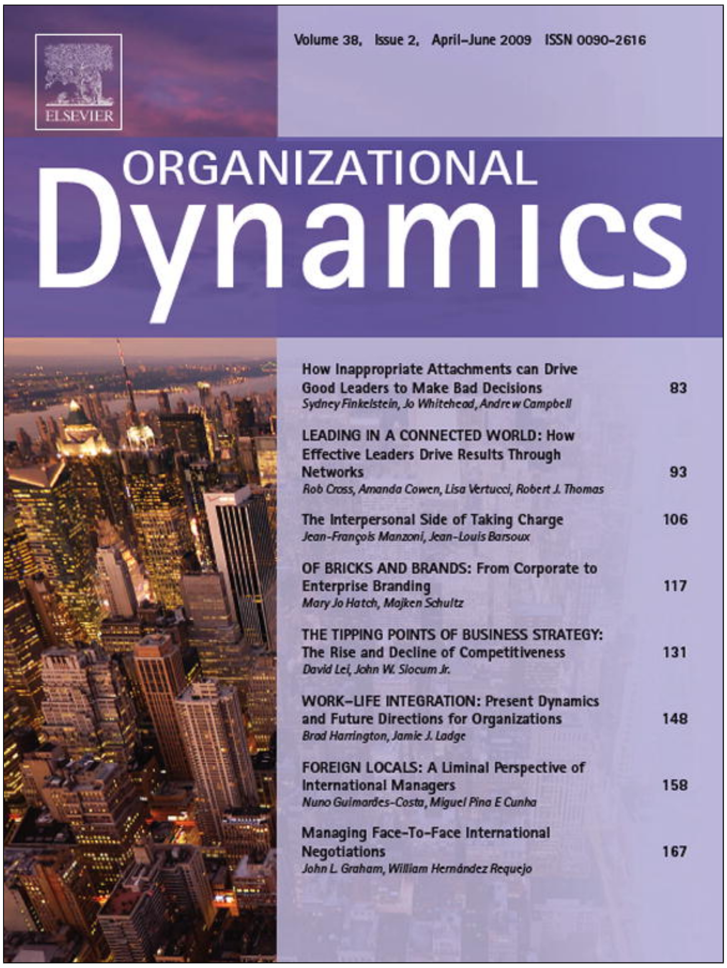
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How Inappropriate Attachments can Drive Good Leaders to Make Bad Decisions

SYDNEY FINKELSTEIN JO WHITEHEAD ANDREW CAMPBELL

One of the most common fallacies promulgated by corporate press releases and autobiographies of business and governmental leaders is that leaders make carefully considered, rational decisions. No doubt this may be the intent in many instances, but research in neuroscience, cognitive psychology and decision theory is increasingly identifying a series of emotional biases that can take hold in important situations. One of the most powerful of these biases is the role of emotional attachments. Consider the following example.

In March, 2005, Deputy Secretary of Defense Paul Wolfowitz was nominated to take over as head of the World Bank by President George W. Bush. While negotiating his contract, Wolfowitz disclosed that he was involved in a romantic relationship with Ms. Shaha Ali Riza, who served as senior communications officer on the staff of the World Bank. The relationship violated a World Bank rule regarding "real or apparent" conflicts of interest, so Wolfowitz offered to excuse himself from any personnel decisions that might pertain to Riza.

The matter was referred to the Bank's Ethics Committee (EC), who unanimously decided that Wolfowitz's offer to recuse himself from this decision was not sufficient to alleviate the potential conflict of interest. The Bank's rules required that conflicted parties had to be situated in the organization such that no direct or indirect supervision would exist between them, and that they could have no professional contact. But, as president of the Bank, Wolfowitz did, in fact, have indirect supervision over Riza.

The Ethics Committee relied on the Bank's extensive guidelines for such situations and recommended that Riza take an assignment with a non-bank organization (i.e., a member government or client), a not uncommon arrangement, whereby employees are paid by the Bank while working for an external client. They also suggested that she be given a promotion to the next job grade, in recognition of the career disruption the change in position might cause. As the committee could not be directly involved in staff discussions, they then referred the matter to Xavier Coll, vice president (VP) of human resources.

