

**THE TRUTH
ABOUT**

MAKING SMART DECISIONS

“Get it right
every time...”

Robert E. Gunther

Collaborating Writer, Wharton on Making Decisions

Praise for *The Truth About Making Smart Decisions*

"*The Truth About Making Smart Decisions* offers a truly valuable and entertaining journey through the complex terrain of decision making. Robert Gunther combines a writer's gift of the pen with a keen understanding of human nature, drawing upon his own experiences, business anecdotes, and vignettes from other walks of life. His selection of traps, insights, and truths are edifying as well as amusing, and many readers will recognize themselves as he exposes our weaknesses, and occasional brilliance, as we carve the trajectory of our life one decision after the next."

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and coauthor of *The Power of Impossible Thinking*

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Robert E. Gunther

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**For my wife, Cynthia.
Marrying you was the best decision of my life.**

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Preface

Think quickly. Should you buy this book? You have to make a decision. Every minute of every day, you are making a series of small decisions that could change the course of your career and your life. Our lives are the sum of our decisions. Your success is largely a result of the quality of your decisions. Have you given any thought to how you make decisions?

This book won't keep you from making stupid decisions. Alas, it won't offer you a life without regret or buyer's remorse. It will help you step back from the heat of decision making and think about *how* you approach decision making. I've had the opportunity to work with some of the leading researchers in the field of decision making, including Paul Schoemaker, author of *Decision Traps* and *Winning Decisions*, Howard Kunreuther, co-director of the Wharton School's Risk and Decision Processes Center, and Jerry Wind and Colin Crook, authors of *The Power of Impossible Thinking*. I have learned a great deal from them about making decisions.

I wish I could say that all this good schooling has kept me from making absolutely disastrous decisions, but I'd be lying. I've walked away from a stable job to start a business (turned out to be a pretty good decision). I've moved 2,000 miles from Pennsylvania to Colorado with a St. Bernard and three kids and back again in one year (a disaster but a fascinating adventure as well). It is a decision I'd make again in a heartbeat because it was for the sake of family. So the little knowledge I have hasn't kept my tail out of the fire. But the way I think about and approach decisions has changed.

There is no simple formula for decisions, but we can become better at making them. No decision is perfect, but often doing nothing is worse. The time to act is now. On the following pages are a series of sharp insights that will give you new ways of thinking about your decisions. There are no shortcuts or machines to make decisions for you. You just need to dig in, open your eyes and get to work. I hope the following truths about decision making can help you in making your own tough decisions.

But some decisions are not all that tough. I mean, buy the book already.

—Robert Gunther

Introduction

In his '50s, after leaving the White House, President Theodore Roosevelt was faced with the opportunity to explore the Amazon in South America. The journey down the appropriately named River of Doubt (now Rio Roosevelt) was a prospect that was fraught with danger and almost killed his son Kermit. This was a time when the twenty-sixth U.S. president could have basked in the glory of his past achievements, writing his memoirs and putting his presidential library in order. A careful and calculating decision maker might have weighed the risks against the opportunity and wisely decided to stay at home. Roosevelt was not that kind of man. You can almost hear him responding enthusiastically with a single word: “Bully!” He said the trip made him feel like a boy again.¹

There is an underlying assumption in much of the decision-making literature that making decisions should be based on a rational process. We know that it isn't, but these detours from rationality are usually seen as obstacles to effective decision making. And they certainly can be. Rational approaches also represent the part of decision making that is most easily trainable. We can recognize how problems such as overconfidence or *groupthink* cloud our judgment, as we will consider later in this book. It is important to recognize these challenges, particularly for large decisions that need to be carefully thought out. But it is also important to recognize that none of this would have led Roosevelt into the Amazon, for better or worse, or to the other wild successes of his hard-riding career.


This aspect of decision making is captured in the popular MasterCard commercials. While we can put price tags on some things, others defy this process. You might see Roosevelt tallying up the risks and costs of his trip on one side—the boat, the guides, the mosquito netting. On the other side would be the chance for a 50-something-year-old man to feel like a boy again: priceless.

This is what is so shocking about Malcolm Gladwell's observations in *Blink*.² He shows how a moment's intuition can sometimes be better than months of study and careful analysis. We can't assume that every decision can—or should—be made in this intuitive way. Shooting from the hip can sometimes get you killed. In *Th!nk*, a

book-long response to Gladwell, author Michael LeGault blames fast and loose, nonlogical thinking for everything from declining student performance to failures of emergency response to the potential collapse of civilization.³ There are hard problems that demand a more rational approach. Diagnosing and solving problems in a system or machine usually benefits from a rational approach. You may want your auto mechanic to have good intuition, but you also want him to be able to hook up the engine to a computer to find out what's wrong.

On the other hand, as we will consider in some of the Truths of this book, we tend to be somewhat risk averse as a species, and a systematic and logical approach may actually make us overcautious. By all means, look the decision squarely in the face. Consider it from every angle. But also focus on the intangibles that might be harder to place into a systematic equation of risks and returns. After you've done all this careful analysis, step back. Ask yourself: What would Teddy Roosevelt have done? If you hear the word "Bully!" going through your head, maybe the crazy decision is the right one. Don't underestimate the power of deciding boldly.

As Roosevelt said, "Far better it is to dare mighty things, to win glorious triumphs even though checkered by failure, than to rank with those poor spirits who neither enjoy nor suffer much because they live in the gray twilight that knows neither victory nor defeat."




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TRUTH

1

Before a major decision,
get some Z's


 This sounds like something your mother would tell you, but now Mom has a team of researchers at her side to back up what she says. Studies show that students who get enough sleep before a test can achieve higher grades—even if they don’t study more. One of my study partners in college used to keep a jar of No-Doze on his desk and offer them around like candy during study sessions. Maybe he would have been better off just turning in early and arriving at the exam well rested.

