

10. Decision Making

Understanding Key Concept

- Consensus is a group decision that has the expressed support of most members.
- Groupthink is the tendency of cohesive group members to lose their critical evaluative capabilities.
- Brainstorming involves generating ideas through “freewheeling” and without criticism.
- The nominal group technique involves structured rules for generating and prioritizing ideas.
- The Delphi technique involves generating decisionmaking alternatives through a series of survey questionnaires.
- Decision making is choosing a course of action to deal with a problem.
- Certain environments provide full information on the expected results for decision-making alternatives.
- Risk environments provide probabilities regarding expected results for decisionmaking alternatives.
- Uncertain environments provide no information to predict expected resultsfor decision-making alternatives.
- Organized anarchy is a firm or division in a firm in a transition characterized by very rapid change and lack of a legitimate hierarchy.
- Programmed decisions are determined by past experience as appropriate for a problem at hand.
- Nonprogrammed decisions are created to deal uniquely with a problem at hand.
- Associative choices are decisions that can be loosely linked to nagging continual problems but that were not specifically developed to solve the problem.
- Classical decision theory views decision makers as acting in a world of complete certainty.
- Behavioral decision theory views decision makers as acting only in terms of what they perceive about a given situation.
- Satisficing is choosing the first alternative that appears to give an acceptable or satisfactory resolution of the problem.
- Garbage can model views the main components of the choice process—problems, solutions, participants, and choice situations—as all mixed up together in the garbage can of the organization.
- Intuition is the ability to know or recognize quickly the possibilities of a situation.
- Heuristics are simplifying strategies or “rules of thumb” used to make decisions.
- The availability heuristic bases a decision on recent events relating to the situation at hand.
- The representativeness heuristic bases a decision on similarities between the situation at hand and stereotypes of similar occurrences.
- The anchoring and adjustment heuristic bases a decision on incremental adjustments to an initial value determined by historical precedent or some reference point.
- The confirmation trap is the tendency to seek confirmation for what is already thought to be true and to not search for disconfirming information.
- The hindsight trap is a tendency to overestimate the degree to which an event that has already taken place could have been predicted.
- Creativity generates unique and novel responses to problems. Individual decisions are made by one individual on behalf of a group.
- Authority decisions are made by the manager or team leader without involving others using information that he or she possesses.
- Consultative decisions are made by one individual after seeking input from or consulting with members

of a group.

- Group decisions are made by all members of the group.
- Escalating commitment is the tendency to continue a previously chosen course of action even when feedback suggests that it is failing.
- Artificial intelligence is the study of how computers can be programmed to think like the human brain.

Decision Making in Groups

One of the most important activities engaged in by any group is decision making—the process of choosing among alternative courses of action. Obviously, the quality and timeliness of decisions made and the processes through which they are arrived at can have an important impact on group effectiveness.

HOW GROUPS MAKE DECISIONS

Edgar Schein, a noted scholar and consultant, has worked extensively with groups to analyze and improve their decision-making processes. He observes that groups may make decisions through any of the following six methods: lack of response, authority rule, minority rule, majority rule, consensus, or unanimity.

In decision by lack of response, one idea after another is suggested without any discussion taking place. When the group finally accepts an idea, all others have been bypassed and discarded by simple lack of response rather than by critical evaluation. In decision by authority rule, the chairperson, manager, or leader makes a decision for the group. This can be done with or without discussion and is very time efficient. Whether the decision is a good one or a bad one, however, depends on whether or not the authority figure has the necessary information and on how well other group members accept this approach. In decision by minority rule, two or three people are able to dominate or “railroad” the group into making a decision to which they agree. This is often done by providing a suggestion and then forcing quick agreement by challenging the group with such statements as: “Does anyone object?··· No? Well, let’s go ahead then.”

One of the most common ways groups make decisions, especially when early signs of disagreement set in, is decision by majority rule. Here, formal voting may take place, or members may be polled to find the majority viewpoint. This method parallels the democratic political system and is often used without awareness of its potential problems. The very process of voting can create coalitions. That is, some people will be “winners,” and others will be “losers” when the final vote is tallied. Those in the minority—the “losers,” may feel left out or discarded without having had a fair say. As a result, they may be less enthusiastic about implementing the decision of the “winners.” Lingering resentments may impair group effectiveness in the future.