At Wolfowitz's insistence, Coll met with Riza in early August to hammer out an agreement. Of course, Wolfowitz should not have been involved in the process at all — remember, he had already stated his intent to recuse himself from any personnel matters involving Riza. Riza demanded the promotion, a $50,000 raise, guaranteed 8% annual pay increases, and guaranteed promotions in five and 10 years. While Coll felt these terms were extraordinary, Wolfowitz overstepped his authority once again and directed Coll to accept Riza's terms. Wolfowitz also sent a memo to Coll expressing his displeasure with the whole situation, and arguing that his offer to remove himself from the decision should have been enough. He seemed unable to recognize that it was his decision to join the Bank that triggered the problem, and, even more important, that it was his personal attachment to Riza that was leading him to make a series of inappropriate decisions.

In a separate conversation, Wolfowitz forbade Coll from conferring with the Bank's general counsel, or anyone else, about the Riza matter. He later explained that he made this demand because he felt that the general counsel was conflicted and could not advise both the Bank and its president. This was a curious explanation, however, because it would only make sense if the Bank and the president were at odds with one another – that is, if the president were acting for his own (or Riza's) benefit, to the detriment of the Bank, which Wolfowitz denied he was doing. Even so, Coll complied with the demand and in September 2005, he signed a letter of agreement with the terms named by Riza and approved by Wolfowitz.

Even before the deal was signed, Wolfowitz wrote to the Ethics Committee informing its members that Riza had taken an external assignment and the issue was therefore resolved. He did not offer any details of the agreement, but hinted that Riza was being forced out of the Bank and that her career would likely be damaged through no fault of her own.

None of this entered the public arena until March 2006, when the *Washington Post* published an article about the whole messy situation, particularly Riza's salary. Other media outlets jumped on the story and it spread like wildfire. On April 6, the directors of the Bank formed an ad hoc group to investigate the allegations of ethical lapses and managerial wrongdoing.

Wolfowitz claimed that he had understood the recommendation from the Ethics Committee as a directive to him to deal with the Riza issue immediately and personally. However, this interpretation thrust Wolfowitz into the middle of the very conflict of interest that the Bank had been so earnestly trying to avoid. Wolfowitz justified the $50,000 raise by claiming that Riza had been inappropriately denied promotion in prior years, and hence was deserving of compensatory pay. This too was disingenuous, since such a claim should have been handled through the appropriate HR processes. Wolfowitz went on to argue that he was only acting on the EC's ruling. Both Wolfowitz and Riza proclaimed that the whole situation was not their fault and they never liked the deal anyway. Finally, however, in a statement to the World Bank, Wolfowitz admitted that he should not have been involved in the details of the negotiation with Riza.

On May 14 2007, the ad hoc investigatory group submitted its report. It found that Wolfowitz had indeed violated staff rules, breached his contract, and ignored the requirement to avoid any conflict of interest. While Wolfowitz asserted he had acted in good faith, the board announced that it had accepted his resignation effective June 30.

The story of Paul Wolfowitz and the series of remarkably poor decisions he made in this process is one that clearly highlights his emotional attachment to Shaha Ali Riza. He was a leader caught in a conflict of interest of his own making. Rather than defuse the problem in a manner consistent with the rules of his organization, he did the opposite. Remarkably, he not only sought to further the interests of his girlfriend, he also took advantage of every opportunity to complain about his predicament.

Personal attachments surround us and can have a major role in any decision, sometimes to our extreme detriment. Our research found that attachments, as valuable as they can be for many aspects of our lives, can also trap us without our realizing it. Attachments are very important to consider. They bring meaning and joy to our lives – they include attachments to our friends and families, to communities, to places, and even to objects that have taken on significance for us. It would be virtually impossible not to be affected by these attachments as we make decisions, but, under certain circumstances, they can cause us to make flawed decisions – as Paul Wolfowitz discovered, too late.

Do emotional attachments push smart leaders to make bad decisions? The Wolfowitz story is a rather extreme and public example that suggests they can. But attachments need not be so intimate to have an influence on decision-making.

