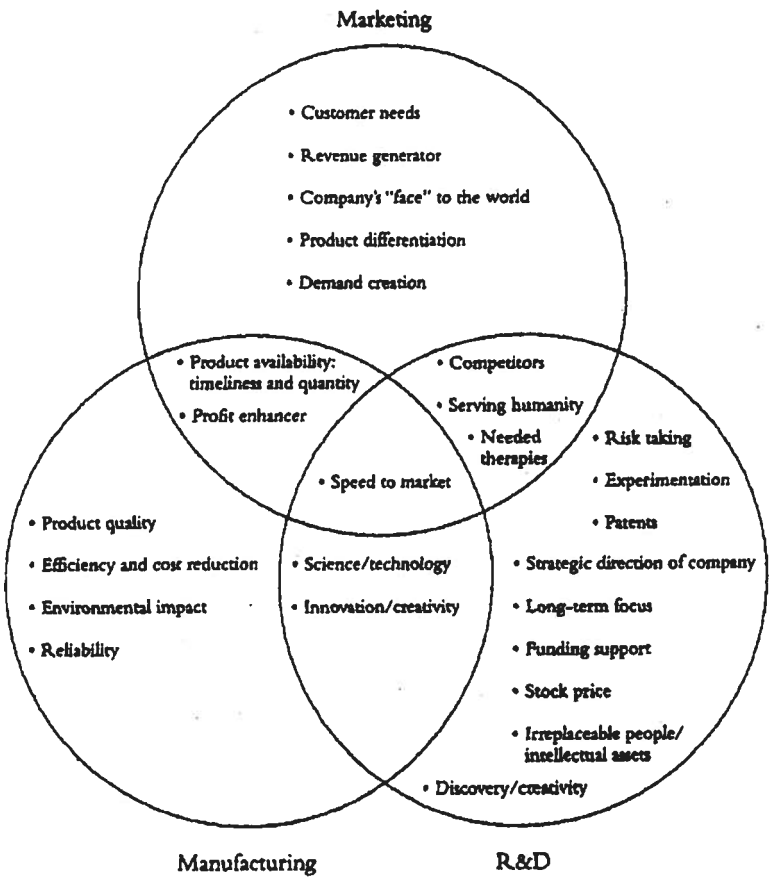
FRAMING TRAPS

Frames influence our thinking by simplifying issues. The price we pay for this benefit is distortion. As Albert Einstein noted, "we should make things as simple as possible, but not simpler." Frames create highlights and shadows, focusing our attention on certain aspects of a problem while leaving others in the shadows. Frames also distort by imposing mental boundaries on options, for example when a manager's domestic frame precludes global expansion. Finally, frames distort by establishing yardsticks and reference points, as we discussed in the example of company layoffs at the opening of the chapter (which can be assessed from the reference point of a loss or a gain).[3]

These distortions can cause communication problems within a company. Consider the frames of three separate functional groups within a major U.S. pharmaceutical manufacturer (Figure 8.1). When middle managers within the R&D group talk about what is important to them (and, implicitly, to the company), they naturally focus on long-term strategic direction, stock price, and the firm's human capital and intellectual property. Marketing managers, on the other hand, highlight customer needs, revenue generation, competitors, and the company's "face" to the world. While there is some overlap between the frames (speed to market, competitors, and therapeutic needs are highlights in both the R&D and marketing frames), the overlap is limited, and most of the highlights of any one frame lie in the "shadows" of the other. And there is only one aspect shared by all three frames: the importance of speed to market. These different frames made it very difficult circa 1992 for people from different functional backgrounds or cultures to communicate with each other in this pharmaceutical company. Since then, there have been some changes made to these frames, such as economic value added (EVA) being important in all three frames.