Another alternative is decision by consensus. Formally defined, consensus is a state of affairs whereby discussion leads to one alternative being favored by most members and the other members agreeing to support it. When a consensus is reached, even those who may have opposed the chosen course of action know that they have been listened to and have had a fair chance to influence the outcome. Consensus, as suggested by the guidelines in *The Effective*

Manager 2.3, does not require unanimity. What it does require is the opportunity for any dissenting members to feel they have been able to speak, and that their voices have been heard.

A decision by unanimity may be the ideal state of affairs. Here, all group members agree totally on the course of action to be taken. This is a “logically perfect” group decision method that is extremely difficult to attain in actual practice. One reason that groups sometimes turn to authority decisions, majority voting, or even minority decisions is the difficulty of managing the group process to achieve consensus or unanimity.

ASSETS AND LIABILITIES OF GROUP DECISION MAKING

The best groups don't limit themselves to just one decision-making method, using it over and over again regardless of circumstances. Instead, they change decision methods to best fit the problem and situation at hand. Indeed, an important group leadership skill is helping a group choose the “right” decision method—that is, the one providing for a timely and quality decision and to which the members are highly committed. This choice should be made with a full awareness of the assets and liabilities of group decision making. For example, the potential advantages of group decision making include:

1. Information—more knowledge and expertise is applied to solve the problem.
2. Alternatives—a greater number of alternatives are examined, avoiding tunnel vision.
3. Understanding and acceptance—the final decision is better understood and accepted by all group members.
4. Commitment—there is more commitment among all group members to make the final decision work.

We also know that groups can experience problems when they are making decisions.

The potential disadvantages of group decision making include:

- 1 Social pressure to conform—individuals may feel compelled to go along with the apparent wishes of the group.
2. Minority domination—the group's decision may be forced or “railroaded” by one individual or a small coalition.
3. Time demands—with more people involved in the dialogue and discussion, group decisions usually take longer to make than individual decisions.

GROUPTHINK

An important potential problem in group decision making, identified by social psychologist Irving Janis, is groupthink—the tendency of members in highly cohesive groups to lose their critical evaluative capabilities. Janis believes that, because highly cohesive groups demand conformity, their members tend to become unwilling to criticize one another's ideas and suggestions. Desires to hold the group together and to avoid unpleasant disagreements lead to an overemphasis on

agreement and an underemphasis on critical discussion. The possible result is a poor decision. Janis suggests that groupthink played a role in the lack of preparedness of U.S. forces at Pearl Harbor in World War II. It has also been linked to U.S. decision making during the Vietnam War and to the space shuttle Challenger disaster.

Group leaders and members must be on guard to spot the symptoms of groupthink and take any necessary action to prevent its occurrence. The Effective Manager 2.4 identifies steps that can be taken to avoid groupthink. Among them, for example, President Kennedy chose to absent himself from certain strategy discussions by his cabinet during the Cuban Missile crisis. Reportedly, this facilitated discussion and helped to improve decision making as the crisis was successfully resolved.

HOW TO IMPROVE GROUP DECISION MAKING

In order to take full advantage of the group as a decision-making resource, care must be taken to manage group dynamics to balance individual contributions and group operations. A particular concern is with the process losses that often occur in free-flowing meetings, such as a committee deliberation or a staff meeting on a specific problem. In these settings the risk of social pressures to conformity, domination, time pressures, and even highly emotional debates may detract from the purpose at hand. They are also settings in which special group decision techniques may be used to advantage.

Brainstorming

In brainstorming, group members actively generate as many ideas and alternatives as possible, and they do so relatively quickly and without inhibitions. Four rules typically govern the brainstorming process. First, all criticism is ruled out. No one is allowed to judge or evaluate any ideas until the idea-generation process has been completed. Second, “freewheeling” is welcomed. The emphasis is on creativity and imagination; the wilder or more radical the ideas, the better. Third, quantity is wanted. The emphasis is also on the number of ideas; the greater the number, the more likely a superior idea will appear. Fourth, “piggy-backing” is good. Everyone is encouraged to suggest how others’ ideas can be turned into new ideas or how two or more ideas can be joined into still another new idea. Typical results include enthusiasm, involvement, and a free flow of ideas useful in creative problem solving.

