



Mona and **Ari Riabacke** both hold Ph.D.s in risk- & decision analysis, are professional speakers, researchers and advisors. They met when they became members of Decide Research Group at Stockholm University, where they conducted research studies, both in Sweden and internationally.

They have both worked as risk- and decision experts in different settings before they co-founded Riabacke & Co in 2011. Mona has also managed business intelligence implementation projects, and Ari was former Head of Business Intelligence at the largest Swedish Management and IT Consultancy Company.

Based on their unique mix of research knowledge and business expertise, they help businesses improve their decisions and execute them more efficiently by offering speeches, workshops, and courses. They are leading decision experts in Scandinavia and sought-after inspirational speakers, and they are frequently featured in different business and life-style magazines.



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FREESTYLE **DECISION** MAKING Dr. Mona Riabacke & Dr. Ari Riabacke



FREESTYLE **DECISION** MAKING

SURFING THE WAVE OF INFORMATION TO GET BETTER RESULTS IN **LIFE** AND **BUSINESS**



Dr. Mona Riabacke & Dr. Ari Riabacke



Why do many of us spend more time choosing our energy supplier than choosing our partner for life? On what grounds do we make decisions and what is it that governs our choices? More importantly, how can we improve our decision making?

We make between 2,500 and 10,000 decisions per day, and never before has the number of options to choose from been greater. Dealing effectively with these challenges is not an easy task, particularly as it was only a 'coffee break' ago, in terms of man's evolution, since the days we lived in caves.

We, Ari and Mona Riabacke, have PhDs in decision making. Our aim with this book is to increase your knowledge of how we function and what affects us when we make decisions. With this in mind, we will help you make wiser decisions, improve your business and live the life you want to live.

“Are you looking for a book full of real-life examples and concrete guidance towards better decision making? Well congratulations because it’s in your hand. This book delivers the art of decision making in a unique, cool and straightforward way!”

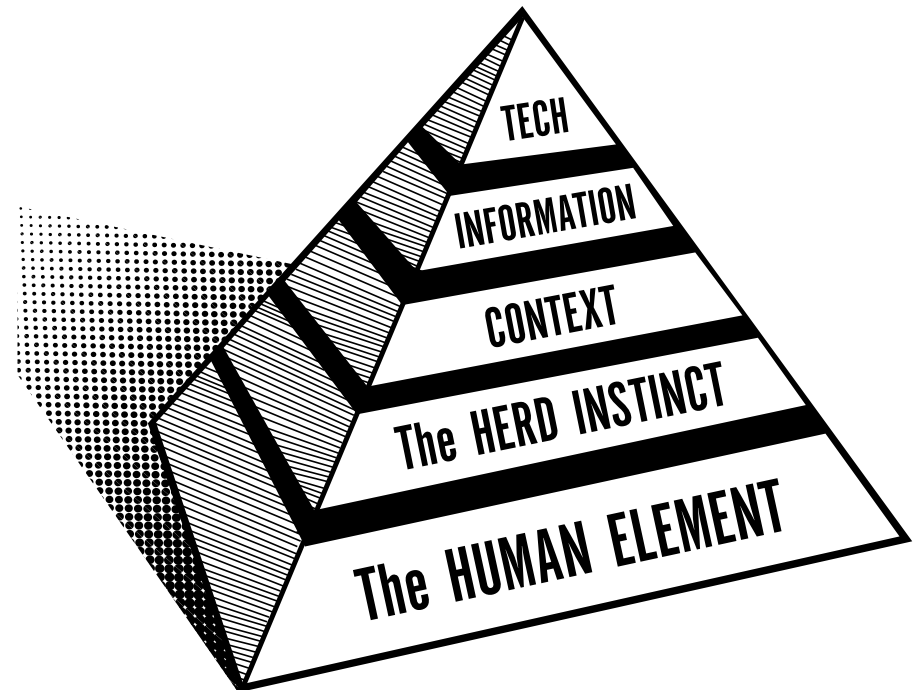
Magnus Khysing,
Nordic Business Unit Head, SAP

“Thought Leadership involves not only a deep understanding of the trends that are shaping our environment but also, and importantly, it takes a willingness to take a stance, sometimes a brave decision to make for a leader. This book is unique in informing HOW such decisions should be made; it provides a great combination of novel insights and real life examples. And as for any good thought leadership, it is also presented in a really engaging and actionable format. Deciding what to read or not to read is increasingly difficult in a world of information overload. Let me help you make that decision, read this book!”

Sophie Lambin,
Co-founder of Kite Global Advisors,
and former Director of Thought Leadership, PwC

Freestyle Decision Making

– Surfing the wave of information to get
better results in life and business



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|-------------|---------------|
| LONDON | MONTERREY |
| MADRID | SHANGHAI |
| MEXICO CITY | BOGOTA |
| NEW YORK | BUENOS AIRES |
| BARCELONA | SAN FRANCISCO |

Published by
LID Publishing Ltd
One Mercer Street,
Covent Garden,
London, Wc2H 9JQ

31 West 34th Street, Suite 7004,
New York, NY 10001, US

info@lidpublishing.com
www.lidpublishing.com

A member of:
BPR
Business Publishers Roundtable

www.businesspublishersroundtable.com

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Printed in Great Britain by TJ International

ISBN: 978-1-910649-07-7

Cover design: Laura Hawkins



We make between 2,500 and 10,000 decisions per day – day after day, year after year – without giving much thought to how we go about it, much less to how we could do it better. Remarkable, wouldn't you say?

