MAKING TOUGH DECISIONS

• Roger Hall, PhD
  – Business Psychologist
  – Compass Consultation, Ltd.
  – Columbus – 614-799-2013
  – Cincinnati – 513-646-9330
  – www.compassconsultation.com
KEY BENEFITS OF ATTENDEES:

• Identify why information overload is a major stressor in your life.
• Learn common mental errors that affect your decision-making.
• Identify why people resist change.
• Understand which mental strategies will help you master change and information overload.
WHAT DO YOU WANT?

Results
WHAT DO YOU WANT?

Results
WHAT DO YOU WANT?

Results

Actions/Behaviors
WHAT DO YOU WANT?

Results

Actions/Behaviors
WHAT DO YOU WANT?

Results

Actions/Behaviors

Thoughts/Beliefs
THE PROBLEM

• $200 Budget Cut
• Elimination of all but 1% of your savings (reserve)
• Proposed 7-15% budget cuts
• Hiring Freezes
• Layoffs
• Reduced hours
• No improved case management system
THE PROBLEM

• So you’re being asked to:
THE PROBLEM

• So you’re being asked to:
  – Work more
THE PROBLEM

• So you’re being asked to:
  – Work more
  – With fewer resources
THE PROBLEM

• So you’re being asked to:
  – Work more
  – With fewer resources
  – In facilities that are breaking
THE PROBLEM

• So you’re being asked to:
  – Work more
  – With fewer resources
  – In facilities that are breaking
  – With fewer people
THE PROBLEM

• So you’re being asked to:
  – Work more
  – With fewer resources
  – In facilities that are breaking
  – With fewer people
  – With incompatible systems
THE PROBLEM

• So you’re being asked to:
  – Work more
  – With fewer resources
  – In facilities that are breaking
  – With fewer people
  – With incompatible systems
  – Faster

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THE PROBLEM

• Apollo 13
THE PROBLEM

• Apollo 13
THE PROBLEM

- Apollo 13
THE PROBLEM

- Only one resource:
THE PROBLEM

• Only one resource:
THE PROBLEM

• Only one resource:
THE PROBLEM

• Information Overload

• “Information Fatigue Syndrome”
  – “There has been an alarming increase in the number of things I know nothing about.” – Ashleigh Brilliant

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“The Problem

“We use the analogy of the computer to understand the brain, but we don’t realize that our brains aren’t wired to multitask.”

– (Larry Rosen, PhD, (March 1998), Data smog: newest culprit in brain drain, APA Monitor, p. 1.)

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THE PROBLEM

• Data Smog
SYMPTOMS OF DATA SMOG.

• a. Increased mistakes.
• b. Increased misunderstanding of others.
• c. Increased flawed conclusions.
• d. Increased foolish decisions.
• e. Increased decisional difficulty
• f. Increased sleep disorders.
• g. Impaired concentration.
• h. Weakened immune system.
• i. Indigestion.
• j. Heart problems.
• k. Hypertension.
• l. Irritability – snap at co-workers.
• m. Decreased work productivity.

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THE PROBLEM

• Acceleration of Our Society
  • We use money to give the appearance of time
  • Ever increasing sense of urgency.
  • Because we can, we think we should.

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THE PROBLEM

• More Choices in Our Society
THE PROBLEM

• More Change in Work Life
Cognitive Reactions and the Negative Emotions that Follow

• Anger

  – Anyone can become angry – that is easy, but to be angry with the right person, to the right degree, at the right time, for the right purpose, and in the right way – this is not easy.
    • Aristotle, in *Nicomachean Ethics*. 

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Cognitive Reactions and the Negative Emotions that Follow

• Fear

  “Courage is not the absence of fear, but rather the decision that something else is more important than fear.”

