

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?
Go to www.SmartTribesInstitute.com/BiasCheck to download our free Make Better Decisions Checklist.

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