The best way to run businesses and organizations is by making wise decisions – the same applies to our lives.

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FOREWORD

My attic is full of failed predictions. From the never used gym equipment to an embarrassingly expensive jacket worn only once and now gathering dust.

My attic is no exception. Wherever we look we see evidence of mankind's inability to make the right decisions about the future. From the amount of food thrown away in supermarkets to the fancy cars parked idly, unused, on the side of the street for a significant portion of their lives. We live in a society where even our long-term, high impact decisions are made spur-of-the-moment with no more evidence than some ethereal gut feeling.

Enter Dr and Dr Riabacke – on a mission to bring better decision making skills to the many people. Like a kind of IKEA for the mind, they take the intellectually heavy artillery from the ivory tower out to the streets and add a beat to it so we – all of us – can dance.

I first met Ari Riabacke in 2010 and was struck not by his academic credentials – although they are impressive – or his stellar intelligence but by his kindness and I do believe this is what sets him and his wife apart. The world is not short of PhD's and Professors who want to talk down to the little people and share some brilliant yet arcane insight on how bad we are at making decisions. Throw a tennis ball around the behavioural economics section in any bookstore and you're bound to hit a dozen in the first minute. Ari

and Mona Riabacke are the antidote to these smug, predominantly male know-it-alls. The book you are about to flip or swipe through is testament to that. It is an upbeat, simple and useful guide to all of us who look at the dust-collecting paraphernalia in the attic or something more serious like a divorce certificate and go: "Why did I make such a bad decision?"

It makes me think about the people who pioneered modern medicine in the mid-1800's. Before that time, illness was treated with superstition and often connected to a sinful lifestyle. If you were ill, it was because you were poor, a woman, non-religious or simply just bad in the sense that you were not like the rest of us. Then came a series of brave individuals who challenged the status quo. I am thinking about people like Ignaz Semmelweis who urged doctors in Austria to wash their hands between patients. They were treated as fools and had to preach a simple message of change – please wash your hands – for decades before it reached a breakthrough. The status quo doesn't like to lose its status so when we seek to change it, we inadvertently make enemies. Ari and Mona Riabacke are on a life-long quest to change us into better decision makers. We come from a world where decisions were made sloppily in the last minute, often by serious looking men in boardrooms. In the new world, we all have to make decisions. About how to live, whom to marry, where to look for happiness and beyond. We are in the words of Charles Handy, another compassionate management thinker, condemned to freedom. So we need guidance, tools and ideas. I can think of no better people to guide us than Ari and Mona Riabacke and I look forward to the places they will take us to in this book and the many more to come from these brilliant, Nordic minds.

Magnus Lindkvist, Trendspotter and Futurologist

PREFACE

Never have we faced so many decision-demanding situations or so many options from which to choose. Every day, we make between 2,500 and 10,000 decisions and the tidal wave of information continues to rise. Decisions must be made at an ever-faster pace in an increasingly complex and fast-changing world. Dealing effectively with these challenges is not an easy task, particularly as it was only a “coffee break” ago, in terms of man’s evolution, that we lived in caves.

So, to begin – what do we do when we make decisions? Most of us do as we always do or as everyone else is doing. We seldom consider how we go about making decisions, and above all, we don’t mull over how we could do it better. A pity really, not least because arriving at good decisions is fundamentally essential to achieving success and the life that we want to live.

This is where this book, *Freestyle Decision Making*, comes into the picture. Adopting an explicit decision perspective is a winning approach for any business or organization that wants to increase its effectiveness and be successful in the ever-changing world in which we live today. It is the reason we have written this book – a book about how to make better decisions; a book about how decision problems emerge as decision opportunities; a book about the fact that it can be as easy as simply resolving to make decisions, to stop postponing decision making, to dare. We are profoundly enthusiastic about what we do, it is our calling and we live as we teach.

We are both Doctors of Philosophy, specialized in risk and decision analysis. Since 1999, we have been members of the Decide Research Group at Stockholm University, and spent periods of time abroad as guest researchers. Ari has been Head of Business Intelligence at Sweden's largest management and IT company, and Mona has worked as project manager for implementation projects within decision support.

Since 2011, we have managed Riabacke & Co (www.riabacke.se) – the decision experts, where we help businesses improve their decision making through advice-orientated consultation, education and workshops. Sometimes, for example, we may seek to create an understanding of how we humans function by giving speeches. Other times, we help identify the most important decisions and make sure that the decision making processes are in line with the company's established goals and strategies. Often, we help by providing structures to meet the preconditions necessary for better decision making.

Time after time, we see how many businesses and organizations are attempting to better their decision making by acquiring more technology. However, improving decision making requires more than just technology, which is also the main reason why the effectiveness of many such efforts falls short of envisioned hopes and expectations. Many times the most vital building block contributing to the resolution of decisions – the human, the so-called decision maker – is more or less lost and forgotten. Thus, a gap exists between available technology and people, as well as a knowledge shortage with respect to what it is that triggers people to act as they do when they make decisions. Our mission is to help reduce these shortages and gaps.