  » Ambrose Redmoon
Cognitive Reactions and the Negative Emotions That Follow

• Sadness – reliable signs
  – Sleep impairment
  – Appetite/weight disturbance (more than 5% of your body weight without trying)
  – Hopelessness about the future.
  – Anhedonia – loss of pleasure in things that used to be pleasurable.
COGNITIVE REACTIONS AND THE NEGATIVE EMOTIONS THAT FOLLOW

– Information Overload can lead to “Learned Helplessness” which looks like depression.
DECISION MAKING IS NOT LOGICAL – IT IS EMOTIONAL

• Presupposition: We are an inherently self deceptive species

• Janis & Mann versus Jonah Lehrer
BUYING A NEW CAR – TWO APPROACHES

• versus

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GOOD DECISION MAKING IS NOT RATIONAL

• Old Thinking
  – Logical, non-emotional decisions are better
  – We follow a deductive path

• New Thinking
  – Those without emotions make worse decisions
  – We decide and then come up with explanations for our decision (rationalizing)
GOOD DECISION MAKING IS NOT RATIONAL

• Old Thinking
  – More information is better
  – Thinking about your thinking is better

• New Thinking
  – More information is decreases decision quality
  – Thinking about your thinking decreases decision quality
DECISION AND JUDGMENT ERRORS RESULTING FROM INFORMATION OVERLOAD

• 4 Phases of the Judgment Process
DECISION AND JUDGMENT ERRORS RESULTING FROM INFORMATION OVERLOAD

• 4 Phases of the Judgment Process
  – Encoding and Attention – What gets paid attention to and how the information is taken in.
DECISION AND JUDGMENT ERRORS RESULTING FROM INFORMATION OVERLOAD

• 4 Phases of the Judgment Process
  – **Encoding and Attention** – What gets paid attention to and how the information is taken in.
  – **Memory and Storage** – How the information is retained in the professional's brain.

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DECISION AND JUDGMENT ERRORS RESULTING FROM INFORMATION OVERLOAD

• 4 Phases of the Judgment Process
  – **Encoding and Attention** – What gets paid attention to and how the information is taken in.
  – **Memory and Storage** – how the information is retained in the professional’s brain.
  – **Decision** – how the professional executes the decision based on the information encoded and stored.

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DECISION AND JUDGMENT ERRORS RESULTING FROM INFORMATION OVERLOAD

• 4 Phases of the Judgment Process
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  – **Memory and Storage** – how the information is retained in the professional's brain.
  – **Decision** – how the professional executes the decision based on the information encoded and stored.
  – **Attribution** – after the fact, the reason given for the decision or behavior. The explanation as to why something happened.
ENCODEING AND ATTENTION ERRORS

– Priming

• The context of the event shapes how you see the event. This is typically unconscious. You don’t know how you are encoding the information, you just do.

• “Recently and frequently accessed items come to mind more quickly than ideas that have not been activated.” (Fiske & Taylor, 1984, p 231).
ENCODING AND ATTENTION ERRORS

- **Apohenia** – seeing meaningful patterns in random data.
  - The Virgin Mary in a pancake, Jesus on a piece of toast, Winnie the Pooh in the clouds, back masking, synchronicity.
  - Humans see patterns when none exist.

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MEMORY BIASES

• Zeigarnik Effect
  – Incomplete tasks are remembered. Once the task is complete, the memory for the information disappears.
MEMORY BIASES

• Von Restorff Effect
  – Events or data that “stick out” are remembered better than more frequent data.
MEMORY BIASES

• Humor Effect
  – Humorous items are recalled more easily than non-humorous ones.
MEMORY BIASES

• Fallibility

- Items in a person’s memory will be forgotten. The memories need not be traumatic, but memory is not iron clad.
MEMORY BIASES

• Malleability
  - Items in a person’s memory can be changed by suggestion or by questioning
MEMORY BIASES

• Malleability

  – Giving data in a question can change how a person recalls an event. In fact, in the face of video evidence, a person whose memory has been thus shaped will believe that the video evidence is incorrect.
MEMORY BIASES

- Leveling and Sharpening

  As a memory is recalled over and over, some details are leveled or fogged out. Other memories become sharper and, in recall, become more important to the event. In reality, they were less important at the time, but the way memory works, they seem more important over time. Likewise, other important facts and details become apparently less important (Koriat, Goldsmith, Pansky, 2000).
MEMORY BIASES

• Stereotypical Bias
  – Memory is biased toward racial or gender stereotypes.
  – Schacter (1999) reported that “black sounding” names were more likely to be remembered as the names of criminals.

