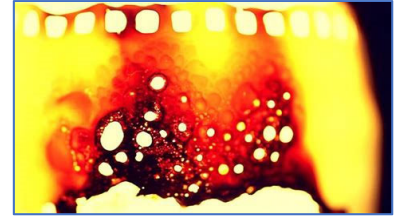


Of Blind Spots & Blunders

Our brains provide us with a fairly decent approximation of what's actually going on in the world around us. However, due to inherent limitations in our sensory organs and in the way our brains process information, we're often forced to make decisions using ambiguous data. In cinematic terms, we can think of our brains more like an old 8mm camera than the 8K Ultra High Definition systems in use today.



When you watch a film on a reel-to-reel projector, your brain doesn't "see" the blank spaces between frames on the film strip, but creates a seamless, smooth-flowing product. Similarly, our brains use **heuristics**, or mental shortcuts to help bridge gaps in our experiences and help us move through life smoothly and efficiently. On average, heuristics do a good job of reducing our mental workload while balancing the risks associated with cutting corners. Unfortunately, making decisions with ambiguous or incomplete data will eventually catch up to us and expose one or more of literally hundreds of systematic deviations in rational thinking called **cognitive biases**. The fact that there are so many of these suggests that we should have greater humility and flexibility about our thoughts and views of the world.

Incidentally, the "IKEA effect" is one of my favorite biases and refers to our tendency to place higher value on objects we assemble (e.g. an EKTORP sofa) regardless of the quality of the finished product. If we extend this to our beliefs, we can see that we are often partial to ideas that we have carefully assembled over the years regardless of quality, utility, and durability. Let's take a look at some other examples of common cognitive biases and their real-world implications:

- **Anchoring** refers to our tendency to rely heavily on one piece of information when making decisions (usually the first piece of information we're presented). For example, when initially presented with a \$400 airfare offer, we might be tempted think we're getting a "good deal" when we find one for \$375, even when the actual value of the ticket is closer to \$300. Our online shopping histories make the problem worse because the prices we're shown for various goods and services are based on what we've been willing to pay in the past for similar products versus their objective value.
- The **endowment effect** describes our tendency to overvalue our possessions, causing us to demand more to give up something than we would be willing to pay to acquire it. For example, maybe you bought stock in Game Stop for \$20 and watched it climb to \$347, but now it's valued at \$191 and you're unwilling to sell it because you believe it's worth more, even though you aren't jumping at the opportunity to buy it at its current price.
- The **framing effect** describes our tendency to draw different conclusions from the same information, depending on how it's presented. For example, after witnessing a car accident, you are likely to provide different estimates of the cars' speeds before impact depending on whether the cop asks you how fast they were going before they "smashed" versus "bumped" into each other.

There is some comfort in knowing that we are "guilty" of these biases, but what can we do to minimize their impacts in the future? Awareness of bias is a great first step – simply naming our biases helps us stay alert to their potential negative impacts. Here are some additional tips for avoiding the effects of bias:

- **Appoint a "fool" or "devil's advocate"**. Think of the colorful character at court whose job it was to present difficult-to-hear information to the monarch in a humorous manner. In group work, appointing a fool or devil's advocate can help guard against a common forms of bias including **confirmation bias** and **groupthink**.
- **Take responsibility for failures and give credit to others**. This is a great antidote to the ego's blinding effects on our thinking. When we are humble and don't require others to recognize our greatness, great things can happen.
- Similar to the above, **question your "brilliance"**. Some of the best advice I've received in this area is to "hold your strong opinions weakly". Chances are that your passion is unwarranted in most cases and none of your thoughts are likely to be original. Be prepared to ditch them and move on.
Last, **don't assume**. It's easy to assume that everyone sees the world as you do. During a meeting, instead of asking, "Is everyone agreed? Anyone have comments?" actively seek alternative viewpoints to guard against blind spots, biases, and improve overall quality, durability, and generalizability of your work!