The concept, Pyramid of Decision Making, described in this book, rests on our joint research and experience within commerce and industry.

The Pyramid of Decision Making comprises five steps: the human element, the herd instinct, context, information, and tech (technology).

The steps rest upon one another, and without a solid foundation, the entire structure crumbles. In order to make better decisions, we must acquire greater knowledge about the pyramid's steps. We must acquire a better understanding of our fellow men, and ourselves, since it is still people – you and I – who make the decisions. We must begin at the foundation level, not at the pyramid's top.

We both hope and expect that the book's contents will awaken further thoughts and insights; create “aha!” experiences and, above all, increase understanding of how we human beings function in a world that has, in many ways, become alien to us.

Today, many of us seek and retrieve information faster than ever before. We race through cyberspace, jumping between articles, websites and other media. A bit here, a bit more there.

This is precisely why we have chosen to write this book in a format we believe will suit both the time and tempo of your lifestyle. It is a book that can be read whenever, wherever and however you want to: one page here, one page there – not a problem. In short, it's a book distinctly distant from traditional management literature and the never-read doctoral dissertations addressing this area. It is a book about the steps to wiser decisions – a book for you.

NO DECISION IS ALSO A DECISION

Many people are scared to death of making a wrong decision, which often leads to procrastination ad infinitum and yet another decision left to the hands of fate – which, in hindsight, is a choice (aka decision) they often come to regret.

Often, they justify the outcome with phrases like: “What a pity it became such a mess. Not my fault of course – I didn’t do anything.”

To make no decision is a decision in itself.

DECISIONS AND CHOICES – NON-STOP

Life is all about choices, about decisions, from beginning to end, 24/7.

1. Should we live in a big city or a small town, in a house or an apartment?
2. Who should I marry? When will we get divorced?
3. Meat, fish or salad for lunch?
4. Public or private school for the kids?
5. In which retirement fund should I place my money?

...and how would it have worked out if I had chosen differently? We’ll never know. So stop worrying about the “what ifs”.

TWO BIG DECISIONS

We have asked thousands of people to tell us which decisions, of all the decisions they have made in their lives, they consider the biggest and most important. Almost without fail, the answer reads: the person with whom I chose to spend my life and the purchase of my home. Amazingly often, people have also told us that, when it came to their choice of partner, “... it just happened.”

When it comes to choosing one’s partner, it appears we go about it in pretty much the same fashion as most other land mammals – which largely rely on scent – albeit, we like to think that we know what we’re doing and, not least, why we’re doing it.

On the other hand, when it comes to the purchase of a personal dwelling, we leave nothing to chance. This decision requires objective criteria and rigorous investigation: cost per square-foot, plumbing, lease, access to public transportation, quality of, and distance to, schools, ditto pre-schools and so forth. Here, not only must everything feel right – it must be right, case closed. We’re talking money, serious money. Only a lunatic would consider completing on a purchase before carefully reading every item in the building inspector’s report.

When we choose a partner, however, we do the “inspecting” ourselves. Moreover, it is not at all uncommon for such “inspections” to be carried out under the influence of alcohol. This is very rarely the case when it comes to the inspection of prospective homes.

Perhaps it’s fortunate that certain “partnership inspections” take place in a bar, where our “inspection capacity” is not likely to be at its formidable best. Some couples may never have “discovered” each other without the romantic aid of subdued lighting and the courage-enhancing effect of one or another fortified beverage. Interestingly enough, research confirms that consuming even small amounts of alcohol makes other people appear significantly more attractive than when scrutinized sober.

Given that most people understand the importance of making wise decisions about matters that affect their personal economy, it might be worthwhile keeping in mind that by far *the most critical decision we make affecting our future economic status is the person with whom we choose to share our life.*



THE WORLD WILL NEVER BE NORMAL AGAIN

Certainty is something we human beings have sought through the ages. The ability to foresee the future, to look around the corner and far beyond the horizon, has always had appeal.

Everyone would like to know how it is going to be “later on” because we deeply wish – and are willing to go to extraordinary lengths – to avoid uncertainty in all its forms.

Today, however, the only thing we know with certainty is that uncertainty is here to stay, and that the future is no longer what it was perceived to be.

The future is hurtling towards us faster than ever before – in fact; it’s already upon us. Moreover, it is full of uncertainty – of risk and, in the view of many, chaos.

The situations we experience are so different from what we’ve previously experienced; the information we struggle to digest so comprehensive, the risks we face so hard to foresee and avoid – harder than ever in a world where the improbable tends to occur with improbable frequency.

Times such as these demand active engagement; otherwise we will be swept in the wrong direction: backwards.

More than ever, we need to summon the guts it takes to act and make decisions. It is only then that we can pave the way towards security, and effectively address risk and uncertainty.

We create security by seeing opportunities where others see problems – by making decisions when others do not dare: we act, even though we, ourselves, are similarly uncertain about the outcome. We gain security through action.

In challenging times, the widely lauded character trait of being cautious is obviously often prevalent – we don’t want to rock the boat, and we don’t want to take any risks.

People who won’t take risks are trying to preserve what they already have. People who take risks often wind up having more.