The mechanisms by which frames exert their influence on our thinking are complex and only partly understood. Nonetheless, their effects are clearly visible in the form of well-documented mental traps. We discuss

Figure 8.1
Overlaps among Three Functional Frames



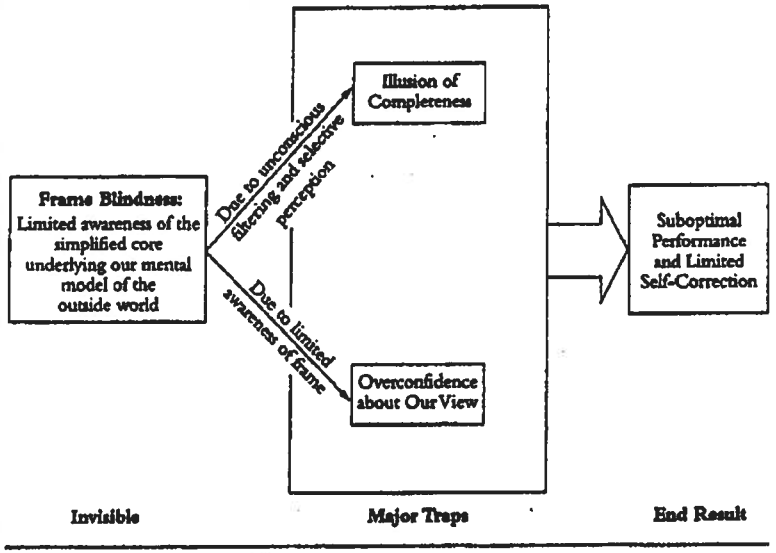
three related traps that are especially pernicious for managers and those they supervise (see Figure 8.2).

Frame Blindness

Being unaware of our frames poses an enormous risk. All too often, managers look out at the world through one mental window and fail to notice the views offered by other windows. They may operate from outdated frames (using a domestic frame when the industry is globalizing, for example) or try to solve a marketing problem by using a sales frame. Worse yet, they may not even realize they are doing so.[4] We refer to this as *frame blindness*.

One company switched its yardstick for its salesforce bonus from total revenues to growth of market share. This grow-our-share frame was meant to provide an incentive to beat competitors (the desired highlight) rather than beat last year's sales (the old highlight). This new frame, however, caused substantial conflict between the sales and marketing organizations. While the marketing group set prices, the salesforce proposed

Figure 8.2
How Frames Can Limit Effectiveness



pricing changes (since they were closer to specific customers and followed competitors' prices). The salesforce wanted to grow market share by lowering prices, which ate away at the profits for which the marketing group was accountable. The executives who instituted the switch to the "grow our share" frame were blind to the major conflicts it would cause between sales and marketing.

The Illusion of Completeness

Managers who do not understand that they are operating from a particular frame (with its distinct highlights and shadows), may erroneously believe that they "have the complete picture." It is the illusion of completeness, rather than the existence of frames per se, that is the real culprit. No frame is complete; each one highlights and hides different aspects of the situation at hand.

A strategy consultant frames your difficulty as a strategy problem, an organizational development consultant sees the same situation as an OD problem, and an information technology consultant is likely to propose a new information system. What is striking here is not just the incompleteness of any one perspective, but the sincerity with which these consultants believe that their own frame fully captures the problem and provides the very best solution.

Be on guard about the false sense of completeness that any frame will offer. Try to see the gaps and limitations of the frame as well as why it fits.

Overconfidence

Most of us suffer from a well-documented tendency to overestimate what we know, which contributes to our tendency to overvalue the relevance of our own frames and undervalue the relevance of others.[5] IBM, whose traditional frame for making and selling computers was that of vertical integration, has become a classic example of frame-based overconfidence. IBM developed its own circuitry, platforms, operating system and applications software, as well as a first-class salesforce and high-service channels. As a consequence, the company's leaders failed to recognize direct mail opportunities for selling personal computers. There were people at IBM who did

recognize the potential importance of direct mail, but overconfidence in their existing frames and the illusion that they saw the complete picture caused bright people to filter out opposing voices, just as in the Encyclopedia Britannica example.