Nominal Group Technique

In any group, there will be times when the opinions of members differ so much that antagonistic arguments will develop during free-wheeling discussions. At other times the group will be so large that open discussion and brainstorming are awkward to manage. In such cases, a form of structured group decision making called the nominal group technique may be helpful. It puts people in small groups of six to seven members and asks everyone to respond individually and in writing to a “nominal question” such as: “What should be done to improve the effectiveness

of this work team?" Everyone is encouraged to list as many alternatives or ideas as they can. Next, participants read aloud their responses to the nominal question in round-robin fashion. The recorder writes each response on large newsprint as it is offered. No criticism is allowed. The recorder asks for any questions that may clarify items on the newsprint. This is again done in round-robin fashion, and no evaluation is allowed. The goal is simply to make sure that everyone present fully understands each response. A structured voting procedure is then used to prioritize responses to the nominal question. The nominal group procedure allows ideas to be evaluated without risking the inhibitions, hostilities, and distortions that may occur in an open meeting.

Delphi Technique

A third group decision approach, the Delphi technique, was developed by the Rand Corporation for use in situations where group members are unable to meet face to face. In this procedure, a series of questionnaires are distributed to a panel of decision makers, who submit initial responses to a decision coordinator. The coordinator summarizes the solutions and sends the summary back to the panel members, along with a follow-up questionnaire. Panel members again send in their responses, and the process is repeated until a consensus is reached and a clear decision emerges.

Computer-Mediated Decision Making Today's information and computer technologies enable group decision making to take place across great distances with the support of group decision support systems. The growing use of electronic brainstorming is one example of the trend toward virtual meetings. Assisted by special software, participants use personal computers to enter ideas at will, either through simultaneous interaction or over a period of time. The software compiles and disseminates the results. Both the nominal group and Delphi techniques also lend themselves to computer mediation. Electronic approaches to group decision making can offer several advantages, including the benefits of anonymity, greater number of ideas generated, efficiency of recording and storing for later use, and ability to handle large groups with geographically dispersed members.

Decision Making Process

Formally defined, decision making is the process of choosing a course of action for dealing with a problem or opportunity. The five basic steps involved in systematic decision making are:

1. Recognize and define the problem or opportunity.
2. Identify and analyze alternative courses of action, and estimate their effects on the problem or opportunity.
3. Choose a preferred course of action.
4. Implement the preferred course of action.
5. Evaluate the results and follow up as necessary.

We must also recognize that in settings where substantial change and many new technologies prevail, this step-by-step approach may not be followed. Occasionally, a nontraditional sequence works and yields superior performance over the traditional view. We also think it is important to consider the ethical consequences of decision making. To understand when and where to use the traditional or novel decision techniques calls for a further understanding of decision environments and the types of decisions to be made.

DECISION ENVIRONMENTS

Problem-solving decisions in organizations are typically made under three different conditions or environments: certainty, risk, and uncertainty. Certain environments exist when information is sufficient to predict the results of each alternative in advance of implementation. When a person invests money in a savings account, for example, absolute certainty exists about the interest that will be earned on that money in a given period of time. Certainty is an ideal condition for managerial problem solving and decision making. The challenge is simply to locate the alternative offering the best or ideal solution. Unfortunately, certainty is the exception instead of the rule in decision environments.

Risk environments exist when decision makers lack complete certainty regarding the outcomes of various courses of action, but they are aware of the probabilities associated with their occurrence. A probability, in turn, is the degree of likelihood of an event's occurrence. Probabilities can be assigned through objective statistical procedures or through personal intuition. For instance, managers can make statistical estimates of quality rejects in production runs, or a senior production manager can make similar estimates based on past experience. Risk is a common decision environment in today's organizations.

Uncertain environments exist when managers have so little information on hand that they cannot even assign probabilities to various alternatives and their possible outcomes. This is the most difficult of the three decision environments. Uncertainty forces decision makers to rely heavily on individual and group creativity to succeed in problem solving. It requires unique, novel, and often totally innovative alternatives to existing patterns of behavior. Responses to uncertainty are often heavily influenced by intuition, educated guesses, and hunches. Furthermore, an uncertain decision environment may also be characterized as a rapidly changing organizational setting in terms of (a) external conditions, (b) the information technology requirements called for to analyze and make decisions, and (c) the personnel influencing problem and choice definitions. This has been called an organized anarchy, a firm or division in a firm in a transition characterized by very rapid change and lack of a legitimate hierarchy and collegiality. Although this was once a very unique setting, many high-tech firms and those with expanding global operations share many of the characteristics of an organized anarchy.

