

Avoid Unintended Consequences

Three Key Questions to Ask

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The cost of college education has been a much talked-about subject of late, in no small measure because of the number of recent graduates who are buried under a staggering amount of student debt. Many factors have contributed to this. One in particular is an unintended consequence of the Federal government making wholesale entry into the funding of student aid, as I'll explain momentarily. But unintended consequences occur routinely in almost every arena of life. So, what can we do as managers and leaders to minimize unintended consequences? That's our topic today on Upsize Your Leadership.

I opened today's program by referring to the Federal government's unintended contribution to the spiraling cost of higher education. For the past 40 years, Washington has steadily increased the level of assistance to students, either in the form of outright grants or guaranteed student loans. As Federal aid became more plentiful, universities increased their fees in a corresponding manner. The higher fees led to the government increasing its subsidies. And thus, an upward spiral of costs occurred. What began as a well-intentioned effort to help students ended up burying them under crippling loan obligations.

Now there's an unintended consequence flowing from the level of student debt. In recent years, fewer and fewer high school students have seen a college degree as worth the cost. I attended a graduation exercise this spring for a small private school which attracts above average students. But only 10% of the graduates had any plans to go immediately to college. The rest were looking at careers which do not require a college degree for entry. This new trend among high school graduates, as well as a demographic drop in the number of college age young people for the next few years, is endangering the survival of hundreds of small colleges and universities across the nation. Some estimates are that as many as 800 of them will fail in this decade.

Unintended consequences like this occur routinely and in almost every arena of life. And they can be costly economically, socially, and politically.

My first experience with unintended consequences took place in the neighborhood where I grew up. I lived in a small farming town surrounded by pin oak forests to the west and pinewood forests to the east. The area was laced with streams and narrow, winding rivers, a number of

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them with dams which created small lakes. Many of the farms which raised cattle also had sizable ponds on their property to water their livestock.

Environmental conditions were such that water vegetation flourished, and ponds and sections of lakes often became choked with heavy growth. That's when a neighbor, about seven houses away, came up with an ingenious idea. While traveling in South America, he came across a little beaver-like animal called a nutria. These creatures loved the water and fed on vegetation growing in waterways and standing bodies of water.

Nutria had been trapped in Latin America for generations for their pelts. But their taste for water vegetation struck him as a promising solution to the clogged streams and bodies of water that were a bane to fishermen and cattlemen. He therefore got a license to import some of these animals and set up caged areas to breed them behind his house. He was soon marketing them to farmers and ranchers to keep the water supplies for their livestock free of unwanted vegetation.

It was a great idea – at first. But our neighbor and his customers failed to take into account that nutria reproduce at a prodigious rate. Females typically have two litters per year. Males are mature enough to mate after four months, females after three months, and a litter might have as many as 13 offspring. Moreover, the nutria had no natural predators in East Texas to control their population growth.

In short order, rivers and lakes were overrun with them. Once they consumed all of the available water vegetation, they began digging into river banks and earthen dams to get to buried roots. In 1963, the lake in Tyler State Park collapsed, flooding nearby homes and farmlands. And although the official explanation was that heavy rains weakened the dam, many locals also blamed the nutria who had burrowed into it.

Unintended consequences like this are common when new plant, animal, fish, snake, or bird species are introduced into environments where there are no predators to constrain their population. Florida has had no end to these types of problems.

But unintended consequences are hardly restricted to environmental disasters. Good intentions on the part of government have led to many of them. A classic example is the experiment with prohibition. To limit the spiraling problem of alcoholism, the U.S. passed the well-known constitutional amendment prohibiting the sale of liquor. But the market for alcohol was large and lucrative, which gave rise to secretive trade in illegally manufactured alcohol, which in turn funded the massive growth of underworld gangs. The impact was so severe that the prohibition amendment is the only one in the Constitution that has later been reversed.

In more recent times, something similar has occurred with the war on drugs, begun in 1971 during the Nixon Administration. Drug usage has actually expanded during the intervening years. And the illicit trade in illegal drugs has led to powerful cartels, which are now a deadly, international menace who have also organized the massive influx of undocumented immigrants across the southern border to the point that cities everywhere are being overtaxed to take them in.

I would leave the wrong impression, however, if I only cited examples of unintended consequences which resulted from government action. They happen in business and everyday life, as well. Over the last 40 years, for instance, an entire industry has developed to make it

easier for owners to sell a thriving company or facilitate a merger. The original intent was to help entrepreneurs who spent decades building a business find someone who would buy it and continue it, allowing the original owner to retire.

What soon developed, however, was the emergence of a segment of the entrepreneurial community which started businesses with the sole intent of selling them in five to seven years. The unintended consequence is that business owners like this were more concerned with near term profitability than with building a longrange quality workforce. Workers soon learned that when new owners had paid a premium price to acquire a company, they wanted to recover their investment as soon as possible. In the name of cost-saving, workforce reductions became routine after a company was purchased, so that individuals who had contributed for years to the growth of the company were suddenly on the street without a job.

Among American workers, therefore, a widespread belief took root that their company would not reciprocate the worker's loyalty with loyalty to the worker, especially when ownership changed. As a result, companies now face higher turnover rates, because workers feel no loyalty to their employer. And high turnover rates add to the cost of doing business due to a drop in productivity when a worker leaves, the cost of recruiting a replacement, and the time and dollar expense of training the replacement. So in the name of cutting costs, companies actually added to their costs.

