CHAPTER NINE

Workplace Habits and How to Change Them

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For years, there has been an ongoing, seemingly unsolvable problem in many organizations. Journalists dubbed it a crisis. It even became the focus of a book on leadership for rising-star managers.[1] We are referring, of course, to the theft of workplace cutlery.

Although a pernicious problem – one study estimated that to keep just 70 teaspoons in communal eating areas required the purchase of 250 spoons each year[2] – the London Borough of Hounslow found a solution. It did take a few tries, however, and required the application of behavioral science. At issue was the fact that the borough's onsite cafe served 2,000 staff who regularly brought their lunches back to their desks and then failed to return the spoons, forks, and knives.[3]

The first attempt to address the problem was a simple educational campaign. Under the clever caption of "We Don't Want to Fork Out More!," signs were posted letting borough staff know that the "Parkside Cafe has reported that much of its metal cutlery has disappeared. If you have any cutlery in your desk, please return them as their supplies are running low." Nobody returned any cutlery, and some suspected that the problem got worse. The cafe then instituted a "Cutlery Amnesty" and offered customers the opportunity to make anonymous returns. They even promised to donate to charity for every dozen pieces they got back. This resulted in a grand total of twelve returns!

Feeling frustrated, the cafe decided to do some research. They found that the employees had simply developed a habit of putting cutlery in their desks after finishing their lunches. Walking the cutlery back to the cafe would take two to three minutes, a price that was apparently too high to pay. It was a small friction (or sludge, in the language of chapter 5) that was at fault, not any criminal intent.

The borough devised a solution. They simply made it more convenient to return the cutlery by placing a bin – that was easy to put cutlery into, but hard to remove it from – closer to borough staff. In the first month, they received 100 pieces of cutlery back, and that grew in the second month to a return of 180 pieces. The bins were 1400 percent more effective than the amnesty campaign and infinitely better than the educational campaign. The crisis was averted.

This is just one, somewhat tongue-in-cheek, example of how seemingly simple individual habits can be difficult to change. In practice, productive workers have many routines that improve efficiency and allow mundane tasks to be completed without much thought. Saving two to three minutes, as in the cutlery example, can be more than enough to lock people into a pattern of behavior. In fact, research has shown that saving even a few seconds can be a powerful driver of human decision making.[4] From coffee breaks to complex tasks, experienced workers rely on habits to increase efficiency and productivity. Most of the time this is a good thing, but too often these habits become ruts that make organizational change challenging and inhibit innovation.

This chapter is about better understanding habitual behavior and how to change it. In the next section, we will briefly review the behavioral science of associative learning and the process that creates (often unproductive) routines. We will discuss why change is often challenging and how habits can inhibit innovation. Then, our focus will turn to how change happens. We propose three paths to positive habitual-behavior changes. We will wrap up with our thoughts on the potential of emerging technologies to help us break bad habits and build healthy ones.

THE BEHAVIORAL SCIENCE OF HABITS AND CHANGE

A habit is *an association between a cue and a response that is created through repetition* and, in many cases, in the presence of a reward.[5] For example, an employee of the Super Productivity Corporation might learn that when their computer is not working as expected, they should call the IT department for help. The cue is a malfunctioning machine, the response is a phone call, and the reward is a computer fix that allows the employee to get back to being super productive.

The first time an employee's computer broke down, it probably wasn't that simple. Not having dealt with the situation before, the employee would have gone through a number of steps that required conscious attention to solve the problem. They had to recognize that the computer was not working as expected, decide it was not something they could manage alone, figure out who could assist them and how to ask for help, then pick up the phone and make the call. After this had happened a few times, much of the process would have become routinized. Eventually, a computer problem would automatically trigger dialling a memorized number. This habit would improve the efficiency of the process and minimize the employee's downtime.

