



Optimizing Outcomes Through Better Decision-Making

Thank you for joining us!

- All microphones and cameras have been disabled.
- Use the chat tool to make comments and ask questions.
- Type a “Q” before your question for easier identification.
- Today’s session is being recorded and a link to the video and slides will be provided to everyone a few days after the webinar.
- Feel free to click on our APPEL KS resource hyperlinks before the webinar begins.

Meet Your Facilitator



Michael Delis

Eng., PMP, ACP, DASSM, SPC, RTE, ACC, LEA, CAL, CLP, CSP, CSM

Senior Trainer and Consultant, Corporate Education Group

- Director of Training and Methodologies at PMC (Project Mgmt. Centre)
- Senior Certification and Educations Programs Instructor at the Montreal Chapter of the Project Management Institute (PMI)
- Global Experience – North & South America, Europe, Africa, Asia
- Over 25 years of extensive diversified sales, project, and product management training and consulting in various industries:
 - Consulting (PMC – Sales, Program/Project Management, PMO)
 - Aerospace (Lockheed Martin, Bombardier, P&WC – Training)
 - Business (SAP – Global Agile Mentor Group, Mobile/Sales Applications)
 - Telecommunications (Ericsson, Bell – IT/Agile Development & Training)
 - Banking/Insurance (Natl. Bank of Canada, Desjardins, Sun Life - Coaching)

Agenda



- Opening Scenario Activity
- Decisions Versus Outcomes
- Cognitive Bias and Decision Science
- The Four Villains of Decision Making
- The WRAP Model
- Making Decisions with Groups or Teams

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A Recipe for Success...?



A restaurant in suburban NJ is famous for its fish and chips, attracting diners from all over the state. The owner, known to customers as “Aunt Frieda,” has always kept her special recipe a secret. Over the years, Frieda has had many offers to buy her restaurant – and recipe – but has always declined. After being in business for 30 years, she decides to retire and sells to Philip, an ambitious young restaurateur. Frieda offers to give him the recipe and even volunteers her services for a bit so Philip can get comfortable in his new role as owner. Philip declined both, and within a year was forced to sell the restaurant after declaring bankruptcy.

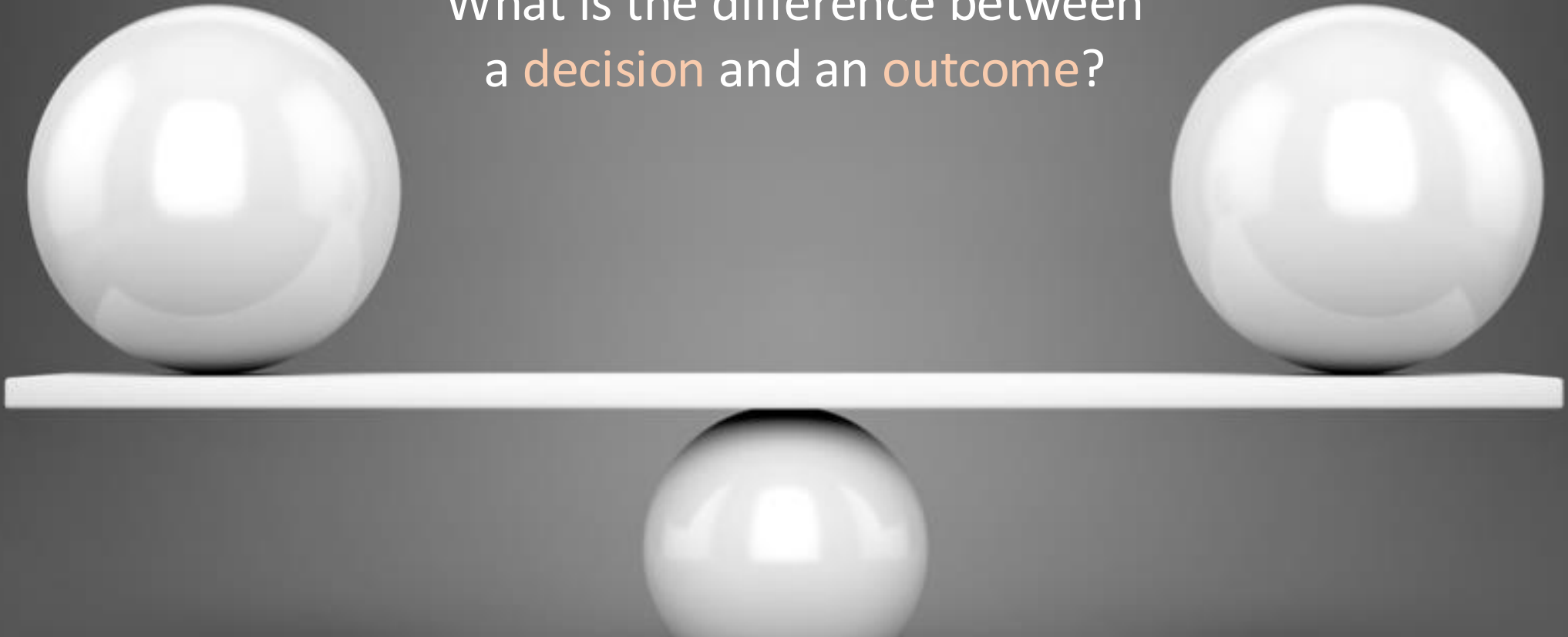
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Kickoff Question