ARE MOST OF US BETTER THAN AVERAGE?

Most of us believe we are better than the average person at making decisions, it's human nature. In fact, we believe we are a little better than others when it comes to doing a great many things. Clearly, we're not run-of-the-mill average, but a little special, a little better.

Research shows that this innate over-confidence in ourselves and our own abilities asserts itself on many levels in our daily life. For example, the vast majority of us believe that we are more attractive and better company than we actually are (based on the responses of people who have met and spent time with us).

Most of us believe that we will repay miscellaneous loans faster than we can actually manage in reality. Consequently, many of us overlook the fact that the interest rate on any unpaid balance remaining after six months may be raised from, say, 6% to (an arguably usurious) 26% – after all, the loan will have been retired by then, right? We believe we have everything under control, even though others do not.

The same phenomenon afflicts new year exercise enthusiasts' intent on making good their solemn resolutions to work out three or four times per week, which naturally makes the purchase of an annual gym membership a sound investment. However, when the end of the year rolls around and the actual number of gym visits are totalled, the investment often appears as sound as a house of cards.

Thus, most of us believe we are somewhat better than most others when it comes to a great many things; not least, when it comes to making decisions. The additional example of 23-year-old male drivers is so classic that we cannot leave it un-noted: nearly all of them firmly contend that they are at least twice as proficient at driving as the population in general. It is the way most of us function.

It is also the reason why it is so painfully difficult for many of us to ask for help, or as our three-year-old son sums it up: **"I can do it – myself!"**

THE PYRAMID OF DECISION MAKING – IN BRIEF

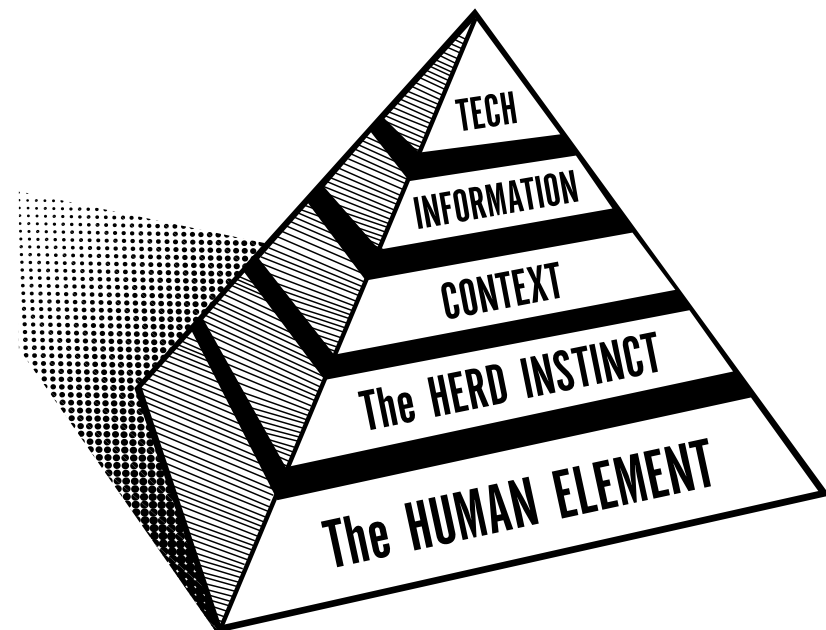
The Human Element – Step 1 deals with how we human beings function when we make decisions. More specifically, it discusses how primal human behaviour such as sex drive, hunger, exhaustion and stress affect our decision making far more than well-polished reports and certified documentation.

The Herd Instinct – Step 2 reveals how the imprint of Neolithic herd behaviour impacts the decision making of 21st century human beings, both individually and in groups. It also reveals why making truly first-rate decisions requires both the presence, and serious consideration, of critical voices and opposing ideas.

Context – Step 3 addresses the often overlooked fact that no decision is made in a vacuum. For example, there is always a cultural context that envelops the decision making process. No information is context-free. On the contrary, when we interpret information and make decisions, we are – to a great extent – steered by the context in which these tasks are being carried out.

Information – Step 4 deals with our decided tendency to spend enormous chunks of time and resources on becoming as well-informed as humanly possible, and how we often mix up the adjectives “more” and “good” when it comes to information. Just how much information can we effectively process in our already over-flooded brains? And why is half as much often twice as good?

Tech – Step 5 answers the question of why businesses so often fulfil only part of their initial vision when investing in various types of decision support. We then present a straightforward and simple solution to this persistent and very costly problem. Businesses, whether large or small, invest large sums in decision support systems. Unfortunately, these systems are all too often purchased and established without accounting for the most vital element of the system: the human, the so-called “decision maker”, the person or people at the heart of the decision. Let us change this.





Step 2 of the Pyramid of
Decision Making

THE HERD INSTINCT

When everybody
thinks alike, nobody
thinks very much.

RECOGNIZING THE PATHS WE HAVE ALWAYS TAKEN

Around 100 years ago, in the jungles of Guyana, the naturalist William Baker came across a large ant colony that appeared to be lost.

The ants wandered around and around in a circle that was more than 100 metres in diameter, and eventually, over time, they all dropped dead – one by one.

