Introduction

To be a good manager you not only need to be a natural leader but you need to have a strong analytical mind. Every day you will need to analyze a problem, provide feedback, and create a solution that will not only fix the problem but prevent it from happening again. Your analytical skills aren’t only reserved to situational problems, you will also be reviewing documents and providing critiques. Being able to critique a professional document is key to running a successful organizations as your feedback will help the people under you improve. Your feedback will help the continual improvement of your employees, and in the long run the continual improvement of the organization as a whole.

In this paper I will be analyzing, interpreting, and comprehending The Wisdom of Crowds: Why the Many Are Smarter Than the Few and How Collective Wisdom Shapes Business, Economies, Societies and Nations by James Surowiecki. I will provide a summary of the above work, explain in detail how it relates to management and how it ties into the class discussions and lecture, and then finally provide my own professional critique of the book. This paper will not only showcase my professional writing skills, but also my ability to analyze and see beyond the text. It will also demonstrate my ability to critique a book, and provide feedback to the author. By the end of this paper you should have a clear understanding of the author’s main research questions and the points he makes, how it ties into the field of management, and my personal professional critique.

Summary

The main thesis of The Wisdom of Crowds James Surowiecki is under the right circumstances a group of people is more intelligent than one individual, and how group intelligence tends to outperform a single individual’s intelligence. The thesis is stated in the introduction “under the right circumstances, groups are remarkably intelligent, and are often smarter than the smartest people in them. Groups do not need to be dominated by exceptionally intelligent people in order to be smart”. (Surowiecki XIII) The book doesn’t only focus on situations where groups outperform individuals, but also group’s dynamics such as imitation, how group intelligence preforms under uncertainty, and how group diversity is key to a group success. The author begins the article by using data from the TV show Who Wants to be a Millionaire, according to him when a contestant would use the phone a friend option to call the smartest person her or she knew that individual would answer the question correctly 65% of the time. When the contestant would ask the audience the audience was correct 91% of the time. He continues the chapter by touching on the stock market and sport betting, and how wise crowds can determine the outcome of something before it even happens. He uses the crash of the challenger space shuttle, and how traders trading on the stock market had singled out Thiokol as the company at fault for the crash three months before the investigation proved it. The author does say this could have been simple luck but gives
the four components that groups need to be labeled as wise, and stats that the group trading on the market that day met those four characteristics. The chapter touches on the fact that intelligence in a group is key, but without diversity a group cannot perform well. He says “Adding in a few people who know less, but have different skills, actually improves the group's performance” (Surowiecki 30). To back his point further he uses the example of the failure of the Bay of Pigs operation in Cuba during the cold war. His argument is that President Kennedy and his administration carried out the operation without consulting outside organizations such as the CIA or the state department. Since the group lacked diversity they suffered from group think which is when your group is to likeminded. Another main point of The Wisdom of Crowds is imitation and how people tend to follow and do as other people do. He uses the example of knowing whether it’s going to rain by looking out the window and seeing if the people around you are carrying umbrellas or not. The author then brings up decentralization and how that impacts the way groups of people coordinate and work together towards a common goal. He states “independent people to work in a decentralized way on the same problem, instead of trying to direct their efforts from the top down, their collective solution is likely to be better than any other solution you could come up with”. (Surowiecki 70) His argument is that centralizing a group is counterproductive to finding the best solution possible. But decentralization is not always the best for certain groups or organizations. The author uses the US intelligence community as an example, the US intelligence agencies do a great of working independently from each other, but lack the key component of information sharing between the individual agencies. According to the author “There was decentralization but no aggregation, and therefore no organization.” (Surowiecki 70) The book continues by touching on crowd coordination which is how individual people are constantly anticipating each other’s behavior. He uses the example of the Schelling experiment which asked law students to meet someone in New York City, but you don’t know where to meet, and there is no way of talking to that person in advanced. The majority of the students said the information desk at Grand Central station. This is example shows that people anticipate other peoples actions based on what they would do.

Part two of the book continues with the argument that decentralized groups of people anticipate the actions of others, and their ability to coordinate with other individuals. The author uses the example of traffic jams and how cities have such as London have put in measures to limit the amount of people using their car to commute downtown. This made people reevaluate their means of getting to downtown. The author continues by using social examples as a way to show group collaboration. He uses the outbreak of SARS disease in china and how labs across the world collaborated together to determine the cause of the disease, and an eventual cure. The author explains that the lack of top down control allowed the labs to organize themselves and
work on what they wanted to work on. Surowiecki also reiterates group diversity “the fact that different labs had different initial ideas about the possible origin of the virus meant that a wide range of possibilities would be considered”. (Surowiecki 162).

Chapter Nine of the book touches on how small groups can actually cause people to become dumber. According to the author “influence of the people in the group on each other's judgment is in-escapable”. (Surowiecki 176) This can cause small groups to make very poor decisions, like the MMT who according to the author were skeptical whether a foam strike could damage the space shuttle Columbia. The author ties the whole book together in the final chapters by taking a look at large groups of people either working together, or working independently. The final chapters look at why companies exist and their purpose, their business models, and problems that plague those models. The author then touches on the stock market which is a large group of people who are working independently. It also touches on bubbles in the market and how the way the information is presented to the individual people can impacts trends and bubbles. The final chapter is simple about democracy, the American political system, and how information passed through the media greatly impacts citizen’s decisions. This is very similar to the example used chapter 11 with how information effects the decisions of a group of independent people.

