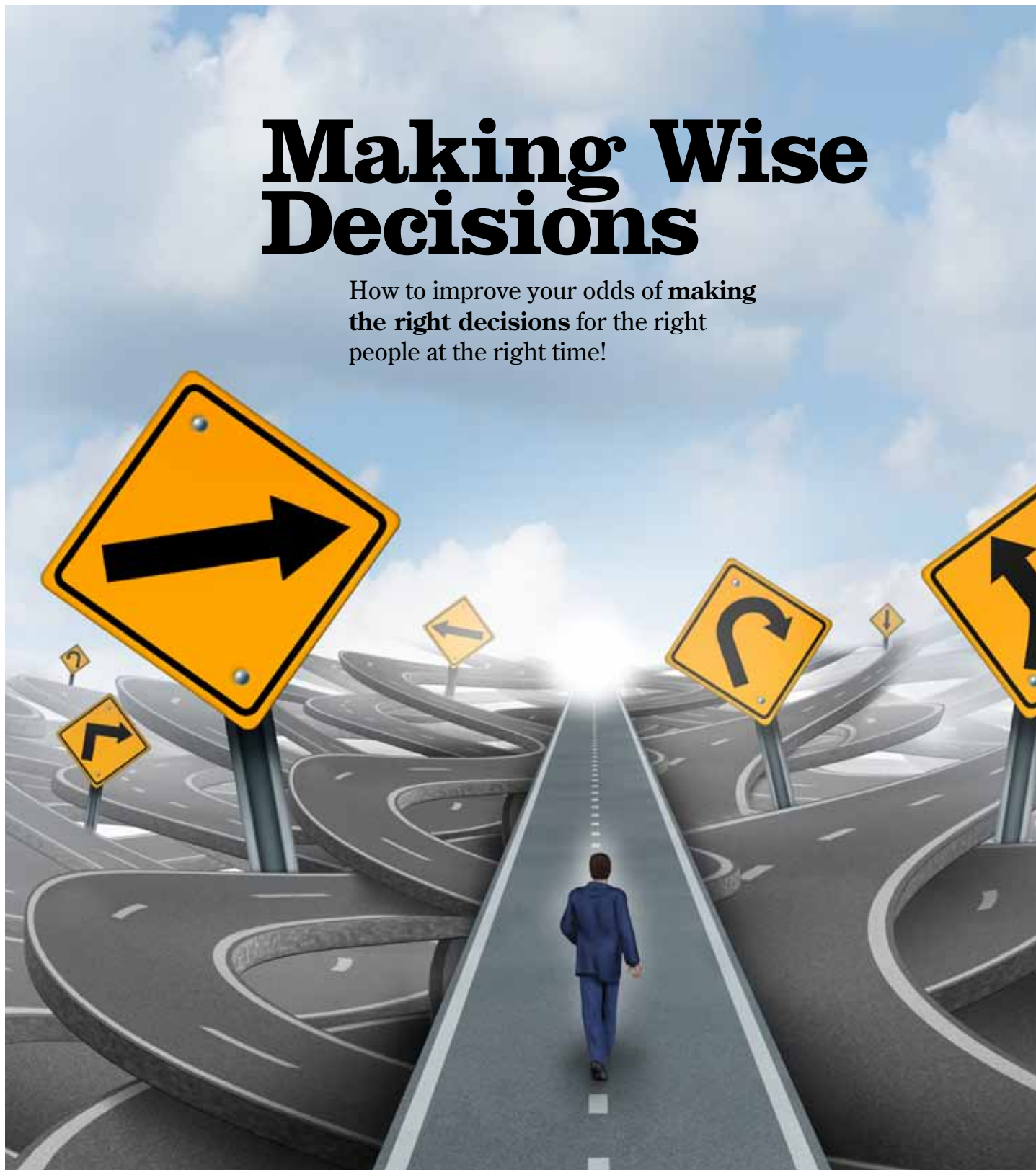


Making Wise Decisions

How to improve your odds of **making the right decisions** for the right people at the right time!





THINK ABOUT YOUR THINKING

Making decisions is a bit like driving a car. You think you're pretty good at it until you experience an accident or a near-miss. In that moment, you realise you're not so skilled after all. In the same way, we make hundreds of decisions every day, big and small, and we seem to manage without too much trouble. Yet, it turns out that most of our decision making is unconscious, as David Eagleman wrote in 'Incognito: The Secret Lives of the Brain.' We think we're in control but actually we're on autopilot. Our brains are very good at learning patterns and following routines to conserve energy, which means we're more likely to make the same decisions over and over even if the circumstances are different.

The reason why we find it hard to change our minds is that it's easier to accept whatever we hear. To reject what we hear requires an extra step of thinking, and thinking is hard work! So, we typically follow the line of least resistance and that means our decision making is easily biased. Here are the top four biases that cloud our judgement:

- **Self-serving bias:** We tend to attribute success to something inherent in us, "I was successful because of who I am". And we blame failure on the external situation, "I failed because of something or someone else out of my control". It's important to maintain strong self-esteem but we need to be vulnerable enough to learn from our mistakes.
- **Cognitive fluency:** The easier it is to process and understand an idea, the more likely we are to unconsciously trust it. Yet, whether something is easy to process has nothing to do with truth and can lead to an "illusion of truth". When you hear something that "sounds about right", that is exactly when you should question it!
- **Sunk cost fallacy:** We have an intense

MAKING A WISE DECISION



Source: The Iclif Leadership and Governance Centre.

aversion to loss and so if we have invested time, money, or effort in a movie, a stock, or even a relationship, we're reluctant to walk away from the investment even when it's clearly a lost cause. It's better to focus on the future costs and benefits and not let your past losses influence your decision.