None of the ants wandered off, none were struck by the thought that perhaps they should shift their route to the right or left, or perhaps simply march straight ahead?

Instead, they followed slavishly behind their compatriots who appeared to know where they were going, which turned out to be somewhat untrue.

We humans essentially encounter the same phenomenon when we lack the necessary backbone and will to veer off the beaten track and take a path other than the one that has been laid out for us; to step away from the traditional ways of making decisions in corporations and organizations, or to live our own lives.

We frequently act on information we believe others have; others, who in turn, are acting on information they believe others have, and so on. This chain is what constitutes the so-called market.

The market is not steered by rational thinking, but rather by feelings and the declaration of self-proclaimed prophets (or, as we in the banking and finance sector commonly call them, qualified guesses).

The overall health of the 21st century's financial sector would be notably improved by blending in a little new, healthy blood among its economists (today, packaged and sold 13 for a dozen). Why not add people such as psychologists and behavioural researchers to this extraordinarily homogenous group?

It would provide a comprehensive perspective of group psychology, on a national and global level.

WHERE ONE LEADS, OTHERS FOLLOW

The more people there are who do something in a certain way, the more people there will be who follow their lead. This is called *social proof*. As it happens, social proof is often confused with social conformity. But social proof does not denote desiring to be like others, but rather a technique to which we often resort when we don't know how to act in a certain situation. We sneak a look at what others are doing – and then do the same.

The determining force or motivation, then, is that we believe everyone else knows something that we've either missed or for some other reason haven't got a grip on.

Let's take a closer look at a few examples. We'll begin with one of the sillier ones: the so-called "canned laughter" used in TV programmes.

How many people find canned laughter amusing? Raise your hands! No one? Remarkable. Then why in heaven's name do we add it when no living person finds it amusing?

Ok – well, here's how it works. Research has quite definitively established that the programmed laughter on TV shows encourages us to laugh both harder and longer. This is the simple and self-evident reason why TV bosses remain intractable when it comes to the use of this entertainment enhancer, despite the fact that certain actors refuse to take part in programmes that use canned laughter. These anonymous TV broadcasting and production executives, not to mention sponsors, who probably do not find canned laughter funny themselves, blindly rely on research findings that unequivocally state that viewers laugh more when a little extra laughter is inserted here and there, and experience the programme as being more entertaining.

This same research has also revealed that the use of canned laughter is particularly effective when the joke level is second rate.

So why do we laugh more? Are we bonkers – or what? The answer is that we quickly develop a sense of the program's hilarity via the artificial laughter used – even though we don't like canned laughter, and even though we know there is someone sitting in a control room pushing the "laugh-button".

A study conducted by Stanley Milgram in 1968 is another example of how other people's behaviour affects how we act. When social psychologists placed a person on a street corner and had that person stare up at the sky, only 4% of the people passing by joined in that activity. In the next stage of the study, 15 people were placed on the street corner,

heads thrown back staring up at the sky – and suddenly, 40% of the passers-by stopped, of whom 90% joined in the group's behaviour and also stared up at the sky. Needless to say, there was nothing unusual to look at.

The behaviour of others influences us to an astonishing extent, and awareness of this influence can be exploited in various areas, such as in politics (which party to support), the environmental agenda, eradicating racism, and so forth. But most commonly, such awareness is used to extract money from us; for example, via sale campaigns aimed at getting us to buy certain products. Imitating others is a characteristic that lies deeply rooted within all of us. It's the way we learn as small children and most of us – to one degree or another – continue to imitate even as adults.

Since 95% of all people are imitators and only 5% are initiative-takers, we are far more influenced by the actions of other people than by documented proof or rational arguments.

From a historical perspective, this inherent characteristic of following the majority has helped us make fewer mistakes. And often, this is still the right thing to do; above all, when we don't want to risk making a mistake and end up standing alone.

We witness daily proof of this behaviour when we see people choose a busy restaurant, which appears full, rather than one that has ample available seating. We've also observed how a long queue "inexplicably" attracts, rather than discourages, night club visitors, and how a person who is eagerly sought after by many is soon being eagerly sought by many more.

Curiously enough, when it comes to taking responsible action as, for example, when we see someone in acute distress, the opposite often applies. It has been proven that the fewer people observe a person in distress, the more likely it is that one of them will try to help.

A vicious crime that stirred up a great deal of interest in the US, took place in March 1964 on a dark street in the mostly residential New York City borough of Queens, where a woman named Catherine Genovese was brutally murdered. She had been sexually assaulted and stabbed to death in the black of night, on her way home from work. It turned out that Catherine's murder had not gone unseen – far from it. There were 38 witnesses to the young woman's terrifying ordeal and screams for help. The attack dragged on for more than half-an-hour – but no one intervened or even called the police until after she lay dead.

Since then, a series of studies has laid waste to the idea of "safety in numbers". In one such study, conducted in 1968, it was statistically determined that a person who appeared to be having an epileptic fit, received help 85% of the time providing there was only one person close by. If five people were in proximity, the probability of getting help dropped to 31%.

