Decision Traps

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What is a Decision?

A decision is a cognitive process by which we make a choice from among many choices. Making a decision is a process by which alternatives can be identified, options discovered, and a choice made. Decision-making can also be very complicated because there may be ambiguities, risks, and uncertainties. Leaders must attempt to search for the best information available in order to make good, timely, accurate, reasonable, and sound decisions.

Identifying Decision-Making Traps

Research suggests that there are many decision-making traps, which leaders need to learn about. Decisions can be very complicated and difficult for others to understand when goals and objectives are not clearly defined. In addition decisions may create obstacles for persons who may be responsible for the implementation process. The purpose of this research paper is to identify, explore, and to offer suggestions how to avoid decision-making traps.

1. The Fixed-Idea Trap

A decision maker is attached to or focused on an idea based upon initial, superficial, unreliable, or inaccurate information. This is also called anchoring and is written about by Dan Lavallo and Daniel Kahneman. It is also called anchoring, which means a decision maker makes a claim that originates from a favorite newspapers, magazines, or Internet sites for example. In addition a decision maker is focused or fixed to an idea because past decision-making, which was based on similar ideas and deemed successful. Decisions based on initial estimates or data may not be reasonable, timely, efficient, or productive; instead initial information may be outdated, wrong, incomplete, erroneous, or incorrect.

How can a decision maker avoid or limit the influence of the fixed-idea trap? Decision makers ought to be aware of their cognitive predisposition to accept initial information to make a decision.

To avoid the fixed idea trap new ways of thinking about an issue include:

- Seeking advise from others who may know more about the issue.
- Being open-minded to new ideas and ways of looking at an issue.
- Searching for new information from outside sources such as the academic community, research institutions, or a consultant.
- Listing alternatives, ideas, and suggestions without critique or criticism.
- Prioritizing alternatives before making a final decision.

2. The Impulsivity Trap

Impulsivity refers to making a decision immediately, hastily, hurriedly, or quickly without much reflection, data, analysis, or consultation. Impulsive decision-making does not seek new information, alternatives, and ignores short and long-term consequences.

Some decisions are made impulsively because of the familiarity with an issue. Familiarity may breed contempt, giving the decision maker the illusion that other impulsive decisions in the past were successful. However there may be subordinates who will avoid conflict and not inform leaders of poor performance or difficulty carrying out a decision. An impulsive decision may be unreasonable, untimely, and may never be fully carried out because of the lack of direction, leadership, or clearly defined goals.

The book, Getting It Right: Avoiding the High Cost of Wrong Decisions, authored by Deborah C. Sawyer, reminds leaders that hastily made or impulsive decision-making can be very costly to an organization. Choosing not to conduct research does not save the company money. When innovation and research is limited or underutilized the decision maker becomes trapped into making poor, ineffective, unreasonable, and costly decisions.

Avoid the impulsivity trap by:

- Acknowledging the tendency to be an impulsive decision maker.
- Investigating options by seeking input from others.
- Planning and designing an action plan
- Identifying all options listed by a group or committee.
- Listing all advantages and disadvantages without making critical comments.
- Considering an outside source for further information, such as a hiring consultant, purchasing market research, analyzing data and evaluating it for efficacy.

3. Overconfidence

The overconfident decision maker may find it difficult to seek advice and consult others. Overconfidence stems from previous decisions that had only positive outcomes. The overconfident leader does not actively seek, collect, analyze or evaluate information about a program in order to avoid learning negative results. For example an organization may collect data on the progress or cost effectiveness of a program that evaluates funding, people served, hiring personnel, or people served. If the decision maker never requests a program evaluation, then the objectives cannot be evaluated for cost effectiveness, efficacy, and success. Avoid the overconfidence trap by:

- Being aware of the tendency to examine a program for only positive outcomes.
- Requesting information about the effectiveness of a program.
- Consulting with statisticians and analysts to determine cost effectiveness.
- Gathering a committee to brainstorm and discuss options.
- Supervising committees or groups most affected by a decision.