Such habits can also become significant barriers to organizational change. For example, imagine that the IT department at Super Productivity Corporation learns of an automated process for IT help based on an electronic helpdesk. This technology works through an app on the employee's computer or mobile device. It is demonstrably faster than the inevitable hold queue of the old phone-in process. It also allows the IT department to better manage requests for assistance, and it provides a great deal of data that can contribute to ongoing improvements. IT is very excited about this new technology, and they deploy it throughout the organization. Given the clear superiority of the new process, IT does not anticipate any problems with adoption, but just to be safe, they inform everyone at Super Productivity Corporation through a series of e-mails in the weeks leading up to the change. They even go out of their way to host luncheons and workshops to demonstrate how the new process will benefit everyone. Feeling confident that the Super Productivity Corporation is prepared for this simple shift in a relatively minor corporate process, they launch the new app and disconnect the old helpdesk phone number.

We have all seen similar approaches to change in the organizations where we work. On one level it makes sense. The new approach is better. The fact that it is better has been clearly communicated throughout the organization. So why would anyone use the old process?

The underlying, but erroneous, assumption here is that people spend their workday making a series of conscious and reasonable (even if not perfectly rational) choices. As discussed in chapters 1 and 7, a great deal of evidence suggests that classical notions of rationality do not adequately characterize real-world human behavior. Most likely, when the employee runs into a computer problem, they are going to habitually pick up the phone and call the same number they have repeatedly dialled in the past to get IT help. When that habit does not produce the desired result, the employee is likely to feel stressed and frustrated. At an aggregate level across the organization, when many employees experience the same broken habit, there is a negative reaction to the change, a general loss in productivity, and damage to employee morale – none of which seems like a rational reaction to the introduction of a superior workflow process. Organizations facing such a situation tend to find themselves spending substantial resources to re-create the old process temporarily while they attempt to reintroduce a very simple, but now widely unpopular, change.

In this way, routines inhibit organizational innovation. This IT scenario is a relatively simple example that illustrates what can be a much larger problem. Research indicates that 55 percent of our workday behaviors are habitual.[6] In other words, the majority of what we do at work every day is respond automatically to cues in ways that have previously resulted in some kind of reward or positive feedback. This feedback cycle of cue→ response→ reward is at the core of habitual behavior. Ultimately, the habit can become so ingrained that positive feedback is unnecessary and the cue produces the response, even if that behavior is unrewarded.

In the past, employees called IT and their computers worked again. Then they called IT and no one answered. Chances are they hung up and tried again later. This might have happened multiple times before the employee broke the habitual response and tried to figure out why it wasn't working. This is responding to a cue, even without the desired reward. When the employee does finally learn about the app and is told that it is a superior process for IT help, it doesn't feel superior because they have to spend time and energy learning to do something that used to be effortless. As a result, otherwise rational and reasonable people can become outraged at a relatively simple process change. A similar pattern plays out with changes big and small – ranging from when an old coffee maker is replaced with a novel machine to when a retail store is redesigned with an unusual layout, to when a business revises its order-fulfilment process. In many cases, the new machine, store layout, or process is objectively superior to what came before it. But these changes may not be subjectively superior for those employees who have developed habitual behaviors that made the old machine, layout, or process feel easy.

Another example of this phenomenon comes from the early days of online shopping. Initially, pundits believed that e-commerce would be a race to rock-bottom prices and the death of brand value because consumers could shop the competition with a single click of the mouse. How could any business create loyalty online when search costs were close to zero? Yet, as it turns out, most people do very little price comparison online and instead return to familiar retailers to make their purchases repeatedly. Amazon is not the low-price leader for many of the products it sells, yet it has a nearly 40 percent market share of e-commerce sales in the United States.[7] Research has demonstrated that a great deal of this loyalty can be explained by the development of habitual shopping behavior.[8] If you want to buy a book, you go to Amazon, search for that book, and buy it. The desire to make that purchase cues a specific set of behaviors that feel easy and lead to the desired outcome. For the habitual shopper, going to a new website, finding the right book, and going through an unfamiliar check-out process is not worth the extra effort. In fact, this effect is so powerful that there is even a formal name for it – *cognitive lock-in*.[9]

HOW HABIT CHANGE HAPPENS

Information and Education

Habits are automatic behaviors that do not require conscious control, and that therefore make life easier and our actions more efficient. After lunch, employees take cutlery back to their desks without really thinking about it. If a computer isn't working properly, we call IT. When a new employee joins the organization, we follow our onboarding process.