TYPES OF DECISIONS

The many routine and non-routine problems in the modern workplace call for different types of decisions. Routine problems arise on a regular basis and can be addressed through standard responses, called programmed decisions. These decisions simply implement solutions that have already been determined by past experience as appropriate for the problem at hand. Examples of programmed decisions are reordering inventory automatically when stock falls below a predetermined level and issuing a written reprimand to someone who violates a certain personnel procedure.

Nonroutine problems are unique and new, having never been encountered before. Because standard responses are not available, these circumstances call for creative problem solving. These nonprogrammed decisions are specifically crafted or tailored to the situation at hand. Higher level managers generally spend a greater proportion of their decision-making time on nonroutine problems. An example is a senior marketing manager who has to respond to the introduction of a new product by a foreign competitor. Although past experience may help deal with this competitive threat, the immediate decision requires a creative solution based on the unique characteristics of the present market situation.

For firms in or characterized by “organized anarchy,” we also suggest there is a third class of decisions called associative choices. Associative choices are decisions that can be loosely linked to nagging continual problems but that were not specifically developed to solve the problem. Given the chaotic nature of the setting, the necessity to take action as opposed to waiting, and the ability of employees to make nearly any “decision” work, a stream of associative choices may be used to improve the setting, even though the problems are not solved.

Decision Making Models

The field of organizational behavior historically emphasizes two alternative approaches to decision making—classical and behavioral (see Figure 2.14).

Classical decision theory models view the manager as acting in a world of complete certainty. Behavioral decision theory models accept the notion of bounded rationality and suggests that people act only in terms of what they perceive about a given situation.

CLASSICAL AND BEHAVIORAL DECISION THEORY

Ideally, the manager faces a clearly defined problem, knows all possible action alternatives and their consequences, and then chooses the alternative that offers the best, or “optimum,” solution to the problem. This optimizing style is an ideal way to make decisions. This classical approach is normative and prescriptive, and is often used as a model for how managers should make decisions.

Behavioral scientists are cautious about applying classical decision theory to many decision situations. They recognize that the human mind is a wonderful creation, capable of infinite achievements. But they also recognize that human beings have cognitive limitations that restrict their information-processing capabilities. Information deficiencies and overload compromise the ability of decision makers to achieve complete certainty and otherwise operate according to the classical model. Human decision makers also operate with bounded rationality. Bounded rationality is a short-hand term suggesting that, while individuals are reasoned and logical, humans have their limits. Individuals interpret and make sense of things within the context of their personal situation. They engage in decision making “within the box” of a simplified view of a more complex reality. This makes it difficult to realize the ideal of classical decision making. As a result, the classical model does not give a full and accurate description of how most decisions are made in organizations.

Classical decision theory does not appear to fit today’s chaotic world of globalizing high-tech organizations, yet it would be a mistake to dismiss it and the types of progress that can be made with classical models. Classical models can be used toward the bottom of many firms. For instance, even the most high-tech firm faces many clearly defined problems with known alternatives where firms have already selected an optimal solution. That a firm’s managers don’t know the answer may make it appear nonclassical when, in fact, it should not be.

As noted above, behavioral decision theory models accept the notion of bounded rationality and suggest that people act only in terms of what they perceive about a given situation. Because these perceptions are frequently imperfect, most organizational decision making does not take place in a world of complete certainty. Rather, the behavioral decision maker is viewed as acting most often under uncertain conditions and with limited information. Organizational decision makers face problems that are often ambiguous, and they have only partial knowledge of the available action alternatives and their consequences. This leads to a phenomenon which Herbert Simon has described as satisficing—decision makers choose the first alternative that appears to give an acceptable or a satisfactory resolution of the problem. As Simon states: “Most human decision making, whether individual or organizational, is concerned with the discovery and selection of satisfactory alternatives; only in exceptional cases is it concerned with the discovery and selection of optimal decisions.”

THE GARBAGE CAN MODEL

A third view of decision making stems from the so-called garbage can model. In this view, the main components of the choice process—problems, solutions, participants, and choice situations—are all mixed up together in the “garbage can” of the organization. In many organizations where the setting is stable and the technology is well known and fixed, tradition, strategy, and the administrative structure help order the contents of the garbage can. Specific problems can be matched to specific solutions, an orderly process can be maintained, and the behavior view of decision making may be appropriate.