ASTONISHING ATTACHMENTS

Even those of us involved in deep research into flawed decision-making are prone to irrational attachments. When Andrew Campbell co-founded the Ashridge Strategic Management Center as a new subsidiary of the Ashridge business school, one of the first things he did was personally commission the design and development of the logo and notepaper for the new subsidiary. He was pleased with the process, the individual identity that resulted, and with the subsequent growth of the new entity. Two years later, a review of the Ashridge brand resulted in a decision, at the parent company level, to create a shared logo and common identity for all units of the group. This resulted in a particularly tense telephone call between Andrew and the head of marketing for the group. Andrew argued for an exception to the process of standardization because he felt that the subsidiary would suffer if it did not present an independent image.

The call became quite heated, as the head of marketing pressed her case and Andrew continued to argue for the logo he had designed. At last Andrew realized he was going to lose the argument and ended the call. As soon as he put down the phone, he burst into tears. His attachment to the logo was that strong and that irrational. Within a few weeks, it was obvious to him that the new logo was not only superior to the old, but that the benefits of standardization far outweighed the benefits of differentiation. However, before the call he had not been aware of the depth of his emotional attachment to the logo and all that it represented. Andrew's attachment to a logo powerfully influenced his ability to make a decision about the best way to market the Centre.

In both of these stories, attachments were formed as the result of powerful emotional experiences and produced strong emotional tags that had the ability to drive decision-making off the rails. Attachments that conflicted with other stakeholders' interests contributed to almost half the examples of flawed decisions in our case database. For this reason, it's important to understand which attachments we need to look out for and how they can influence decisions:

- *Attachments form an astonishing range.* From lovers to logos, attachments can form to a very wide and even bizarre range of things. As we'll see, decision makers can be affected by their attachments to cars, among other things.
- *Attachments can be sunny or sinister in nature.* We need to consider not just our positive attachments, but also "negative" attachments – such as Larry Ellison's hostility toward some of his former senior execu-

tives. Fear, hate, and regret can influence our decisions just as powerfully as can hope, love, and happy memories.

- *Attachments have subtle power.* We often underestimate the effect of our own attachments, and those of others. Of all the emotions, those arising from attachments are most likely to seem benign. As a result, decision makers, and even those around them, are particularly prone to overlooking the inherent dangers that attachments sometimes bring. Hence, we need to be especially careful to think through the potential biases that may result from attachments.

AN ASTONISHING RANGE OF ATTACHMENTS

The word "attachments" brings most readily to mind the social bonds that we form with family and friends. But, as we'll see, we human beings can become attached to an extraordinary array of phenomena, including: family and friends, communities and colleagues, and objects such as businesses, icons or places.

Family and Friends

> Love (or at least close connection) makes the world go round.

Even Adam Smith, famous as an icon for the view that self-interest is the critical force driving economies, believed social bonds to be a fundamental characteristic of being human: "How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it." Darwin, an icon for those who argue for the principle of the "survival of the fittest," similarly saw social relationships as fundamental to humanness: "Every one will admit that man is a social being. We see this in his dislike of solitude and in his wish for society beyond that of his own family. Solitary confinement is one of the severest punishments which can be inflicted."

Intuitively we know human beings to be social animals – we need social relationships, we will do things to develop and strengthen those relationships, and grieve when those relationships are lost or broken.

Communities and Colleagues

We also become attached to people other than close family. Just feeling that someone is like us or belongs to our group can cause us to form an attachment with them and influence our decision-making. In fact, this is the key to affinity marketing, whereby companies seek to develop a community of users that gives individuals a non-instrumental connection to products or services that might otherwise be seen as, well, products or services.

One of the best examples of the power of attachments in this regard is Harley–Davidson, and the great success the motorcycle maker had in forming the Harley Owners Group (HOG) as a means to keep customers loyal and involved. It quickly became, and still is, the world's largest motorcycle club, with chapters all over the world and more than one million members. Factory sponsored rides, gatherings, parades, and charity events create a highly visible presence, serving both marketing and customer service functions. HOG also fostered and enabled the community and camaraderie for which Harley–Davidson is world-renowned, positioning the brand as a lifestyle, not just a motorcycle. HOG sponsors and runs national events and state rallies every year for Harley–Davidson owners. Participation in 100th anniversary events worldwide in 2003 was over one million people. The Harley–Davidson brand is frequently cited in marketing books, top 100 lists, cult brand lists and enthusiast lists for its ability to generate loyalty beyond reason and profits beyond projections. It has enabled Harley–Davidson to capture market share and mind share, extracting a premium in each.

