How to Avoid the Hidden Traps of Decision Making

By

Linda D. Henman, Ph.D.

The best leaders get most of the important calls right. They exercise good judgment and make the winning decisions. All other considerations evaporate because, for the most part, at the senior-most echelons of any organization, people won't judge you by your enthusiasm, good intentions, or willingness to work long hours. They have one criterion for judging you: Do you show good judgment? Therefore, leveraging your strengths in this arena and avoiding the hidden traps of individual and group decision making define two of the surest ways for you to improve in your own decision making and to influence the effectiveness of your team.

The Groupthink Trap

In 1972 Irving Janis, a social psychologist, first identified groupthink as a phenomenon that occurs when decision makers accept proposals without scrutiny, suppress opposing thoughts, or limit analysis and disagreement. Historians often blame groupthink for such fiascoes as Pearl Harbor, The Bay of Pigs Invasion, the Vietnam War, and the Watergate break in, and the Challenger disaster. Groupthink, which is often a result of too much cohesion, causes the group to make an incomplete examination of the data and the available options. This can lead the participants to a simplistic solution to a complex problem.

High cohesion, a positive group dynamic, creates problems when the group has excessive amounts of it. When groups become too unified, the members, especially the insecure or weak ones, allow loyalty to the group to cloud their ability to make effective determinations. Often these weak participants engage in self-censorship because they perceive that "the group knows better." This, coupled with their fear of rejection and the stronger members exerting direct pressure to conform, discourages the voicing of dissenting ideas. The absence of obvious dissent engenders the *illusion of unanimity* and *collective rationalization.*

This rationalization process can then lead to an *unquestioning belief in the morality of the group*. Individuals ignore ethical consequences, and a Machiavellian attitude develops because the "end justifies the means" if they are addressing a "bigger good." This chauvinistic approach causes the group to stereotype competitors or critics as incompetent, non-threatening, or ignorant. The group can then dismiss dissenters as undeserving of consideration. Members can begin to feel isolated, invincible, and insulated. This "safety in numbers" mentality can lead to excessive risk taking because the group feels accountable to no one.

Time constraints and pressure further exacerbate these problems and tempt the group to look for a "quick fix." This sort of inadequate search for answers causes people

to settle for the first decent alternative they stumble across, a situation that becomes more likely if the members are pessimistic about finding a better solution than the obvious one.

When a group limits its discussion to a few solutions, without considering all available information, the members fail to discern the subtleties of their preferred choice and of the rejected alternatives. The obvious determines the decision. Under these circumstances the group often fails to work out contingency plans that would contribute to the success. By refusing to consider drawbacks and potential setbacks, the group may inadvertently sabotage its own efforts.

Authoritative leaders who express opinions freely may very well be putting the group in a position to develop groupthink. Non-powerful members may try to win favor by kowtowing to authority. The more obvious the leader's position, the less likely it is that the group will challenge the decision.

The decision making that led to the Challenger disaster illustrates how each of these causes of groupthink can lead to a tragic outcome. The Challenger blasted off at an unprecedented low temperature. The day before the disaster, executives at NASA argued about whether the combination of low temperature and O-ring failure would be a problem. The evidence they considered was inconclusive, but more complete data would have pointed to the need to delay the launch.

Cohesion and pressure to conform probably led the list of causes of the groupthink. The scientists at NASA and Morton Thiokol felt the pressure of their bosses and the media to find a way to stick to their schedule. Because the group discouraged dissenters, an illusion of unanimity surfaced, and the collective rationalization that allowed the decision makers to limit their analysis led to their favoring a particular outcome—to launch on time.

Due to an extraordinary record of success of space flights, the decision makers developed an illusion of invulnerability, based on a mentality of overconfidence. After all, NASA had not lost an astronaut since the flash fire in the capsule of Apollo 1 in 1967. After that time, NASA had a string of fifty-five successful missions, including putting a man on the moon. Both NASA scientists and the American people began to believe the decision makers could do no wrong.

Any one of the causes of groupthink can sabotage decision making, but in the case of the Challenger, they created a tragic outcome by displaying most of the symptoms. The trouble is, when you’re in the throes of groupthink, you can’t always see or understand what’s happening. That’s why you need to take steps to prevent it before it rears its ugly head.