Frame Conflict

Different frames, and the associated overconfidence instilled by them, create the potential for conflict. These frame conflicts can generate outright hostility, accusations of private agendas or questions about competence. For example, as today's U.S. healthcare system undergoes fundamental changes, physicians and hospital executives have a very different view of the challenges. In a typical physician's frame, doctors are independent service providers who use the resources of hospitals, laboratories, specialists, and so on to help patients. In the business frame embraced by a growing number of management-trained hospital executives, doctors are an asset of a well-managed hospital. Hospitals are businesses that offer their customers many medical services, one of which is access to physicians. What gets lost is that each of these frames contains highlights *essential* to the provision of high-quality, cost-effective medical care. Ultimately physicians and health-care executives will have to understand elements of each other's frames, and together develop a new, more robust frame that incorporates elements of both. This will require constructive and deep dialog—a meeting of both the heart and minds in which profound differences in views, interests, and values may be bridged. Many companies are turning to cross-functional teams as an antidote to myopic thinking and frame blindness. These teams can also serve a valuable role in identifying and addressing frame conflicts.

MANAGING FRAMES TO AVOID THE TRAPS

How can managers avoid these and other traps? Managers can consciously control their frames, rather than to be controlled by them—and even use framing to their advantage. An old story about a Franciscan priest and a Jesuit priest illustrates the gentle art of frame control. Both were heavy smokers and somewhat troubled about their human frailty, especially about

smoking when praying to the Lord. The Franciscan decided to see his prefect and asked: "Father, would it be permitted to smoke while praying to the Lord?" The answer was a resounding no. The Jesuit also sought counsel, but framed his question somewhat differently: "Father, when in moments of weakness I smoke, would it be permitted to say a prayer to the Lord?" The answer: "Yes, of course my son."

We next identify three key steps for taking charge of your frames.

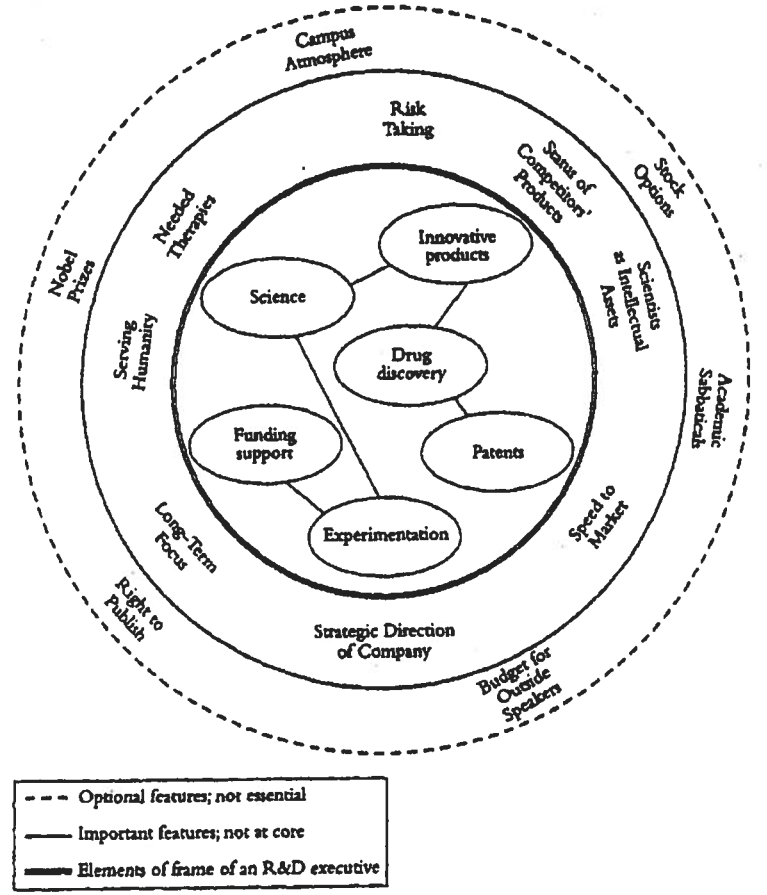
1. See the Frame by Conducting a Frame Audit

You cannot manage your frames if you cannot see them, and like water to a fish, frames are usually invisible to us. A frame audit begins with surfacing your own or your organization's frame or frames, understanding the frames of others, and developing an appreciation of newly emerging frames.

