

# Why Do Smart People Make Stupid Decisions?

We've all been there.  
We *knew* it was a stupid decision but we made it anyway.

Does this mean that we are indeed stupid? Nope.  
It simply means that our decisions are not all rational.  
They are, instead, a result of our inherent cognitive biases.

## What's Your Bias?

We ALL have biases!  
Here are some of the most common:



### Confirmation Bias

Tendency to be irrationally resistant to accepting information that challenges one's preconceived views or beliefs in a given situation.

### Anchoring Bias

Tendency to rely too heavily, or "anchor," on one trait or piece of information when making decisions.



### Hindsight Bias

Sometimes called the "I knew it all along" effect, the tendency to see past events as being predictable at the time those events happened.

### Bandwagon Effect

Tendency to do (or believe) things because many people do (or believe) the same. Related to groupthink and herd behavior.



### Optimism Bias

Tendency to be over-optimistic, overestimating favorable and pleasing outcomes.

### Normalcy Bias

Refusal to plan for, or react to, a disaster which has never happened before.



### Sunk-cost/Loss-aversion Bias

Disutility of giving up an object is greater than the utility associated with acquiring it.

### Planning Fallacy Bias

Tendency to overestimate benefits and underestimate costs and task-completion times.



Biases cause conclusions, inferences, and assumptions about people and situations.

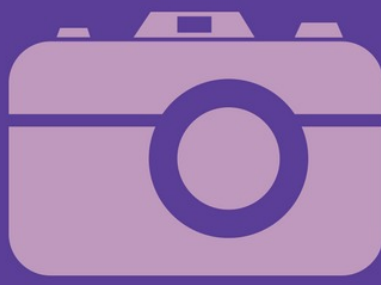
*So what can you do about it?*

## Optimizing Your Bias



#### Take Your Time

Make sure you aren't hungry, tired or stressed, and think about the future and the impact of your decision.



#### Get An Outside View

Ask a trusted advisor or peer for their opinion.



#### Consider Options

Ask yourself, "What else could I do?"

***Understanding and checking our biases leads to better decisions and more accurate cognition.***

Want to make sure your next decision is a success?  
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