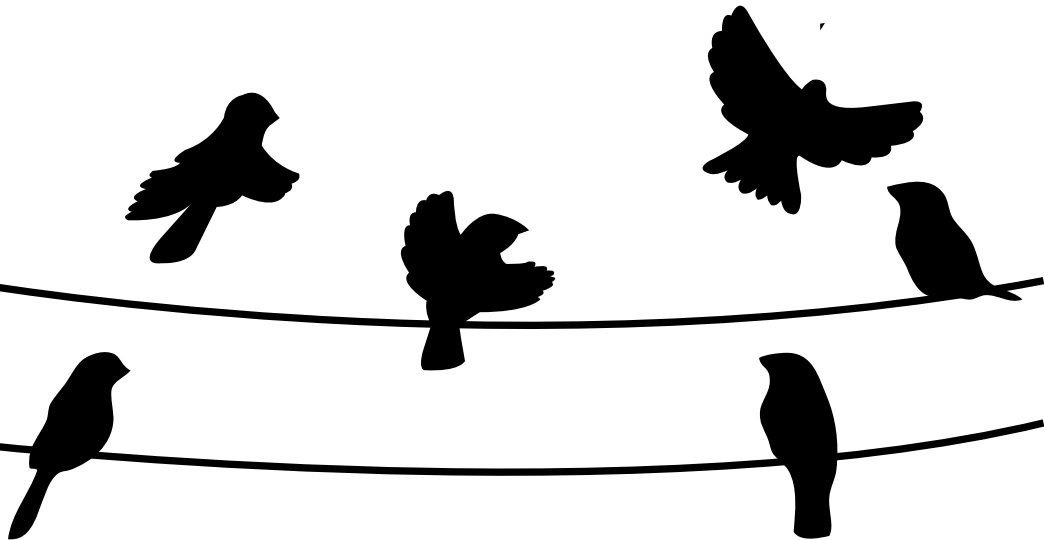
What does this mean, or imply, about us as individuals in the society in which we live? And what's the effect on the decision making of businesses?

It means that we tend to spread responsibility and also that the greater the number of people involved in a troublesome situation, the more we try to avoid taking any responsibility.

“Sounds good, let’s do that!” But it later unfolds that nobody was assigned to do it and nobody took responsibility for making sure it was done.

The “someone else will take care of it” syndrome has become so widespread that soon there will be no “someone else” left.

When a decision is going to be made there must always be someone who is ultimately responsible – that is our unwavering experience. Assigning a “responsible someone” to make sure that appropriate measures are taken after the decision is made is just as important as making the decision.



C.R.I.T.I.C(al) DECISIONS

If you want things to happen and decisions to be made (on time), there’s a need for guidelines and an explicit action plan for how decisions are to be made. The plan doesn’t need to be advanced, but believe us – it’s needed.

An action plan needs to be drawn up and, in one way or another, documented. Once we have an action plan for decision making, it is less likely that we will suffer from the “someone else will do it” syndrome, whereby nothing is decided by anyone.

An action plan can be outlined in many different ways, and it’s important to consider where action is needed, in order for decisions to be made. A simple place to start out from is to make it a rule that decisions made are CRITIC(al):

Criteria – which criteria (for example, cost, time, quality) should underpin the decision and whether some are more important than others.

Responsibility – who is responsible for assuring the decision is made?

Information – what type of information is required in order to make the decision?

Time limit – what is the time limit for making the decision?

Intent – why the decision is being made, the intent (sometimes, but not always, obvious; you may need to discuss the important criteria first)?

Contingencies – is the decision contingent on other decisions before it can be made?

If you make several decisions that are similar, a so-called “category of decisions”, it’s wise to create a distinct decision process expressly for each category. It will initially take more time, but in the long run, it will save time. It’s unnecessary to re-invent the wheel every time.

For our important decisions and those we make repeatedly, it’s advantageous to have decision processes in place. They don’t have to be advanced and they are highly individual – depending on such things as core business, context, employees, and aim. Then, everyone knows who is responsible for the decision making, the important criteria to evaluate possible alternatives against, the timeframe available and the basis on which decisions should be made (among other things), in order to achieve the quality needed. Having decision processes in place create the conditions for people across the organization, from novices to seniors, to make decisions better and faster.

Last but not least, it is also important to have an action plan for *the execution of what has been decided*. Often we make a decision but we do not act on it so it is important that as we structure the decision making itself, we also remember to structure the execution of the decision (if we decide to go ahead and do something). Optimally, we should always debrief the process as a very last step before it’s iterated again to constantly improve and adapt to possible changed circumstances (this last step is important yet often forgotten).

CONFORMING

Social proof has a strong influence when uncertainty sets in, for example, when we have too little or too much information, or when we enter a state of paralysis because we sub-consciously assume that, with so many people present, someone else is likely to act.

Another factor that triggers the same mechanisms, and influences our decision making, is the feeling of kinship or similarity with other people. When others who appear to be very like us do something, we tend, to an amazing extent, to do the same thing.

The vast majority of us wish to safeguard the environment – which is good. But if we find a “thoughtful” sign in a hotel bathroom that poses: “The reuse of towels is environmentally friendly”, the influence of this piece of information is nowhere near as influential as if we are informed that many of the hotel’s other guests, up to 90%, choose to reuse the towels.

As we are strongly inclined to do what others are doing, no matter whether it’s good or bad; even relatively minor commonalities are often sufficient to create a feeling of fellowship and trust.

