

Dr. Gleb Tsipursky: [00:00:00] So, what usually happens with mergers and acquisitions, where they go wrong, is that business leaders look at the products, at the strategy, and they don't look at the people.

Peter Margaritis: [00:00:19] Welcome to Change Your Mindset Podcast, formerly known as Improv is No Joke, where it's all about believing that strong communication skills are the best way in delivering your technical accounting knowledge and growing your business. An effective way of building strong communication skills is by embracing the principles of applied improvisation.

Peter Margaritis: [00:00:39] Your host is Peter Margaritis, CPA, a.k.a. The Accidental Accountant. And he will interview financial professionals and business leaders to find their secret in building stronger relationships with their clients, customers, associates, and peers, all the while growing their businesses. So, let's start the show.

Dr. Gleb Tsipursky: [00:01:04] Welcome to Episode 32. And my guest today is the Disaster Avoidance Expert Dr. Gleb Tsipursky. Gleb has over 20 years of experience dramatically empowering leaders and organizations to avoid business disasters by addressing potential threats, maximizing unexpected opportunities, and resolving persistent personnel problems.

Dr. Gleb Tsipursky: [00:01:26] Gleb serves as the CEO of a boutique consulting and training firm, Disaster Avoidance Experts, whose clients range from Fortune 500 companies to mid-sized businesses and nonprofits. He's author of the national bestseller on avoiding disasters in business and other life areas, The Truth Seekers Handbook, a science-based guide. And his Never Go With Your Gut: How Pioneering Leaders Make the Best Decisions and Avoid Business Disasters is forthcoming with Career Press in November 2019.

Peter Margaritis: [00:01:56] Gleb's cutting-edge thought leadership was featured over 400 articles he's published, over 350 interviews he has gave to popular venues that include Fast Company. CBS News, Time Scientific American, Psychology Today. The Conversation, Business Insider, Government Executive, Inc. Magazine and many

others. He also has a strong research and teaching background in Behavioral Economics and Neuroscience for over 15 years in academia, including seven years as a professor at the Ohio State University with dozens of peer reviews and academic publications.

Peter Margaritis: [00:02:34] Our discussion today is about his new book Never Go With Gut. And you can learn more about Gleb by going to his website, disasteravoidanceexperts.com. And you can contact him through his email at gleb@disasteravoidanceexperts.com.

Peter Margaritis: [00:02:54] Now, before we get to the interview, Change Your Mindset is part of the C-Suite Radio family of podcasts. It is an honor and a privilege to be amongst some of the more popular business podcasts such as the Hero Factor with Jeffrey Hayzlett, Amazing Business Radio with Shep Hyken, and Keep Leading with Eddie Turner. You can find Change Your Mindset and many other outstanding business podcasts on C-Suite Radio by going to www.c-suiteradio.com.

Announcer: [00:03:22] This podcast is part of the C-Suite Radio Network: turning the volume up on business.

Peter Margaritis: [00:03:26] And, now, a word from our sponsor.

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Peter Margaritis: [00:04:21] Now, let's get to the interview with Dr. Gleb Tsipursky.

Peter Margaritis: [00:04:29] Welcome back, everybody. Today, my guest is Gleb Tspirusky, who I've known now for a little bit over a year or so because he's a member of the National Speakers Association. And more importantly, he's a member of the Ohio Chapter of the National Speakers Association. And first and foremost, I want to welcome Gleb. Thank you so very much for being a guest on my podcast today. I appreciate you taking time out on this absolutely stunning beautiful afternoon here in Columbus, Ohio something that we haven't seen in quite a while.

Dr. Gleb Tsipursky: [00:04:58] Yeah. That's so much. It's a beautiful afternoon. It's been a week of rain. So, it's nice to have this difference. And thank you for having me on the podcast. I appreciate it, Peter.

Peter Margaritis: [00:05:07] I'm looking forward to this conversation. But before we get into the crux of it, can you give my audience a little bit of your background?