But when the setting is dynamic, the technology is changing, demands are conflicting or the goals are unclear, things can get mixed up. More action than thinking can take place. Solutions emerge as “potential capabilities”—capabilities independent of problems or opportunities. Solutions often emerge not to solve specific problems but as lessons learned from the experience of other organizations. These new solution/capabilities may be in the form of new employees, new technical experts, consultants, or reports on best practices. Many solutions might well be implemented even if they cannot be tied to a specific problem. Solutions may also be implemented when no other solution has solved a persistent, chronic problem. Although implemented solutions change the organization, they are unlikely to solve specific problems.

The garbage can model highlights an important feature of decision making in many large organizations. Choice making and implementation may be done by quite different individuals. Often, the job of subordinates is to make the decisions of senior managers work. They must interpret the intentions of their bosses as well as solve local problems. Implementation becomes an opportunity to instill many changes related to the choice of more senior executives. So what is chosen gets implemented along with many other changes. The link between choice and implementation may become even weaker when senior managers are vague or do not vigorously follow up on implementation. The net result from those actually implementing the decision is the appearance that what was chosen does not exactly match what is implemented.

There is a final aspect of the garbage can view. Many problems go unsolved. That is, all organizations have chronic, persistent deficiencies that never seem to get much better. In a garbage can view, this is because decision makers cannot agree to match these problems with solutions, make a choice, and implement it on a timely and consistent basis; nor do they know how to resolve chronic problems. It is only when a problem and a solution “bump into one another” under a decision maker willing to implement a choice that problems, solutions, and choice come together as expected under other views. Thus, one key job challenge for the astute manager is to make the appropriate linkages among problems and solutions.

DECISION MAKING REALITIES

All three of these models highlight specific features of the complex choice processes managers must engage in as professionals. A key difference between a manager’s ability to make an optimum decision in the classical style and the manager’s tendency to make a satisfying decision in the behavioral style is the availability of information. The organizational realities of bounded rationality and cognitive limitations affect the way people define problems, identify action alternatives, and choose preferred courses of action. By necessity, most decision making in organizations involves more than the linear and step-by-step rational choice that models often suggest. The process may not be as chaotic as the garbage can models; yet it is often not as rational as even a behavioral view suggests. In real organizations, decisions must be made under risk and uncertainty. Decisions must be made to solve non-routine problems. And decisions must

be made under the pressures of time and information limitations.

Managing the Decision-Making Process

As suggested by our discussion of creativity, people working at all levels, in all areas, and in all types and sizes of organizations are not supposed to simply make decisions. They must make good decisions—the right decisions in the right way at the right time. Managing the decision-making process involves choices itself. Critical choices include which “problems” to work on, who to involve and how to involve them as well as when to quit.

CHOOSING PROBLEMS TO ADDRESS

Most people are too busy and have too many valuable things to do with their time to personally make the decisions on every problem or opportunity that comes their way. The effective manager and team leader knows when to delegate decisions to others, how to set priorities, and when to abstain from acting altogether. When faced with the dilemma of whether or not to deal with a specific problem, asking and answering the following questions can sometimes help.

Is the problem easy to deal with? Small and less significant problems should not get the same time and attention as bigger ones. Even if a mistake is made, the cost of decision error on small problems is also small. Might the problem resolve itself? Putting problems in rank order leaves the less significant for last. Surprisingly, many of these less important problems resolve themselves or are solved by others before you get to them. One less problem to solve leaves decision-making time and energy for other uses. Is this my decision to make? Many problems can be handled by other persons. They should be delegated to people who are best prepared to deal with them; ideally, they should be delegated to people whose work they most affect. Finally, is this a solvable problem within the context of the organization? The astute decision maker recognizes the difference between problems that realistically can be solved and those that are simply not solvable for all practical purposes.

DECIDING WHO SHOULD PARTICIPATE

A mistake commonly made by many new managers and team leaders is presuming that they must solve every problem by making every decision themselves. In practice, good organizational decisions are made by individuals acting alone, by individuals consulting with others, and by groups of people working together.

When individual decisions, also called authority decisions, are made, the manager or team leader uses information that he or she possesses and decides what to do without involving others. This decision method often reflects the prerogatives of a person’s position of formal authority in the

organization. For instance, in deciding a rotation for lunch hours in a retail store, the manager may post a schedule. In consultative decisions, by contrast, inputs on the problem are solicited from other persons. Based on this information and its interpretation, the decision maker arrives at a final choice. To continue the example, the manager may tell subordinates that a lunch schedule is needed and ask them when they would like to schedule their lunch and why before making the decision. In other cases, true group decisions can be made by both consulting with others and allowing them to help make the final choice. To complete the example, the manager may hold a meeting to get everyone's agreement on a lunch schedule or a system for deciding how to make the schedule.