High-quality decision making depends on groups preventing groupthink by structuring a systematic approach for evaluating alternatives. First, you can serve as an impartial leader who refrains from expressing a point of view. You can further enhance the evaluation process by assigning one of the members the role of *devil's advocate* or

devil's inquisitor. This person takes responsibility for challenging positions, questioning options, demanding the group exercise critical thinking skills, and allowing individuals to remain separate from ideas. By welcoming criticism of their own ideas and by demonstrating that they are willing to be influenced by logic and evidence, leaders can show they consider critical evaluation and an open climate for discussion more important than harmony or deference. Your vigilance in considering multiple views holds the key. In short, insist on disagreement—among your direct reports and with you

The chance to rethink a decision occurs when you set a second chance meeting. The group can then avoid feeling "under the gun" by agreeing they will make no final decision during the first meeting. Time and distance from the information will allow group members to avoid impulsiveness and quick fix methodology.

The Failure to Frame Trap

When you or your organization faces a significant decision, as the senior leader, one of your primary responsibilities will be to frame the problem for yourself and others. Like a frame around a picture, a frame can determine how we view a situation and how we interpret it. Often the frame of a picture is not apparent, but it enhances the artwork it surrounds. It calls attention to the piece of work and separates it from the other objects in the room.

Similarly, in decision making, a frame creates a mental border that encloses a particular aspect of a situation to outline the key elements of it and to create a structure for understanding it. Mental frames help us navigate the complex world so we can avoid successfully solving the wrong problem or solving the right problem in the wrong way. Our personal frames form the lenses through which we view the world. Education, experience, expectations, and biases shape and define our frames, just as the collective perceptions of a group's members will mold theirs.

Because people often react unconsciously to their frame of reference, in your role as senior leader, you can help the group become aware of the frames they bring to the table. When facing a major decision, here are some ways you can do that:

- Put the problem or decision in once sentence that does not imply a solution. (If it can't go into one sentence, or frame, you have more than one issue to resolve). Frame each separately. Begin the sentence with "The problem is…" or "We need to decide whether…." This simple discipline will do two things. First, it will keep you focused on the objective or strategy before you start discussing alternatives—inside the frame is important to this discussion; outside is not. Second, it helps you reduce mental clutter and achieve agreement about critical areas before you move ahead. Just as you'd never attempt to put a frame around all the things in a room, you shouldn't try to frame every problem at the same time.

- Whether you offer the initial frame or someone else does, don't automatically accept it. Instead, try to reframe the problem in various ways. Ask, "Is this really the issue?" Force yourself and others to get to the core of the problem without being distracted by symptoms, indications, causes, or effects. For example, in many of our public schools drop out rates are high; teacher readiness is low; parents don't get involved; and inadequate funding impedes improvement. While true, none of these gets to the root of the problem. The heart of the problem is too many children can't read or do math at least at grade level. So, to put the issue in one sentence, "The problem is a large number of the children in this school district can't perform at grade level." The group then defines the objective to increase student performance. Starting with any of the other frames takes the group in a direction that won't get to the root of the issue, and therefore, won't ultimately solve the problem.

- Ask questions that test the frame. Force new perspectives by encouraging comparisons:

    - Are you dissatisfied with _____ or _____?
    - How would you compare _____ with what has happened before? What is different?
    - When something like this happened before, what worked?
    - What resources will you commit to this?
    - To what extent are you willing to change the status quo? Structure? Reward system? Reporting relationships?

- Frame the issues from different reverence points and discover the frames of those who disagree with you. What biases do you and they reflect? What agendas might they promote?

- To circumvent bias, use neutral, concrete language to frame the problem.

- Challenge assumptions and examine underlying causes. Ask yourself how your thinking might change if your framing changed.

People who understand the power of framing also know its capacity to exert influence. They have learned that establishing the framework within which others will view the decision is tantamount to determining the outcome. As a senior leader, you have both the right and responsibility to shape outcomes. Even if you can't eradicate all the distortions ingrained in your thinking and that of others, you can build tests like this into your decision-making process and improve the quality of your choices. Effective framing offers one way to do that.

The Complexity Trap

Effective framing can help you embrace "Occam's Razor," a principle attributed to the 14th century English logician and Franciscan friar that states "Entities should not be multiplied unnecessarily." The term "razor" refers to the act of shaving away everything that stands in the way of the simplest explanation. Therefore, any phenomenon should make as few assumptions as possible, eliminating those that make no difference. In other words, all things being equal, the simplest solution is best.