This sense of attachment to the community of HOG members translates into purchasing decisions that might never have happened otherwise, and Harley–Davidson has positioned itself to take advantage of this attachment: "We fulfill dreams through the experience of motorcycling by providing to motorcyclists and to the general public an expanding line of motorcycles, branded products and services in selected market segments." Harley's strategy of building attachments doesn't solve all the problems of a motorcycle company, but it has helped the company sell a variety of general merchandise to its customers that go far beyond the motorcycle, including riding attire such as leather jackets and helmets ('MotorClothes'), non-riding attire such as t-shirts and baseball hats, and household goods such as branded pet accessories and barbecue tools.

Beloved Objects

Things and places, just like people, can acquire particular significance – perhaps because of particularly strong emotional tags we associate with them from our previous experiences. For example, Lee Kun Hee, former chairman of Samsung, had an attachment to one of the more common objects people become attracted to – the motor car. However, in Lee's case it contributed to a disastrous business decision.

Lee Kun Hee is the third son of Lee Byung Chull, who founded Samsung, the Korean electronics company. Lee Kun Hee went to university in Tokyo, to business school in the United States, and managed different parts of the family company before being named chairman in 1987.

When Lee Kun Hee took the reins, Samsung was riding high, with very profitable memory-chip and electronics businesses. On the back of this success, the new chief announced a "second founding" of the company and declared his intention to create a world-class corporation, ready for the 21st century. By 1995, he was close to achieving his goal. Samsung was among the top three companies in Korea and enjoyed a strong position in a range of industries that offered promise in the next century.

In that year, Lee Kun Hee made another dramatic announcement, and one that puzzled many observers, as well as people within his own company – Samsung, Lee declared, would become an automaker. Yes, automaking was a growth industry, not only in Korea, but also throughout Asia. Globally, however, the auto industry was mature. Automotive technology was advancing much more slowly than in the electronics segments, and world-class automakers were struggling with significant manufacturing overcapacity. Many questioned Lee's decision. As one Samsung insider explained, "Many believed that there were more and better investment opportunities and that the motor business was not a good choice at all."

Chairman Lee Kun Hee also faced significant resistance from several outsiders. The Korean government had developed a policy that limited the number of companies that could participate in certain industries, to control competition and encourage a balanced economy. In general, the government wanted the chaebols to reduce the range of businesses they were involved in, not increase it. Korea already had two large automakers, Hyundai and Daewoo, so Samsung's request to enter the industry was denied by the Ministry of Trade, Industry, and Energy. The banks did not help Samsung's bid, either. They were reluctant to lend the huge sums required to create a plant that could produce enough units to be competitive – some 240,000. Because of the great risk involved, the banks insisted on guarantees from Samsung's other businesses.

Lee Kun Hee did not give up. He proposed to locate the new factory in the home province of the president of Korea, Kim Young Sam, despite the cost disadvantage involved – nearly 40% more in set-up costs per car than his competitors. Samsung's engineers began to design their dream factory, a highly automated facility that contained internal roadways so wide (12 meters) that very large, automated vehicles could be employed in the facility, and pass each other with plenty of room to spare. "The people at Samsung had no idea about the car business," says Kang Myung Han, former chief adviser at Samsung Motors. "Money was spent from the point of view of the engineer and spoiled executives, not the accountant."

As Samsung continued to pursue the project, Samsung's Korean competitors tried to stop it. They discouraged their suppliers from producing parts for Samsung and refused to share know-how. As a result, Samsung had to establish relationships with untried suppliers in Korea and find new ones outside the country. Lee Kun Hee also agreed to license technology from Nissan Motor Co., the Japanese carmaker, at a royalty of 1.7% of sales. Since the average return on sales made by Korean car companies was less than 2%, this Nissan royalty alone would have eaten up most of Samsung's profits – if the company made any at all. As Sydney Finkelstein concludes in his book *Why Smart Executives Fail*, "In the face of so many drawbacks, it would have taken a miracle for the car business to work."

To make matters worse, the prospects for the car industry in Korea began to deteriorate, and sales growth slowed. The competitors were caught flatfooted, with expansion plans that would create nearly 1 million units of excess capacity. Analysts predicted that, by 2000, capacity utilization might fall to just 60%. Even well-established and well-run car makers, such as Nissan and Mazda, were finding the going tough.