Dr. Gleb Tsipursky: [00:05:15] Sure, happy to. So, as you can hear from my accent, I wasn't born here in the United States. I was born in Moldova, which is a country in Eastern Europe that is just to the east of Romania and southwest of Ukraine for those geography buffs who are listening in. And I came here when I was 10. My parents took me in 1991, just as the Soviet Union was about to collapse. The situation was bad. It became much more free to leave. The wall was falling down. And so, my parents left that part of the world to go somewhere where they have more freedom, independence, and opportunity for themselves and their kids.

Dr. Gleb Tsipursky: [00:05:59] And we settled down on York City. And so, that's where I grew up since I was 10 until I think -- I lived there and tell my early, like 21. I went to New York University. Then, I was in Massachusetts. I got a Master's in Harvard. And then, I got a job at UC Chapel Hill. And so, that's kind of my educational background before I settled here in Columbus where I got a job at Ohio State University. And I stayed there for about seven years until leaving a year ago to do full-time speaking, consulting, and coaching. That's kind of my travel background.

Dr. Gleb Tsipursky: [00:06:33] Now, my professional background is that I was always fascinated in decision making. Why do people make such bad decisions? People make so many bad decisions. When I was a kid, I first saw this in my parents, to be honest. They yelled at each other, they fought a lot, and it was over stupid things, just kind of really random things. And I saw that, and I was like, "Why? Why are you doing this? This is not good for either of you. You live with each." That wasn't great.

Dr. Gleb Tsipursky: [00:07:03] And then, I came of age. So, I kind of became an adult, and I started looking at my society during the dot com boom and bust. And so, when people are pouring enormous, enormous sums of money, many billions of dollars into online venues that really seems sketchy to me, and then they all disappeared in the blink of an eye, most of them. I think Webfan, Petfarm. I mean, so many of them disappeared. And then, even worse you have people from Enron, WorldCom and Tyco who suffered as part of a dot com boom and bust, but they used fraudulent methods to try to cover up their suffering, the fact that they lost a lot of money. And then, they had that accounting fraud scandals, and they screwed a lot of investors out of a lot of money.

Dr. Gleb Tsipursky: [00:07:51] And that was just people suffered so much both because the dot com boom and bust and because of the fraudulent scandals. So, that's really the turning point in my life, that period of time when I was becoming an adult pushed me to study decision making in business contexts and doing consulting, coaching, and training for business leaders on how to avoid the kind of disastrous decisions that lead to such harmful, harmful consequences. So, that's a little bit of my professional journey outside of the academic realm. And academia, I studied the decision making. And then, I brought it out to the consulting, coaching, and speaking points that I train and help.

Peter Margaritis: [00:08:31] Yeah, bad decisions. And you mentioned the big three in the accounting profession around fraud. And we'll start talking more about your book, Never Go With Your Gut. Excuse me, your new book, Never Go With Your Gut, that's coming out in November. But my thought about the accounting fraud scandals are it's just pure greed. And we may have, as you purposely said and very eloquently said,

screwed up. But because of that greed and guilt, I want to keep things going. We perpetrated this ruse to try to cover it up. But as we've learned, and we'll start with Nixon, but we learned coverups don't work, and eventually will come out.

Dr. Gleb Tsipursky: [00:09:13] I hear you, Peter. And as an accountant, I totally understand why you've got the greed question right away. But when you actually -- I look at the scandals in depth. And what happens is that people at the top, they did not need more money. They had many, many, many, many millions of dollars in their bank accounts. So, the question is given that they have many, many, many billions or millions, a few more million dollars wouldn't make a difference, really, to their bank accounts. And it could make a huge difference in their legacy and the fact that some of them went to jail for 10 years. So, why did they do it? Why did they commit this fraud?

