

Day 2

- 5 Welcome and Introduction
How was your evening?
Any questions about the Everest Project or in general?
- 8 Overconfidence Bias
The best decision makers know "that they don't know"
But if we are good at something we tend to forget negative outcomes
and tend to believe we got this nailed!
Examples: Dr. tend to believe their diagnosis
Everest participants. This is easy
Most men drivers. Etc.
DANGEROUS
- 8 Sunk Cost Bias
We escalate when we should walk
Good money after bad.
Why: Loss is 2x the pain then gain
Martha Stewart: insider trading then lying.
- 8 Recency effect (A form of the available bias.)
The last experience influences what you believe is likely to occur
again.
Example: Frank / Chicago
- 8 What you see is all there is.....
We tend not to look at what we don't see
Not aware of other options
We construct stories out of very slim evidence
We go to the EASY

Example: This food is 80% fat free. We tend to not recast the
obvious: 20%
- 8 Confirmation Bias
We seek confirmation of our existing thoughts
AND we down play information that does not confirm
our current beliefs.
Even very intelligent folks tend to read the same evidence
in way that confirm our beliefs.
- 8 Anchoring Bias
If we hear a number, the value of a car is X our discussions
will us it as a starting point.
In establishing a price: start high

8 Illusory correlations

Odd correlations take place.

We should think hard to determine if it is simply random or this one event cause or influence the other.

Examples: Stock market and women skirts, or sports

Bringing your lucky rabbit's foot to an exam.

8 Hindsight Bias

We look at a past event and create a narrative that makes it seem like it was a predetermined outcome

Example: How I create a windfall by my management skills

I knew it all the time. NOT!!!

8 Egocentrism

We give ourselves credit for many random factors.

Ex: Warren Buffett if born in Bangladesh

Be humble.....

3 Intuition- Recognizing Patterns

Intuition is fundamentally about pattern recognition

I have seen this before. Or something is wrong.

You decide.

3 Insights ...How should I think about them

18 Lightbulb Moment

Gary Klein

<https://www.youtube.com/watch?v=n5OO9L67jL4>

30 Class Exercise: spend 5 minutes with your teammate discussing

a time you were influenced by a cognitive bias. To be shared

16 Art and Science of Decision Making

Daniel Kahneman

<https://www.youtube.com/watch?v=WKSts1lNZhc>

Help to understanding how we make decisions.

15 Break

15 Framing Matters: Risk or Reward

Frames are mental models

How we frame will often bias the solutions

Even small changes make big differences.

If we frame as a gain, we think of it differently then

if we frame it as a loss.

Gains: we act more creatively. Losses: more rigidly

Think: Opportunity, not Threat

Good practice: Analyze two competing frames
A balanced analysis will like suggest
the best solution

Example: Commonly sited...US in Vietnam

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Framing Bias

Rolf Dobelli

<https://www.youtube.com/watch?v=h1NPovKgST>

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Workshop (more or less)

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