Thomas Aquinas recognized the value of simplicity a century earlier when he offered, "If a thing can be done adequately by means of one, it is superfluous to do it by means of several; for we observe that nature does not employ two instruments where one suffices." Albert Einstein added his brilliance to the discussion with his observation that "Theories should be as simple as possible, *but no simpler.*"

A pervasive predisposition in many companies involves the idea that more is better and activity justifies existence. Creating stacks of papers and millions of details do not prove competence; they show an inability to appreciate Occam's razor. Those who have the ability to answer a question in a sentence frequently don't seem as dedicated as those who produce a volume of words. More isn't better, but those in power often reward it as though it were. Not allowing yourself to jump on that bandwagon can help you and others move ahead more quickly on critical issues instead of squandering time on activity that keeps people busy but doesn't affect the strategy. Where complexity goes unfettered, bureaucracy, the triumph of means over ends, will follow.

In a business situation, the simplest explanation that covers all the facts will usually offer the best solution, but uncovering it may not be quite so easy. People complicate decisions because they can't separate the critical from unimportant elements of it. They lump together the "must haves" with the "wants" and even throw in some "nice to haves." They introduce ways to execute a decision before the goal of the decision is clear, muddy the waters by trying to make all aspects of the situation top priority, and skirt around the periphery of the problem instead of cutting to the core of it. As the senior leader, you can help your team evade these enemies by shaving away all but the simplest representation of the issue and reducing labor intensity to concentrate on the problem. Occam's razor can be a much-needed addition to your leadership toolkit.

The Status Quo Trap

Fear of failure, rejection, change, or loss of control—these often unfounded fears cause decision makers to consider the wrong kinds of information or to rely too heavily on the status quo. According to psychologists, the reason so many cling to the status quo lies deep within our psyches. In a desire to protect our egos, we resist taking action that may also involve responsibility, blame, and regret. Doing nothing and sticking with the status quo represents a safer course of action. Certainly, the status quo should always be considered a viable option. But adhering to it out of fear will limit your options and compromise effective decision making.

Confusing the risks of a decision with the seriousness also encourages us to stick with the status quo. True risk relates to the likelihood of an outcome, while seriousness defines consequences. For instance, the risks associated with flying are statistically infinitesimal. Yet, because the consequences of a plane crash are gargantuan, fear of flying tops the list of prevalent phobias. Similarly, your executive team may adhere to the status quo because of illogical fears. They dread the dire consequences of change, when in reality, the likelihood of those consequences remains quite small.

When considering the status quo, make sure it represents one and only one option. Then ask yourself the key question: If this weren't the status quo, would we choose this alternative? Often we exaggerate the effort that selecting something else would entail, or we magnify the desirability of staying the course over time, forgetting that the future may well present something different. Finally, when we face a multitude of various options, rather than carefully evaluating each, we give into the temptation to stick with the traditional approach.

The Anchoring Trap

A pernicious mental phenomenon related to over reliance on the status quo is known as anchoring. This cognitive bias describes the common human tendency to rely too heavily, or to "anchor," on one piece of information when making decisions. It occurs when people place too much importance on one aspect of an event, causing an error in accurately predicting the feasibility of other options.

Research suggests the mind gives disproportionate weight to the first information it receives, initial impressions, and preliminary value judgments. Then, we tend to defer to these original reactions as we adjust our thinking to account for other elements of the circumstance. In other words, once someone sets the anchor, we will usually have a bias toward that perception.

Since most people tend to be better at *relative* than absolute or creative thinking, we tend to base estimates and decisions on our known anchors, or familiar positions, and then adjust relative to this starting point. For example, if I were to ask you if you think the population of a city is more than 100,000, instead of producing a number on your own, your mind will tempt you to use 100,000 as a relative frame of reference.

Another problem associated with anchoring involves decision makers focusing on notable differences, excluding those that are less conspicuous but often critical, when making predictions about achievability or convenience. When making business decisions, past events, trends, and numbers become anchors for forecasting the future. Sometimes these data offer an accurate starting point for making predictions, but too often they lead to misguided conclusions.