Dr. Gleb Tsipursky: [00:09:51] And if you actually look in-depth at why they committed this fraud, they committed it because they went with their gut reactions, their intuitions, and they did it because of their emotions, based from their feelings. They were afraid, Peter. They were afraid of being seen as losers. as losing face in front of other people who were their peers, in front of their families. They didn't want to lose face. And so, they tried to cover it up as much as they could because they felt very uncomfortable, and they felt very bad about being perceived as losers, about losing face. And that's the essence of what was happening there was driven by their emotions, by their intuitions, by their feelings, which research shows determine about 80% to 90% of what we do.

Peter Margaritis: [00:10:35] So, Gleb, help me here. Much of a rational thought around this. If they didn't want to be perceived as losers, but we make these bad decisions based on emotions to basically cover ourselves to or insulate ourselves, but, we're ultimately caught.

Dr. Gleb Tsipursky: [00:10:53] Yes.

Peter Margaritis: [00:10:53] We're even bigger losers versus doing the right thing at the right moment. And we can go back in history. Even for the accounting professionals to

go back in history and see, it continues to go. So, I think part of your conversation here, what about the ego? Does the ego just hijack everything?

Dr. Gleb Tsipursky: [00:11:15] Yeah, the ego. This is the ego. You don't want to be perceived as a loser. Now, here, so we need to think about the gut here, our intuitions, our emotions. They're very short-term oriented. If they weren't short-term oriented, all the students in all the classes would turn their papers on time, right, and there wouldn't be a rush. You work a lot with accountants. You know what kind of rush there is before tax day, before April 15, right?

Peter Margaritis: [00:11:42] Right?

Dr. Gleb Tsipursky: [00:11:43] Well, things aren't on time. People procrastinate because of their gut reactions, their intuitions, our emotions are very short-term oriented because they evolved from the ancestral Savannah. That's what we evolve from. That's what our gut functions as. It functions with tribalism. It functions with fight-or-flight response. So, it's very short-term oriented. And it's really helped us survive in the Savannah to be short-term oriented because we didn't really have an opportunity to invest into the long term. We couldn't build a bank account. We couldn't build a house. We needed to get away from those saber tooth tigers as quickly as possible and to hunt down the deer, and bison, and whatnot. So, that's where our lives are like in the Savannah. And the Savannah, that's short-term orientation was great. You didn't need to worry about cover-ups. You didn't need to worry about journalists, and reporters, and bank accounts, and stuff like that. And so, these gut reactions, they really misfire very often in the modern world and bring down high-flying careers and big companies.

Peter Margaritis: [00:12:45] Wow, okay. I get that. And as soon as you're talking of that, I get the aspect of why emotions drive decisions and the short-term nature of it. But in looking at your book, you cover all of this preface around emotions in the second chapter, like Who Wants to Be a Loser?

Dr. Gleb Tsipursky: [00:13:07] Yes. So, that's a question about losing. One of the aspects that really drives us is not wanting to lose. So, we did some research on this, on

not wanting to lose. Apparently, people, if they have an option between losing and gaining, they're twice as averse, they're twice as reluctant to gain money as to lose money. So, if you go if you give somebody an example, if you tell somebody, "Hey, how about I give you \$50 right now or \$60 in a year?" now, what would you do, Peter?

Peter Margaritis: [00:13:41] You'd probably take the \$50 now.

Dr. Gleb Tsipursky: [00:13:45] Why is that, Peter?

Peter Margaritis: [00:13:48] Short-term gratification. I have 50 in hand.

Dr. Gleb Tsipursky: [00:13:50] Yeah. Well, let's say that there's a complete guarantee they place it in a trust for you, and in a year from now, \$60.

Peter Margaritis: [00:13:59] So, I would go, "There's no such thing as a guarantee." I look at that as a pension. And I'd rather have the \$50 now to spend versus waiting a year. Do they count the time, value of money, and stuff? I'll take the \$50 now. Then, I'll give you my mailing address where you can send it to me.

Dr. Gleb Tsipursky: [00:14:14] Sure, okay. Well, only if you send me \$60 in a year, Peter.

