

Making Good Decisions

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Book Review on *Decisive: How to Make Better Choices in Life and Work* – by *Chip and Dan Heath*

Ever since I read *Switch: How to Change Things When Change is Hard*, the Heath brothers' insightful book on change, I became a staunch follower of their work. Their simple yet lucid style full of anecdotes and insights makes the book an engaging read. More importantly it gives one the belief, however hard it may seem that change is not invincible.

And as they did in *Switch*, they do it again with the daunting task of decision-making with *Decisive: How to Make Better Choices in Life and Work*. The Heath brothers explore the process of decision making in depth and break it down into small action steps that anyone grappling with a big decision will benefit from.

The brothers are a winning, and witty, writing team. Chip is a professor at the Graduate School of Business at Stanford University, and Dan is a senior fellow at Duke University's Center for Advancement of Social Entrepreneurship. The beauty of their writing is that much of their work stems from personal experiences and observations, which has left lasting impact on their professional and personal life.

Much of the book is focused on "nudging, prodding, and inspiring groups to make better decisions". But, in most cases, the guidance can be applied to individual choices, too. What car to buy? Whether to accept a new job? or should you break up with your boyfriend? Whether or not to start your own business?

And if you were to do any of these, there are high chances that one would see you weighing the pros and cons of the decision to be made. This is precisely the point they raise.

For starters, they write "the only decision-making process in wide circulation is the pros-and-cons list. Rather than jump to conclusions we hunt for positive and negative factors — "pushing the spotlight around — until we feel ready to make a decision."

Who hasn't taken this approach? Turns out, this method can be traced to 1772, when Benjamin Franklin was asked for advice by a colleague who'd been offered an unusual job opportunity. Franklin advised him to write over a period of days, as they occurred to him, the factors that fall into either a Pro column or a Con one.

The "over a few days" piece is key, because it helps defray the short-term emotion that we often get caught up with in the angst of making a decision, according to the Heaths.

More than 200 years later, "his approach is still, broadly speaking, the approach people use when they make decisions" although it is profoundly flawed, according to the authors

That's because it's insanely easy to "jigger the pros-and-cons," or bias the list so, even though, "we think we are conducting a sober comparison ... in reality, our brains are following orders from our gut," they write.

The reason as the Heaths explain is that the normal decision process moves in four steps: 1) You encounter a choice; 2) You analyze your options; 3) You make a choice; 4) You live with that choice. Unfortunately, write the Heaths, "there is a villain that afflicts each of these stages."

The Four Villains

The Heath brothers explain 4 key pitfalls (or "villains") at each key stage of our decision-making process:

Villain #1: Narrow framing: When we face a choice, we tend to look at our options narrowly, and often in binary terms, e.g. "Should I buy a new house or not?" or "Should I quit or stay in my job?". This limits the options that we consider.

Villain #2: Confirmation bias: As we analyze our options, we tend to only look for data that confirms our beliefs, assumptions and predispositions, instead of truly seeking the best information.

Villain #3: Short-term emotions: Despite our detailed data and analysis, when we actually make our choice, we tend to be influenced more by our short-term feelings.

Villain #4: Overconfidence: After making the decision, we tend to feel certain about how the future will turn out, when in reality we are merely guessing and have no way of accurately predicting the future.

The Impact

The Heaths inform us that bad decisions are all too common in business and personal decision making. 40% of senior level hires by companies either quit or move out from the organization within 18 months, 83% of mergers don't create value for shareholders, and personally we all make bad investment and relationship choices all the time.

While incomplete information is sometimes to blame, the process used for making the decision is about six times more important. To put it bluntly, our processes for deciding are usually wrong, and the main culprits are none other than the four villains: narrow framing, confirmation bias, short-term (emotions) decision making, and overconfidence. Our brains are simply not optimally wired for making complex decisions. We can't eliminate our biases, but we can plan for them and try to counteract them.

The Way Out

To counter these villains, there are four steps we should apply that encompass a number of specific tactics to improve our outcomes. The steps are described in the acronym WRAP: This stands for

- **Widen Your Options**
- **Reality-Test Your Assumptions**
- **Attain Distance Before Deciding**
- **Prepare to Be Wrong**

Widen Your Option: To overcome your tendency to adopt a narrow frame, there are 3 strategies you can use—avoid a narrow frame, multitrack, and find others who've solved your problem. One may break these down further to look at why and how to: catch “whether-or-not” questions, expand your options with alternative questions, consider your opportunity costs, explore multiple options simultaneously, find ‘bright spots’ and create playlists for future problem-solving and decision-making.

Reality-Test Your Assumptions: To overcome confirmation bias and overconfidence in our predictions, we must reality-test our assumptions. The authors explain 3 practical strategies to improve the process and quality of information collection and to test your options before committing to them. What it means is to probe for specifics and disconfirming data, zoom out/in to get a realistic assessment and find solutions for your specific situation, and how to test your hypotheses.

Attain Distance Before Deciding: To make sure our choices are aligned with what we truly want, we need to (a) manage the short-term feelings that cloud our judgment and (b) know and follow our priorities. To zoom in on the impact of our emotional impulses the authors explain techniques (like the “10/10/10 principle” and adopting a third-party perspective) to bring back objectivity into our assessments.

Prepare to Be Wrong: We cannot accurately predict the future, but we can plan for surprises using 2 strategies by book-ending the future (so we explore a wider range of possibilities) and setting a tripwire (to review your decisions). The brothers explain both strategies including specific tips to manage your lower bookend (desperate outcome) and upper bookend (dream outcome), as well as to set your tripwires (signals that will force you to make/reconsider a decision at the right time, much like your car's low-fuel warning indicator).

As in their two previous bestsellers, *Switch* and *Made to Stick*, the Heaths build on extensive academic research to create an engaging, focused process for resolving the issue at hand. Since there is no more important

an issue for any of us than making the right choices at the right time,
Decisive the book to reach out for.

N.B. – The book also provides recommendations for further reading and more importantly shares exercises termed as “clinics” which describe a real-world situation and challenges for one to think about how to apply the WRAP framework for making a better decision.