Surface Your Frames. One of the best ways to surface your frames is to present them visually. Figure 8.3 illustrates this process with the mental model of a pharmaceutical R&D executive. (Remember that mental models are much broader than frames.) In the center circle is the frame of drug discovery, science, innovative products, and experimentation. The R&D manager sees the world through this lens. Issues such as speed to market and status of competitors' products, which would be central to marketing or strategy executives, are in the outer circles. Exercise 1 (see box) describes how to generate these visual representations of your own frames and mental models. More complex representations are possible as well, such as system dynamic models.[6]

Understanding the Frames of Others. The process of examining the frames of different stakeholders should make you more aware of frame overlap and conflict. A second exercise (see box) can help you become more aware of the frames of your boss, colleagues, competitors, customers, regulators, and key partners. To understand other people's frames, you might ask yourself, "What matters most to them? What do they talk about most often?" Ask also, "What do I naturally consider that they rarely mention? What messages do they seem to filter out?" The first questions reveal their highlights; the second, their shadows. Effective communication and dialog

Figure 8.3
Simplified Mental Model of a Pharmaceutical R&D Executive



require a thorough understanding of other people's frames of mind. In one case, when we conducted the first exercise, it became apparent to all that some key objectives and areas of focus were missing from the inner circles of most of the functions and departments presented in the group. For example, the IT group gave insufficient attention to customer satisfaction or

Exercise 1: Surfacing Mental Models and Frames

In many discussions or meetings it is crucial that various parties thoroughly understand each other's mental models or at least the core frames. This exercise invites participants to contrast their perceptions of present and future frames in a domain of interest. For illustration's sake, assume that a company wants to better understand the frames of key stakeholders such as its customers, distributors, suppliers, and competitors.

A: Using parallel breakout teams, we start with a characterization of the traditional frames of these groups. Each team is assigned to study just one stakeholder group and asked to draw three concentric circles that capture the following:

Inner circle. List those objectives, concerns, or notions that traditionally have been most central to this stakeholder's interests, perspectives, and ways of thinking (see example in Figure 8.3).

Middle circle. List those elements that are important but not at the very core of this stakeholder's traditional frame of mind.

Outer circle. List those elements that are tertiary in importance to this stakeholder, within the traditional view of the industry.

Hint. The elements you list should correspond to what a set of interviews or recordings of internal meetings would reveal as being most central, secondary, or tertiary in the minds of the stakeholder group you are assessing. This part of the exercise is *descriptive*. Figure 8.3 shows an example of these concentric circles from the perspective of a pharmaceutical executive.

B: After having de-briefed the mental snapshots of the traditional frames of mind of the four key stakeholder groups, we are ready to engage in a more projective exercise that tries to anticipate what these pictures may look like, say, five years out. It should already be evident that new concepts (such as the Internet, alliances, globalization, etc.) are entering the dialog. This exercise is an opportunity to discuss and arrange these new ways of thinking in terms of their constituent elements and their relative importance. By its very nature, part B of the exercise entails conjecture and imagination, since participants need to contemplate what the world may be like in five years and what new priorities, concerns, or concepts may arise. *Example:* In the manufacturing frame of mind of the 1950s, such notions as cost efficiency, mass production, plant safety, unions, and automation were foremost on the minds of plant managers. Today, such concepts as quality, supply chain management, environmental compliance, flexible production, and global purchasing are more often at the core.

Exercise 2: Know Your Own Frames (and Those of Others)

Indicate how frequently you rely on the frames listed when addressing business problems in the categories shown. Put an H, M, or L (denoting High, Medium, or Low frequency of use) in your column and that of someone else. Also ask a colleague to score how they see your frame preferences. You may be surprised. Add to the list any other personally relevant framing domains, such as family-work balance, approaches to leadership, view of strategic alliances, and so on.

