

Coaching to raise awareness of the impact of bias on decision making

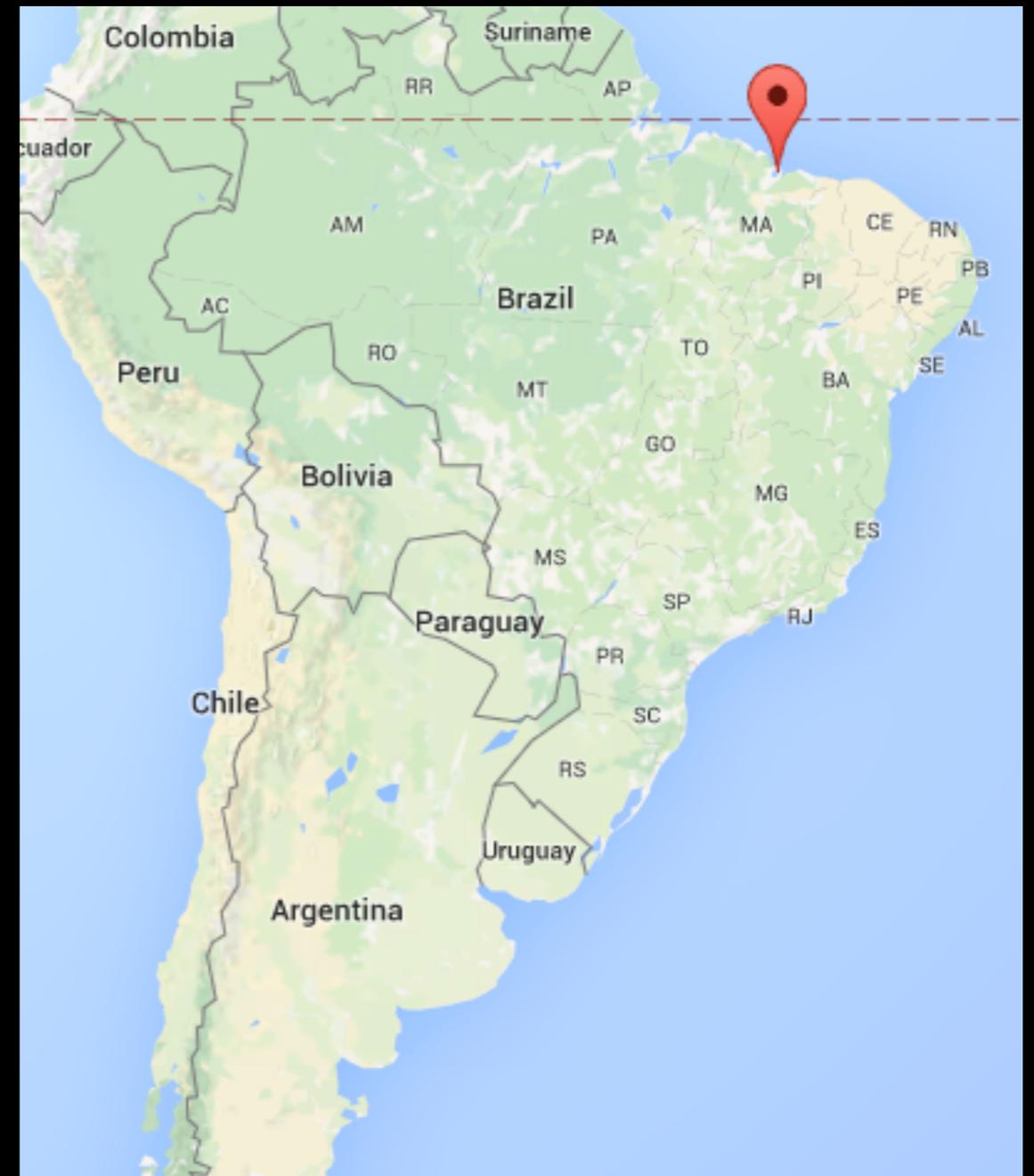
A CP-SIG discussion on 30 July 2015

Outline

- Why I'm interested in exploring this topic
- Cognitive biases impacting decision making
- Discussion: coaches cognitive biases
- Discussion: cognitive biases & you as coach

