



Decision FAIL:
*Top Business Decision Making Mistakes
(and How Smart Leaders Avoid Them)*

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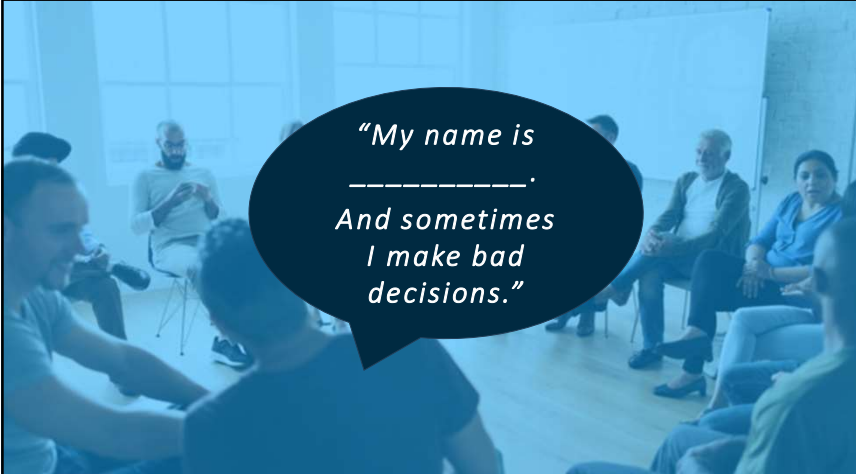
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Welcome to:
**Stupid Decisions
Not-so-Anonymous**

**BAD
DECISION**

2




*"My name is _____
And sometimes
I make bad
decisions."*

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**Two Paths to
Better Business Decisions:**

#1: Be more SMART.

#2: Be less STUPID. 😊



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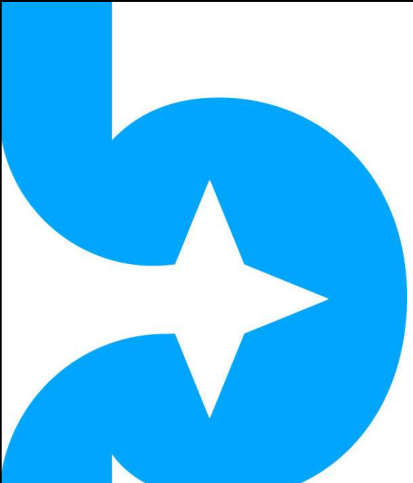
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“It’s a lot easier to learn to stop being stupid than it is to start being brilliant.”

*Brett Hoogeveen, CSP
BetterCulture Co-founder*



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Path #2 to Better Business Decisions

Be Less Stupid

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"Rule #1: Never lose money.

Rule #2: Never forget Rule #1."

Warren Buffett
Chairman, Berkshire Hathaway



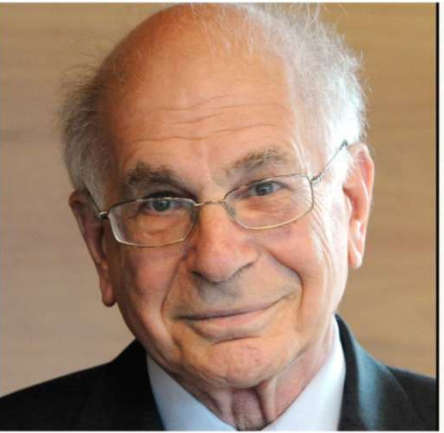

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"It is remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent."


Charles T. Munger
Vice Chairman, Berkshire Hathaway




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THINKING,
FAST AND SLOW




DANIEL
KAHNEMAN

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MINDSETS

System 1 Intuition & Instinct	System 2 Rational Thought
95%	5%
<ul style="list-style-type: none"> Fast Automatic Associative Unconscious Emotional 	<ul style="list-style-type: none"> Slow Requires Effort Indecisive Uses Energy Rational