Given all of these obstacles and ill omens, why did Chairman Lee continue to make flawed decisions in favor of moving ahead? There are many possible explanations. Possibly it was a case of his commitment making it impossible for him to recognize the evidence that this project would fail.

Most likely, however, it was an object attachment that confused the issue – Lee Kun Hee loved cars. As one internal manager commented, "Lee Kun Hee, chairman of Samsung Business Group, has been known by his love with cars. He just wanted to have a motor company in his portfolio of businesses."

As almost everyone except Lee expected, the project turned into a disaster. In 1997, when the factory was partly built, the Asian economies went into a steep recession. Sales of cars in Korea and a number of other Asian countries collapsed. In the following 12 months, as industries and consumers struggled to reduce their high debt, car sales fell to less than 40% of their previous levels. In addition, large shifts in currency exchange rates led to sharp spikes in the cost of some imported parts.

Despite it all, Lee persisted and Samsung's first cars rolled off the assembly line and were introduced to the market in March 1998. Despite rave reviews for the cars, Samsung Motors sold fewer than 50,000 units, many purchased by employees. In the first half of 1998, the motor division posted a net loss of 156 billion won, and debt for the Samsung Group rose to 3.6 trillion won. In December 1998, the main factory was closed, and in early 1999, Samsung Motors went into receivership.

The combination of the economic downturn of 1998 and 1999 and the failure of the motors division plunged

Samsung Group into crisis. The labor force was reduced by 50,000 and Lee Kun Hee was compelled to pay some $2 billion from his personal fortune as part of the settlement with the creditors of the car business. In May 2000, the car making operations were sold to Renault, the French automaker, for $120 million in cash and a further $440 million conditional on future profits – less than a tenth of Samsung's investment.

The range of objects we can become attached to is wide. One common attachment is to elements of the business that hold particular emotional significance for the decision maker. For example, the chairman of a large construction company visited an M.B.A. class on corporate strategy. Prior to the class, a group of students had analyzed the many businesses of the company. They concluded that most of the businesses fit the competencies and skills of the company, which included procurement, project development, and large project management. However, one business stood out as a misfit – a provider of specialist advice for retailers seeking to re-fit their stores. This unit's main skills were in design and consultation.

The chairman listened attentively as the group made its presentation and then stood up to respond. After offering well-considered and detailed comments about the group's evaluation of the various businesses, he turned at last to the specialist retail business. "Yes," he said, "You're right. That business doesn't fit. But I like it! It's exciting. I enjoy it. Besides, it isn't too big a part of the business and doesn't absorb too much of my time – so I'm keeping it!"

An attachment was behind the chairman's decision to retain the design business. Perhaps it originated from his career prior to joining the construction company. He had spent his career working in relatively specialized and technologically sophisticated businesses. Although he had been successful at the construction company, its businesses were less technically advanced than he was used to, and less dependent on innovation and creativity. Whatever the range of causes, he had developed a strong attachment to the innovative and creative nature and operating style of the retail consultancy business, and that's why he told the M.B.A. students that he would keep it in the company's portfolio even though it didn't really fit.

In sum, certain of our attachments can be particularly strong and thus particularly likely to influence a decision. Such passions may be hard to counter, appearing as visionary and inspirational to the decision maker and those around them.

SUNNY OR SINISTER?

Chairman Lee's attachment to cars was highly positive (although it led to extremely negative results), but emotional tags can be negative as well. Hate, as well as love, can influence our decisions.

Negative feelings appear to have colored the decisions made by Craig Conway of PeopleSoft and Larry Ellison of Oracle Corp. during Ellison's takeover battle for PeopleSoft. As Conway himself put it, "This hostile tender offer would ultimately become one of the longest in history, taking almost 18 months and $200 million of legal fees by both companies." Industry observers commented that both companies were damaged by the hostility of the process, because they lost focus on customers and innovation, and rivals were able to pick up market share.

The battle was rough and got very nasty at times. Ellison at first vowed that he would gut PeopleSoft, lay off the majority of its staff, phase out its products, and destroy customer confidence in the company. Later, Oracle reassured the world that it would support PeopleSoft products for at least the next 10 years. PeopleSoft was as vicious as Ellison was unpredictable. Conway created a fiendishly clever "poison pill" strategy to keep the Oracle marauders at bay – they promised to pay their customers a rebate equal to two to five times the amount of their annual contract fees if PeopleSoft were taken over.