What if we didn't have these habitual organizational behaviors? What if every workday behavior required making decisions from scratch? This would involve searching for information on possible responses, deciding which response to engage in, and going through the effort of executing that unpracticed behavior. Our habitual routines save us from this drudgery by focusing on well-learned cues, minimizing the search for new information, ignoring possible alternative behaviors, and biasing us toward what we have done in the past.[10] In other words, what makes habitual responses easy and efficient also makes such behavior resistant to new information. As a result, and as we saw in the case of the stolen cutlery, information and education tend to be inadequate as behavioral-change interventions. Simply telling someone to stop stealing cutlery or use a new IT app is unlikely to work. Even if you can get people to pay attention to the message (which won't be easy), having to learn to do something new (and probably more difficult, at least initially) isn't very appealing to a habitual responder.

Behavioral Insights for Organizational Change

Although this chapter focuses on habit change, it is worth pointing out that many of our habits are positive. As we have discussed, 55 percent of our work tasks are completed habitually because doing so makes life easier and work more efficient. When we get a cue, we know what to do. We tend to follow the same route to work every day. When an order comes in, we follow a familiar script to fulfil it. When we have data to analyse, we turn to familiar software and

Table 9.1 **Three Paths to Habit Change**

Make it easy
Habits make deciding and acting easier. When alternative behaviors are easy to adopt, the value of a habitual response is reduced, and a door opens to behavior change.
Make it personal
Connecting behavior to an individual in a relevant and meaningful way – for example, through normative feedback – creates a personalized incentive to break existing habits and replace them with behaviors that lead to improved performance.
Make it (about) money
Ultimately, habits save us time and make our behavior more efficient, an outcome that is valuable in a time-starved world. When we want someone to change their habits, compensating them for the value lost with incentives to engage in alternative behaviors can be a powerful path to change. Disincentives, such as taxes or financial penalties applied to bad habits, can also be effective.

statistical models. Without these habits, work would be difficult and we would get a lot less done every day. Consequently, people resist habit change.

Fortunately, for organizations hoping to avoid habits that inhibit innovation, insights from behavioral science provide a roadmap for facilitating change. Work on habit change goes back to the early days of psychological research and has produced a large academic literature about how humans (and other animals) learn to associate a cue with a response that generates a reward. In this chapter, we focus on three well-established paths to positive habit change: making it easy, making it personal, and making it about money (table 9.1).

Make It Easy

To overcome this resistance, organizations should make the adoption of alternative behaviors as easy as possible. We already saw how this can work in the cutlery example. People didn't really want to steal cutlery, but they also didn't want to walk back to the cafe to return it. Convenient bins made returns easy, and employees began to put back the spoons, knives, and forks.

In another example, Google found that small changes in presentation can make a big difference in the company's efforts to encourage healthy eating. Specifically, Google made it less convenient for employees to habitually grab a sugary soda or snack of M&Ms. This was done by placing these unhealthy options out of sight and behind opaque glass. At the same time, Google made it easier for employees to find water, fruit, and nuts by putting these at eye level and behind clear glass. Over a seven-week test period, employees in Google's New York office consumed 3.1 million fewer calories from M&Ms![11] The company also saw a 47 percent increase in the amount of water consumed and a 7 percent decrease in calories consumed from sugary beverages.[12] Google didn't take choice away from people – they could still eat M&Ms and drink Coca-Cola if they wanted to – but the company made it easier for employees to find healthier choices, and that had a substantial effect on eating habits.

A similar approach was used by Walt Disney World in an attempt to improve food choices among children who visited the park. Instead of offering traditional combos with soda and fries as the side dishes, they made juice, fruits, and vegetables the default option. Research in behavioral economics has consistently found that default options nudge people, in a powerful way, toward one choice while still allowing them to opt in to an alternative behavior if they so desire. At Disney World, the result was a substantial reduction in calories (21.4 percent), fat (43.9 percent), and sodium (43.4 percent) consumed by kids at the park.[13] For many families, Disney's defaults made it easy to change eating habits and make healthier choices.