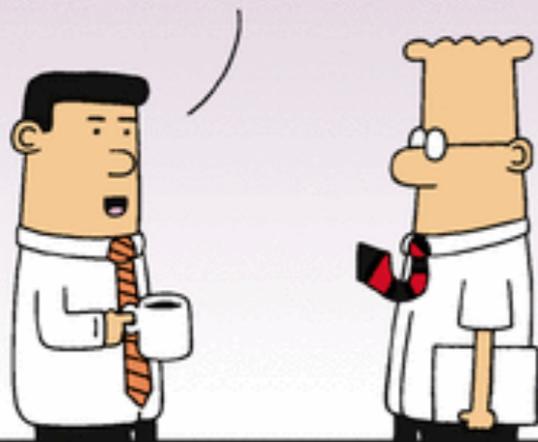
Business: Brits in Brazil

- 2011
- North Eastern Brazil
- Global construction firm
- Tendering to build a railway for a mining company
- UK directors decision “lost” 2 contracts worth potential £250 million
- Lessons learned process would have benefited from an understanding of cognitive biases



Dilbert on Cognitive Bias

WHAT DO YOU GET WHEN YOU COMBINE COGNITIVE BIAS WITH INACCURATE INFORMATION?



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OUR BUSINESS STRATEGY! HAHA—
HAHAHAHA!!!



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I GUESS I SHOULD KEEP MY DAY JOB.

GOOD LUCK WITH THAT.



A 2010 Dilbert Comic Strip on Cognitive Bias

The confidence we experience as we make a judgment is not a reasoned evaluation of the probability that it is right.

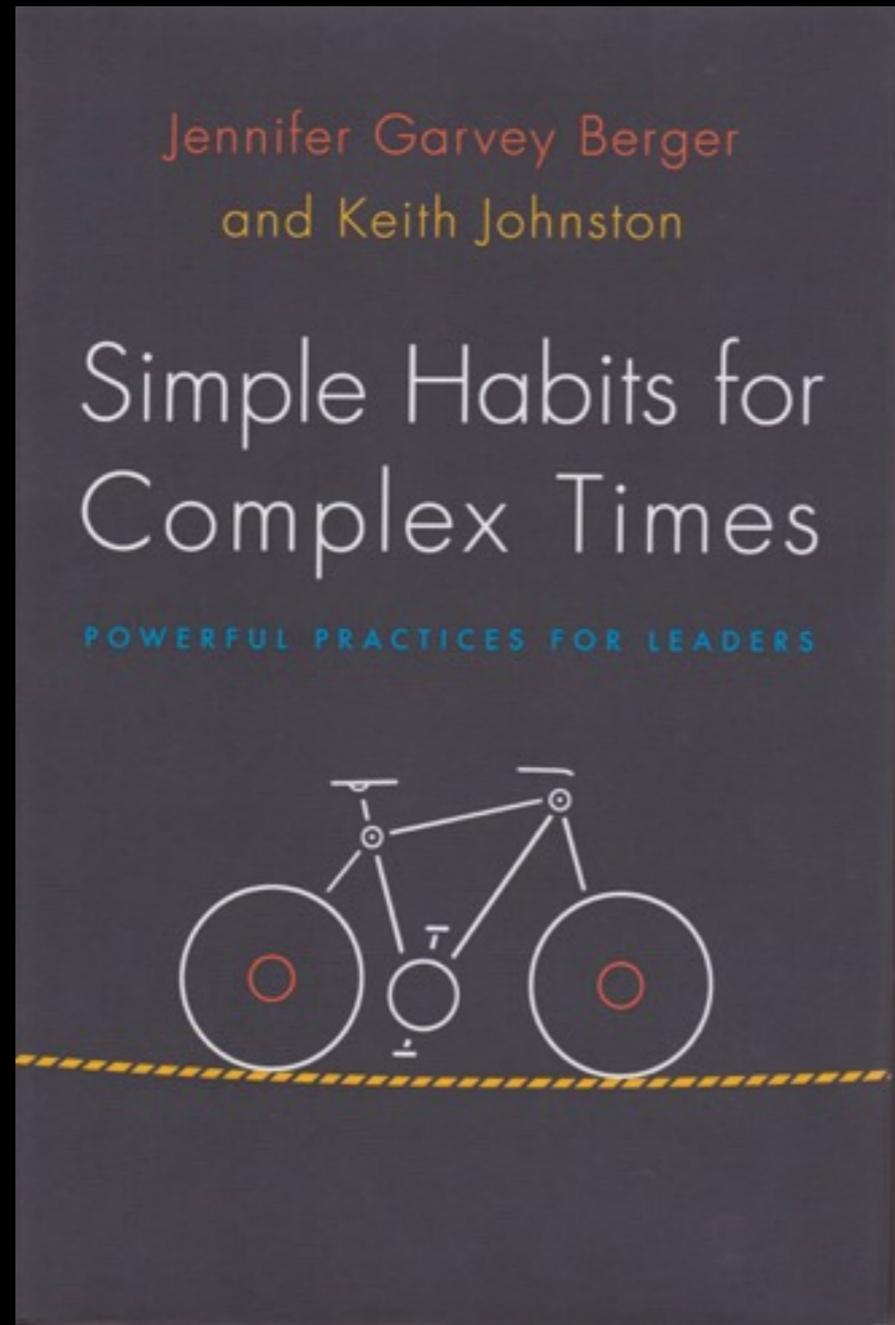
Confidence is a feeling, one determined mostly by the coherence of the story and by the ease with which it comes to mind, even when the evidence for the story is sparse and unreliable.