What made this particular takeover battle so vitriolic? Larry Ellison and Craig Conway hated each other. Ellison is famous for the size of his ego and his dominating personality. Many of his lieutenants could not tolerate Ellison's style and quit Oracle to work for rival companies, and one of the most notable of these was Craig Conway. Ellison never forgave him. "At one point Craig thought I was going to shoot his dog," Ellison said. "I love animals. If Craig and the dog were standing next to each other, trust me – if I had one bullet – it wouldn't be for the dog." Finally, the PeopleSoft board fired Conway and the deal was done.

We can have hostile feelings about others because of some previous event (as in the case of Ellison and Conway) or simply because they belong to a rival group. Sometimes such hostility is disguised as loyalty to our own group, as in the case of gang members who will attack rival gangs just because they are different. In the U.K., for example, some gang members associate with one another because they live within the same postcode [zip code] and attack rival gangs because they are from a different one. For example, in April 2007, a London boy was stabbed to death by a rival gang. One local resident explained the cause of the attack "The Thatched House boys are E15 and the Cathall Boys are E11: it's all about postcodes." Researchers have conducted experiments confirming that we can act in a parochial fashion, being prepared to sacrifice our own interests for the interests of our group, while at the same time being aware that our group is benefiting only at the expense of others. We are particularly hostile to people we regard as "traitors" – those who are members of the group but take actions that are against the group's interests.

The existence of negative feelings has an important implication for identifying potential warning signs for bad decisions. Decisions may be influenced not only by positive emotional attachments, but also by feelings of hostility, aversion, envy, or fear. It is important to ask not only, "What attachments does the decision maker have?" but also, "What hostile feelings might affect his or her judgment?"

ATTACHMENTS BEGUILE US

Like any emotion, the effect of emotions generated by our attachments can be extremely beguiling, so beguiling in fact that they can be very hard to spot. Even if we are aware of the feelings they create, we may be unaware of how they are affecting our decision. However, attachments also have certain additional features that make it even more likely that we underestimate their impact. In particular, attachments often act under disguise, and sometimes even provoke very powerful protective feelings.

The effect of attachments on our decision-making can disguise itself as being rational and reasonable. For example, Andrew realized *later* that his attachment to his original logo was irrational. At the time, although he was aware of the power of his feelings, he also believed his arguments to be reasonable. He felt intuitively that the existing logo was important, and he searched for arguments that supported retaining it. Why, if he was aware of the strength of his feelings, was he unable to recognize and counteract the bias it might be causing? Why did he allow his reasoning mind to become highjacked by his feelings? Part of the reason is that attachments create intuitive arguments that are particularly seductive. If our attachments are for others, then arguing on their behalf appears altruistic. If the attachment is to a symbol of something good – in Andrew's case, the development from scratch of a research center – then arguing on its behalf also feels good.

Consider also the example of Marks & Spencer's flawed acquisition of Brooks Brothers, the clothier. In 1988, Marks and Spencer (M&S), led by its chairman Derek Rayner, acquired Brooks Brothers for $750 million. Brooks Brothers, a retail chain famous for its button-down shirts, represented the traditional clothing heritage of Wall Street. Rayner wanted the company because he felt it would provide a foundation on which M&S could build a successful business in the U.S. But, as it turned out, he had purchased a turkey. The day the deal was announced, M&S shares fell 4p to 180p, despite the respect with which M&S was held. Brooks Brothers never performed successfully. When M&S finally sold it for $225 million in November 2001, it had cost the company more than $1 billion.

Why did Rayner make such a mistake?

After all, he knew that retailing skills don't always travel well. M&S's earlier experience in North America had proved this. The previous chairman, Marcus Sieff, had acquired People's Department Stores in Canada, and it had proved to be his greatest mistake. As described in Judi Bevan's *The Rise and Fall of Marks and Spencer*, M&S's format simply did not suit the Canadian shopper. "When one Alberta woman was asked why she did not shop at her local Marks & Spencer, she replied that she had no wish to shop in a hospital ward." Rayner was, therefore, well aware that M&S's success in the U.K. market might not translate into overseas markets.

