

Brief

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A Bigger Prize: Why competition isn't everything and how we do better

Margaret Heffernan's new book on the power and benefits of collaboration

This is Margaret Heffernan's new book, in the wake of her excellent and well-praised 'Wilful Blindness' (about why it is the problems that lead to most organisational disasters - like the banking crash, or Deepwater Horizon - are known to many people, but no-one does anything).

How competition can produce the opposite to what is intended in the market

In *The Bigger Prize*, she looks at competition, and why it produces so many things that we don't want, or indeed the opposite of what was intended. For example:

- Transparency in CEO pay has led to competition that has simply driven up top pay levels by extraordinary amounts
- Increased competition in academic science has led to a ten-fold increase in published papers being retracted because of errors
- Competition breeds size for size sake: for example under Fred Goodwin, RBS bought NatWest, then Charter One, then ABNAmro. Size leads to less competition – and in the banks case, bigger risk.
- Increased competition in Hollywood leads to more and more clone films or remakes - and fewer new ideas.

How competition can damage how organisations work inside

Heffernan is not just talking about how markets operate. Above all she is talking about how humans work when under intense competition. So she has plenty to say about how organisations work. She describes Microsoft having so little successful innovation for years as everyone competed with each other internally, driven by a classic forced-ranking performance scheme - instead of competing externally in the market.

By contrast she visits the Finnish school system and describes in detail how it is designed, from the start, to encourage everyone to succeed and not to complete. It is of course the envy of the Education system around the world.

A smart blend with no easy answers, but three characteristics

This book is a very smart blend of disciplines and examples and concludes by arguing in favour of co-operation, and the end of hierarchical command and control - but against the idea of a single formula for success.

As Heffernan concludes: "For a collaborative mindset to take hold, we need multiple systems - different sizes, shapes, ambitions and goals." They share three salient characteristics:

1. *Extremes of power and distance are avoided*
2. *Trust is valued more highly than secrets, because giving them away is what makes them proliferate*
3. *Success is measured across two, three, four generations.*

Heffernan does not say all competition is bad, but does argue passionately and with plenty of evidence that it is over-rated in comparison to the benefits of collaboration – especially at a human, personal level.