



Decision making in turbulent times

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Introduction

“Doing the right thing is more important than doing the thing right.” Peter F. Drucker.

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**“In any moment of decision, the best thing you can do is the right thing.”
Theodore Roosevelt.**

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“You can always count on Americans to do the right thing - after they've tried everything else.” Winston Churchill.

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“... what you think is right isn't the same as knowing what is right.”

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Decision making behaviours – causes of poor performance

Optimism Bias

Natural predisposition to underestimate costs/time and over estimate the benefits

“Delusion”

Strategic Misrepresentation

Personal and political motivation to underestimate costs/time and over estimate the benefits

“Deception”

Escalating Commitment

Continuing to follow the pattern of behaviour leading to unsuccessful outcomes rather than follow an alternative course of action

“Insanity” as per Einstein

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Why do we get decisions wrong - HiPPOs



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Why do we get decisions wrong – God complex



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Why do we get decisions wrong – wicked problems



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Why do we get decisions wrong - experts

“An expert is an ordinary fellow from another town.” Mark Twain

“For every expert, there is an equal and opposite expert.” Arthur C. Clarke

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Why do we get decisions wrong – Econs vs Humans vs Progenes

“An economist is someone who has never met a real person but once had one described to him.”

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Why do we get decisions wrong – process and practice



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Why do we get decisions wrong – behavioural bias

Bias	Description
Strategic misrepresentation	The tendency to deliberately and systematically distort or misstate information for strategic purposes. Aka political bias, strategic bias, or power bias.
Optimism bias	The tendency to be overly optimistic about the outcome of planned actions, including overestimation of the frequency and size of positive events and underestimation of the frequency and size of negative ones.
Uniqueness bias	The tendency to see one's project as more singular than it actually is.
Planning fallacy	The tendency to underestimate costs, schedule, and risk and overestimate benefits and opportunities.
Overconfidence bias	The tendency to have excessive confidence in one's own answers to questions.
Hindsight bias	The tendency to see past events as being predictable at the time those events happened. Also known as the I-knew-it-all-along effect.
Availability bias	The tendency to overestimate the likelihood of events with greater ease of retrieval (availability) in memory.
Base rate fallacy	The tendency to ignore generic base rate information and focus on specific information pertaining to a certain case or small sample.
Anchoring	The tendency to rely too heavily, or "anchor," on one trait or piece of information when making decisions, typically the first piece of information acquired on the relevant subject.
Escalation of commitment	The tendency to justify increased investment in a decision, based on the cumulative prior investment, despite new evidence suggesting the decision may be wrong. Also known as the sunk cost fallacy.

Flyvbjerg 2021, Top Ten Behavioural Biases in Project Management: An Overview

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Why do we get decisions wrong – unwanted variability (noise)

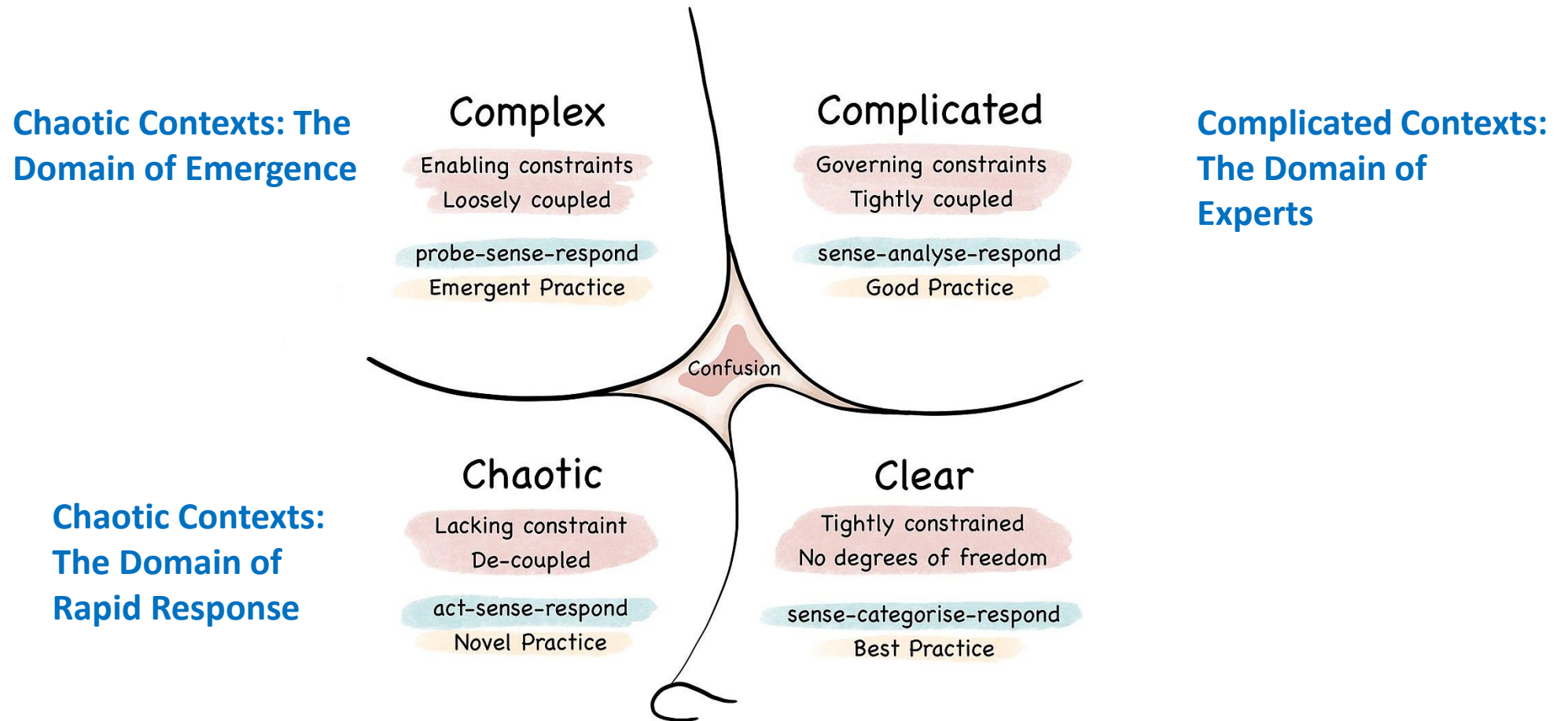
System noise – variations such as hiring and promotion decisions

- **Pattern noise – through individual's idiosyncrasy and responses to the same case (*would different people rate the same person alike*)**
- **Level noise - through individual tendencies to respond to different cases differently (*would different people rank performance of different people differently*)**

Occasion noise - human judgments can be influenced by factors such as mood and even the weather (would the hiring manager make the same decision on a rainy Monday and a sunny Friday?).

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Why do we get decisions wrong – not all decisions are created equal (Cynefin framework)



Snowden & Boone (2007), A Leader's Framework for Decision Making (HBR)

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How can we improve?



Awareness of bias and noise may not be enough – Noise audits and challenge



Cynefin framework – do we know and understand the context of the decision



Decision Breakdown Structures – active process and practice in getting decisions right (who, when, how etc)



Decision audits – learning lessons and pursuing improvement

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Concluding remark and questions.

“The biggest improvements to the performance of major projects and programmes could be made by getting of decisions consistently better and more timely”



Thank you