Nor is the non-profit community immune from unintended consequences. My wife provides administrative support to a very dynamic church in one of the most desirable urban enclaves in the U.S. Like thousands of other churches, they responded to the COVID shutdown of large public gatherings by having a small gathering for worship on Sunday mornings and distributing a streaming video of the service via the internet. The solution was well-received.

But after COVID restrictions were lifted, Sunday morning attendance has never rebounded to its pre-COVID levels. People became accustomed to having a more flexible Sunday schedule by watching a recording of the livestream rather than spending time getting everyone dressed for church and making the commute to worship. In truth, the church no longer has a genuine need to provide the livestream, but doing so is now an expectation on the part of the members. And thousands of churches across the country have had a similar experience.

The creation of unintended consequences is thus a universal problem facing leaders and managers. Yet, having coached and consulted in over 80 industries, I've never had an executive or business owner say, "Could you help me find a way to reduce the number of unintended consequences which result from our decision-making?" Not that it's possible to anticipate every unintended consequence. It's not. But that doesn't mean that we should make no effort to anticipate those which might be foreseen. Yet the planning process in most organizations makes no provision for discussing possible unintended consequences which might result from an initiative being considered.

Let me therefore offer some thoughts on how to tweak our planning process to minimize the number of undesirable unintended consequences to which our decisions give rise. First, is to be forever mindful of a maxim from the social and political commentator, Thomas Sowell, who says, "There are no solutions, only tradeoffs." In other words, to say "yes" to any opportunity is to say "no" to others. For every road that we take, there is at least one other not taken. What is the consequence of not taking the alternative path?

To cite a historical example, the U.S. did away with the military draft when I was in my 20s. It had become very unpopular during the Vietnam War, and Congress and the Administration were under intense public pressure to replace it with an all-volunteer force. The argument was made that an all-volunteer force would allow the armed services to be more selective in who joined their ranks and that overall motivation would be higher because everyone was a volunteer, not a draftee serving under compulsion.

But saying “yes” to an all-volunteer force meant saying “no” to the draft, and that road not taken led to unintended consequences. Because the draft had levied mandatory service from people in every socio-economic strata of our society, the military was a cross section of the American population. The impositions of military service were distributed across all sectors of the public.

But no longer. Today the armed forces draw a disproportionate percentage of their soldiers, airmen, and sailors from minority groups and lower-income families. The upper middle class and upper class are almost unrepresented. After decades of that underrepresentation, the upper economic classes of the U.S. – a highly influential portion of our citizenry in terms of setting policy and legislative direction – have virtually no firsthand experience with military life or operations. They can’t envision the full ramifications of choosing one set of policies over another. As a retired naval officer myself, I can tell you that many initiatives imposed on our military by Congress and bureaucrats today work at cross-purposes to military readiness and battlefield effectiveness. An unintended consequence of the road not taken.

A variation of Sowell’s “only tradeoffs” principle is one I learned from a longtime friend who carved out a very narrow niche for herself as a consultant. She specialized in what she called “problem-after-next” consulting. She continually posed the question, “What problem will your solution create?” She had learned that companies are very reactive when it comes to planning. The lion’s share of their planning effort tends to be concerned with finding solutions for problems which arise. Once they seize on a solution, anticipation builds about the benefits which will accrue from it. In that anticipation, no time is spent addressing unwanted ramifications which might arise from the proposed solution. So, she posed that question directly: what problem will your solution create? And beyond that, how would you generally address that follow-on problem were it to arise?

She saw huge corporations change direction on pending decisions once they fully considered her question. It’s one that I would therefore suggest be part of your own planning methodology as a leader or manager.

A final suggestion which I would offer has to do with who makes input to your planning process. Once a tentative solution is in mind, share the proposed solution with people who will be on the front line of implementing it. Ask, “If we were to put this solution in place, how would it affect your day-to-day work? How would it impact the workflow that you’re part of?”

In a typical year I teach one or two dozen training classes for lower and middle managers. Time and again I hear them say, “I wish upper management had taken X or Y into consideration before they made such-and-such a decision. They thought that they were improving things. But it has actually added to our workload.”

Quite often, I’m somewhat acquainted with upper management in the organization. I know that they are well-intended and that the decision in question was one which they made to improve efficiency, effectiveness, or worker convenience. But they did not have a firsthand grasp of the

precise way that things are done at the point of delivery. As a result, they unintentionally made a decision or undertook a solution which simply substituted one problem for another, with no overall improvement in how things got done. Had they merely taken time to interview workers and managers who were to make the frontline implementation of the solution, they might have made a more informed decision.

Let me summarize today's episode, therefore, with three questions which I hope that you will incorporate into your own managerial quest to solve problems. They are:

1. If we opt for this solution, what tradeoffs are we making and what are the ramifications of those tradeoffs?
2. If we opt for this solution, what subsequent problems could naturally arise from implementing it?
3. If we opt for this solution, how will it impact the workflow of the people who must implement it at the point of delivery?

Needless to say, these questions won't insulate us from all undesirable unintended consequences. But they will certainly lead to solutions which engender fewer unpleasant surprises later on.

Dr. Mike Armour is the managing principal of Strategic Leadership Development International, which he founded in Dallas in 2001. Learn more about his leadership development services at www.LeaderPerfect.com.

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