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Yet this doesn't explain why smart people can make foolish decisions! Recent research confirms a third mode used in our processing of information – the considerative mode as shown by Barry Partridge and Peter Webb in 'The Decision Processing Survey'. This is a slower, more reflective process, taking into consideration competing interests, moral and ethical dimensions, and potential long and short-term consequences. Without this mode, we may make calculated, intuitive decisions but fail to fully comprehend how our decisions affect others and even how we might cause a net negative social benefit.

Here is a framework to help you think about your thinking (see **Table 1**).

- **Confirmation bias:** We have a tendency to only search for evidence that confirms our beliefs, since it requires far less cognitive effort to stick with what we know. However, it helps to actively search for contradictory evidence.

To avoid these flaws in decision making, it helps to think about our thinking. We think fast and slow, as the Economist and Nobel Laureate Daniel Kahneman showed in 'Thinking, Fast and Slow'. The fast, intuitive information-processing mode operates automatically and stems from what we know based on our experience. We get a 'gut feeling' of what to do, even if we can't explain it. The slower information-processing mode tends to be more deliberative, more logical, and to operate in a more rational way. Both modes have been found to operate simultaneously in the solving of complex problems.

THINK ABOUT OUTCOMES

Making a wise decision means fully utilising all three modes of information processing. It should also be evident in the way we act when we are faced with a complex, poorly-defined problem in business or in life. How do we make a decision when there are no clear guidelines or procedures and where the outcome is uncertain or unknown (i.e., it might be as viewed as the wrong decision now but the right decision in the long term, or vice versa)? A wise decision ought to be recognised by general consensus to be wise, and by implication to bring about the most benefit to self, others, and more broadly the common social good.

Wisdom is perhaps best defined by the Berlin Wisdom Paradigm as "deep knowledge and sound judgement about



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Table 1

INFORMATION PROCESSING MODE	SELF-QUESTIONS
Intuitive Use your innate or gut feel to quickly arrive at a decision that "feels right"	1. "What am I feeling about this decision?" 2. "What does my experience tell me?"
Deliberative Draw on your knowledge to analyse the information and deduce a solution.	3. "What do I know (and what don't I know) and what can I find out?" 4. "What is the best way to analyse this?"
Considerative Think about how to balance the various interests in the short and long term	5. "Who will be affected by this decision?" 6. "What are the likely consequences of the decision for them, in the short term and the long term?"

the essence of the human condition and the ways and means of planning, managing, and understanding a good life"; as expounded by Ursula M. Staudinger, Jessica Dörner, and Charlotte Mickler in 'Wisdom and Personality' in 'A Handbook of Wisdom: Psychological Perspectives'.

Do you have to be smart to be wise? Well, it helps. And it also helps to have experienced life and to know stuff. These things are necessary but by no means sufficient. Being "the smartest guys in the room" is certainly no guarantee of making the right decisions for the right people at the right time for the greatest common social good, as Bethany McLean and Peter Elkind noted in 'The Smartest Guys in the Room: The Amazing Rise and Scandalous Fall of Enron'.

The Berlin Wisdom Paradigm, through the measurement of "wisdom-related performance", has discovered that relatively simple social interventions can enhance wise decision-making performance. For example, asking participants to focus attention on cultural relativism and tolerance caused them to express higher levels of wisdom-related knowledge. Discussing the problem with another person, or engaging in inner dialogue with a person of their choice also resulted in improved performance. Even asking participants to address the question, "what is the wisest thing to do?" significantly boosted wisdom-related performance.

Here is how to use the Berlin Wisdom paradigm to think about your decision outcomes (see **Table 2**).

THINK ABOUT WISDOM

What makes a decision truly wise? The intention behind our decision counts, and how well we have thought about and considered the outcomes of the decision for all concerned definitely counts. But perhaps what counts at an even deeper level is the mindful expression and practice of compassion for all people everywhere, and a sincere desire to bring our lives to a place of meaning and service. We can't know whether this or that action will really matter in the end, but we can seek to imbue every decision, in business or in life, with compassion.

Table 2

WISDOM-RELATED KNOWLEDGE	SELF-QUESTIONS
Lifespan Contextualism Draw on your experience and understanding of human development to achieve a good life	7. "How does my own life and the lived example of others help me in making this decision?"
Values Relativism Uphold your deepest values yet recognise the cultural differences of others in relation to the decision	8. "What personal values are critical for me to uphold?" 9. "What cultural values or significant others' values might be implicated?"
Common Good Imagine the greatest common good that may be derived from the decision	10. "What is the best possible outcome for everyone involved, and for society?" 11. "What is the wisest thing to do?"

Table 3

WISDOM PRACTICE	SELF-QUESTIONS
Compassion Act on the deep wish for everyone affected by the decision to know happiness and the causes of happiness.	12. "What do I feel inspired to do to make a meaningful difference in the lives of others?"
Mindfulness Develop sustained, focused attention, with deep awareness, and relaxation	13. "What am I aware of when I take the time to relax and bring my mind to a place of stillness?"

Here are two important practices to help you think about wisdom (see **Table 3**).

Making wise decisions takes practice, and courage. It takes years of developing self-awareness, experiencing life lessons and learning from them, thinking about our thinking and seeking to overcome biases and error, fully appreciating the different contexts, values and motivations of people across the lifespan, seeking to make a contribution to humans, and flourishing with compassion. Yet, it is possible to enhance our wisdom-related performance through thinking about our thinking, thinking about outcomes, and finally thinking about wisdom itself.

So, when you're faced with a really big decision or a dilemma for which there are no right or wrong answers, stop and think. Ask yourself, "what does it mean to make a wise decision here?" *

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