	Yourself	*Other*
1. **Functional frames** for general business problems:		
—*Research and development* perspective		
—*Engineering or manufacturing* perspective		
—*Marketing and sales* perspective		
—Other (*finance/accounting; legal/regulatory; strategic planning; human resources; public relations*)		
2. Your view of **customers** (or distributors)		
—An *adversary* whose gain is your loss		
—A *partner* without whom you can't exist		
—Other perspectives		
3. Your view of **competitors or rivals:**		
—*Other firms* offering the same product/service		
—*Any party reducing your profit* (e.g., suppliers, substitutes, customers, government, employees)		
—Other views		
4. Your usual approach to business **negotiations:**		
—A *battle* resulting in clear winners and losers		
—A *journey* where most parties can come out ahead		
—Other approaches		
5. **Organizational frames** for complex problems:		
—Organization viewed as a *family*		
—Organization viewed as a *sports team*		
—Organization viewed as *military unit*		
—Other (e.g., *machine; garden; orchestra*)		
6. Your view or approach to (*fill in*): (List different approaches or views here.)		

competitive benchmarks; and the legal department ignored profit considerations most of the time. As one participant put it, it suddenly hit her what the problem was in her department: poor frames. As people specialize in functions and departments, they often lose sight of the big picture and what really matters to the company. General Motors—which suffered its share of mental blindspots in the past—is one company that has since instituted a very effective frame audit strategy that is used whenever complex issues arise or cross-functional teams meet.[7]

Appreciate Emerging Frames. Frames do not stay the same. Every field experiences innovation. How other people are currently changing the way they frame important questions may illuminate something that your frame keeps you from perceiving. For example, the war or sports frame in negotiations (win-lose) is giving way to a new frame (win-win) that looks at negotiation as joint problem solving where both parties can achieve most, if not all, of their goals. Study new frames such as virtual organizations (in contrast to traditional physical organizations), learning cultures (organizations focused on learning in contrast to performance cultures) or co-opetition (managers simultaneously competing and cooperating in contrast to strictly competitive frames) to see what their highlights might add to your own view.

2. Identify and Change Inadequate Frames

Managers often use frames that are outdated, or just plain wrong, to "solve" their problems. But how can we identify a poor frame, given that our frames filter what we see and then create an illusion of completeness? The answer—which we acknowledge is easier said than done—is: We must constantly challenge our own frames. Outlined next are three tactics for effective frame challenge.

Are Your Frames Effective? The first challenge to pose to your frame is whether it is effective. Does your current frame get the job done? Among the questions that can help you assess the effectiveness of your frame are:

1. Does your frame prompt you to ask the right questions most of the time?

2. Have you tested or challenged your frame, or have others tried to do so?
3. Does your frame help you resolve tough issues decisively?
4. Is your frame easily communicated to and understood by others?
5. Do key stakeholders accept your frame as a guide to joint action?
6. Is your frame sufficiently simple (without being too simple)?
7. Is your frame adaptable to change?
8. Does your frame generate solutions that achieve the desired results?
9. What are some notable failures of your frame? Where did it lead you astray?
10. In which cases did your frame allow you to see the forest for the trees?
11. What are some of the deeper assumptions that underlie your frame?
12. What is the origin of these assumptions in your past experience?
13. How do the frames of those you admire differ from your own?
14. How have you improved your framing skills over time?

Observe the Symptoms of Frame Misfit. Poor results, surprises (violations of expectations), inconsistencies, and difficulties communicating with others are indications of a weak frame. Consider the possibility that your frame may be wrong or, at least, not perfect! Experiment with an opposing frame. For example, if your frame says customers care mostly about price and only secondarily about service, try the opposite approach and see what happens. Give yourself a chance to be proven wrong. In building his advertising empire, the late David Ogilvy went as far as to run ads he thought would probably not work just to test his own theories about advertising. (He would pull the failing ads quickly, and at little cost.) Or ask people who usually disagree with you: "How do you see it?" "What am I overlooking?"

Question Your Reference Points. Ask yourself where your own reference points, or those used in your company, actually come from. What contributes good versus bad performance to you? For some time, Ford has been adamant about *not* comparing its quality to that of its two domestic rivals, but instead focuses on being the best in breed, which includes Japanese and German car companies, among others, in its comparisons.