Examples of small common factors that can influence our decision making include having grown up in the same area; having a mutual acquaintance; or even something as trivial as sharing the same birth month or astrological sign. Salespeople have long made use of the “commonality” technique, real

commonalities or fabricated ones, in order to increase sales with the help of slogans like: “The most sold!”, “Fastest-growing in the market”, and “Eight out of 10 people prefer...” In the corporate world, customer word of mouth, contacts and references are extremely important – after all, the more people who buy something, the more people follow suit.

In a study focused on “fundraising” in the vicinity of a university, it was found that the sum of money donated more than doubled where the people who helped raise money presented themselves as being students, just like the young people they were canvassing. The same technique is successfully applied when petitions are presented to potential supporters with a list that includes the signatures of friends and neighbours.

WHEN WE MAKE “HERD DECISIONS”

Often, groups are too large to be effective in their decision making and may need to reduce their membership to reach a viable size. Half as many can very well be twice as good. In addition to being large and unwieldy, a group's ineffectiveness in decision making often stems from being too homogenous.

In homogenous groups a phenomenon known as “groupthink” has a tendency to flourish. When everyone thinks alike, critical voices are notable by their absence, and an almost tangible feeling of the group's superiority to others grows stronger than the will to make truly good decisions. In such cases, there are guaranteed serious flaws, and hence, great possibilities for improvement as well.

Inflated confidence or belief in one's own intrinsic worth, the feeling of belonging to an invincible group, in combination with the human tendency to essentially see things and act in the same way as the others in the group, creates an atmosphere in which ideas that don't fit with the group's perspective are regarded as threats.

The restrictions and forbidden viewpoints dictated by the group's narrow vision grow to the point that they undermine decision making. Options and possibilities become limited.

In order to avoid such problems, it is important to take measures that safeguard the continuous flow of new ideas and new blood into the organization.

Procedures that stipulate how decisions are made should also be put in place, and a climate developed that values and encourages employees to think laterally and creatively, not according to tradition.

But how should a group decision be made, where the group's collective wisdom must be captured and converted to action?

In an ideal world, the values (input) of each group member should be elicited in an objective manner; each should be asked what they think, how they reason and what they believe about the chances, risks, alternatives and so on.

If the group has been correctly, or better still, ideally selected, then every member has something unique to contribute. We won't stipulate what this might be but keep in mind that if there are two members who think and reason in the same way about everything, then they are one too many. Essentially, there is something called **confirmation bias**, meaning that when we look upon “the world” (look for information etc) we both consciously and sub-consciously see things that confirm our views, previous knowledge etc and sort out that which doesn't. We confirm what we know or think we know. We are also drawn to people like ourselves, which only enhances this tendency as we see the same thing. So, when we ask someone for advice, we shouldn't ask those



who we almost know what they will tell us but those who won't, provided we want a more objective view of course!

To elicit what each member thinks, reasons, prefers or suggests effectively, it is important to come up with a way of reducing the risk of members being influenced by the answers of their peers in the group, which is not that easy. As discussed, it is each member's independent, unique knowledge that often makes group decisions better than the decision of a single individual.

The group can surely come up with many good ideas, but the rewards of collective wisdom in its purest form are seldom reaped if group members have been influenced by one another – which is generally the case.

In order to avoid an influential boss or an informal leader setting the agenda for how and what group members should think and reason – what is right and what is wrong – it's a good idea to bring in outside help to elicit the input of individual members. Often, an entirely different set of suggestions come out of meetings and workshops when the boss is elsewhere.

Let's get you acquainted with two classic examples of group work that have been carried out along the lines suggested above, wherein each individual contribution carries equal weight, and where members have not influenced one another.

I. In 1968, the US submarine *Scorpion* vanished without a trace, in the North Atlantic. Months of searching for it heralded no result. The search area was concentrated within a circular expanse measuring 20 nautical miles in diameter – its location was based on the only clue the searchers had to go on: the vessel's last radio signal.

A naval officer by the name of John Craven came up with the idea, highly unconventional at the time, of putting together what is now referred to as a multi-disciplinary group. In this case, the group comprised of people contributing expertise from different fields and included psychologists, meteorologists, naval officers, and statisticians. All were given access to the same information and their respective input as to where the submarine was likely to be located was elicited. Once the material submitted by the experts – who had worked independently without having communicated with one another – was put together, the submarine was located with uncanny precision, only a few hundred metres from the spot to which the collective guess had pointed.

II. On an autumn day in 1906, the British scientist Francis Galton was walking through a farmer's market when he came upon a 'guess the weight' contest. The subject of this contest was a large ox, and estimates of the net weight of its carcass, butchered and packed were collected. Approximately 800 people, many of whom were either farmers or butchers (experts), guessed (some soundly, some wildly). The estimates of the experts were blended in with guesses made by enthusiastic amateurs who had not the slightest knowledge of farm animal weights.

Galton was curious to know what the average of the submitted weight guesses would be. He presumed that, by combining the guesses from qualified experts with those made by rank amateurs, the resulting average would wind up way off the mark.

When all was over and done, he gathered the information he needed, and to his great surprise, he discovered that the calculated average of all guesses came to 1,197 lbs. The ox, butchered and packed, weighed 1,198 lbs!