Peter Margaritis: [00:14:17] Let's do that. You shoot me \$50 now, and you'll see if you get to \$60 in a year.

Dr. Gleb Tsipursky: [00:14:26] Right. So, people, unfortunately, they don't tend to think about the fact that, essentially, savings accounts, and checking accounts, bonds, they increase at that rate of 1%, 2%. But we hold all our money in a bank. So, if I tell you, "Put it in a trust fund, put it in an account," you can trust that money will be there. But we intuitively tend to go for the short-term gains because we're afraid of losing the money that's in the hand versus the longer term gains.

Dr. Gleb Tsipursky: [00:14:57] Now, think about \$60 compared to \$50, that's a 20% increase. Imagine if you can make an investment that can guarantee you a 20% increase in the year. That wouldn't be a Ponzi scheme. It wouldn't be Bernie Madoff. People would be all over it. This is a 20% increase of your money in a year; whereas, the average increase in the stock market is something like 5% to 7% with high probability of losses. So, that's a great, great, great investment.

Dr. Gleb Tsipursky: [00:15:26] If somebody offered me that deal, I would totally take it. \$60 in a year, absolutely. Why is that? Because I know that my mind is screwed up as is everybody's to be more oriented to want to avoid losses. And this desire to avoid losses really harms us because smart financial companies and schemers really keep people out of a lot of money who are not oriented toward the long term, who take the short-term gains over the much higher, much better long-term deal.

Dr. Gleb Tsipursky: [00:15:57] And so, if you don't want to be a loser, you want to think about the long term. You want to think about, "Okay. I don't want to lose this money now, but how much more would I gain in the long term?" And so, that's kind of balance we need to draw to avoid falling for the cognitive bias that's called loss aversion. And people fall for it all the time. That's why people stay so long in debt and jobs. I mean, I coach a number of business leaders who were really afraid, executives who were really afraid of jumping ship when they really should have. I mean, they were overqualified for their current jobs, but they were worried about switching jobs to a new company or trying to get a better job in their current company partially because of this loss aversion. They didn't want to let go of what they had, and they made bad decisions. They didn't want to let go of what they had. And so, they lost out a number of times. So, that's one of the conversations that I frequently have with business leaders.

Peter Margaritis: [00:16:53] That's interesting. I can relate to some of it. And, actually, some of the examples that you gave, I just read something very similar, the exact same example. I'm trying to remember the book I just read that in. I get it, yeah. We tend to have taken a short-term view overall in this country. We have quarterly analyst calls, and quarterly reporting, and so on, and so forth. So, we really should be thinking about the long-term investing. In your book, you have this chapter titled Who's the Bad Guy?

And so, I'm sitting here thinking, "If I'm making bad decisions, does that make me the bad guy?"

Dr. Gleb Tsipursky: [00:17:33] No, no, no. This chapter is about how we interpret others and how we interpret ourselves. Now, let's say you're driving on the road, and you see somebody cut you off like really bad. Then, you're like, "Oh, that jerk. How can you cut me off? That's terrible." And then, you're drive along, and then you switch lanes, and you just happened to not see somebody, and you cut them off, and you're like, "Oh, I'm sorry. I just didn't see that person, right. I'm not a jerk." You don't attribute jerkness to yourself. You tend to attribute jerkness to others. And that's kind of the difference in what's called the fundamental attribution error.

Dr. Gleb Tsipursky: [00:18:07] Now, it happens all the time in business settings. When you go to a meeting, and you see somebody who is behaving in a somewhat problematic way. Let's say they're being shifty, or they're being uncertain, or ambiguous, you tend to not trust them because you think, "Oh, they're being shifty. They're not trustworthy." But when you're having a stressful day, you just had a plumbing accident at home, and then you need to change your clothing, and run out to a business meeting you're not going to be so great. You're going to be like worried about what's happened in your house, and what's going on, and your wife or husband are taking care of it or not. So, you're not going to be really focused, and you're going to appear to be shifty. But, of course, you're not going to be not trustworthy in that situation.