Beyond the domain of food, "making it easy" has been successful in helping people improve their personal finances. For example, Thaler and Benartzi (2004)[14] devised a creative way to make saving easier with what they called the "Save More Tomorrow" program (SMarT). The basic idea behind SMarT was to get people to commit to save more by allocating a portion of future salary increases toward retirement savings. They found that 78 percent of eligible employees joined the plan, and 80 percent of those remained in the plan through four pay raises. Over three and a half years, the average savings rates increased from 3.5 percent to 13.6 percent. The basic premise of the SMarT plan was that it might be difficult to save more today, but it is relatively easy to save more in the future. Rather than just breaking the old habit (saving little), this approach helped create new habits by setting up a cue (pay raise) that triggered a response (save more) and rewarded people with enhanced savings.

Make It Personal

It is not always possible to just "make it easy" to change habits within an organization. Work habits can be complex. In many cases, we would like to change behavior in a direction that is as difficult, or possibly even more difficult, to enact than current processes. For example, as an organization grows, it often becomes necessary to introduce more formal processes for a variety of common work tasks. This can range from expense reimbursement to hiring practices to dealing with customer or employee complaints. If a salesperson has a habit of simply handing in receipts for whatever they deemed a reasonable expense while the new process requires the use of an online portal (along with a new set of allowable spending rules), then "making it easy" might be difficult. Sometimes innovation at the organizational level requires employees to adopt new behaviors that, at least initially, are more challenging.

In such cases, making it personal helps. By this, we mean connecting the new behavior to the individual in relevant and meaningful ways. One way to accomplish this is to provide feedback that links the task to the individual. Research has shown that normative feedback, which compares an individual's task performance to the performance of others, is especially effective in this regard. For example, research looking at video gameplay has found that providing normative feedback about scores and performance relative to other players can break the cognitive lock-in that comes from habitual patterns of play and encourages willingness to switch styles and approaches.[15] This works because it gets people to focus on themselves and their self-efficacy rather than on the ease with which they can habitually play the game. In this way, normative feedback can motivate people to be more innovative in an attempt to improve their performance relative to their peers.

Another example comes from studies of new-employee onboarding. For most organizations, the goal of onboarding is to introduce a company's culture and outline the requirements of the job.

Employers would like to see new hires fit into the company as easily as possible. Old habits from prior work experience can interfere with this process. As discussed above, an educational approach – telling people what they need to do and how to do it – is unlikely to displace habits developed over years of doing similar work. In one study,[16] looking at Wipro BPO, an India-based company built on outsourced business processes, researchers found that onboarding was more successful when the focus was put on the new employee rather than the company. For example, in a controlled experiment, one set of new employees were asked to talk about themselves and their decision making rather than hear about the company and its culture. They were given a badge and a shirt with their names on them. In the other condition, employees were taught about the company and given a badge and shirt adorned with the company's name. The onboarding that "made it personal" enhanced adaptation to new work routines and resulted in 33 percent greater employee retention over the first six months – when old habits are being broken and new habits and processes are being learned. In general, this line of research has demonstrated that a more personal approach to onboarding improves job satisfaction, employee engagement, and task performance, as well as employee retention. Making it personal focuses people on thinking about how they can do better and nudges them away from simply responding habitually.

Make It about Money

When it isn't feasible to make alternative behaviors easy or to make task performance more personal, behavior can be modified with financial incentives – that is, people can be paid to change their habits, or a disincentive can be introduced to penalize those who continue the unwanted behavior. Speeding tickets and "swear jars" are examples of disincentives meant to discourage behaviors that are habitual for many people.

This straightforward approach to behavior change has been effective even when the habit is driven by a strong physiological desire, as in the case of smoking cigarettes. Today, it is well known that cigarette smoking is a leading cause of premature death, with hundreds of thousands of people in the United States dying each year from smoking-related diseases.[17] While this is a habit that 70 percent of smokers would like to break, only about 3 percent of smokers quit successfully because nicotine is highly addictive.[18] Yet, a tax on cigarettes has been an effective disincentive. Research looking at US cigarette sales in the fifty states from 1955 to 1988 found that when taxes were increased, cigarette consumption declined significantly, leading the authors to conclude that this disincentive was an effective public-health intervention.[19]