The point being made here is that viewpoints or opinions coming from a wide spectrum of competence, both high and low, are needed and are of intrinsic value. A group comprising only of experts in the example above would probably not have arrived at an average guess as near to the precise mark. The same also applies, with an even greater degree of probability, to the counter side; that is to say if a group of experts were substituted with a group of low-competence amateurs.

Examples of more advanced versions of this phenomenon today are founded on the same principles. These are the establishment of various types of centres of excellence at companies, which aim to assemble knowledge and competence, along with different types of evaluation and perspective. Within the field of decision support, for example, BICCs (Business Intelligence Competency Centres) are often set up.

NEVER LET THE FEAR OF FAILURE KEEP YOU FROM PLAYING THE GAME

“I’ve missed more than 9,000 shots in my career. I’ve lost almost 300 games – 26 times I’ve had the confidence to take the deciding shot and missed. I have failed time after time in my life and that’s why I have succeeded.”

Michael Jordan



In Sweden today, ensuring nothing goes wrong has almost become more important than getting it right. The most important thing is not to fail; often, it seems we'd rather die than stand there with the shame of failure.

What will everyone think if I fail? What will the neighbours say? Will we have any friends left? Not to mention the situation at work ... Oh no – better to stay on the safe side. It's not worth the risk – and it would probably never have worked out anyway.

All that is exciting, all that is different, all that makes us develop begins precisely where safety comes to an end and uncertainty begins, where possibilities spire up on the horizon, where we are no longer following someone else's footsteps – not even walking side by side.

It is better to have tried and failed than not tried at all. We are often restrained from making decisions that are unconventional, different and so on, but the world moves at such a fast pace that things are not what they have been, and we need to make decisions faster and dare to try new things in order to keep up and adapt to the future. Trying new things include failures as well.

We may become disappointed if we try and don't succeed, but we are doomed to fail if we never even try.

FREAK OUT DUDE!

The challenge is not that everyone makes wrong decisions, the challenge is that everyone makes the “right decisions”. Everyone does the same because everyone has gone to the same schools, learned to reason along the same lines. Everyone has the same interests, and everyone wants to be admired by everyone else. Everyone wishes to be what he or she believes everyone else wishes to be.

There are far too few people who are themselves.

Imagine that you are going to employ a staff member. Don't choose a person who thinks precisely the same way you do. Don't choose a person who appears to be completely right – a person who strikes you as just the sort of employee you had in mind.

Instead, when you come across a person who is the opposite of what you had in mind, a person who has not gone to the same schools as you and your colleagues, does not speak the same language, a person with whom you might not click immediately, a person, moreover, who doesn't say things you wish to hear – this might be the person you are looking for, or at least, should be looking for.

Don't pour over other people's job ads, you'll find they're all the same, because all those recruiters placing job ads before you had also poured over earlier ads and then created theirs similarly.

Management guru Tom Peters, along with Kevin Roberts, CEO of a well-established PR bureau, have both publicly expounded the vital importance of employing “freaks”.

Peters brought to light, among other items, the following vital points in a presentation:

- When interesting things happen, they will have been done by a freak.
- We need freaks. Especially in freaky times.
- Surrounding yourself with freaks makes you seem somewhat freakier, which is important because ... we need freaks.
- Freaks are the only (only) ones who make it into the history books!

Or as Daniel Pink, previously Al Gore’s speech-writer, puts it:

“Talking with only the usual suspects can become an echo chamber.”



CREATE AN “OK TO MAKE A MISTAKE” ATMOSPHERE

In Stanford Professor Robert Sutton’s book *Weird Ideas That Work*, it is revealed that when Time Warner CEO Steven Ross first started up MTV, he intended to fire people who never made mistakes, in order to break traditional patterns that people are normally inclined to follow.

Rumour also has it that, at one point in its history, Microsoft had a policy of waiting until people had experienced at least one major public failure before promoting them.

Are these stories true? We don’t know, but they are so good it’s not worth the risk of verifying them.

Never forget that if we don’t dare to make mistakes, we rule out the possibility of doing things right.

**WHATEVER YOU
THINK — THINK
THE REVERSE.**

SUMMARIZING TIPS

- We often base our actions on the assumption that others have information or knowledge that we lack, without giving much thought as to whether it's actually the case. Have more faith in yourself!
- Bear in mind our tendency to side-step responsibility, which goes a long way to explain why the more people are involved in a challenging situation (such as an accident) the less responsibility we feel or take as individuals.
- If we find it difficult to make and/or carry out decisions, the mnemonic C.R.I.T.I.C(al) is a hot tip and a good start to taking a structured approach to tackling decisions proactively.
- For our important decisions and those we make repeatedly, taking the time to set up a distinct structure for processing such decisions, a decision process, is a sound investment of time.
- To ensure that a group makes better decisions than individuals, it is of utmost importance that:

- all participants are there for a distinct reason, and each has agreed to and is comfortable in his or her role.
- all participants complement one another in terms of their knowledge.
- the atmosphere within the group is open to constructive criticism.
- everyone is given the chance to express his or her knowledge before the group discusses the matter collectively in order to prevent individuals being influenced by others or simply following the crowd.