Dr. Gleb Tsipursky: [00:18:53] And that's a really frequent thing that happens where people interpret others, the behavior of others in the most negative way possible. It's just the human nature to do so. That's how we think, that's how we roll, that's how our brains work, that's why we think that somebody who cuts us off is a jerk as opposed to thinking, "Oh, maybe that person didn't see us," or "Maybe that person is driving his pregnant wife to the hospital." So, we don't attribute more positive charitable motivations to others. And because of that, we tend to make a lot of mistakes. A lot of business deals don't get closed because of these negative attributions. A lot of people who could be hired to a better position aren't hired. And so, this is called the category of attribution errors where we attribute negative status to other people and, also, to groups of other

people. We could talk about that. That gets into stereotyping. But I'll stop now, so I don't monologue.

Peter Margaritis: [00:19:48] So, okay. So, your analogy about the car. Two weeks ago I was driving from Atlantic City back down to Baltimore, and I swerved. I didn't see the blind spot, and I almost hit the car. I came back, I'm very sorry, whatever. No kidding, 10 minutes later, somebody almost ran into me, and I didn't calm him jerk, but I gave him another word. It wasn't very nice. And I didn't think twice about that. But then, I'm thinking now listening to you, like, "Oh, yeah. I get it." And I don't know why. There's a joke that George Carlin used to say, when somebody flies by you, they're speeding past you, "Look at that idiot," or if someone is driving you off, "Well, what a moron," you say.

Peter Margaritis: [00:20:38] But to your point, and I try to do more of this in my own personal life, when somebody speeds by me, I don't know, they could be a jerk, but, really, they could be rushing to the hospital. Their parents might be sick, their kid might be sick, or they're late for a very important meeting. But we make these assumptions, "Oh, look at that crazy guy. Look at the bad decisions that they're making." But you don't know what's going on in their head in their life at that time.

Dr. Gleb Tsipursky: [00:21:04] Exactly, exactly. And that's what we need to be really worried about and afraid of. And that's why we need to go out of our way to be more charitable toward others because our intuitions, as you so rightly point out, Peter, are to be not charitable toward others, to assume hostile intent. And that goes back to the Savannah environment as I talk about in my book, *Never Go With Your Gut: How Pioneering Leaders Make the Best Decisions and Avoid Business Disasters*, which is available from Amazon for preorder now in print, and e-book, and audio books formats.

Dr. Gleb Tsipursky: [00:21:33] So, in the Savannah environment, in the ancestral Savannah environment, which is what our intuitions and gut reactions are adopted from, which is 80% to 90% of what we think and feel are driven by these gut intuitions, it was very good to assume hostile intent. If there was somebody else who was coming from another tribe or even from your own tribe who was kind of looking at you sideways, it

was very good to assume hostile intent because it was so easy to die in the Savannah environment. We didn't have modern medicine. People fought. People killed each other.

Dr. Gleb Tsipursky: [00:22:06] Here, we write each other nasty emails or leave bad product reviews, right. Now, in that time, the conflicts were resolved by you beating each other into a bloody pulp. So, that's the way that conflicts resolved back then. And you wanted to be extra, extra, extra careful to not be beaten into a bloody pulp. But even if you were cut when you were beating the other person to a bloody pulp, and you got a blood infection, you can't heal it, so you died too. That's bad. So, the only people who successfully survived and passed their genes forward are people who were very, very vigilant and strongly assumed hostile intent of other people and attributes.

Dr. Gleb Tsipursky: [00:22:45] So, this is the fundamental attribution error where we attribute to other people, especially people who aren't part of our tribe, who don't look like us, who don't talk like us, who don't have our cultural background, we attribute to them negative hostile intent. And that's what we have to fight with every day in order to be successful in business and in life.