What is the difference between
a **decision** and an **outcome**?



A Critical Distinction

Decision (the moment of choice)

An intentional act — selecting among options based on preferences, values, goals, instincts, and available information.

Key **components** of a **decision**:

- **Options:** You must have at least two choices.
- **Intent:** The choice reflects a purpose or goal.
- **Information:** Data or experiences guiding choice.
- **Reasoning:** Logic (or emotion) for chosen option.
- **Agency:** Exercise of control (you make the call).

Outcome (the consequence that follows)

The result — what unfolds because of a decision (or action, or even external forces) that is sometimes predictable, sometimes not.

Key **components** of an **outcome**:

- **Causality:** Triggered by a decision, event, or condition.
- **Timing:** Occurs after decision (instantly or over time).
- **Impact:** Affected people, systems, or results.
- **Measurement:** Evaluated (success, fail, unexpected).
- **Influence:** May lead to new decisions (feedback loop).

We cannot judge the *quality* of a decision by its *outcome*.

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Avoiding Outcome Bias

Judging a decision's quality by its outcome = outcome bias.

Documenting the decision-making process is important and enables you to:

- Evaluate decisions based only on what was known at the time the decision was made
- Avoid exaggerating the extent to which you could have predicted an outcome (hindsight bias)
- Separate the role of luck and the role of good decision-making in your life and learn the right lessons from what happens to you



