

THINK TWICE

Harnessing the Power of Counterintuition

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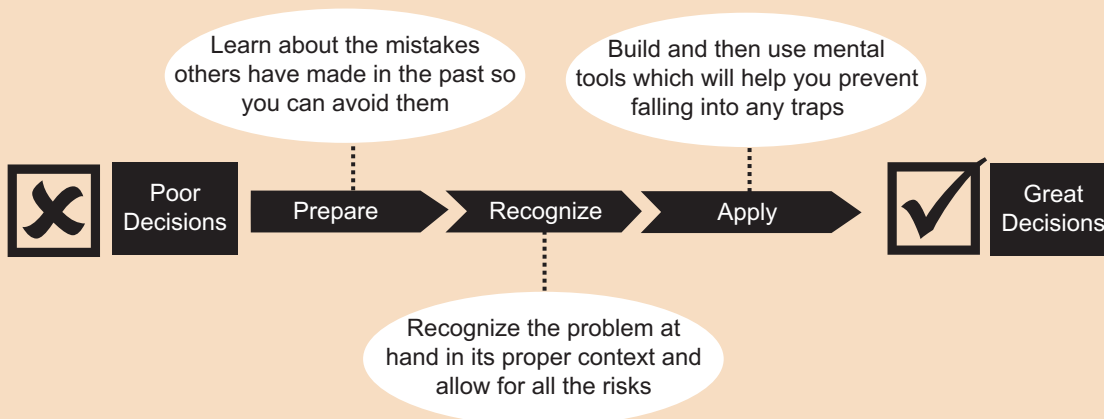
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MAIN IDEA

Why do smart people sometimes make appalling bad decisions, especially when the stakes are high? It really comes down to the mental software hardwired into the human brain. We genuinely are not well equipped to deal with many of today's most pressing problems. We see the world we want to see rather than letting the facts speak for themselves. We also have no problems harboring false beliefs, even if irrational. And most of us would rather do whatever comes to mind first rather than properly calibrating the evidence which lies at hand and applying that to our decision making.

To reduce the number of mistakes you make, try and think twice about your choices. To do that, three steps are involved:



The eight most common decision mistakes – and how to offset them Pages 2 - 7

	Mistake	Solution
1	We all like to think our problems are unique rather than carefully considering the relevant experiences of others.	Incorporate an outside view in every decision you make. Identify other people who have solved the same problem and adapt what they did right.
2	We all suffer from tunnel vision at times and fail to adequately consider all the alternatives.	Make a conscious decision to consider other alternatives and give voice to dissenters. And always know what incentives are involved.
3	We want to rely on experts and like to believe they know more than they really do.	Seek diversity and ensure you're using the best technology which is available. Remind yourself experts always have a very narrow focus.
4	We don't always act objectively but take our cues from the behaviors of those around us.	Acknowledge decision making is an inherently social exercise and therefore you need to manage the influences you feel. Watch out for group think.
5	We tend to look at complex systems and seek ways to come up with a simplifying mental model.	Avoid focusing on just one part of the system and instead try to gain an appreciation of the overall system dynamics. If feasible, use simulations.
6	We form inaccurate cause-and-effect relationships, especially for situations generated by circumstances.	Acknowledge that circumstances can and do change constantly and there are no universal rules which will apply at all times.
7	We're not really familiar with tipping points where a small change can lead to major consequences.	Be aware of the power and reach of coordinated behavior and be careful not to extrapolate the past into the future.
8	We overemphasize the effect our skill has on the result and minimize the impact of luck in our successes.	Evaluate the mix of skill and luck in the system you're looking at and be careful about any conclusions you draw which rely on luck.

How to improve your decision making immediately. Page 8

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