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LOL: Candor-Hard and Soft

Candor wins--so say investment leaders. If team members can deliver messages directly—avoiding withholds--then better decisions emerge. One firm often cited as the extreme case for candor is Bridgewater. Founder Ray Dalio is known for his book *Principles* and statements like, “If you think it, say it.” (Hypothetical: would Dalio say to his wife: “Honey, do you have to wear that dress?” He’s a smart man; I’m betting no.) Indeed, Bridgewater’s enviable success argues for this extreme form of candor. I call it “hard candor.” My question for today: is there a soft version of candor that can also work? In both cases, the goal is to overcome the effect of Ego, which severely diminishes candor. Ego wants to look good and be right, which is the opposite of humility and learning.

Bridgewater’s candor was the subject of a dissertation by Mimmi Jendeby at the University of Gothenburg. She explores Bridgewater’s approach, using both qualitative and quantitative measures. Her goal was to discover if an asset management company—Bridgewater--can truly develop a learning culture in which employees overcome their Egos and commit to learning as the top priority. She starts by outlining Dalio’s approach to learning:

*Probing. Say what you really believe in and listen to what others say in reply.*¹

The values that diminish candor and learning are:

1. *Allow pain to stand in the way of progress*
2. *Avoid facing harsh realities*
3. *Worry about appearing good*
4. *Not holding oneself accountable*

The desired values to promote candor and learning:

1. *Understand how to manage pain to produce progress*
2. *Face harsh realities and not confuse what you wished were true with what is really true*
3. *Worry about achieving goals*
4. *Hold oneself accountable*
5. *Radical truth (i.e. candor)*
6. *Radical openness (i.e. candor)*

Dalio defines Ego as the undesirable values listed above. True candor and learning only takes place optimally when the Ego is suspended. (Note: if you think you have this nailed, just go home for Thanksgiving...)

Bridgewater employees revealed in their interviews that they share a common language around candor and learning. For example, they used the word “Ego” frequently and defined it similarly: “inflated self” and “over-confidence.”

¹ All quotations are from Jendeby’s paper entitled, “*Breaking the Psychological Code of Alpha—Improved Learning in Asset Management Organizations.*” University of Gothenburg. Available from Laura Ercoli at lercoli@focuscgroup.com

The approach to overcoming the Ego at Bridgewater is “hard”: very direct and very painful. One employee describes it as follows:

“It is terrible at the beginning. I mean it is really a bad feeling because basically you are forced to confront assumptions that you made about yourself your whole life...So that feeling is really painful.”

However, if one makes it through the painful process:

“It is also liberating...so you no longer have to worry about how you behave, because you are accepted for who you are and it is recognized that you have strengths and weaknesses.”

Obviously, this approach isn’t for everyone:

“There are plenty of people that leave Bridgewater because it is too stressful to operate in this culture.”

Dalio and his leaders recognize that this approach is tough and emphasize two important aspects of supporting candor:

1. Feedback must be delivered in an understandable context
2. Employees must trust that the feedback is given for the right reasons (i.e. constructive intent)

Nevertheless, practices within Bridgewater are “harsh” by comparative standards. For example, managers are asked to force rank their employees after meetings. Also, there are rating tools and polls taken to ensure that Bridgewater has the “right people doing the right things.” Jendeby writes that

Although many of these data gathering methods can be very well understood within a learning context they can appear cruel and inhumane.

The quantitative measures coming out of her study are interesting and shown below:

Question: (5 point scale from 1 = not difficult at all, to 5 = unmanageable, or 1 = never, 5 = always)	Bridgewater employee	People in general ² (as viewed by Bridgewater employees)
How difficult is it to overcome your Ego?	2.5	4.0
How much does Ego at Bridgewater interfere with good decision making?	2.8	4.4
To what extent do you and others question your assumptions?	3.6	2.0

² Admittedly, these responses are simply Bridgewater’s employees’ subjective view of the public reality. But they also, presumably, reflect the employee’s “before” and “after” experience.