Peter Margaritis: [00:23:07] Gleb, if you could find the secret to accomplish that, because there's so much that in today's society here even or even globally, I think you would be a very, very, very wealthy man because, I mean, you sit there -- so, I'm Greek American, and the Greeks and Turks have fought for years, and still to this day. And the old joke is, you know what a Greek has for Thanksgiving? Lamb, because there's no way he's going to put a turk on his table.

Dr. Gleb Tsipursky: [00:23:43] Oh wow, okay.

Peter Margaritis: [00:23:46] Yeah. But it is because of that, "They're not of my tribe," and because of evil, some things have happened in the past, we still equate them to today to some degree. At some point, it becomes sad. It goes back it goes back to the point of showing gratitude. We're all people. And thank God we all don't look alike. Thank God we don't all look alike. And thank God that we are all different, but there's some people that just can't accept that difference. Because, into your chapter 4, What

Color Are Your Glasses? I think some people are wearing shades. They're black. They can't see past. So, when you're talking about "What Color Are Your Glasses?" are you talk about those who see the world in rose-colored glasses?

Dr. Gleb Tsipursky: [00:24:36] Indeed, indeed. That's exactly right. And to answer your previous point, Peter, I think it's very important for us to realize that we have these intuitions, which do cause other people who don't look like us, especially those with whom we've had history of past, with whom our tribe has a history of past relations, like Turks and Greeks, and so on. There are many, many examples of that. So, that's something that we need to be really afraid of, and worried about, and go against our intuitions, and be charitable toward others. More charitable than it feels like we should because it will never feel comfortable to do that because we're going against our own intuitions. So, just on that point about how we use our gut.

Dr. Gleb Tsipursky: [00:25:14] Now, the rose-colored glasses, yes, there is a cognitive bias. One of those dangerous judgment that that we tend to make called confirmation bias. We tend to look for information that confirms our beliefs, and we tend to ignore information that doesn't come from our beliefs. So, let's say we are looking for information that says that we want to make a merger, we want to acquire another company. We Google why acquisitions and mergers are good. Now, what kind of information would that search provide you? It would provide you with, "Great. Acquisitions and mergers are great. Hire a company to do your acquisition," right?

Peter Margaritis: [00:25:52] Right.

Dr. Gleb Tsipursky: [00:25:53] That's the kind of information that would provide. Now, it won't provide you the actual information that would be whether mergers and acquisitions create value or not create value. And, actually, research shows that about 80% of mergers and acquisitions fail to create value. They actually destroy value. So, it's often a bad idea to try to acquire another company or merge with another company. But people who want to do the merger, to do the acquisition, they don't think about that. They don't look for that information. They look for information that only confirms their beliefs.

Dr. Gleb Tsipursky: [00:26:29] Same thing on a smaller level. Let's say you're looking to hire an employee, and you like this guy who you had an interview with, and he was great. Now, you really joked, and you really clicked. You're not going to look for negative information about this person, and you're going to be very likely to hire this person. And it will turn out, quite often, that the person is good at clicking with you but not good at doing the job, and you didn't find that out because you actually didn't look at information to just confirm your initial idea that this person would be good. So, the same thing with mergers and acquisitions, with hires, and any other business decisions, or personal life decisions. Don't tend to make a lot of bad decisions if you look for information that confirms your beliefs or ignore information that doesn't.

Peter Margaritis: [00:27:12] So, bad decisions with these mergers and acquisitions. I'll use this example: United Airlines and Continental. Their merger, you bring in two cultures in that were very different from each other. And, usually, when you do that, there's always some turmoil, and it's big. So, when we're making this decision to have this merger, we're thinking more in the long term, it'll be great, but we forget to look at the short-term aspect of it, or is it the fact that we know that there's going to be a culture clash, we'll work our way through it, and in hopes of when we come out of it, we're going to be a better company. And I'm not quite sure if that last one really works that way because you've, now, damaged your reputation by the way you treated your passengers during this turbulent time. And passengers have a lot of choices to make. So, how does it equate to something like this?