To avoid falling into the anchoring trap, don't reveal too much information. Once you give your opinion and shape information, others will tend to defer to your senior

leadership position and echo your values and ideas. When this happens, you will lose the opportunity to think about the problem from a variety of perspectives. But be careful that you don't fall into the trap yourself. Think about the problem before you present it to others and become anchored by their ideas. It's a tricky balance. Effective framing will improve decision making; anchoring will worsen it. Here's the difference. To frame a decision, you might ask your team the following: "What, if any marketing efforts should we initiate this year?" Anchoring will occur when you influence the answer: "Should we increase marketing in our Eastern regions by more than 20%?" Once you introduce the figure of 20% team members adjust their thinking to consider that. In other words, you have indicated your bias that marketing *should* increase by at least that much. What if the figure should be much higher? You would have given your direct reports implied permission to under perform. If the company should reduce or eliminate marketing in the Eastern regions all together, you've just influenced your team to dismiss those ideas.

To dodge the anchoring trap you'll want to remain open minded and seek the opinions of others, and you won't want to color their reactions with your own. Frame the issue in a non-evaluative way, refrain from giving your opinion too soon, and be alert to language or perspectives that tend to anchor thinking in one arena. Awareness of how anchoring influences each of us defines the first step in sidestepping its effects.

The Sunk Cost Trap

Adherence to the status quo and anchoring closely align with another decision making trap: the predisposition not to recognize sunk costs. The sunk-cost fallacy describes the tendency to throw good money after bad. Just because you've already spent money or other resources on something doesn't mean you should *continue* spending resources on it. Sometimes the opposite is true, yet because of an illogical attachment to our previous decisions, the more we spend on something, the less we're willing to let it go, and the more we magnify its merits.

Sunk costs represent unrecoverable past expenditures that should not normally be taken into account when determining whether to continue a project or abandon it, because you cannot recover the costs either way. However, in an attempt to justify past choices, we want to stay the course we once set. Rationally we may realize the sunk costs don't hold any relevance to current decision making, but they prey on our logic and lead us to inappropriate choices.

As a senior leader, you can steer your team away from sunk cost rationale by creating a safe haven for discussion and admission of mistakes. Sometimes senior leaders inadvertently reinforce the sunk cost trap by penalizing those who made decisions that didn't work out. Instead of admitting the mistake and trying to move on, often the decision maker will prolong a project in a vain attempt to buy time, improve the situation, or avoid detection. Obviously, you will need to hold your team members accountable, but if others consider you draconian or severe, they will hide the truth from you and shoulder on to make more mistakes instead of cutting their losses.

The Inference and Judgment Trap

Facts are your friends. When you face an unfamiliar or complicated decision, verifiable evidence is your most trusted ally but the one many senior leaders reject. Instead of steadfastly pushing for definitive information, they settle for the data others choose to present, seek information that corroborates what they already think, and dismiss information that contradicts their biases or previous experience. When guesswork or probabilities guide your decisions, or you allow them to influence the decisions of others, you fall into the trap of too little information or the wrong kind of information.

Facts are your friend, but they are scarce allies. The more influential and pervasive inferences and judgments tend to dominate discussions and drive decisions. To the untrained ear, the inference can present itself convincingly as a fact. Inferences represent the conclusion one deduces, sometimes based on observed information, sometimes not. Often inferences have their origin in fact, but a willingness to go beyond definitive data into the sphere of supposition and conjecture separates the fact from the inference.

Similarly, judgments go beyond what one can observe and prove to add an evaluation of the information. Judgments offer a perspective—a "good" "bad" coloring of the data. For example, if you were to walk into a room and notice a moose head above the fireplace, you might infer that the owner of the house is a hunter. You may or may not be correct. If you have strong positive or negative feelings about hunting or decorating with animal heads, you might then attach a judgment to your observation. Only one fact is true, however. Either the owner of the house is a hunter or not. Perhaps the owner purchased the house with the moose in it. Maybe the owner's former husband left it there instead of making it part of the divorce settlement—several possibilities could explain the evidence. Further, personal reactions, or judgments, will vary too.

Conclusion

As the senior leader, you will subconsciously be drawn to the information that supports your own values and experience. However, if you discipline yourself and your team to gather more data, to check for reliability, and to examine all information with equal rigor, you will have taken important steps to improving your decision making and taking off the leadership blinders that afflict so many.