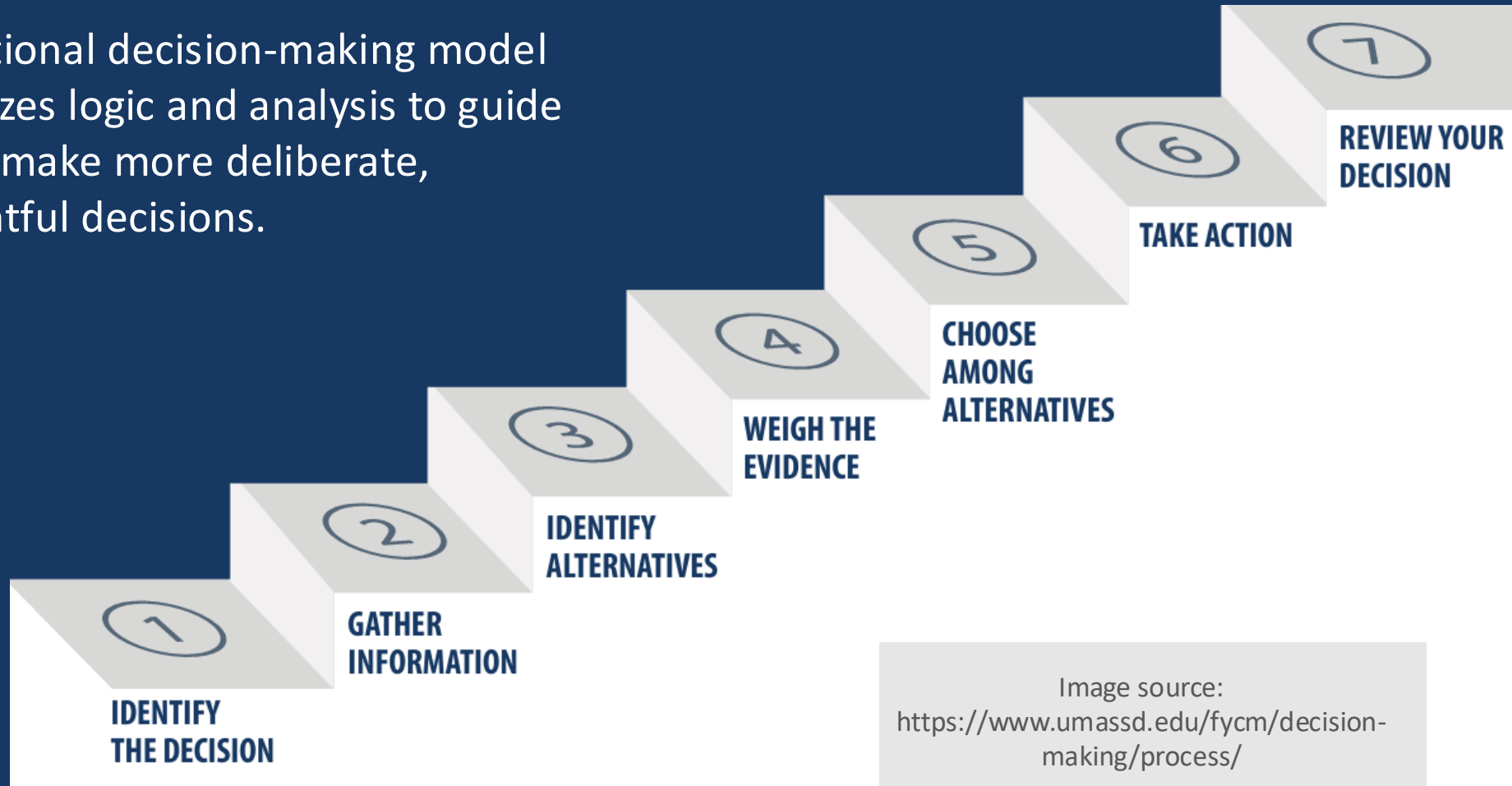
Reflect on a Past Decision



- What is an example of a decision you have made where, in hindsight, you judged the quality of the decision by its outcome?
- If you reflect on what you knew at the time you made the decision, would that change how you assess the quality of the decision?

The “Rational” Decision-Making Model

The rational decision-making model prioritizes logic and analysis to guide you to make more deliberate, thoughtful decisions.



Humans Are Not Great at Decision Making

A variety of internal and external factors cloud our ability to make sound decisions, including:

- Challenges with focus and attention
- Cognitive biases that may or may not be conscious
- Environmental factors
- Lack of time
- Lack of skill



Cognitive Overload



Every second, our brains receive more than **11 million bits** of information.

We can only consciously process **40 bits** per second.

