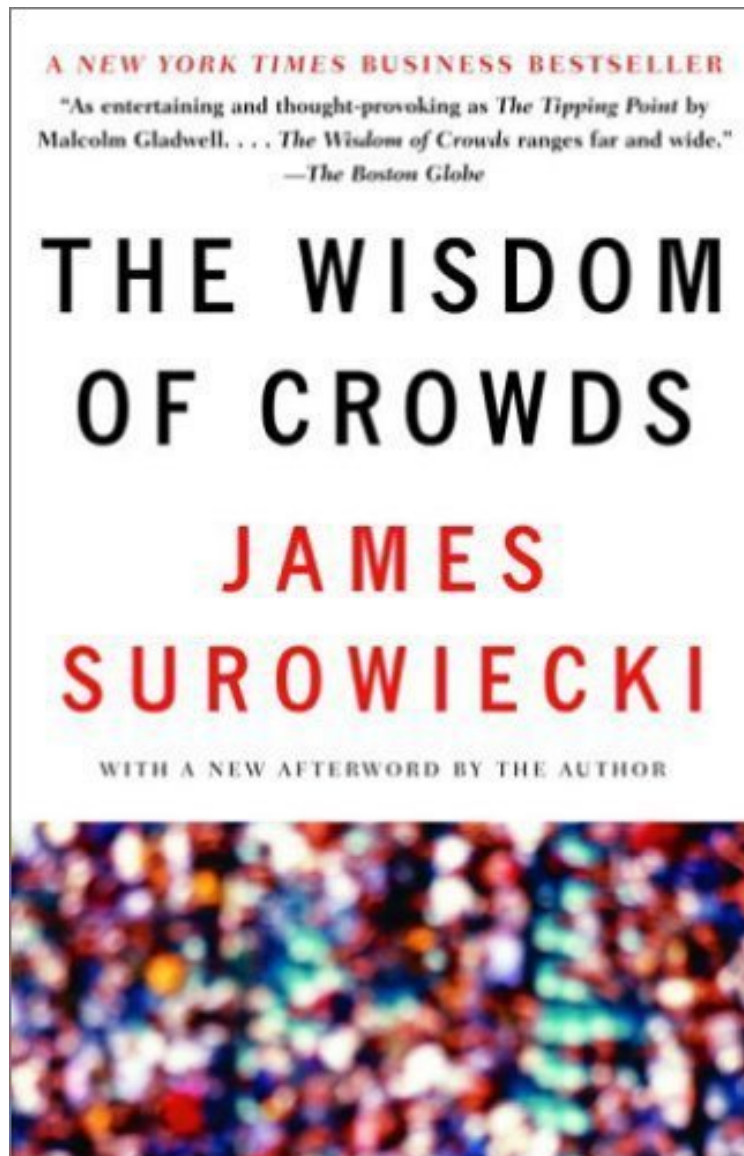


[Download] The Wisdom of Crowds

The Wisdom of Crowds

James Surowiecki

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James Surowiecki : The Wisdom of Crowds before purchasing it in order to gage whether or not it would be worth my time, and all praised The Wisdom of Crowds:

0 of 0 people found the following review helpful. I thought that this book was great. Certainly kept me reading throughoutBy Tony BracksI thought that this book was great. Certainly kept me reading throughout. And some very useful insights into collective decision making, and how this should be best achieved.1 of 1 people found the following review helpful. Wisdom for decision-makers in any walk of lifeBy Richard StowellSuroweiki engrossed me from the beginning. Though this book appears to be a collection of anecdotes about how crowds often outthink the experts, it

struck me as a blueprint for how decision-makers should harness the power of people. Thus it is a treatise on smart business and marketing, good government, and sound organization management. As a U.S. Army veteran, the author propelled me to thoughts on how the military could use its people's collective wisdom, something on which I have written extensively: *Nine Weeks: a teacher's education in Army Basic Training*. Among the most relevant claims from the book is this cogent bit of logic: "To state the obvious, unless people know what the truth is, it's unlikely they'll make the right decisions. This means being honest about performance. It means being honest about what's not happening. It means being honest about expectations. Unfortunately, there's little evidence that this kind of sharing takes place.... One of the things that gets in the way of the exchange of real information is the deep-rooted hostility on the part of bosses to opposition from subordinates. This is the real cost of a top-down approach to decision making: it confers the illusion of perfectability upon the decision makers and encourages everyone else simply to play along. What makes this especially damaging is that people in an organization already have a natural inclination to avoid conflict and potential trouble. It's remarkable, in fact, that in an autocratic organization good information ever surfaces. It's a book that anyone who has been around people should read." 7 of 7 people found the following review helpful. A good book to read and reread.

