

# DECISION MAKING

*Sustain flexible thinking and nimble action by overcoming cognitive biases*



**T**o survive the pandemic, companies were forced to adapt very quickly to radically new circumstances. Even large organizations, where it's typically difficult to shift directions quickly, managed to accomplish it. Leaders discovered that when required, their organization could act more quickly and nimbly than they normally do.

So, the obvious questions are 1) What was different? And 2) How can you hardwire this flexibility into your organization so it continues strong?

## WHAT WAS DIFFERENT?

All humans have a set of cognitive biases, which are mental shortcuts that are used for problem solving and decision making.

Cognitive biases are NOT individual or personal biases. They are phenomena that all humans share. It's important

to understand that they operate subconsciously; They affect your thinking in ways that you don't realize.

You have two different thinking systems, commonly known as System 1 and System 2, sometimes referred to as thinking fast (1) and thinking slow (2.).

System 1 is the "intuitive," quick, and easy thinking that we do most of the time.

System 2 thinking is deeper thinking; the kind that's required for complex problem solving and decision making. This deeper thinking requires more effort and energy; it literally uses more calories. Since it's less energy efficient, our brain automatically and subconsciously defaults to the easier System 1 thinking whenever it can, to save effort.

Cognitive biases result when our brain tries to stay in System 1 thinking, when perhaps it should be in System 2. The outcome is often sub-optimal

solutions and/or poor decision making. But, we don't realize that we have sub-optimized because all of this has happened subconsciously.

In typical circumstances, several of these cognitive biases conspire to make us perceive that continuing with slower, incremental changes seems like the best decision. It feels familiar, it feels lower risk, in sum: It feels smarter. Choosing to do nothing different is often simply the default. It frequently doesn't even feel like we made a decision; instead it feels like we were really smart for not making a potentially risky decision.

But during the pandemic, changing nothing, or changing very slowly, are simply not options. This particular situation is so unique that our brains didn't have the choice to stay in short-cut System 1 thinking. System 2 thinking was required. Since we realized we MUST change quickly, our brains started working harder in System 2 mode, and the normal cognitive biases weren't a factor.

The key to maintaining flexible

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thinking and nimble behavior is to not allow our brains to fall into the trap of cognitive biases. Since these are intuitive and subconscious responses, this is not an easy task. But there are proven ways that we can better manage our brains. Here are a few ways to start.

Negativity Bias describes how bad experiences have a larger impact on your thoughts and behaviors than good experiences. We are more motivated to avoid negative experiences than we are to seek out positive ones. We are much more prone to reject new ideas than to accept them, because rejecting ideas feels like we're avoiding potential negative.

Respond to "yes but..." with "what if...?" This requires a conscious mental effort by everyone to monitor their own and the team's response to new ideas. Every time "yes, but..." is said, the response should be, "what if we could solve...?" Reframing the problem as a

question triggers our brains to look for solutions, instead of rejecting the idea.

2. Short circuit the status quo bias: The status quo bias is a subconscious preference for the current state of affairs. We use "current" as a mental reference point, and any change from that is perceived as a loss. As a result, we frequently overestimate the risk of change, and dramatically underestimate the risk of "business as usual."

When weighing a choice of possible actions, be sure to list "do nothing" as one of the choices, so you are forced to acknowledge it is a choice. Also include "risk" as one of the evaluation criteria and force the team to list all the possible risks. Then comes the difficult part: Remind the team that their subconscious brain is making them perceive the risks of doing nothing to be lower than the reality, so they should multiply the possibility of each of those risks.

3. Curtail the "curse of knowledge." In any subject where we have some expertise, we also have many subconscious assumptions on that subject. Under normal circumstance, this curse of knowledge (latent assumptions) limits our thinking and suppresses our ability to come up with radically new ideas.

Rely on objective advisors. In other words, seek out advice from people outside of your industry. When evaluating ideas or actions, these outsiders won't have the same blinders that you have, so they will likely have a more clear-eyed view of benefits and risks.

The bad news is that cognitive biases will always be a factor in our problem-solving and decision making; they're hard-wired into us. The good news is, with some dedicated and continuous mental effort, we can mitigate them and become nimbler in the face of change. / **BJ**

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