

DECISION-MAKING AND OUR THINKING

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AGENDA

- Outcomes for Today
- Paradigms and Cognitive Biases
 - What they are and how to overcome them
- Decision-making Processes
 - Analytical
 - Recognition Primed Decision-making
 - Another view - System1 and System 2 Thinking
- Judgement
- Improving Decision-making
 - Elements of a Good Decision
 - How to Improve

Leaders *must examine their own decision-making to identify flaws in and influences on their thinking process*

The decision-maker must identify paradigms and cognitive biases because they can unconsciously affect decision making as easily as procedural problems.

Decision makers reflect on their experiences to improve their intuitive decision-making.

Good Decision makers understand the influence of organizational culture on the decision-making process and acceptance of the decision.

The decision maker's judgement is essential to a good outcome.



WHAT IS A PARADIGM?

- a typical example or pattern of something; a model.*
- a framework containing the basic assumptions, ways of thinking, and methodology that are commonly accepted by members of a scientific community. #
- a general mental model or framework for anything. #

<https://www.dictionary.com/browse/paradigm>

* <https://www.google.com/search?q=Definition+of+paradigm>

**A WIDELY
HELD
PARADIGM?**

Experience is the best teacher
and therefore the more
experienced the leader, the
better his or her decision-
making...



ORGANIZATIONAL CULTURE



ARTIFACTS

Externally visible &
understandable



ESPOUSED BELIEFS AND VALUES

Externally knowable;
Internally useful



UNDERLYING ASSUMPTIONS

Internally understandable & useful;
Requires thinking;
Externally unknowable

Edgar Schein - *“Leadership and Organizations”*



COMMON COGNITIVE BIASES

- **Anchoring** - the first or only one piece of data we have received is the most important
- **Status Quo** – stay with what we know instead of change to we don't know
- **Sunk Cost** - historical costs are more important and not recoverable so, keep filling the sinking boat
- **Confirming Evidence** – “cherry pick” information that indicates we are correct instead of considering other information or points-of-view
- **Framing** – view the problem through a past experience when that experience is unrelated
- **Overconfidence** - a strong belief that our opinion is superior, displaying an inability to see the potential risks or negative aspects of our decisions
- **Optimism** - overestimate the probability of positive events, ignoring any possibility of negative incidents occurring.
- **Groupthink** – An altogether different problem

GROUP THINK

- “the mode of thinking that persons engage in when concurrence seeking becomes so dominant in a cohesive ingroup that it tends to override realistic appraisal of alternative course of action.” (Janis, 1972, p. 9)
- In plain English – Group cohesion and an agreed upon solution are more valuable than acceptance of new ideas or the person presenting the new ideas.
- What’s the result when making a decision –
 - Limited options
 - Ostracization of individual members
 - Potential inefficient or ineffective decisions
 - Reduced engagement in the process
 - No risk assessment, no contingency plans, no reappraisals



Poor decision
making

GROUPTHINK CONTRIBUTORS

- High pressure situations – Time related
- Unnaturally high group cohesion
- Separation or insulation of the group
- No method or process for decision-making
- Authoritarian or directive leaders
- Group pride
- Pressure to “get on board”