4. Failure to Evaluate Trap

Failure to evaluate trap refers to ignoring an important phase in the evaluation process. Evaluating data may include analyzing statistical data, marketing records, or consumer opinion. Failing to evaluate decisions stifles the evaluation process. Decision makers are obligated to assess and evaluate the efficacy, soundness, timeliness, and effectiveness of a decision.

Whether it is introducing a new product, program, purchasing new equipment, or starting a new product line, leaders must have a sense of curiosity about the evaluation process. The failure to evaluate trap only causes the decision maker embarrassment. How can a decision-maker avoid the failure to evaluate trap? Decision makers ought to be aware of a tendency to accept initial information as fact. Avoid the fixed idea trap by:

- Seeking advise from others who may know more about the issue.
- Being open minded to new ideas and ways of looking at an issue.
- Offering clear and unambiguous support for the evaluation process.
- Collecting data from various sources to evaluate a project. For example use analytical tools such as researching archival information and running pilot tests.
- Allow for disagreement or concerns without biases or criticism.
- Share information and be willing to compromise.

5. Failure to Reconcile a Claim

If the leader becomes aware that a project is suddenly losing market share, then the leader may state a reason or claim that explains why something is wrong. Without investigating further, a claim is made that points the decision maker in a specific direction. For example, if a company suddenly loses market share and profit margins are shrinking, a decision maker may claim, without substantive data or information, the reason for the sudden loss is because of new competition.

The claim-new competition, becomes the driving force behind an action plan. Other reasons for losing market share may be a result of negative news reporting, consumer dissatisfaction, poor quality control, cost, or a sudden change in the exchange rate. In order to avoid the failure to reconcile a claim, a decision maker needs to examine many claims or concerns in order to discover a why a product lost market share.

To avoid making a decision based upon an unsupported claim a decision maker can:

- Seek other points of view by working with a committee.
- Turn to stakeholders, supervisors, and consumers for further information.
- Identify and discuss every issue without bias or criticism.
- Examine each claim and collect information by talking to consumers.
- Analyze the data.
- Evaluate the information for ambiguities.
- Attempt to find common themes by examining the claims, ideas, and concerns.

6. Failure to Manage Trap

Once a decision is made it is imperative that a leader manage the implementation process. If a leader discovers a decision is not being carried out or has minimal support, then they must address reasons why. For example, there may be many reasons why a decision is not carried out.

For example does the decision:

- Threaten another's position?
- Ignore others who may have more knowledge of the issue?
- Intimidate others into cooperating?
- Disrupt establish working relationships?
- Circumventing decision-making norms
- Avoiding recognition of others

Decision makers can avoid the failure to manage trap by conveying to others that their views are important, relevant, and valued. Managing a decision requires decision makers to listen carefully to those assigned to carry out the decision. Decision makers must be open to new ideas, accept differing views from their own and allow for participation.

A plan of action may include:

- Explaining why a decision is being made
- Outlining the action plan and providing clear and unambiguous direction.
- Identifying others responsible for carrying out a decision.
- Recording and maintaining data on program performance.
- Using committees if a problem arises.
- Opening the evaluation process to critique and review.
- Delegating authority in order to allow for compliance and participation.

7. Failure to Learn Trap

The failure to learn trap refers to avoiding the assessment of the needs of subordinates. For example the human need for recognition, achievement, self-esteem, or knowing work performance ought to be recognized and valued. Avoid the failure to learn trap by:

- Identifying excellent performance.
- Rewarding personnel with cash bonuses, time off, and giving gift certificate.
- Providing professional guidance to those who demonstrate leadership potential.
- Recognizing and promoting exemplary employees.

The failure to learn involves misreading outcomes or consequences of decision-making. One may attribute excellent or poor performance results to luck. If the data collected reflects poorly on a decision, then the information cannot remain concealed. In addition if poor results are concealed, then it creates a climate of distrust and a reluctance to expose future mistakes or errors.