Recognize Your Key Assumptions. Bringing your organizational frames to the surface helps you to understand what type of thinking dominates your organization. It's likely that some of these assumptions are explicit, while others exist below the surface. For example, GM's assumptions about itself and the world in the 1970s presumed an isolated U.S. market, an abundance of cheap gas, dominance of styling over technology, alienated workers due to unions, and little social unrest. These assumptions, which worked when technology was simple and gas was cheap, kept the company from noticing the many signals that the world had changed. Recognize how your assumptions direct your attention and lead you to filter information. Ask yourself whether changing an assumption would change the preferred course of action, or whether changing several assumptions, in an internally consistent way, would create entirely new scenarios.[8]

3. Master Techniques for Reframing

Once you have surfaced your frames and identified potential weaknesses, you then need to develop the capacity to synthesize and create new frames. There are several elements to this final skill, but much of its success relies on challenging your frames and those of others, and on having a repertoire of frames to work with. The box below provides a set of questions and issues to consider in building new frames.

Given that different frames highlight and obscure different aspects of a situation, you must select the right frame for the problem at hand rather than using a particular frame out of habit, convention or, worst of all, having it imposed by others. When stuck in a critical meeting or facing an important problem, use the following reframing techniques to expand your perspective and help you "think outside the box." Besides offering more options, they also may change the kind of information you want to gather, and help you combine frames.

Use Multiple Frames. Experiment with different frames and compare the solutions you develop. Place yourself in a different environment. To renew their perspective on the business, the Hyatt Hotel Corp. sends senior executives out to work in every position from room service to check-in clerk once a year.

A Toolkit for Better Framing[a]

Strategies	Key Questions to Ask
1. *Focus on the Objective:* Identify the specific results you desire.	✓ What should the solution achieve? What tangible results do we expect? What problems must be solved by the solution?
2. *Consider Key Stakeholders:* Identify the requirements of those who will make or break the success of the solution.	✓ What is needed to ensure agreement and commitment to a solution? Who are the key players? What are their interests and constraints?
3. *Identify All Constraints:* Identify all limitations you must accept.	✓ Are there any schedule or resource constraints to consider? Critical dates? Time, cost, or staffing limitations? Which constraints are negotiable and which are non-negotiable?
4. *Analysis of Assumptions:* Surface and challenge all important and implicit assumptions and constraints.	✓ What important assumptions are we making, including implicit or hidden ones? Are these appropriate and realistic? What other assumptions are possible?
5. *Yardstick Analysis:* Examine any bias or incompleteness in performance measures.	✓ Are the metrics we use biased or incomplete in any way? What am I not measuring that might be important? Is my judgment based on facts or inference?
6. *Reference Point Analysis:* Examine the basis for whatever benchmarks you are using.	✓ What reference points am I using? What other reference points might apply? How do different reference points affect my perceptions?
7. *Get Other Views:* Ask experts, customers, suppliers, etc. for their inputs.	✓ Consult with people whom you respect or who have prior experience with this problem. Encourage them to challenge your problem definition and assumptions.
8. *Assess the Mental Images:* Evaluate metaphors, analogies or illustrations.	✓ What images do I repeatedly use to describe the situation or explain people's behavior? In my conversations or presentations at meetings? In my memos and other written work?

(continued)

A Toolkit for Better Framing (Continued)

Strategies	Key Questions to Ask
9. *Create a Joint Frame:* Include the important elements from each perspective.	√ Which alternative perspectives are most important to consider? What are the important elements of each frame? Can we prioritize them? How should these elements be represented in our decision or problem frame?
10. *Portfolio Perspective:* Combine the various options to explore their net effects.	√ List the sets of options that can be implemented concurrently and evaluate the net result of these combinations, rather than the component results.
11. *Consider Implementation:* Identify what will be needed to ensure the solution can be implemented successfully.	√ What factors relative to implementation should be considered? What resources and problems are expected? What criteria should be included to ensure a smooth implementation?
12. *Prospective Hindsight:* Imagine you are in the future and the decision has failed. Then ask, "In which ways was the problem perhaps misframed?"	√ What is highlighted or hidden by each frame? Which frames seem most useful? Which capture the most important elements? Which should promote understanding and communication?