Sleep deprivation, on the other hand, can lead to disastrous decisions. Three Mile Island happened on the night shift. Some of those who decided to launch the Challenger space shuttle had been awake for 72 hours. U.S. transportation studies find drowsiness a factor in nearly one-quarter of highway crashes and near accidents. Staying awake for more than 22 hours leads to the equivalent psychomotor performance of a 0.08 blood alcohol concentration. If you have a choice, wait until you have a good night’s sleep. If you have a big decision, don’t sit up all night worrying about it. Write it down and revisit it in the morning.

“Never make a serious decision when you are exhausted, tired, or sleep deprived,” said David F. Dinges, Ph.D., chief of the Division of Sleep and Chronobiology and head of the sleep lab at the University of Pennsylvania. “That is a Russian Roulette game. We will all make mistakes by virtue of our biological limits when we are sleep deprived.”

While ample rest is a simple idea, it’s hard to do in our 24/7, venti-double-latte-driven world. From a practical standpoint, it’s not always easy to get a good night’s sleep. But if you don’t sleep, don’t decide. Pay attention to your level of fatigue and make your decision when you’re well rested, if at all possible. Remember, huge disasters such as the Exxon Valdez oil spill and others were based on decisions made by managers who were very short on sleep.

Never make a serious decision when you are exhausted, tired, or sleep deprived.

The bottom line is to pay attention to your physical state when you’re making a decision. Are you dog tired? Your physical condition will affect your decisions. If possible, make sure your eyes are wide open before you step onto the court. 

TRUTH

2

Act from a state of clarity

There is a famous story about English inventor Elias Howe, who created the first practical sewing machine using a lock-stitch design. The design came when he was struggling with the question of how to design an efficient sewing machine with a standard sewing needle, which has the hole in the tail end.

During a dream one night, he was in a jungle surrounded by cannibals carrying spears. They ordered him to invent the sewing machine by morning, or he would be eaten. In the morning, the cannibals surrounded him, prepared to carry out their threat. As they were thrusting the spears at him, up and down, he noticed something strange. Every spear had a hole in the tip. He woke up and had the answer to his dilemma. He put the hole in the point of the needle and created a successful sewing machine. A problem that his conscious mind could not resolve was sewn up in his sleep.

The best ideas often come in the shower, while running, or even in dreams. Why? During those times we're able to relax and focus in ways that aren't possible with all the distractions of the modern office. Thomas Edison used to sit in a chair holding a weight in each hand. Just before he would doze off, he would drop the weights on the floor, and it would wake him.

He could then benefit from the ideas formed in that twilight zone between sleeping and waking. This state of mental acuity is important to making good decisions. We are able to act from a state of clarity.

A problem that his conscious mind could not resolve was sewn up in his sleep.

In her work with hundreds of executives, reinforced by research in neuroscience and sports physiology, Luda Kopeikina, CEO of Noventra Corporation and author of *The Right Decision Every Time*, identified acting from a state of clarity as a foundation for good decisions.⁴ Just as athletes are able to achieve a state of focus and mental concentration to play at the top of their game, managers can cultivate clarity to improve decisions. This clarity comes from training the mind to be precise and accurate, as well as balancing body, mind, and emotions.

But our modern work environment seems designed to undermine clarity. Frequent interruptions, multitasking, stress, and fatigue work against clarity. Managers need to counter these forces to achieve a mental state that allows for reaching a clear decision. Sometimes if you can get your mind in the right place, the answer will follow.

Sometimes if you can get your mind in the right place, the answer will follow.

If you're facing a big decision, and particularly if you're stuck, check your state of mind. Are you acting from a position of clarity? Even if you're pressed for time, or someone is on the other end of the phone demanding a decision—yes or no—you can still find clarity. Just take a few deep breaths or ask a question to give yourself space to gain clarity before deciding. Don't use lack of clarity as an excuse for not making a decision, but try as much as possible to reach a state of clarity before you reach a decision.

If you hit a brick wall, put down the sledgehammer. It often won't yield to brute force. First find clarity. Then the wall will come down, and you can make your decision.



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TRUTH

3

If you can't get distance,
get perspective

When writer Gay Talese faced a tight deadline for an article, he would sometimes hang up the typewritten copy of his story on the far side of his study and read it through a pair of binoculars. Through this lens, the copy looked printed. It literally allowed him to see it through a fresh set of eyes. It gave him a sense of detachment and “distance” when there was not time to put the manuscript away for a month.

It would be nice if we could put every decision away for a few days before making it. It would be nice to spend a few days meditating in the Nevada desert before making a choice. We might make much better decisions. But time is short for most decisions. The car salesman wants your answer before you walk out of the showroom. You need to decide on whether to take a job. You need to proceed with surgery right now. Deadlines have come and gone. You need to decide well, but decide quickly.

If you can't get the time and distance away from the decision, find ways to quickly get perspective, like Gay Talese did. This can be done by something as simple as talking to a colleague or friend to get a new view of the situation. Stand up and walk down the hallway. Changing your physical location can sometimes help. Make an excuse to get out of your office.

Take a walk. Do five or ten minutes of meditation. Visualize waking up in your world if you make the decision one way, and then visualize life with a different decision. Which picture is better? If you don't mind appearances, you might even take a page from Talese and post the decision on a far wall. Then look at it through binoculars.

If you can't get the time and distance away from the decision, find ways to quickly get perspective.

Look for metaphors or analogies. How is this decision like other decisions in different industries and contexts? For example, is the decision to hire a new employee like choosing a partner in personal