How do leaders and decision makers avoid the failure to learn trap? Create better or more accurate forecasts and assessments. Decision makers need to reach out to statisticians, computer model experts, the academic community, or an outside consulting source to designed and measure performance. Learning from mistakes includes taking responsibility for one's decisions, addressing them, and making the changes necessary to improve future decision-making.

8. Ambiguous Direction Trap

The ambiguous direction trap refers to a decision maker's inability to establish, articulate, or manage a decision. People working for organizations want clearly defined goals and objectives. If is a decision is made but there is poor leadership in its execution, then personnel may find the decision ambiguous, confusing, or vague.

To avoid the ambiguous direction trap reflect on what the decision accomplishes:

9. Limiting the Search Trap

Limiting the search trap refers to making a decision, such as making a major purchase without thoroughly researching all the options. Major purchases such as buying a car, a home, recreational vehicles, and a vacation home are examples of significant expenditures. Capital expenditures may include new manufacturing equipment, a corporate jet, buying another company, or reallocating resources into a joint venture.

New opportunities to purchase expensive or to invest in major company purchase can be exciting and drives behavior. Limiting the search traps decision makers into thinking that resources are being wasted. How can decision makers avoid the limiting the search trap?

What is its purpose?

What is its direction?

What does it accomplish?

Who is responsible?

To whom?

Why is it necessary?

When ought it be executed?

What results are expected?

When are the results expected?

Who will report the results?

Who will report the results?

• Research all options and identify other alternatives.

- Conduct the proper research to discover new ideas and innovations.
- Investigate other capital investments made by other organizations.
- Examine options by listing and prioritizing the options.
- Consult experts or gather a committee to review options.

10. Ignoring Ethical Questions Trap

Ignoring ethical questions trap refers to what a person believes to be fair and just. If a decision maker is viewed by others as imposing decisions that may not be fair or just, it can cause ethical dilemmas or difficulties in the planning, implementation, and evaluation process. Ethical issues include confidentiality, unauthorized disclosure, ignoring poor data results, hiding or burying information that may be potentially damaging for the organization.

Research identifies four personal characteristics that influence people into suspending their ethical standards; they are:

- Self-indulgence refers to a drive for power, which may corrupt those sworn to a higher level of conduct.
- Self-protection refers to people who condone unethical decision-making in order to avoid conflict or fear confrontation.
- Self-righteousness refers to the decision maker who possesses a sense of superiority, conceit, or smugness that drives them to do what ever it takes to ensure a decision is implemented.
- Self-deception refers to subordinate employees deceive themselves into believing that their boss's decision warrants total support.

Recommendations to Avoid the Common Common Decision-Making Traps

First, avoid making an initial claim of reference, hasty or impulsive decision. Before making a decision keep in mind that a decision involves many steps that includes consulting others, researching alternatives, examining new or innovative ideas, hiring consultants, or working with a group. It is important to obtain various points of view by listening to others who may have more expertise and take time to reflect upon options.

Second, decision makers have many resources at their disposal. Resources can be tapped to provide the decision maker with more information to assist in making a sound, reasonable, timely, logical, and practical decision. Subordinates need to know why decisions are being made, what the implications may be, and how the process will be managed.

Spend the time and resources necessary to uncover and explore all options and address any concerns. Utilize networking groups or committees in order to organizational garner support. Find out what interests subordinates have at stake in the decision. Once a decision maker knows what is at stake for the subordinate, then they may be better equipped to carry out decisions.

Lastly decision makers can utilize a discovery process found to have a successful impact to decision-making; they include:

- Understanding a leader’s decision-making pattern.
- Being cognizant of personnel who may hinder the implementation of a decision.
- Encouraging and actively soliciting new ideas from others.
- Establishing a clear direction by outlining what is expected.
- Evaluating all options in a process that includes refraining from criticism.
- Addressing ethical concerns.
- Learning from decision-making errors or identifying what went wrong.
- Understanding there will always be some level of ambiguity and risk.

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