[a] These tools were drawn from *Mastering Tough Decisions*, a proprietary decision training program developed by J. Edward Russo and Paul J.H. Schoemaker, with the help of John Oakes (see www.thinkdsi.com for details).

You can also think about how others might frame a particular problem. How would a marketing manager define the problem? An engineer? An entrepreneur? A regulator? Someone from a different industry? Someone from a different culture? Even someone from a different era? Assembling people with different backgrounds (and presumably, different frames) can surface a broader range of ideas, help see into the shadows of existing frames, develop alternative frames, or at least, stretch existing frames.

For example, after British Petroleum (BP) had failed repeatedly to find a profitable way to produce oil from its Andrew field in the North Sea, it shifted its frame and approach.[9] With the support of CEO John Browne, the development team invited seven key contractors into the problem-solving effort, a major departure from established practices. Normally, the contractors would bid on the project once it had been fully developed by BP's staff. The best approach BP had come up with carried a projected cost of $676 million to develop this geologically complex field. Once the contractors got involved, every problem, aspect, and assumption was examined. Breakthrough solutions were found from drilling horizontal wells, to cost sharing, to offshore construction of an integrated deck. The end result was a new budget for the project of $560 million, with penalties for overruns and bonuses for savings. As it turned out, the project came in just below $444 million and was completed six months ahead of schedule.

Of course, such cross-functional teams are not without their own problems, particularly when team members are oblivious to the issues of framing, frame blindness, and the lack of completeness inherent in their individual views.

Look for Ways to Align Frames. Try to align your frames with those of others. Frame blindness nearly derailed a joint venture by Raychem Corporation and a business partner, both telecommunication equipment manufacturers who dominated their respective and complementary niches. The alignment of both companies' frames proved critical to their joint success.[10]

In early 1993, Raychem and its partner had independently developed a sealed station protector, part of the technology needed to connect telephone lines to each other. Recognizing the opportunity to build on each other's reputation, they decided to form a joint venture to develop, manufacture, and market this product together. But as so often happens in joint ventures, conflict in the meeting room demolished a plan that looked great on paper. Engineers from both companies wanted to preserve as much of their own existing designs as they could. Neither group wanted to reveal significant shortcomings to the other because of fear of giving away design secrets.

By finally agreeing to an open discussion of the advantages and disadvantages of both designs, the teams uncovered a key difference in perspective. Raychem had long focused its expertise on exceptional grounding

technology, exceeding the industry standards in that area; its partner, while meeting industry standards for grounding capabilities, had developed its expertise on the sealing needed to prevent moisture from degrading the equipment.

Once they had refocused the discussion from the differences in design to the differences in expectations (frames), the two teams were able to analyze the quality of their individual frames. They then created a better frame by combining the critical highlights of each one. Applying this new frame to the two designs, they found that neither would have passed muster in the market. The new frame resulted in a new design, which ended the impasse, saved about $250,000 in tooling and two person-years in design costs and protected their market position. Furthermore, the new frame can be applied to future joint venture projects.

Change Metaphors to Regain Control of a Frame. Whenever someone uses descriptive imagery or a strong analogy to define a problem, be on guard: you are about to be framed. The connections that will automatically fire in your brain are dictated by this outside suggestion. Try to shift the metaphor to redefine the problem. During World War II, some U.S. government agents questioned the loyalty of Japanese-Americans by demanding: "Whom do you want to win, America or Japan?" Some Japanese-Americans, recognizing that the framing of this question was "war" or "battle" or "fight-to-the-death" tried to shift from a military frame to a family frame. They responded: "Whom do you want to win when you see your mother and father fighting? You just want them to stop fighting."

To regain control of a frame, challenge it with alternative images, then see which ones fit best. Many times, you will find that a combination of elements from several different frames offers the best picture of a problem.