The bias toward coherence favors overconfidence. An individual who expresses high confidence probably has a good story, which may or may not be true.

Daniel Kahneman, "Don't Blink! The Hazards of Confidence". New York Times.

October 19, 2011.

Inspiration & sources



Published February 2015



May 2015 edition

Action-Oriented Biases

Excessive optimism: We are overly optimistic about the outcome of planned actions. We overestimate the likelihood of planned events and underestimate the negative ones.

Overconfidence: We overestimate our skill level relative to others' and consequently our ability to affect future outcomes. We take credit for past positive outcomes without acknowledging the role of chance.

Biases related to perceiving and judging alternatives

Confirmation bias: We place extra value on evidence consistent with a favoured belief and not enough on evidence that contradicts it. We fail to search impartially for evidence.

We look more favourably on those things that remind us most of ourselves.

“we search for what we want to find”

Groupthink: We strive for consensus at the cost of a realistic appraisal of alternative courses of action.

Biases related to perceiving and judging alternatives

Anchoring & insufficient adjustment: We root our decisions in an initial value & fail to sufficiently adjust our thinking away from that value.

Egocentrism: We focus too narrowly on our own perspective to the point that we can't imagine how others will be affected by a policy or strategy. We assume that everyone has access to the same information we do.

Implicit egotism: We look more favourably on those things that remind us most of ourselves.

“if it reminds me of me, it must be good”

Biases related to perceiving and judging alternatives

Availability: we spend more of our time and attention focused on those things that happen to be memorable for some reason rather than on those things that happen to be important

“if I can remember it, it must be important”

Biases related to the framing of alternatives

Loss aversion: We feel losses more acutely than gains of the same amount, which makes us more risk-averse than a rational calculation would recommend.

Sunk-cost fallacy: We pay attention to historic costs that are not recoverable when considering future courses of action.

Biases related to the framing of alternatives

Escalation of commitment: We invest additional resources in an apparently losing proposition because of the effort, money, and time already invested.

Controllability bias: We believe we can control outcomes more than is actually the case, causing us to misjudge the riskiness of a course of action.

Stability biases

Status quo bias: We prefer the status quo in the absence of pressure to change it.

Present bias: We value immediate rewards very highly and undervalue long-term gains.

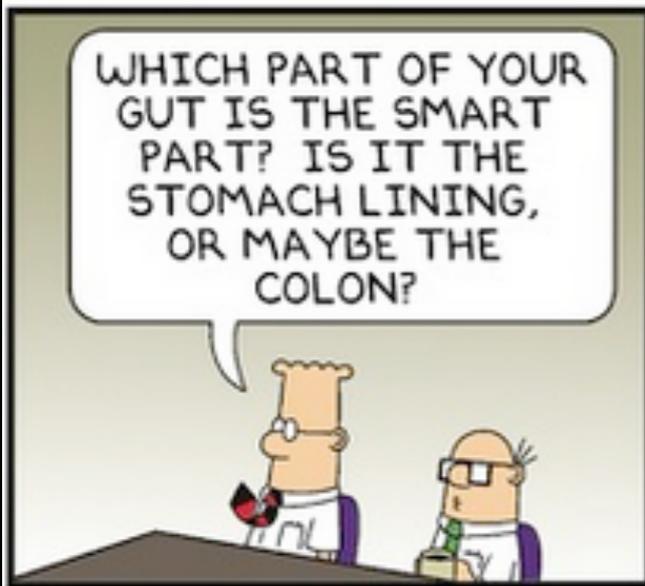
“too busy to notice”



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Improving decision making

- Use joint, rather than separate, evaluations.
- Create opportunities for reflection (eg, journal).
- Use planning prompts (implementation intentions).
- Inspire broader thinking (“what **could** I do”)
- Increase accountability by establishing clear responsibility
- Encourage the consideration of disconfirming evidence.
- Use reminders & checklists.

