

## The Hero Delusion in Sport, Business & Elsewhere

**Evolution has trained us to use ‘thumb rules’ to simplify complex decisions. However, when these thumb rules don’t work, we are prone to delusional thinking. Our belief in heroes is one such delusion.**

### **Evolution has taught us to take mental shortcuts**

In our second piece for The Ken, my friend, Anupam Gupta and I delve into how much work the human brain has to do even to make simple decisions such as choosing between various flavours of ice-cream. Even whilst making such straightforward decisions, the brain does *not* make the same decision when faced with the same choice in identical circumstances! Thankfully, evolution has given us a method to reduce all this hassle – heuristics i.e. mental thumb rules or mental shortcuts which help us simplify complex decisions into simple ones eg. faced with two equally well qualified applicants for a role in Marcellus, our thumb rule will tell us to hire the person with work experience in more demanding roles.

The very fact that we survive suggests that most of these thumb rules work more often than not. They help us simplify complex decisions and thus save our mental firepower for more decisions more critical than choosing between flavours of ice cream. However, sometimes these thumb rules let us down and we land in hot water.

[Click here to read our latest piece for The Ken: <https://the-ken.com/story/human-mind-limits-multitasking/>. The Ken has very kindly made the piece available free of charge. In case you want to read our prior piece for The Ken, click here: <https://the-ken.com/story/tsundoku-mental-clutter/>.]

### **Hero worship is a dangerous mental shortcut**

In a heterogenous country like India where most institutions are weak, where the rule of law is enforced unevenly and where trust between economic agents tends to be low, we have a strong tendency towards hero worship.

As we highlight in our latest piece for The Ken, there is an *“obsession in the Indian media about the heroic Indian cricket captain...A Martian reading the Indian press would believe that Indian cricket’s success at any point in time hinges largely on the abilities (or lack thereof) of the cricket captain.*

*In the 1970s, India was awful at one-day internationals (ODIs). Then, in the early 1980s, we started improving and won the World Cup in 1983. After that, the steady trend of improvement in our win-loss ratio in ODIs continued. In fact, the improvement continues to this day.*

*Along the way, we had several successful captains. In spite of these leaders having had several high points in their career...and in spite of the underlying 40-year win-loss trend being positive, each of these leaders went through phases where they were seen as less than ideal. During these phases, they were slammed for all sorts of reasons—*

*loss of form, advancing age, decadent lifestyles, etc... Our success is a combination of many factors that have shaped the sport over the years—from our coaching facilities to the fitness regime and the diet of our players, a larger role for technology and, finally, the financial package of the players.*

*There is no way that India could have produced a player as fit... as Virat Kohli in the 1970s. In the India that we grew up in, enabling facilities like high-quality gyms didn't even exist outside of five-star hotels. Kohli is part of the same structural time trend that has given us a wonderful Under-19 World Cup winning team with players who are streets ahead of the age group opposition.*

*However, it is hard to enjoy a narrative around a structural time trend. We need the glory and glamour of a dashing leader either leading us to victory or cruelly betraying our trust. We have an emotional need to dramatise and personalise a trend that is, in reality, underpinned by steady, institutional improvements.”*

### **Investment implications**

Some of us tend to use “hero worship” as a framework for thinking about business i.e. we gravitate towards companies where the promoter/CEO is a clean, capable and hardworking – basically, a god-like figure who delivers outstanding results. Phil Rosenzweig of IMD has shredded this thought framework into little pieces. Rosenzweig worked at HP for seven years before teaching at first Harvard and then at IMD. As he highlights in The McKinsey Quarterly (2007, number 1):

*“Many studies of company performance are undermined by a problem known as the halo effect. First identified by US psychologist Edward Thorndike in 1920, it describes the tendency to make specific inferences on the basis of a general impression.*

*How does the halo effect manifest itself in the business world? Imagine a company that is doing well, with rising sales, high profits, and a sharply increasing stock price. The tendency is to infer that the company has a sound strategy, a visionary leader, motivated employees, an excellent customer orientation, a vibrant culture and so on. But when the same company suffers a decline – if sales fall and profits shrink – many people are quick to conclude that the company’s strategy went wrong, its people became complacent, it neglected its customers, its culture became stodgy and more. In fact, these things may not have changed much, if at all. Rather, company performance, good or bad, creates an overall impression – a halo – that shapes how we perceive its strategy, leaders, employees, culture, and other elements.”*

And then there are some investors who extend this framework to politics i.e. they look for a leader who can lead the nation to greater glory. Try telling them in economies as big, as complex as, say, the US or India, it is not conceivable that one man/woman can make a difference, they will point you towards a “before & after” time trend i.e. before the hero arrived our shirts were off-white and then thanks to the hero’s cleansing effect, our shirts became dazzling white. Rather than arguing with the



believers, we prefer to tune into Tina Turner hit from "Mad Max: Beyond Thunderdome" (1985), a movie from our childhood:

*We don't need another hero, we don't need to know the way home,*

*All we want is life beyond the Thunderdome*

*Looking for something we can rely on*

*There's got to be something better out there.*

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