Rayner also had a good idea of Brooks Brothers' market value, which his team working on the acquisition put at about $450 million, rather than the $750 million he eventually paid. Rayner's team also suggested an alternative acquisition – but Rayner rejected that option and stuck with Brooks Brothers. What's more, Rayner was highly intelligent and had a strong record of performance. In the four years of his leadership, 1984–1988, M&S had modernized, transformed itself from a family-run company, doubled earnings per share, and grown revenues from £2.9 to £4.6 billion.

Given all his knowledge and experience, what caused Rayner to pay almost double the market value for Brooks Brothers? The reason: Rayner loved the product. He "was enamored with Brooks Brothers clothing, which was in large part aimed at men of Rayner's age and taste." Although his advisers had presented six possible acquisition targets, Rayner ignored all the others and "went straight for the preppy up-market Brooks Brothers chain."

Rayner's attachment to Brooks Brothers and its products is not so surprising in light of his personal history. He had been with M&S for more than thirty years when he became chairman, almost all of which had been spent under the wing of Marcus Sieff, the previous chairman. Sieff and the other members of the family who had led the company for a century had created a culture in which the quality of product and suppliers were paramount – as was the quality of the lifestyle enjoyed by the company's directors, who all tooled about in chauffeur-driven Rolls Royce cars and convened their executive meetings at only the most luxurious hotels.

Rayner had steeped himself in quality and focused on minute details. "Every morning at 7:30," writes Bevan, "the top food executives would meet on the sixth floor in an area known as the Bureau of Standards and taste samples of all the new season fruit that had been delivered that day. 'There was always an issue,' said Stuart Rose, then a food executive and now the company's executive chairman. 'The nectarines were too sharp or the melon not ripe. Derek was obsessive. I remember falling out with him over the quality of the mangoes.'"

Rayner had an unshakeable attachment to quality, and the Brooks Brothers name was synonymous with quality. Not only were its button down shirts and natural shoulder suits a legendary uniform on Wall Street, but its stores also offered unhurried, old-fashioned, and courteous service. Rayner was told by the sellers that Brooks Brothers was a trophy prize that merited a trophy price – and he swallowed the rationale whole.

What may have made his attachment to Brooks Brothers so beguiling was that Rayner could have justified the acquisition with the argument that a quality company with a quality product would surely be a good fit with Marks and Spencer. This would have made it almost impossible for him to appreciate the extent to which he was being influenced by emotional attachments of which he was only partly conscious, and difficult for him to see why Brooks Brothers was worth only half of what he paid.

ATTACHMENTS FEEL GOOD

Attachments can not only feel reasonable – they can often drive us to make decisions that generate good feelings – adding to the risk that they beguile and deceive us. For example, decisions that threaten people or things we are attached to can produce powerful feelings of guilt and strong protective feelings that greatly influence our choices. These feelings seem reasonable, but can lead us to making flawed decisions.

The personal assistant (PA) of one of the authors was fired on the spot by the office manager, when she discovered that the assistant had accessed and read a private e-mail of a colleague. The author argued forcefully that the procedure followed was inappropriate and a more measured process should have been used. He argued that doing so might have highlighted some of the extenuating circumstances that led to the PA's transgression.

Some time after this event, however, the author realized that the real reason for his objection to the firing was his attachment to his PA, because they had worked closely together over a period of several years. While this attachment was not unusual, it was surprising (to the author at least) that he had not been aware at the time of the firing how much this attachment was driving his actions. He felt guilt and shame at the actions of the company, and strongly protective of his assistant, who was suddenly out of a job. His feelings were accentuated by his dislike (negative attachment) of the office manager whom he resented and felt to be imperious and cold – although he later realized that she was only trying to be consistent and disciplined.

Unlike the Wolfowitz case, this was not about romantic love – but, like love, it released a complex and powerful cocktail of feelings: guilt, shame, resentment, tenderness and caring. The author was partly aware of these feelings, but not fully aware of the distorting effect they were having on his arguments.

Attachments can tap into strong emotions, with dramatic consequences for the quality of our decisions. The implication: don't underestimate their effect.

IDENTIFYING INAPPROPRIATE ATTACHMENTS

So how do we identify attachments that may be inappropriate for the decision being considered? The range of potential attachments to consider is dauntingly wide, ranging from people to iconic objects, such as brands. From experience, the following are common.