Although smoking is an extreme example, incentives can be used to address more mundane workplace behaviors. This is true in part because it is relatively easy to provide bonuses or cash incentives for habit changes that allow employees to hit key performance indicators. If you want salespeople who have habitually sold product X to move more of product Y, then pay more for selling product Y. If the goal is a safer workplace, then provide bonuses to units that work accident-free. Financial incentives compensate the individual for the extra effort they have to put into learning a different response to a familiar cue. The downside of this approach is that it directly increases the cost of doing business. In many cases, it might be preferable to focus on the ease of alternative behaviors or on making it personally relevant to employees. Nevertheless, financial incentives can be an effective habit-modification tool as they offset the employee's "cost" in time and effort of learning a new way of doing things, and they can, like normative feedback, draw attention to performance over efficiency.

THE FUTURE OF HABIT CHANGE

In concluding this chapter, we turn our attention to how technology can be helpful when a little nudge is needed to encourage good habits and combat rotten ones in organizations. In particular, recent increases in computational power combined with the availability of intelligent analytic tools can help identify habits that inhibit innovation, thereby improving corporate efficiency and employee well-being.

Consider, for example, that the average employee spends about 37 percent of their time at work in meetings.[20] This has become a well-established routine. The cue in the case of meetings can range from new information (e.g., government regulations affecting business) to the time of day (e.g., team meets every Monday morning) to the problem of stolen cutlery. The response to these cues is to habitually schedule a meeting. Microsoft partnered up with an analytics firm to study the value of this behavior. Their research analysed data from a variety of digital sources, including calendars and e-mails, and found that meetings – especially large group meetings – were driving down employee satisfaction. Specifically, employees who were unhappy at work and those who left the organization tended to have more meetings with larger groups. These employees were less efficient and had less time for innovation. They were also more likely to work overtime and on weekends. By taking an analytical approach to this large dataset of workday behaviors, Microsoft was able to modify the ingrained organizational meeting habit, improving both employee satisfaction and retention.

Driving is another classic example of habitual behavior. Initially, driving is an overwhelming and frightening experience, but in time we learn how to respond automatically to particular cues to stay safe and get where we want to go. However, those driving habits can also lead to complacency and errors when the ingrained response to an environmental cue is not the correct response. Research conducted by the US Department of Transportation[21] attributed 87 percent of 78,000 fatal crashes to human error. In an attempt to improve driving habits in the trucking industry, the United States and Canada have introduced an electronic logging device (ELD) mandate. ELDs capture driving data that can help predict when ingrained behaviors put drivers at risk.[22] These data can be used to identify potentially dangerous situations and intervene to prevent accidents before they happen. For example, Schneider National, Inc., uses data on speed, acceleration and deceleration, and driving times to form a predictive model of safety.[23] Supervisors are then alerted when the algorithm perceives that the behavior of certain drivers is putting them at risk. This allows the organization to intervene and correct poor habits before an accident occurs.

We are just at the very beginning of being able to leverage data and analytics to identify problematic habits and opportunities to introduce behavioral change. Simple examples at a personal level include wearable devices that encourage users to take a certain number of steps every day or remind employees to get up and move around once in a while. These small interventions provide personalized feedback that directly addresses the habitually sedentary nature of many modern work environments. The rise of new technologies that are immersive and shape our environments have the potential to further affect habit change.

SUMMARY AND CONCLUSION

Ultimately, habits are at the core of efficient and productive human behavior. Without well-established routines, we would struggle to get through our daily lives. Yet, as work evolves, many of the habits that made us efficient are at risk of becoming ruts that slow change and inhibit innovation. In this chapter, we have highlighted three paths to habit change: make it easy, make it personal, and make it (about) money. Whether we want to avert the crisis of stolen cutlery, improve new product sales, make meetings more efficient, or reduce traffic fatalities, we can all benefit from a better understanding of the behavioral science behind habits and how to change them.

NOTES

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described in detail on Chris Norfield's blog: https://chrisnorfield.wordpress.com/2014/08/07/a-simple-nudge-to-stop-staff-stealing-cutlery/. (Chris is a public health manager at the London Borough of Hounslow, specializing in behavior change).

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