Daniel Kahneman's Two Thinking Modes



SYSTEM 1

Intuitive (Fast) Thinking

- Automatic and quick – effortless
- No sense of voluntary control
- Sensing – impressions, feelings
- Premonition, based on experience
- Main source of explicit beliefs
- Innate abilities shared with other animals

SYSTEM 2


Effortful (Slow) Thinking



- Complex computations
- Mental work – deliberate, effortful, and orderly
- Computation happens in both mind and body
- Constructs thoughts in an orderly sequence

Adapted from: Kahneman, Daniel. *Thinking, Fast and Slow*. Farrar, Strauss and Giroux, 2013.

The Spotlight Effect



The tendency to think that
“what you see is all there is”

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A Decision Scenario



The founder of a non-profit organization, Debra, is struggling to decide whether or not to fire her communications director, Ruben. For the past six months he has been doing the bare minimum required by his job. The quality of his work has gone down, and so has the morale of his team. Ruben is a talented writer and knows better than anyone how to attract new donors through social media, but his poor attitude and sarcasm are negatively impacting the team. While losing Ruben would cause several short-term problems, it might be best for the organization in the long-run.

What would you advise her to do? Should she fire him or not?

The Four Villains of Decision Making

1. Narrow framing
2. Confirmation bias
3. Short-term emotion
4. Overconfidence



Adapted from: Heath, C. & Heath, D. (2013) *Decisive: How to Make Better Choices in Life and Work*. Crown Currency: New York, NY.

Villain #1: Narrow Framing



The tendency to define our choices too narrowly or to see them in binary terms

- We spotlight one alternative at the expense of all others.
- Should I do this or that?

Adapted from: Heath, C. & Heath, D. (2013) *Decisive: How to Make Better Choices in Life and Work*.
Crown Currency: New York, NY.

Villain #2: Confirmation Bias

The tendency to seek out information that confirms what we already believe to be true

- We spotlight the things that support what we want to be true and dismiss the things that don't.
- **This often happens at an unconscious level.**



Adapted from: Heath, C. & Heath, D. (2013) *Decisive: How to Make Better Choices in Life and Work*. Crown Currency: New York, NY.

Villain #3: Short-Term Emotion



The tendency to allow short-term feelings and/or pressures to cloud our objectivity

- We are too close to the problem and lack clarity.
- Emotion can make us lose sight of the bigger picture.

Adapted from: Heath, C. & Heath, D. (2013) *Decisive: How to Make Better Choices in Life and Work*.
Crown Currency: New York, NY.

Villain #4: Overconfidence

The tendency to be overconfident in our own knowledge and/or perspective

- We spotlight information that is easily available and draw conclusions from that.
- We have too much certainty in our own predictions.
- We think we know more than we actually do about how the future will unfold.

Adapted from: Heath, C. & Heath, D. (2013) *Decisive: How to Make Better Choices in Life and Work*. Crown Currency: New York, NY.



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We Can Counteract the Villains with Discipline

1. Narrow framing
2. Confirmation bias
3. Short-term emotion
4. Overconfidence



We Can Counteract the Villains with Discipline

- | | |
|-----------------------|---|
| 1) Narrow framing | W iden Our Options |
| 2) Confirmation bias | R eality Test Our Assumptions |
| 3) Short-term emotion | A ttain Distance Before Deciding |
| 4) Overconfidence | P repare to Be Wrong |

The **WRAP** Model of Decision Making

Adapted from: Heath, C. & Heath, D. (2013) *Decisive: How to Make Better Choices in Life and Work*. Crown Currency: New York, NY.