- *People working with the decision maker*. CEOs may feel attachments to the leaders who are submitting plans for approval. Managers may feel attachments to some of the candidates for a position. Indeed – it would be disturbing to find a business leader who didn't develop attachments to some of the people he or she worked with.
- *People with non-work affiliations to the decision maker*. Decision makers may be influenced by people with similar backgrounds, and hence are more easily swayed to a point of view they might not readily hold. For example, school and social ties can make it difficult to be as clear-headed about business decisions as might be the case otherwise.
- *Elements of the business*. Decision makers develop attachments to business units, factories, worksites, functions, and processes in much the same way that the chairman of the construction company developed an attachment to the retail consultancy business.
- *Iconic things*. Logos, products, gifts, mementos – almost any object can become a symbol to a decision maker. Andrew was greatly attached to the original logo of Ashridge, which symbolized for him the organization that he had helped to found and develop.
- *Places*. Places where the decision maker worked, spent key periods of time, or had a particularly formative experience can lead to remarkably powerful attachments. Anyone who has ever tried to entice someone to relocate for a promising new opportunity and come up against a brick wall understands just how powerful such attachments can be.

Given this wide range of possible attachments and given the difficulty of knowing about all the attachments an individual has, we need some practical way of analyzing attachments so that we can identify any that may be inappropriate. We need to identify those that might significantly influence the decision, and whose influence is at odds with the interests of other stakeholders. Our own work with executives has led us to ask the following questions to spot inappropriate attachments:

1. Do any options affect people, places or things to which the decision maker is likely to be attached (or hostile)?

2. Are these attachments likely to conflict with the interests of the main stakeholders?

3. Is the inappropriate attachment likely to be strong enough to significantly distort the decision?

We have found that the best approach is to focus on the options among which the decision maker is trying to choose. By taking each option in turn, we have a focus for thinking about attachments. Who will this option affect? What elements of the business will be affected? What iconic objects are involved? What locations or places are affected? This stimulates our thinking about possible attachments that could unbalance the decision maker's thinking about the option.

Take, for example, Derek Rayner. One option he faced was to acquire Brooks Brothers, albeit at nearly twice the price recommended by his team. Our first question is whether this option would affect people, places or things to which the decision maker is likely to be attached or hostile. Reviewing the earlier list of potential attachments, we can identify a number of potential attachments:

- *People working with the decision maker*. It appears unlikely that the decision will affect many of the people working directly for Rayner. It might, however, affect M&S and its employees more generally by providing it with new avenues for growth.
- *Iconic things*. As discussed, the Brooks Brothers shirt, and Brooks Brothers in general, were symbols of quality. Quality products and businesses were something to which Rayner was clearly attached.
- *Places*. Those who knew Rayner might have known that he had holidayed frequently in New England and likely felt some attachments to the Northeastern U.S. in general.

The second question is, are these attachments likely to conflict with the interests of the main stakeholders? Clearly they could. All three could contribute to a decision to acquire. This leads us to the third question – whether the inappropriate attachment is likely to be strong enough to significantly distort the decision. There are three attachments to consider. The first is Rayner's potential attachment to M&S and its employees. However, even if present, it appears unlikely that it would have a strong effect on this decision, as there is no reason to believe that Rayner thought the organization needed the U.S. deal. The second attachment is Rayner's general attachment to the Northeast U.S. However, we have no evidence that this would significantly influence his decision. The third attachment, the one to Brooks Brothers, its shirts and its quality, is the most worrying. While an attachment to quality might be appropriate when testing mangos for M&S customers, it appeared to be the motivating factor in persuading Rayner to pay nearly twice the recommended price for Brooks Brothers. This is a potential warning sign that should alert the Board that protective action might be needed.

In summary, attachments are among the most difficult causes of flawed decisions to discern. They are so entwined in our daily lives, and most of the time they are seen as very positive things. Who can live a full life without developing at least some attachments to family and friends, communities, beloved objects and our own past? In this article we have pointed out many of the ways in which attachments can lead us astray, and we have explained why it is possible to be influenced by our attachments even when we are trying not to be. It the end it is critical for leaders to be alert to any potential warning signs that might arise from attachments that might seem benign, yet still lead to bad decisions.

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