Challenge Others' Reference Points. A worker at a Texas company confronted a manager about the firm's 5 percent annual wage increase. The worker felt the raise was small compared to the company's 12 percent increase in profits that year. Instead of accepting the worker's reference point, the manager challenged it. "What were the wage increases at our competitor across the street?" he asked. The answer: "3 percent." Then he added: "And

do they offer our employment security ?" "No." By shifting the reference point and adding new dimensions (such as the non-salary benefit of job security), he defused the problem and took control of the frame.

Stretch a Frame. It is often easier to get others to stretch their frame, rather than to totally change it. Prior to 1992, the R&D and manufacturing divisions of the pharmaceutical company described in Figure 8.1 had frames that focused primarily on quality. By beginning to talk about speed-to-market as an attribute of quality (and in the process, generating the notion of quality-speed), corporate leaders were able to stretch three functional frames to include an additional highlight. Since then, they have stretched the frame yet further, introducing economic value added as another key attribute, and are now talking about quality-speed-value.

Build New Frames for New Situations. Be aware of situations in which a radically changed business environment necessitates the construction of an entirely new frame. Most successful entrepreneurs challenge existing frames and set out to demonstrate that the new environment favors a new or better business theory. Corporate leaders also can construct new frames to help an existing company thrive in a new business environment. In response to advertising's declining share of marketing budgets, an international advertising agency decided to move the company toward offering integrated marketing services. To succeed long-term, the company had to switch its entire strategy from a traditional *advertising* frame to an *integrated marketing*, and even a *consulting* frame. These three frames entail very different approaches to defining the scope of work, the pricing of services, and the management of the client relationship.

Speak to Others' Frames. People often cannot see or hear anything that lies outside their frames. You need to speak in their frames. Often, failure to convince someone of your point of view occurs because your frame differs from theirs. Learning how to align your message with your listener's frame can move them from opposition to buy-in. Howard Perlmutter at the Wharton School has developed an interesting framework to encourage deep dialog among organizational stakeholders.[11] He identifies various dialog deficits

that limit effective communication, such as lack of trust, cognitive misperceptions, or false assumptions. In addition, he recommends seven types of processes that can improve and deepen dialog within organizations, ranging from bridging to bonding to blending. This framework of deep dialog encompasses both the cognitive aspects of communication, such as frames, and the affective and cultural elements as well.

FRAMING FROM THE TOP: IN CONCLUSION

In addition to the tools and approaches described here, reframing also requires a willingness to live with discomfort for a while. This may be a small sacrifice in light of the costs generated by mental inertia in highly competitive settings.

Become *brutally realistic.* Collect disconfirming evidence. Ask other people (especially those who usually disagree with you), "How do you see it?" "What am I overlooking?" You won't always like what you hear. No matter how disturbing it is, use this feedback to improve your frames. Don't view it as criticism, but reframe it as a gift.

Appreciate people's *emotional commitment to their frames,* especially if core values are involved, people usually need considerable time to adapt. Recognize the stages of denial, anger, despair, acceptance, and rebirth. A CEO who was trying to reframe his organization once confessed to us as he was correcting his own impatience, "I forget how many times I have to repeat the message."

Complex issues can seldom be solved within a single frame. We believe that it is the unique responsibility of the senior manager to see that an organization, and those within it, are working from appropriate, robust frames.[12]

In fact, the higher a person rises in an organization, the more time should be spent on framing (and reframing) key issues. In a complex and uncertain world, senior managers can't be expected to choose the alternative that, in hindsight, always produces the best possible outcome. But good senior managers *can* be expected to ensure that the entire organization frames questions thoughtfully, that the dominant frames used throughout the organization are appropriate and updated as needed, and that complex decisions are evaluated through a variety of alternative frames.

To do so, managers must learn to recognize the limits of their own frames and to appreciate the value of other perspectives. They must learn how to recognize and challenge other people's frames (defensive frame control) and master techniques to help others to accept better frames (proactive frame control).

Ultimately, this is where management differs from leadership. Managers operate within an existing frame and execute; leaders ask the deeper questions, provoke new ideas and operate across frames, moving the organization from an old frame to a new one. Effective leaders challenge old frames, envision bold new ones, and contrast the two very clearly.

WHARTON ON MAKING DECISIONS

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