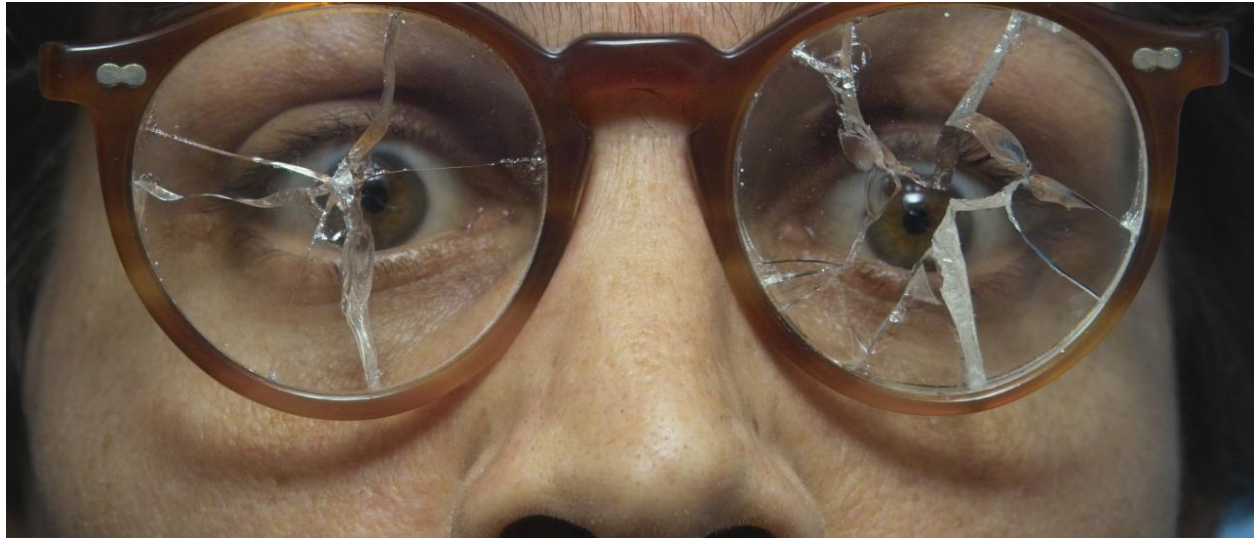

How Biases Ruin Our Judgment Calls



By Naveen Khajanchi , CEO & Director, NKH Foundation

Good decisions are not constrained by biases. But breaking them is not easy.

Adam Grant, a professor of psychology at Wharton **admitted how wrong he was** to pass up on the opportunity to invest in an online start-up selling glasses. Because the company didn't have a functioning website the day before its launch and because other competitors were already operating in the space, he didn't invest. He thought their procrastination showed a lack of commitment. But the company, Warby Parker, went on to be recognised as one of the world's most innovative companies and was subsequently valued at over a billion dollars.

In his later research into original thinkers, Grant found that procrastinators are more creative than planners, and "improvers" (those who enter an existing industry with an improved idea) have a lower failure rate than "first-movers". The founders of Warby Parker weren't dragging their feet; they were spending their time thinking about bigger issues, such as how to make people feel comfortable buying glasses online, not how to get online as quickly as possible. It didn't fit the mould of what Grant thought an

enterprising start-up should be at the time, but it worked.

Judgment calls are an art, much less a science. A judgment call is a decision or direction taken at a particular point in time, in a particular situation, which means it's always highly contextual. There are no perfect models for making good calls.

Yet our lives are a product of past experiences, decisions, directions and previous judgements. Our cognitive lens is laden with biases and we tend to deeply associate with them. All of these aspects can play a part in our decisions, which are more crucial today than ever before. Leaders face multiple feedback channels and their decisions will be remembered. What people most remember is the outcome of those decisions and if they're wrong, it's going to stick.

Experience can help. But in a complex workplace constantly at the mercy of digital transformation and ever increasing diversity, experiences based on fixed models of operating can become biases and therefore, liabilities. While we can't build a model for making decisions, we can remove obstacles that will prevent us from making good ones.

Speed is not effectiveness

One of the things that most frightens leaders I coach is the fear that they might be caught without a quick answer and lose their clothes in front of everyone. The "imposter syndrome" haunts many a manager, worried they'll be exposed for the perfectly normal individual they are and not the superstar saviour everyone expects. But there is no law that says decisions need to be made on the spot.

A manager can always ask for more information before making decisions or better yet, pass some of the ownership for parts of the decision back to the front lines. Ever more evidence suggests that distributed leadership makes for better organisations and enables the leader to spend more time thinking of the bigger picture than the nitty gritty of everyday decision-making.

In my executive search capacity, I was recently asked to fill the CEO position of an automotive company. We examined CEOs from consumer electronics, global MNCs, FMCG giants who all had successful operational backgrounds, but when it came to the final decision, I went against the company's decision to fill the spot quickly with one of the final candidates on the basis that they

had never launched new categories or sold products in a declining market. I recommended that we should go back to the drawing board, despite my initial recommendations. It was difficult for me and the company to accept, but necessary for the long-term good of the company.

By spending more time on the search, we not only found a better candidate, but realised some additional qualities we hadn't originally deemed necessary, such as turnaround experience and the ability disrupt existing operating models.

Overcome biases

On the whole, biases can help us make decisions with little effort. But they can also blind us to new information or options. Let's return to Grant who exhibited signs of the "availability bias", a tendency to make a decision based on the information that comes to mind most quickly, rather than on other evidence.

Overcoming biases is much easier said than done. **Studies show** that training, education or even feedback on managers' biases are not effective. Biases operate on an unconscious level. Education doesn't change that. David Rock and Heidi Grant Halvorson of the Neuroleadership Institute **define five types of bias:**

1. Similarity: "People like me are better than others"
2. Expedience: "If it feels familiar and easy, it must be true"
3. Experience: "My perceptions are accurate"
4. Distance: "Closer is better than distant"
5. Safety: "Bad is stronger than good"

To overcome such biases, they recommend a mixture of methods for each bias, but if we zero in on experience, the Achilles heel of many managers because they fall back on it most regularly, they recommend getting multiple other independent opinions and revisiting ideas after a break to see them freshly before proceeding. When was the last time you suspended a decision to seek alternative options or just took a break from deliberating?

Background, background, background

If you're making a hiring decision or having difficulty motivating an employee, it might be best to delve into the subject's recent past to get a sense of their path and how they ended up in front of you. This can dispel a large amount of assumptions and even challenge your biases. What someone tells you they do in their spare time is usually what they think is expected or accepted. What about personal experiences? What about mistakes they've made in the past? There could be more to a person's actions than meets the eye. Spending time to dig deeper can reveal a wealth of insights.

As [Professor Sumantra Ghoshal](#) says, creating the effective organisations starts with leaders creating the right context. But this starts with creating the right context within oneself. Creating processes in one's own mind to consider all information can help you overcome Rock and Grant Halverson's "expedience", or the tendency to follow what feels familiar.

Biases are an inherent part of our mental state and effective management relies on self-awareness.

Acceptance of others and being content with what exists helps not only to calm the mind's waters, but also reflect on the best course of action. As Peter Drucker said, "Follow effective action with quiet reflection. From the quiet reflection will come even more effective action."

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