

**HOW TO
AVOID THE
FOUR
PITFALLS
OF
DECISION
MAKING**

THE PROBLEM

WE DON'T HAVE A DECISION-MAKING PROCESS

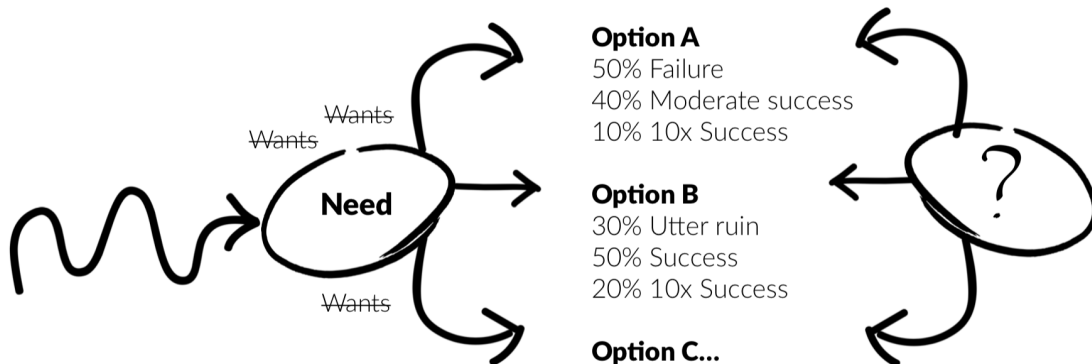
Let's have a pop quiz.

1. How many decisions do managers make every year? Answer: 3 billion. (Even if research is off by 50%, that's still 1.5 billion decisions.)
2. What % of managers follow best decision-making practices? Answer: 2%. (That means 98% of us are making worse decisions than we need to be.)
3. What matters more in decision making: analysis or process? Answer: process by a factor of six. (Note: if you disagree with any of these answers take it up with Erik Larson of Harvard Business Review where it is published.)

If that's true, then let's learn a process. Earlier, we learned the DDII Process - delay, delete, invent, invert (from Brinkmann "How to Make Better Decisions" 2018). This builds on it. It goes deeper into the final step: invert assumptions. It identifies the four most likely pitfalls in your decision making - a synthesis of 25 of the most common cognitive biases and how to fix them. Print the four pitfalls and use it as a checklist for your next big decision.

Goal: Take calculated risks that limit the downside

Steps: 1: Delay decision 2: Delete non-priorities 3: Invent scenarios 4: Invert assumptions



THE FOUR PITFALLS

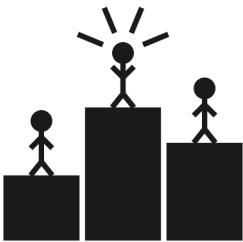
25 COGNITIVE BIASES AND HOW TO FIX THEM



Errors of the Body

Solution = Wait

Influence from stress
Influence from hunger
Influence from tiredness



Errors of the Ego

Solution = Involve others

Confirmation bias / first-conclusion bias
Fear of failure / loss aversion / zero-risk bias
Optimism bias / denial tendency / ostrich effect / placebo effect
Over-confidence / doubt avoidance / uniqueness bias
Tendency to want to do something / reactance / innovation bias
Jealousy tendency
Sunk-cost fallacy



Errors of the Emotions

Solution = Beware of emotional red herrings

Consensus / bandwagon effect
Consistency / inconsistency avoidance
Authority / appeal to tradition
Liking / tendency to distort because of liking or disliking
Reciprocity
Scarcity
Appeal to emotion or fear / ad hominem / slippery slope
Appeal to incentives



Errors of the Mind

Solution = Get real statistics

Regression to the mean
Anchoring / availability heuristic / framing / black & white / recency
Tendency to overgeneralise from small samples / anecdote
Just-world hypothesis
Zero-sum assumption
Survivorship bias / cherry-picking
Boiling frog

REFLECTION QUESTIONS

BECAUSE IT'S NOT WHAT YOU READ, IT'S WHAT YOU INTEGRATE

When have you seen the four pitfalls of decision making in action?

When have you committed one of the pitfalls?

Which of the four pitfalls are you most susceptible to fall for?

Which of the 25+ cognitive biases are you most susceptible to fall for?