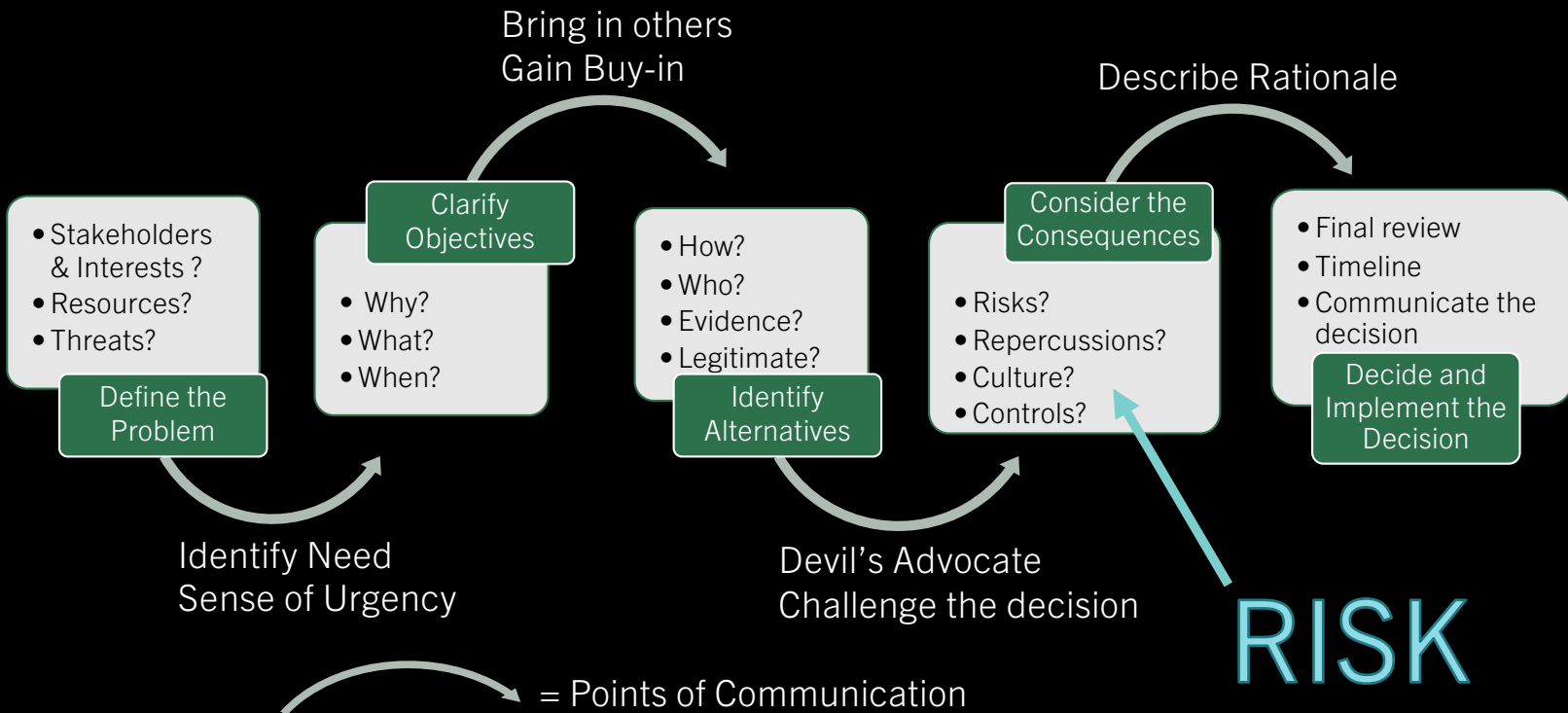
GROUPTHINK SYMPTOMS

- Ingroup vs outgroup talk/thinking
- Illusion of invulnerability or unquestioned beliefs of the group’s superiority/morality
- Closed-minded approach to problems or perceived enemies
- Stereotype others to support the group’s position
- Members self-censor – “my view isn’t important or valid”
- Illusory perception of unanimity
- Pressure on dissenters
- Self-appointed mind guards – insiders who “protect” the group from outside influences

OVERCOMING GROUPTHINK

- Avoid a directive leadership style
- Always sincerely seek alternative solutions
- Develop and follow a decision-making process
- Remove mind guards from the group
- Engage with others
- Challenge the proposed solution or action

AN ANALYTICAL FRAMEWORK FOR DECISIONS



What is risk?

The potential for ineffectiveness or failure of a decision, action or proposal in 3 categories

Risk to people

Risk to the organization

Risk to the project

*Embed risk
assessment in the
culture*

How do you account for risk?

Prioritize – Safety Dots

Develop risk assessment techniques

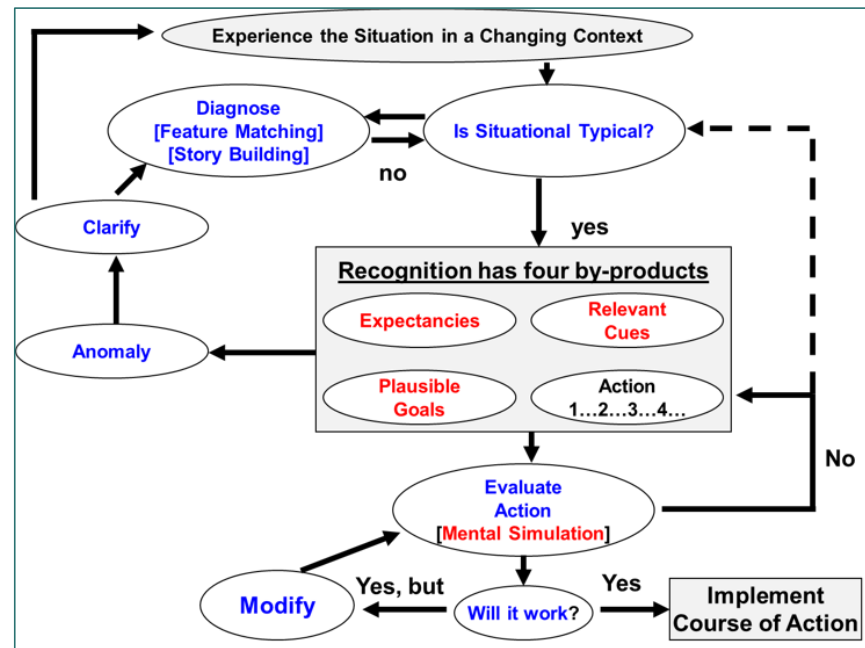
Require inclusion in decision-making process

When do you account for risk?