Dr. Gleb Tsipursky: [00:28:11] So, what usually, happens with mergers and acquisitions, where they go wrong is that business leaders look at the products, at the strategy, and they don't look at the people. They don't look at how people will combine together. Like you said, culture clash is one of biggest reasons why mergers and acquisitions don't work is culture clash. Number two biggest reasons is systems and processes that will-

Peter Margaritis: [00:28:36] [crosstalk].

Dr. Gleb Tsipursky: [00:28:37] That is absolutely true. You want to comment on that? I can go into that, but, yeah, go ahead. Yeah.

Peter Margaritis: [00:28:41] No, I am sorry I laughed. I'm thinking of a company who had a lot of acquisitions, and the morale within the organization is completely destroyed because of systems and applications. But when you said that, I wasn't expecting it. That's why. That's why I laughed.

Dr. Gleb Tsipursky: [00:29:00] The laugh means that you understand and you agree, right?

Peter Margaritis: [00:29:03] Yeah.

Dr. Gleb Tsipursky: [00:29:04] So, the systems and processes. I mean, you gave an example of culture clash. Now, what tends to happen with culture clash is that because leaders don't think for cultures and how they will combine, they just kind of go together randomly. They don't have an single organized approach to what is going to be the culture of the new company, and the two cultures just end up clashing together, and not working together because each group wants to retain its own culture, what it's comfortable with, it got used to it. That's what their gut is about. They are comfortable with it.

Dr. Gleb Tsipursky: [00:29:35] That's one of the problems with our gut reactions. And that goes back to the tribal environment. We tend to not want to change because in the ancestral environment, change was bad. Change meant really bad things. It was really going to be dangerous because we were living on the edge of survival. There was no way to stockpile resources for the future, and any change was likely to be a bad one. And so, we were really not wanting any changes. And so, in the current environment, when you're used to a certain way of doing things - which is what it is a culture, it's a certain way of doing things - you don't want to change that. And so, if you don't have a plan for how to combine the two cultures, you're really going to kind of end up with a screwed-up system, as you mentioned with United. That's one aspect of things.

Dr. Gleb Tsipursky: [00:30:23] The other aspect of things is systems and processes. And here's the fascinating facts, one extensive, extensive research in behavioral economics and cognitive neuroscience, which is my area of background, that's the research that informs my work, shows that internal systems and processes are much more important than business leaders who, actually, lead these companies merging. Internal systems and processes are a great source of competitive advantage and difference between the way that different companies do things. And they are the reasons that some companies succeed and others fail, not because of the people at the top because we tend to give way too much credit to individuals, not nearly enough the systems and processes.

Dr. Gleb Tsipursky: [00:31:07] So, if you don't think through how the two systems and processes of your different companies will combine in a single system, a single process, you'll end up, again, with two very different ways of doing things that people will bump into each other, they'll clash, and they will not be able to figure things out. Now, the research shows that what you want to do with the systems and processes is to choose the one. It's worse when you try to combine elements of both. You just want to choose one from one company or from the other and say, "We're doing it this way from now on. We're doing it this way from now on."

Dr. Gleb Tsipursky: [00:31:41] Because the systems and processes, they're are integrated together, and you, often, don't see the ways that they integrate together, which is why you end up with bad consequences when you try to combine two different ones into a mishmash, a combined mishmash. So, that's a bad idea. You want to choose one, and you want to say, "We're going to go with that one, and we're going to stick with it;" whereas, what most people tend to do when they merge companies is to try to do a mishmash of both systems and processes, and it just ends up being screwed up.

Peter Margaritis: [00:32:12] Exactly. So, for those of you who are listening and are in an accounting firm, as Gleb was speaking, it makes me think of current succession planning, and our profession is not growing the firm within. It's buying other practices. So, think about this the next time that you're considering buying a practice. Listen to his

advice because it's spot on about bringing two cultures that are already different, and trying to create a whole new culture, as well as the systems and processes. And if you're CFO at an organization, and you're going through a lot of mergers and acquisitions, make sure you use one system, not your system and let them have their systems, because there's a few organizations that I know of that when that is done, the morale in the company, and especially in the accounting department, is just horrible. It's not even bad. It's just horrible.

