

## Decision Traps: Cognitive Biases that Cause Good Decisions to Go Bad

**M**aking good decisions may be the most important responsibility of an executive. Yet even the brightest people and teams sometimes make stunningly bad decisions. Research has shown that the way in which the brain works can set us up for making flawed judgments. Each of us, in an attempt to make sense of a complex world, employ what are known as “heuristics.” These are the “rules of thumb,” based on prior experience, that guide us in judging a given situation. (Example: Person A is smiling – she must like me. Person B is frowning – she must not like me.) We also use heuristics in making work related decisions. The problem lies in the fact that heuristics, while well-intentioned and right much of the time, may cause bias. Bias – *a distortion that affects judgment* – can quickly cause good decision thinking to go bad. Some of these decision making traps are described below.

### Individual Biases

- **Confirmation bias** — tendency to interpret information in a way that confirms one’s preconceptions.
- **Status quo bias** — favoring alternatives that perpetuate the status quo.
- **Recency bias** — tendency to place more attention on more recent information and either ignore or forget more distant information.
- **Selective search for evidence bias** — tendency to gather information that supports certain conclusions but disregard other facts that support different conclusions.
- **Information bias** — tendency to seek information even when it cannot affect action.
- **Source credibility bias** — rejecting something if we have a bias against the person, organization, or group to which the person belongs. We are inclined to accept a statement by someone we like.
- **Anchoring bias** — decisions are unduly influenced by initial information that shapes our view of subsequent information.

### Group Biases

- **Group think bias** — peer pressure to conform to the opinions held by the group.
- **Loss aversion bias** — tendency for people and groups to strongly prefer avoiding losses over acquiring gains.
- **Focusing bias** — tendency for groups to place too much importance on one aspect of a decision and placing too little value on other salient factors.
- **False consensus bias** — tendency for people and groups to overestimate the degree to which others will agree with them.
- **Illusion of control bias** — tendency for groups to believe they can control or at least influence outcomes that they clearly cannot.

One of the most frustrating aspects of these cognitive biases is that we are often completely unaware of their existence in the way we process decisions. And the higher the stakes, the more likely we will fall victim to one or more of these destructive habits.

**The Good News:** Although we can’t eliminate these biases, there are effective strategies to minimize their impact. The best protection against the decision traps listed above is to be aware that they exist and that they are real. Second, you can choose a decision making process that uncovers errors in thinking before they become disasters in judgment. The process should allow you to accurately assess the decision situation, apply sound reasoning and logic to the analysis, be visible and easy to communicate.

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