Victor Vroom, Phillip Yetton, and Arthur Jago have developed a framework for helping managers choose which of these decision-making methods is most appropriate for various problem situations. (See Figure 2.15.) The central proposition in their model is that the decision-making method used should always be appropriate to the problem being solved. The challenge is to know when and how to implement each of the possible methods as the situation demands. They further clarify individual, consultative, and group decision options as follows.

- AI (first variant on the authority decision): The manager solves the problem or makes the decision alone, using information available at that time.
- AII (second variant on the authority decision): The manager obtains the necessary information from subordinate(s) or other group members and then decides on the problem solution. The manager may or may not tell subordinates what the problem is before obtaining the information from them. The subordinates provide the necessary information but do not generate or evaluate alternatives.
- CI (first variant on the consultative decision): The manager shares the problem with relevant subordinates or other group members individually, getting their ideas and suggestions without bringing them together as a group. The manager then makes a decision that may or may not reflect the subordinates' input.
- CII (second variant on the consultative decision): The manager shares the problem with subordinates or other group members, collectively obtaining their ideas and suggestions. The manager then makes a decision that may or may not reflect the subordinates' input.
- G (the group or consensus decision): The manager shares the problem with the subordinates as a total group and engages the group in consensus seeking to arrive at a final decision.

In the most recent version of this decision-making framework, Vroom and Jago use the flowchart shown in Figure 2.15 to help managers analyze problem situations and choose the most

appropriate decision-making methods. Key issues involve the quality requirements of a decision, the availability and location of the relevant information, the commitments needed to fully implement the decision, and the amount of time available. Although this model appears complex and cumbersome, its underlying logic offers a useful decision-making discipline. Try it by working through Figure 2.15 for an organizational problem with which you are familiar. The analysis forces you to recognize how time, quality requirements, information availability, and subordinate acceptance issues can affect decision outcomes. It also reminds you that all of the decision methods are important and useful. The key to effectively managing participation in decision making is first knowing when to use each decision method and then knowing how to implement each of them well.

KNOWING WHEN TO QUIT—

ELIMINATING ESCALATING COMMITMENTS

The organization's natural desire to continue on a selected course of action reinforces some natural tendencies among decision makers. Once the agonizing process of making a choice is apparently completed, executives make public commitments to implementation, and implementation begins, managers are often reluctant to change their minds and admit a mistake. Instead of backing off, the tendency is to press on to victory. This is called escalating commitment—continuation and renewed efforts on a previously chosen course of action, even though it is not working. Escalating commitment is reflected in the popular adage, "If at first you don't succeed, try, try, again."

In beginning Finance courses, students learn about the fallacy of sunk costs. Money committed and spent is gone. The decision to continue is just that—a decision. It needs to be based on what investment is needed and the returns on that investment. This is one of the most difficult aspects of decision making to convey to executives simply because so many of these executives rose to their positions by turning apparently losing courses of action into winners. The tendency to escalate commitments often outweighs the willingness to disengage from them. Decision makers may rationalize negative feedback as a temporary condition, protect their egos by not admitting that the original decision was a mistake, or characterize any negative results as a "learning experience" that can be overcome with added future effort.

The self-discipline required to admit mistakes and change direction, however, is sometimes difficult to achieve. Escalating commitments are a form of decision entrapment that leads people to do things that the facts of a situation do not justify. We should be proactive in spotting "failures" and more open to reversing decisions or dropping plans that do not appear to be working. But again, this is easier said than done. Good decision makers know when to call it

quits. They are willing to reverse previous decisions and stop investing time and other resources in unsuccessful courses of action. As the late W. C. Fields is said to have muttered, "If at first you don't succeed, try, try, again. Then quit."

Key Point of Six Decision Making Traps¹⁾

A trap is a device which is placed somewhere or a hole which is dug somewhere in order to catch animals or birds. Suppose a hungry mouse try to eat food inside a trap. Can you imagine which event will come to this mouse? Like the trap to mouse, a human being is also prone to face a trap in his or her life. John S. Hammond, Ralph L. Keeney, and Howard Raiffa call it as a trap. Similarly human approach it with positive expectation like a mouse, but it attacks the person severely. There are six types of decision making traps.