By Henry Cate III

In "The Wisdom of Crowds" James Surowiecki explores how often a group of people can make better decisions than the "expert" and under what situations might a group make poor choices. One of the basic points of the book is that in making a decision people have two components, information and error. Often by aggregating the decisions of many individuals the errors will cancel out and you are left with a very good decision. Another point is that for complex problems there is no "expert" who completely and thoroughly understands the problem, and can thus give the "right" answer. Most big problems are solved by making our best guesses and then seeing if our decisions were right or good enough. A group of people, because together they have more information, can make better choices. James Surowiecki uses a variety of interesting examples to discuss how much better decisions a group can make. His first example is how Francis Galton found that an average group of people at a county faire in England back one hundred years ago were able to guess the weight of an ox within a pound, much closer than any of the "experts" were able to get. It was fascinating to learn that within hours of the Challenger Space Shuttle explosion the stock market picked which company was responsible, by a big drop in the stock price, long before there was any clear understanding of what had happened. And within a couple weeks the international health community was able work together to understand SARS, without any guiding hand or one organization in charge. The author also explores under what conditions a group of people might make a poor decision. He found that a group of experts, who all tend to have a similar viewpoint on a particular topic, may make a worse decision than a group with a few "less smart" people who will see a problem from different view points. Another situation that happens is where there is a vague problem for which people don't see a clear answer so if someone will go public with his answer, then other people will go along with the first answer, rather than making their best guess. He calls this information cascade. It is better that everyone be encouraged to make their best guess, and then work through a process of resolving or aggregating the decisions. The chapter on how to pick good solutions for issues raised by new technology was fascinating. The author compared the process of how the free market finds good solutions to how a beehive looks for food. One example was the early development of the automobile. In both cases scouts go out looking for solutions (honey or car designs) and bring them back to be evaluated by the group. The market reviewed hundreds of designs for cars and gave feedback on which designs were better. The basic design quickly developed. It is key to have a system which generates lots of alternatives and allows losers to be abandoned quickly. It is important to have both diversity of solutions and diversity of perspectives to generate better results. Some books are interesting and educational, but after reading them there is little need to go back and reread them. You can learn the basic lessons in one reading. "The Wisdom of Crowds" is one of those which needs to be reread every so often because there are so many interesting ideas explained and thoughts explored. It is well written and is worth the time to read and worth thinking about after reading.

In this fascinating book, New Yorker business columnist James Surowiecki explores a deceptively simple idea: Large groups of people are smarter than an elite few, no matter how brilliant; better at solving problems, fostering innovation, coming to wise decisions, even predicting the future. With boundless erudition and in delightfully clear prose, Surowiecki ranges across fields as diverse as popular culture, psychology, ant biology, behavioral economics, artificial intelligence, military history, and politics to show how this simple idea offers important lessons for how we live our lives, select our leaders, run our companies, and think about our world.

From Publishers Weekly

While our culture generally trusts experts and distrusts the wisdom of the masses, New Yorker business columnist Surowiecki argues that "under the right circumstances, groups are remarkably intelligent, and are often smarter than the smartest people in them." To support this almost counterintuitive proposition, Surowiecki explores problems involving cognition (we're all trying to identify a correct answer), coordination (we need to synchronize our individual activities with others) and cooperation (we have to act together despite our self-interest). His rubric, then, covers a range of problems, including driving in traffic, competing on TV game shows,

maximizing stock market performance, voting for political candidates, navigating busy sidewalks, tracking SARS and designing Internet search engines like Google. If four basic conditions are met, a crowd's "collective intelligence" will produce better outcomes than a small group of experts, Surowiecki says, even if members of the crowd don't know all the facts or choose, individually, to act irrationally. "Wise crowds" need (1) diversity of opinion; (2) independence of members from one another; (3) decentralization; and (4) a good method for aggregating opinions. The diversity brings in different information; independence keeps people from being swayed by a single opinion leader; people's errors balance each other out; and including all opinions guarantees that the results are "smarter" than if a single expert had been in charge. Surowiecki's style is pleasantly informal, a tactical disguise for what might otherwise be rather dense material. He offers a great introduction to applied behavioral economics and game theory. Copyright copy; Reed Business Information, a division of Reed Elsevier Inc. All rights reserved.

From Bookmarks Magazine
Surowiecki first developed his ideas for *Wisdom of Crowds* in his "Financial Pager" column of *The New Yorker*. Many critics found his premise to be an interesting twist on the long held notion that Americans generally question the masses and eschew groupthink. "A socialist might draw some optimistic conclusions from all of this," wrote *The New York Times*. "But Surowiecki's framework is decidedly capitalist." Some reviewers felt that the academic language and business speak decreased the impact of the argument. Still, it's a thought-provoking, timely book: the TV studio audience of *Who Wants to Be a Millionaire* guesses correctly 91 percent of the time, compared to "experts" who guess only 65 percent correctly. Keep up the good work, comrades.

Copyright copy; 2004 Phillips Nelson Media, Inc. "As entertaining and thought-provoking as *The Tipping Point* by Malcolm Gladwell... *The Wisdom of Crowds* ranges far and wide." —*The Boston Globe* "A fun, intriguing read—and a concept with enormous potential for CEOs and politicians alike." —*Newsweek* "This book is not just revolutionary but essential reading for everyone." —*Christian Science Monitor* "Provocative.... Musters ample proof that the payoff from heeding collective intelligence is greater than many of us imagine." —*BusinessWeek* "There's no danger of dumbing down for the masses who read this singular book." —*Entertainment Weekly* "Clearly and persuasively written." —*Newsday* "Convincingly argues that under the right circumstances, it's the crowd that's wiser than even society's smartest individuals. New Yorker business columnist Surowiecki enlivens his argument with dozens of illuminating anecdotes and case studies from business, social psychology, sports and everyday life." —*Entertainment Weekly* "The author has a knack for translating the most algebraic of research papers into bright expository prose." —*The New York Times* Book "Dazzling . . . one of those books that will turn your world upside down. It's an adventure story, a manifesto, and the most brilliant book on business, society, and everyday life that I've read in years." —Malcolm Gladwell, author of *The Tipping Point* "Surowiecki's clear writing and well-chosen examples render complicated mathematical and sociological theories easy to grasp. . . . [His] accounts of how the wisdom of crowds has formed the world we live in will thrill trivia mavens—and may make a better investor (or football coach) out of anyone who takes its conclusions to heart." —*Time* ...