Dr. Gleb Tsipursky: [00:33:08] Yeah, I can totally understand why that would be.

Peter Margaritis: [00:33:11] So, as we begin to wrap up, because I don't want to give away too much of the book. I want people make sure they go and pick it up. As we wrap up, what would be the one big piece of advice that you would give somebody in this audience as it relates to how to avoid making bad decisions and creating a disaster?

Dr. Gleb Tsipursky: [00:33:33] Oh, it's the five words that make up the book title: never go with your gut. Just simple. It's as simple as that. Never go with your gut. Why is that? It's a strong statement, never go with your gut. The thing is our gut tends to make really bad choices in our modern business environment. So, it's important to see what your gut is telling you, but then always check that with your head. Never something go with your gut, never go with your gut intuitions. Check with your head when that happens. And my book describes specific, structured decision-making processes that you can use to check with your head.

Dr. Gleb Tsipursky: [00:34:09] Now, checking with your head, that's a general piece of advice. It's like a doctor telling you to lose weight, right. Not really going to be helpful if they don't tell you how and here's what you do to go for it. So, the book, that has extensive specific structured steps that you can go through, and that has everyday activity. So, things that take less than five minutes. Five questions that you could ask yourself when making a decision that helps you make a better decision. Then, a more complex eight-step model when you make a moderately important decision. So, say, which employee do you want to hire? And then, more complex, structured approach to major critical decisions that are embedded to the firm, like a merger and acquisition.

You want to spend a lot of time deciding on that, like Peter said. So, that has a thorough approach and model. But the most general piece of advice is never go with your gut. Always check with your head.

Peter Margaritis: [00:35:00] I like how you say check with your head. Your gut might be telling you something, and you can't ignore your gut on a lot of this, but you have to make sure that the facts marry up with what your emotions are telling you to make sure they're in line versus, "I'm going to go with my gut, that emotion, and I'm not going to look at the facts, and check with my head." And a lot of that had to do with Enron. It was great story, great emotion. And recently, with Theranos, great story. I really buy into it. I love that. And my emotions hijack my logic because I didn't check the numbers. I didn't validate the data. The two of them have to work together to make better decisions.

Peter Margaritis: [00:35:44] And Gleb, I appreciate you taking time. I'm looking forward to when the book comes out in November. This is a must-read for every business leader out there, so we can understand how our head and our emotions, make sure they're in proper balance when we make these decisions, and make sure that we don't lead into some type of disaster.

Dr. Gleb Tsipursky: [00:36:09] Absolutely, Peter. Yesm absolutely. I think that's very wise. And thank you for suggesting that folks read my book. And those who want to learn more about me can check out Disaster Avoidance Experts, which is available, of course, on disasteravoidanceexperts.com. And my e-mail is there. It's gleb@disasteravoidanceexpert.com. If you want to learn more about me, learn more about the book, talk about any of these topics that I brought up in the interview or others.

Peter Margaritis: [00:36:37] Thanks, Gleb, And enjoy this, hopefully, beautiful we can we have here in Columbus, Ohio.

Dr. Gleb Tsipursky: [00:36:42] I hope it stays beautiful. Thanks, Peter.

Peter Margaritis: [00:36:50] Now that you've listened to this episode, what will you do to make better decisions and avoid disasters? Will you try to keep your emotions in check and validate them with reliable data? Whatever you decide to do, make it a daily habit. Baby steps. It's all about baby steps.

Peter Margaritis: [00:37:15] Thank you for listening. And if you're enjoying this podcast, please subscribe and share this episode with a friend. Also, please visit www.c-suiteradio.com to listen to many of the excellent business podcasts they have in their network. Have a great week.

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