In every decision – at the point of considering alternatives or consequences

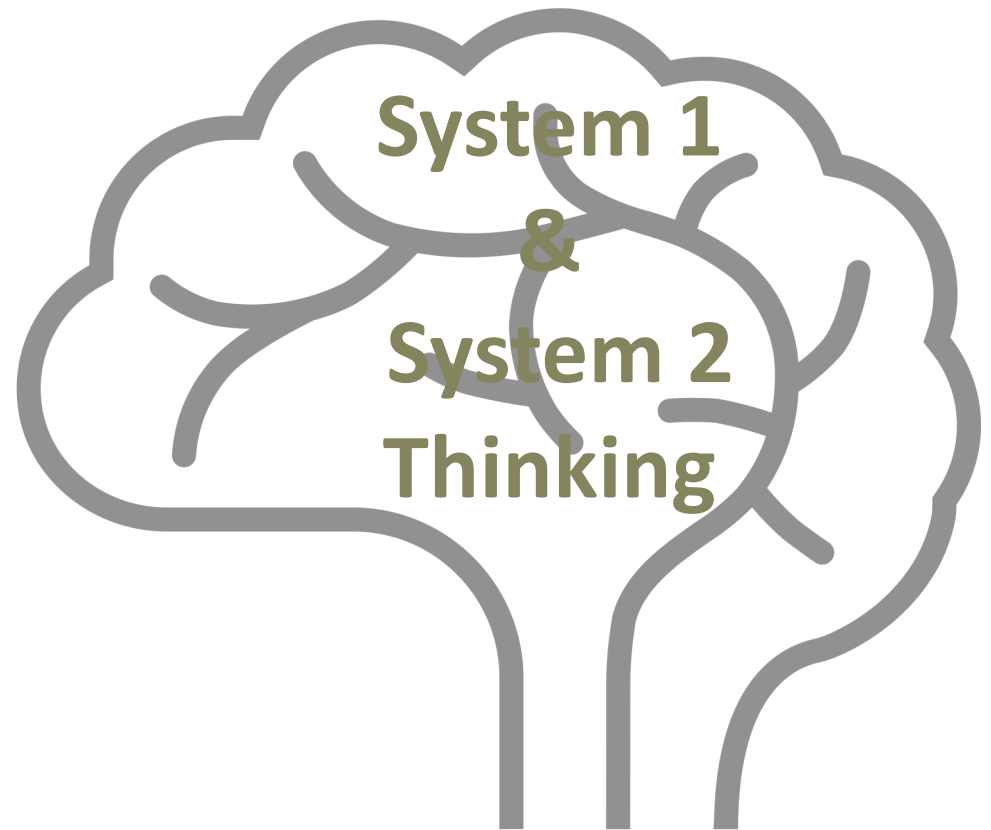
In every action – before the implementation

RECOGNITION-PRIMED DECISION (RPD) MODEL



Gary Klein, *Sources of Power: How People Make Decisions*, Chapter 3.

System 2	System 1
Logical	Random
Sequential	Intuitive
Rational	Holistic
Analytical	Subjective
Objective	Synthesizing



<https://uxdesign.cc/better-decisions-72e955c70a5c>

“The capacity to recognize relationships, draw conclusions from evidence and make critical evaluations of events and people.” APA Dictionary



To develop and improve judgement

Give opportunities to grow

Learning Organization

Encourage Competition

Consider Context

Evaluate the Environment



**ELEMENTS OF A
GOOD DECISION**

Correct **framing** of a problem or opportunity

Realistic and feasible **alternatives**

Relevant and reliable **information** to guide the ultimate choice

Clear **values** and trade offs

Sound **reasoning** in the analysis

Commitment to action

HOW TO IMPROVE DECISION-MAKING

- Availability – Be openminded about the available alternatives.
- Environment – Don't let the environment push you into a decision.
- Reflection – How did you get here?
- Relationships – Who else is affected by this decision?
- Awareness – Understand the influence of your biases.
- Energy – Make sure you are prepared – physically and emotionally – to think.
- Timeliness – A good decision made too late is as bad as a bad decision made on time.
- Risk - Ask what are the risks to the people, organization or project? Can I accept the risk level?

Questions