How it relates to class

Even though management is rarely mentioned in *The Wisdom of Crowds*, you can borrow many ideas from this book and use it in management. One of the main idea this books bring up is diversification, and how the more diverse a group is the more effective it will be. The entirety of chapter four of our text book deals with diversity, types of diversity, and the challenges in managing diversity. In class we discussed how everyone has different experiences, and how those experiences shape what that individual member brings to the table. When managing an organization you need diversity, you do not want everyone bringing the same solution to the table. That will get you nowhere. In *The Wisdom of Crowds* the author James Surowiecki brings up the topic of diversity, and how it is key to the advancement and success of groups. According to Surowiecki “Diversity helps because it actually adds perspectives that would otherwise be absent and because it takes away, or at least weakens, some of the destructive characteristics of group decision making.” (Surowiecki 29). Diversity is found at every level of an organization, and being able to manage that diversity is key to an organizations success. Both the text book and Surowiecki can agree that the more diverse you workforce the more successful you organization will be.

In my personal opinion micromanaging someone is the least efficient way to get your employees to perform. As a manager you need to have confidence in your employee’s ability to work independently, without constant supervisions. Your employees also need to be able to work independently while also sharing knowledge,
and resources with one another. In *The Wisdom of Crowds* Surowiecki touches on how companies who pushed authority from the top down were less productive than companies who used decentralization instead. He states “the more responsibility people have for their own environments, the more engaged they will be” (Surowiecki 212). He also references a study by Nitin Nohria, William Joyce, and Bruce Roberson. According to the study decentralization empowered employees to make many more independent decisions, and urged to seek out ways to improve company operations. Not only that but decentralization according to Surowiecki “reduces the need for supervision, cuts transaction costs, and allows managers to concentrate on other things.” (Surowiecki 213). The beginning our text book defines the different type of managerial approaches and which each has to offer. Decentralization is very similar to the contemporary approach. The contemporary approach thinks of organizations as entire systems, that is interconnected and constantly working together. To be a successful manager you need to know how to motivate and empower you employees, while also giving them independence. This book relates decentralization to management by showing research that proves that companies who incorporate a decentralization management technique are more successful, and allow their employees the freedom to innovate.

**Critique**

*The Wisdom of Crowds: Why the Many Are Smarter Than the Few and How Collective Wisdom Shapes Business, Economies, Societies and Nations* by James Surowiecki is very interesting, grasping, and well put together book to say the least. His thesis statement “under the right circumstances, groups are remarkably intelligent, and are often smarter than the smartest people in them” (Surowiecki XIII) pulls you in as a reader. Surowiecki does a great job of keeping the reader interested by using examples ranging from space shuttle crashes to sports betting. His in depth analysis of those examples kept me intrigued and almost wanting to my own outside research on those stories. He also does a great job of backing up his points with great research from multiple sources. He is constantly referencing social experiments that we done in the past to drive home the points he is making about how groups are in fact smarter than one intelligent individual. What I also enjoyed about The Wisdom of Crowds is the organization, I felt as the book went on the chapters continued to build upon each other. This allows me as a reader to really get a grasp for group dynamics and what can truly make a group great. He also does a great job of references points he made in the previous chapters which prevents the reader from getting lost in the text. Not only that but he also creates subchapters within chapters. This allows him to use multiple examples, and different points of views while also making sure the reader does not get lost. What I took from this article is that as I continue my studies in the field of management, I should never doubt the power of a group of people. Not only that but how key diversity is to organizations success as a whole. Everyone is different and
brings something new to the table which prevents groups from becoming close minded. But no book is perfect, I felt like Surowiecki wrote more than he had. The last couple of chapters especially the one pertaining to democracy seemed like it was out of place in a book like this. Also I appreciate that fact that Surowiecki wants to be as detailed as possible, but I felt that some chapters were very redundant, and I found myself not intrigued anymore. All in all *The Wisdom of Crowds* is a great book that taught me a lot about group dynamics. It also gave me great insight on how undervalued groups are, and how great of resource they can be. The biggest thing I took away was decentralization and how effective productive it can be. There are many things in this book that I will be using the next time I find myself in a management role.

**Conclusion**

The book *The Wisdom of Crowds* was a phenomenal book and one every manager should read. James Surowiecki proves his thesis that yes groups are in fact more intelligent than the most intelligent person in that group. His use of in depth research helps solidify the answer to his thesis, and leave the reader with no doubt in his mind of the correct answer. I hope in the paper I was successful in analyzing interpreting, and comprehending this book. I proved through this paper that I in fact do have the skills needed to provide feedback, and my personal interpretation of the text. This paper provides you with a summary of the text, the way in which it ties back into management and our class discussions, and finally I provide you with my own personal critique of the novel. This book is great asset to any aspiring manager, current manager and management student. As it teachers you how effective a group can be, and being able to work collectively in that group is key to your organizations success.

**Citations**