1. The anchoring is dangerous. When considering a decision, the mind gives disproportionate weight to the first information it receives. It is called 'The Anchoring'.

How to cope with it?

- 1) View a problem from different perspectives.
- 2) Think about the problem on your own before consulting.
- 3) Be open minded.
- 4) Tell consultants as little as possible about your own ideas.
- 5) Wary of anchoring by the other party's initial proposal

2. The status-quo trap is dangerous. The status quo comfortable, and they avoid taking action that would upset it. "Maybe I'll rethink it later," they say.

How to cope with it

- 1) Remind your objectives and examine the effectiveness by it.
- 2) Identify other options and use them as counter-balances.
- 3) Ask yourself.
- 4) Avoid exaggerating the effort or cost of switching.
- 5) Remember changeability of desirability on status quo.
- 6) Take courage to choose alternatives, not defaulting it.

3. The sunk-cost trap is dangerous. Sunk Costs are irrelevant to the present decision, but nevertheless they prey on your mind, leading us to make inappropriate decisions.

How to cope with it

- 1) Listen opinion who were not involved with the earlier decisions.
- 2) Examine why admitting to earlier mistake distresses you.
- 3) Reassign responsibilities when necessary.
- 4) Don't cultivate a failure-fearing culture covering endless mistakes.

1) Source: Summarized based on John S. Hammond, Ralph L. Keeney, and Howard Raiffa, The Hidden Traps In Decision Making, (Harvard Business Review, September-October 1998) PP. 47-58.

4. The confirming-evidence trap is dangerous.

Naturally, we are drawn to information that supports our subconscious leanings.

- 1) Anti-tendency to accept confirming evidence without question.
- 2) Learn from counter-arguments by yourself and by others, you respect.
- 3) Check: help smart choice vs. confirming preference.
- 4) Don't surround yourself with yes-men.

5. The framing trap is dangerous.

The way a problem is framed can profoundly influence the choices you make.

- 1) Not stick to initial frame, check the need of reframe.
- 2) Try posing problems in a neutral, redundant way.
- 3) Think hard throughout your decision-making process to the end.
- 4) Challenge other's recommended decisions with different frame.

6. The estimating and forecasting trap is dangerous. While managers continually make such estimates and forecasts, they rarely get clear feedback about their accuracy.

6-1. The over confidence trap: During estimating or forecasting, we actually tend to be overconfident about our accuracy, which can lead errors in judgment.

How to cope with it

=> We invest in training experiences that include customer perspectives.

6-2. The prudence trap: Worst case analysis added enormous costs with no practical benefit (in fact, it often backfired by touching off an arms race).

How to cope with it

=> We invest in training experiences that include customer perspectives.

6-3. The recallability trap: Previous memory of a dramatic or traumatic event in your own life can also distort your thinking.

How to cope with it

=> We invest in training experiences that include customer perspectives.

Self Assessment on 'Idea Killer'²⁾

Instructions

Excellent creative idea can produce extraordinary performance. However, no body teaches the idea. This assessment provide you with chance to check your attitude to foster better idea.

Your Dialogue Contents	Yes	No.
1. That's good idea, but we don't have budget.	_____	_____
2. That's idiot idea.	_____	_____
3. That's we already have done before.	_____	_____
4. We are not ready for that idea.	_____	_____
5. That idea is too late to think again.	_____	_____
6. We'd better execute this idea later.	_____	_____
7. This idea is too difficult to actualize.	_____	_____
8. This idea is too theoretical.	_____	_____
9. This idea is too practical.	_____	_____
10. This idea has the different position of mine.	_____	_____
11. I don't like this idea.	_____	_____
12. I'd like to listen your idea but I don't have enough time.	_____	_____
13. To realized this idea, it will require tremendous endeavor.	_____	_____
14. Let's wait and see what this idea will be.	_____	_____
15. We'd better make a committee to research this idea.	_____	_____
16. Let's make a sub-committee under a committee.	_____	_____
17. Please make 'To do list' from the first stage of this idea.	_____	_____
18. What is your essence of your talking?	_____	_____
19. Let's others do.	_____	_____
20. My boss will not like this idea.	_____	_____

Scoring

Mark one of two sections right side of each sentence. Calculate total number of each section.

Interpretation

If your 'Yes score' is more than 5, you are under the danger to survive at creative society. If you are an idea killer, you need to find out how you can change your attitude.

2) *Gi Bok Paik, Organizational Behavior (Changminsa, 2010), pp 357-358.*