Another set of questions measured organization maturity, i.e. success at being a learning culture through diminishing Ego:

Question:	Bridgewater score
On a 1 to 5 scale with “1” being a good score, “5” bad	
Are there taboos at Bridgewater?	1.2
Are there games of control?	1.9
Are there mixed messages?	1.5
Do people gossip?	1.8

Clearly, the culture at Bridgewater is well-defined and arguably effective at creating a learning culture. (and produces excellent results) However, it is harsh. That is, “hard” candor. Bridgewater’s culture assaults the Ego. Consequently, many people find it too painful and leave. Interestingly, from FCG’s work on personality types, we know that many of the people who remain are indeed the “thicker skinned” ones who appreciate very direct communication. For those familiar with the Enneagram personality model, Bridgewater is an “8” (“Challenger”) culture. Or from a DiSC model perspective, a D (Driver) culture. These personality types are better suited for the “hard” approach to candor and learning.

Ok. So what about the rest of us? Are we doomed to what Kim Scott in her book, *Radical Candor*, calls “ruinous empathy?”³

For those of us who are a bit more thin skinned is there a “soft” way to achieve the same goal? FCG would argue, yes. But make no mistake, the soft approach also requires dissolving the Ego. And that’s not easy. The Ego is like a little creature within you that fights for its life, as would any living thing. Let me illustrate with a personal example from my journey. In my quest to reduce Ego, I’ve studied with teachers who take the hard and the soft approach. The hard approach involves challenging continually and essentially doing battle with the Ego. Tough love. I studied Zen with a Roshi who had us sit for hours, lotus position, straight back, staring at the wall in front of us. Periodically, he would walk about the room carrying a riding crop, with which he would whack us on each shoulder. He would also periodically shout, “Wake up” and “Sit strong.” (Note: it would have seemed inappropriate to look around and say, “What the hell! Though I’m sure many felt that urge.) Between sittings, the rule was silence, even at meals. Hence, the hard approach to conquering the Ego. Beat it down, literally.

Of course, the military is famous for the same approach: break them down, then build them up.

Now, though, I’ve switched to the gentler approach. My current teachers are all softies. They have successfully overcome the Ego’s influence, but not with force, rather by using awareness. Sometimes called “mindfulness” or “self-reflection” or “prayer/meditation.” The strategy in this approach is not to battle the Ego but to observe and accept it. When the Ego arises in the form of anger or defensiveness, you simply watch it (the “observing” or “witnessing” self) and don’t buy into it.

³ [Radical Candor: Be a Kick-Ass Boss without Losing Your Humanity](#) is an excellent book. FCG highly recommends it.

You learn to watch your thoughts and emotions and release them. Hence, the simple directive, “Let it go.” This approach can still involve powerful inner experiences of fear, anger, sadness and the like, but it doesn’t involve a teacher/boss/mentor who confronts you. It does require a teacher who recognizes Ego and won’t play along with it. For example, if a student is constantly going to “victim”—the defensive reaction of “poor me”—then the teacher recognizes it. The teacher might then say, “Can you get curious and observe your state of mind right now? Does it seem like your conscious/empowered self is present or your Ego?” Importantly, the teacher holds an open and curious mindset, without judging or confronting the other person. Obviously, this approach requires a learner who is sufficiently open-minded and vulnerable enough to be curious. Many times, the learner will become defensive in these situations and may need some techniques—like deep breathing—to regain their composure and their ability to self-reflect.

In summary, both approaches—hard and soft—can be effective. They both required commitment and the willingness to stay the course even when pain arises. In the hard approach, though, the student is pushed through the Ego by a tough love teacher. In the soft approach, the student learns to witness Ego states and let them go. The goal is the same in both: develop the conscious self and diminish the Ego. Bridgewater exemplifies the success of hard. Polen Capital (Boca Raton) or Bridgeway Capital Management (Houston) exemplify the success of soft. Most firms FCG works with are not suited to the hard approach. Most people don’t join a firm with expectations of being assaulted. And if they were, I’m pretty sure their reaction would be like mine at the Zen retreat: “What the hell!” Especially if their boss was whacking them with a riding crop. That would wake up HR in a hurry.

Thankfully, there is an alternative.

Curiously,

JW