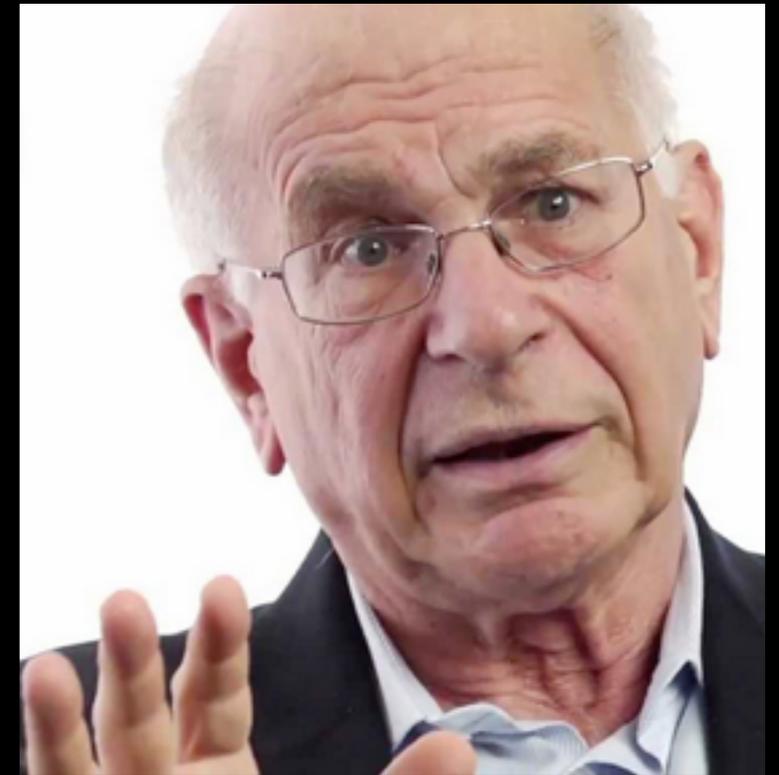
Discussion 1: Coaching

- Do coaches need to be aware of the impact of cognitive biases on business decision making?
- Do you coach to raise the coachee's awareness of bias in their decision making?
- How?
- What works? What hasn't worked?
- What have you learnt in exploring this?

Discussion 2: You

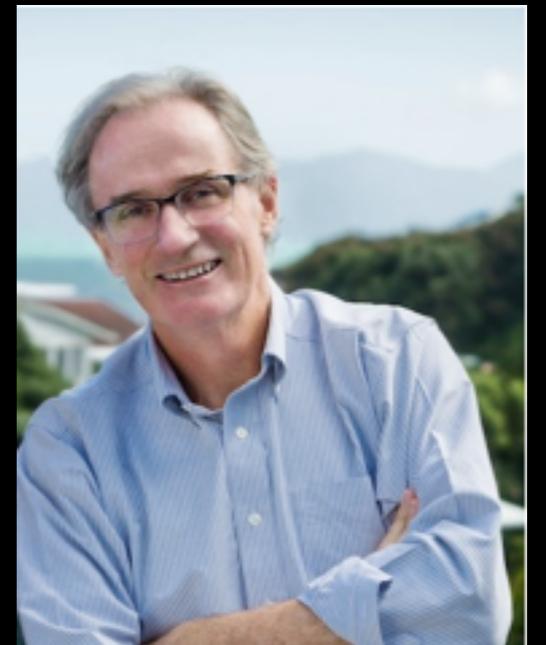
- Do your cognitive biases impact your coaching?
- In what way?
- What strategies do you use to counter them?

“Our comforting conviction that the world makes sense rests on a secure foundation: our almost unlimited ability to ignore our ignorance.”



Daniel Kahneman, *Thinking, Fast and Slow*, 2011, p. 201.

“when we think we are relying on our most precious human logic, we are often fooling ourselves. It’s not our fault - we’re drawn that way.”



Jennifer Garvey Berger & Keith Johnston, *Simple Habits for Complex Times*, 2015, p. 136.