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Memory Biases

• Cross Race Effect
  – Members of one race have greater difficulty recalling members of another race.
  – Jurors may have difficulty distinguishing the source of certain testimony if many of the witnesses are of a different race than theirs.
MEMORY BIASES

• Picture Superiority Effect

  – Concepts are recalled better if they are associated with pictures. (Nelson, 1976)

  – i.e., “The Hindenburg crash was dramatic. Some eyewitnesses said it was the worst disaster they had ever seen.”
MEMORY BIASES

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MEMORY BIASES

• Next in Line Effect

– If speaking in turns, a person has greater difficulty recalling the content of what the person before and after him said.
MEMORY BIASES

• Choice Supportive Bias
  – We tend to recall better the good results of choices we made than the good results of choices we did not make.
MEMORY BIASES

• Choice Supportive Bias
  – The result is that we tend to recall our successes and not our missed opportunities. As a result, we overestimate our decision quality.
THE DECISION PHASE –
JUDGMENTAL HEURISTICS – MENTAL SHORTCUTS

• Judgmental Heuristics = Mental Shortcuts
  – “Cognitive Miser”
  • Daniel Kahneman and Amos Tversky
THE DECISION PHASE – JUDGMENTAL HEURISTICS – MENTAL SHORTCUTS

– The Representative Heuristic

– We use an example and infer that it is representative of another object
• The Availability Heuristic.
  – Easy to retrieve events are seen as representative of the whole.
  – Sometimes, we mis-identify patterns because we are “looking for them.”
THE DECISION PHASE – JUDGMENTAL HEURISTICS – MENTAL SHORTCUTS

• Priming and The Availability Heuristic.
  
  – To change this mental prime and availability heuristic is very difficult.
    
    » First, the person need different, easy to retrieve examples that counter the priming
    
    » Second, the person needs to think about all of the events in life, not just the easy to remember ones.
– The Attitude Heuristic
  • Pratkanis and Greenwald
    – Your attitude affects your decision-making and problem solving
      » Your attitude puts something in a favorable class or unfavorable class, so you make decisions based on that.
      – The more extreme your position, the more sure you are of the factuality of something (you actually know nothing about)
THE DECISION PHASE – JUDGMENTAL HEURISTICS – MENTAL SHORTCUTS

– The Attitude Heuristic
  – Examples of the Attitude Heuristic:
    » Halo effect
    » Horns effect
    » Physical Attractiveness Bias
THE DECISION PHASE – JUDGMENTAL HEURISTICS – MENTAL SHORTCUTS

– The Attitude Heuristic
  – Examples of the Attitude Heuristic:

  » False Consensus Effect

  » *We overestimate the number of people who agree with us on any issue.*
The Anchoring Heuristic

- The process of estimating some value by starting with some initial value and then adjusting it to the new instance.

- The way the question is phrased anchors you to a certain estimate. The reference point anchors you to a certain perspective.
Reference Class Forecasting

- When predicting the costs and time frame of an event, those with an “inside view” tend to underestimate the costs and overestimate the benefits of an action.

- They ignore the standard distribution of outcomes.
THE DECISION PHASE – JUDGMENTAL HEURISTICS – MENTAL SHORTCUTS

• Loss Aversion vs. Expectation of Gain Bias

  – People are more loss-aversive than gains-expecting.

  – Kahneman and Tversky offered people two options: Choose between an 80% chance of winning $4000, and a 20% chance of winning nothing, against a 100% chance of receiving $3000.
• Loss Aversion vs. Expectation of Gain Bias

  – The people chose the 100% chance of winning $3000.

  – The mathematical expectation of the first choice is higher ($4000 X .80 + $0 X .20 = $3200).
• Loss Aversion vs. Expectation of Gain Bias

  Then the people were given another forced choice: an 80% chance of losing $4000 and a 20% chance of losing nothing against a 100% chance of losing $3000.
Loss Aversion vs. Expectation of Gain Bias

- The people usually chose the first option, even though the mathematical expectation of losses was higher.

\[ (-4000 \times 0.80 - 0 \times 0.20 = -3200). \]
THE DECISION PHASE – JUDGMENTAL HEURISTICS – MENTAL SHORTCUTS

• Overconfidence Bias
  – We tend to overestimate our abilities and ignore the base rate.