Research Study by Lovallo and Sibony*

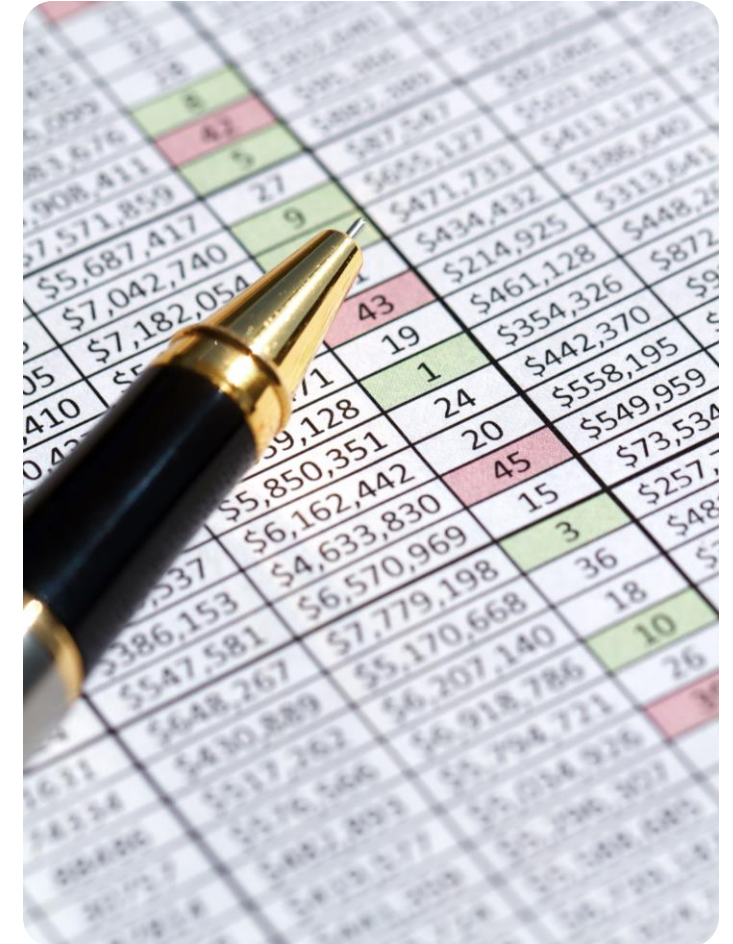
Investigated 1,048 high-stakes business decisions over 5 years

- Launching a new product or service
- Changing organizational structure
- Entering a new market or country
- Acquiring another firm

In producing a “good decision” (increase in revenues, profits, and market share), which was more important?

- Thorough analysis or
- A solid decision process (actively seeking alternative perspectives, counterfactual thinking, discussing uncertainties, etc.)

Process mattered more than analysis by a factor of 6.



Exploring the WRAP Model: Wanda



Wanda has just begun her final year in college. She thinks she wants to follow in her grandmother's footsteps and enter the medical profession, but she isn't sure. Applications for graduate school are due soon, and she is agonizing about whether to dive right into a Master's program or take a "gap year" to travel. She doesn't want to lose momentum in her career, but she knows if she doesn't travel now, she will probably never have that chance again.

- How can Wanda **W**iden Her Options?
- What can she do to **A**ttain Distance Before Deciding?

Exploring the WRAP Model: Ramón



Ramón was just asked to step in as project manager on a highly visible innovation project for his company. He is replacing a colleague whose cautious, risk-averse approach ultimately clashed with that of the senior executive sponsor. Ramón has been informally mentored by the sponsor for the last several years; he knows her well and shares her same bold vision. Ramón is excited to jump on board and make some of the schedule and personnel changes suggested by the sponsor. He is confident the project will be a success.

- How can Ramón **R**eality Test His Assumptions?
- What might he do to **P**repare to Be Wrong?

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Deciding How to Decide: Team Decisions



Communicate up front how you will make certain decisions. Will they be:

- 1) **Unanimous** – Team members fully agree on the decision before moving forward.
- 2) **Consensus** – Team members support the decision even if it's not their first choice.
- 3) **Majority rule** – Decision is based on what more than half the team supports or votes.
- 4) **Expert** – Decision by person with specialized knowledge or expertise in the subject.
- 5) **Executive** – Authority figure or leader makes the final call, potentially with team input.
- 6) **Default** – Decision is made by inaction or no alternative so what's already in place continues.

What Questions Do You Have?

Webinar Feedback:

Please click here to take a short four question survey on today's webinar.

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Thank you for attending

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