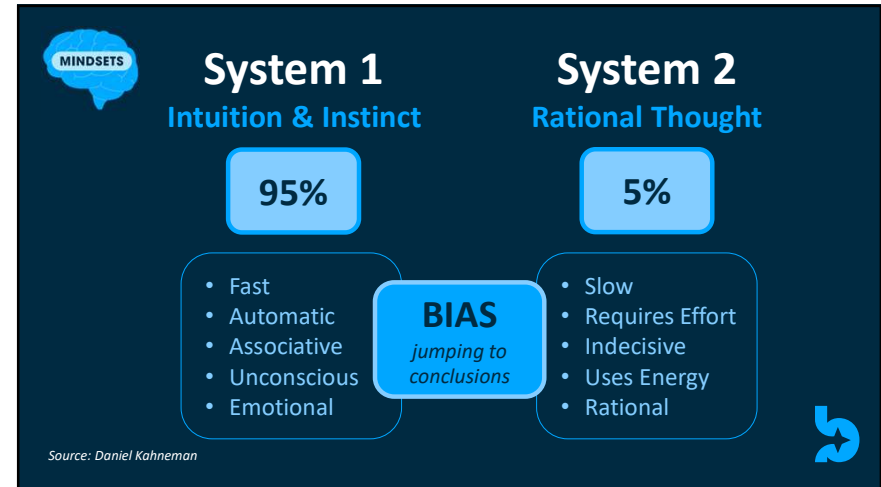
Source: Daniel Kahneman



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Scenario #1:

Bob is an opera fan who enjoys touring art museums when on holiday. Growing up, he enjoyed playing chess with family members and friends. Which situation is more likely?

A. Bob plays trumpet for a major symphony orchestra
 B. Bob is a farmer

Representativeness Bias

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Who thinks it's...

More than 400?



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Who thinks it's...

More than 4,000?



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Who thinks it's...

More than 40,000?



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Scenario #2:

$8 \times 7 \times 6 \times 5 \times 4 \times 3 \times 2 \times 1 =$

40,320



Anchoring Bias

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Scenario #3:

Who would wager \$50 right now on a coin flip if you stood gain \$100 if you won?



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Scenario #3:

The typical person feels a loss twice as intensely as an equivalent gain.



Loss Aversion Bias

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Scenario #4:

Step 1: Read the resume.

Step 2: Quietly decide if you want to hire the person?

Step 3: (at the end)
Cheer if 'Yes'
Boo if 'No'



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Person A:

Intelligent
Hard-working
Experienced
Critical
Envious
Stubborn




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Groups Switch

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Person B:

- Stubborn
- Envious
- Critical
- Experienced
- Hard-working
- Intelligent

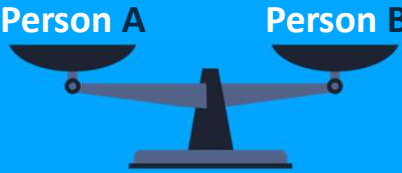




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Scenario #4:

Let's Decide.
Who are we hiring?

Person A Person B






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Person A:	Person B:
Intelligent	Stubborn
Hard-working	Envious
Experienced	Critical
Critical	Experienced
Envious	Hard-working
Stubborn	Intelligent

The Primacy Effect




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Scenario #5:



Buyers Sellers

The Endowment Effect




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Scenario #6:

When the NFL played 16 game seasons, the number of expected wins for an average team was 8 games (50%).

How many wins did an average fan predict for their team?


9.59 games 20% Overestimate





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Optimism Bias

Your plan



Reality

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Scenario #7:


Show of Hands. Who believes they are a...

Slower than average **runner**?

Worse than average **singer**?

below average **driver**?

below average **decision maker**?



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Scenario #7:

Humans are prone to overestimate their abilities compared to others – especially when those qualities are difficult to measure.

Illusory Superiority



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Path #1 to Better Business Decisions

Be More Smart

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Tip #1: Stop answering questions!

Respond to questions with:

- 1) Why do you ask?
- 2) What do you think?

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Tip #2: Conduct a Pre-Mortem.

“Let’s assume that – in the future – this decision we’re about to make went poorly. It led to bad outcome X. What happened?”



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Tip #3: The 360 Rule

“When an important decision needs to be made quickly, it should always be run by a minimum of 360 IQ points in the form of 3-4 well-informed people.

Fewer people risks oversight. More people risks lack of execution.”

Brett Hoogeveen, CSP
BetterCulture Co-founder



CUMALATIVE IQ



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Tip #4: Red Light Risk Analysis

DEMAND RISK COMPETITIVE RISK CAPABILITY RISK



3 greens = GO
1 yellow = SLOW
Any red = STOP



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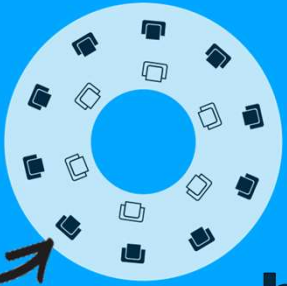
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Tip #5: The Second Ring

When planning a decision-making meeting, always ask:

- 1) Who needs to be in the meeting to make the best decision?
- 2) Who would benefit from observing the process?



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