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The Decision Phase – Judgemental Heuristics – Mental Shortcuts

• Disregard for the Regression to the Mean
  
  – Ignoring the average and assuming that extremely good or extremely bad performance will continue.
  
  – If a person performed a task well one time, we will assume that the good performance will continue. We fail to realize that they will likely go back to their baseline performance.
THE DECISION PHASE – 
JUDGMENTAL HEURISTICS – MENTAL SHORTCUTS

• Over-reactance Bias
  – When faced with bad or good news, we tend to over-react.
The Attribution Phase

• Actor-Observer Bias

  – Attribution about others behavior tends to be characterological rather than situation specific

  – Attributions about self tend to be situation specific and not related to stable traits.
The Attribution Phase

• The Dunning-Kruger Effect

  – The effect that people over-estimate their ability to do something. “I could do that. How hard could it be?”

  – The same lack of self-insight makes people skilled in a task under-estimate the difficulty of the task for others to complete. “It’s so easy, why can’t you do it?”

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THE ATTRIBUTION PHASE

• The Forer Effect (The Barnum Effect)
  – The likelihood that bogus psychological data will be believed about a person because it comes from a credible source or printed material, even though the statements are so vague as to apply to anyone.
  – The Fortune Cookie Effect, The Horoscope Effect

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DECISIONAL OVERLOAD

• When the number of choices increases, the quality of the decision decreases.

• When the decider is asked to reflect on the rationale for a decision, the quality of the decision decreases.
REDUCING INFORMATION OVERLOAD

• Reducing Access to Information
  – Sift and Trash
  – Set Limits
REDUCING INFORMATION OVERLOAD

– Respond on your own time

– Relax while you wait for the technology

– Use the technologies that work for you

– Schedule time away from information
REDUCING INFORMATION OVERLOAD

• Delegating Jobs
Reducing Information Overload

• Manage your Calendar
  – To Do lists that are longer than 10 items each day will NOT be completed.
  – Make each to do item an appointment in your calendar. That way you will set aside time to complete each task.
  – If you don’t complete the task in the appointed time, find another time in the future to complete it and drag it there.
REDUCING INFORMATION OVERLOAD

• Simplifying life outside of work, so that you are at peak mental performance at work.
  – Do less.
  – Use less information.
  – Set aside time for rest.
    • Recreation is not Rest
Reducing Information Overload

• Work outside of the office
  – Go to the library or a quiet restaurant (without televisions).
  – There will be fewer interruptions than at work.
REDUCING INFORMATION OVERLOAD

• Work during non-standard times to plow through a project
  – Early morning, late at night or on the weekends.
  – Interruptions are your greatest enemy.

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POSITIVE COGNITIVE STRATEGIES

• Optimism
  – Martin Seligman – Learned Optimism
### Positive Cognitive Strategies

- **3 Cognitive Factors of Pessimists**

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A MODEL FOR MENTAL DISCIPLINE

– Albert Ellis

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# A Model for Mental Discipline

- Albert Ellis

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POSITIVE COGNITIVE STRATEGIES

• Long Term Perspective
  – No focus on the present, but on the long term. The overcoming of the emotions of the moment with the thoughts about the long term.
LONG TERM PERSPECTIVE

• A rare fruit and vegetable shop in Albania circa 1980

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LONG TERM PERSPECTIVE

- Albania 2008
  - Same place
THE MASTER SKILL

• Delay of Gratification
  – Walter Mischel’s Marshmallow Experiment
    • Saying “no” to yourself.

• PRUDENCE
  – Defined as: the ability to anticipate unintended consequences.
POSITIVE COGNITIVE STRATEGIES

• A Bigger View
  – Geologic Perspective
APOLLO 13

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CALIFORNIA HAS:

• Abundant Natural Resources
CALIFORNIA HAS:

• Abundant Natural Resources
• Beautiful Land
CALIFORNIA HAS:

• Abundant Natural Resources
• Beautiful Land
• Creative Intelligent People
CALIFORNIA HAS:

• Abundant Natural Resources
• Beautiful Land
• Creative Intelligent People

• These are problems you will be able to solve – with time and mental discipline.

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CONCLUSION
REFERENCES & RECOMMENDED READING

REFERENCES & RECOMMENDED READING