

DECIDE & CONQUER

The Ultimate Guide
for Improving Your
Decision Making



2ND EDITION

STEPHEN P. ROBBINS

Best-selling author with more than 6 million copies sold in 20 languages

Decide & Conquer

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**The Ultimate Guide for Improving
Your Decision Making**

Second Edition

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For Frenchy.

*Everyday I'm reminded that asking you to marry me
remains one of the best decisions I ever made.*

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About the Author

Stephen P. Robbins (Ph.D., University of Arizona) is professor emeritus of management at San Diego State University and the world's best-selling textbook author in the areas of both management and organizational behavior. His books have sold more than 6 million copies and have been translated into 20 languages. His books are currently used at more than 1,500 U.S. colleges and universities, as well as hundreds of schools throughout Canada, Latin America, Australia, New Zealand, Asia, the Middle East, and Europe.

In Dr. Robbins' "other life," he participates in masters' track competitions. Since turning 50 in 1993, he has set numerous indoor and outdoor age-group world sprint records. He has won two dozen indoor and outdoor U.S. championships at 60m, 100m, 200m, and 400m, and 14 individual gold medals at World Masters Track Championships. In 2005, Dr. Robbins was elected into the USA Masters' Track & Field Hall of Fame.

Preface

Few issues affect our daily lives as does the quality of our decisions. How much you earn, your health status, your relationships, and your overall level of happiness are just a sampling of outcomes largely due to decisions you've made.

In spite of the importance of making good decisions, few of us have any formal training in the process. You couldn't graduate from high school without classes in English, math, science, government, and history. But did you have any courses in decision making? Probably not. If you want to be good at cooking, you take courses in cooking. The same is true for drawing, doing financial analysis, or healing the sick. But for some reason it's just assumed that through practice and experience all of us can learn to be good decision makers.

A little observation tells us rather quickly that everyone doesn't make good decisions. Apparently, practice and experience aren't very good teachers of this skill. I continue to be amazed at the bad decisions some people make. They buy stocks at their peak prices and sell them when they're near their lows. They play slot machines and bet on other games of chance as if there is such a thing as a "hot streak." They drive to a distant destination rather than fly for fear of dying in an airplane crash, even though flying is far safer.

We know a great deal about how people make decisions and how to improve the process. Sadly, this knowledge lies in thousands of research studies, and attempts to aggregate that knowledge have typically resulted in long-winded and overly technical books. It was because of this that I wrote the first edition of *Decide & Conquer*. I wrote it as an "everyman's guide" on how to improve the choices that shape our lives. Drawing on those thousands of research studies, I translated what experts know about behavioral decision processes into layman terms with heavy emphasis on application. In this second edition, I updated the research findings and examples, as well as added several new chapters. The result continues to be a short, concise, easy-to-read book—however now with the latest findings—that gives you the tools to make better decisions.

Keep in mind that giving you the tools to make *better* decisions is not the same as helping you to make the *right* decisions. This book is designed to show you the right way to structure and analyze problems. It focuses on the process you use to arrive at your decisions. That's because a good decision should be judged by the process used, not the results achieved. In some cases, a good decision results in an undesirable outcome. If you used the right process, however, you will have made a good decision regardless of the outcome. So I can't tell you *what* to decide, but I can show you *how* to decide. Unfortunately, because chance events influence outcomes, there can be no assurances that using the right process will result in a desirable outcome. But it does increase the probability.

This book has been organized into five parts. Part I, "Introduction," argues that decision making permeates everything we do and that all of us need to know the right way to make decisions. Part II, "How Do You Make Decisions?" proposes that improving your decision making begins by understanding your personality traits and how they shape your decision-making preferences. Part III, "Common Biases and Errors That Most of Us Make (and How to Overcome Them)," describes biases and shortcuts that many of us use that hinder our decision effectiveness. Part IV, "Advice Your Mother Never Gave You," describes a number of insights that you should know that can help you improve your decision making. Part V, "An Epilogue," is a one-chapter brief summary of what you should get out of reading this book.

A book like this owes its existence to two distinct sets of contributors. First are those scholars who have studied the psychology of human judgment and decision making and have shared their research with us. The insights you'll find in this book are the culmination of decades of research by hundreds of scholars such as Herbert Simon, Daniel Kahneman, Amos Tversky, Baruch Fischhoff, Paul Slovic, and Richard Thaler. My role here is similar to that played by television news anchors. TV news anchors don't *make* the news; they just *report* it. Similarly, I didn't "make" the findings you read about in this book; I merely report them. My contribution was to review the thousands of studies that have been done on behavioral decision making and translate them into a form that can be easily understood and used.

The second set of contributors are the people at my publisher—Pearson: Charlotte Maiorana, Amy Neidlinger, Jodi Kemper, Kristy Hart, Elaine Wiley, Gloria Schurick, Erika Millen, Geneil Breeze, Jess DeGabriele, and Chuti Prasertsith. My thanks to each of you for making this book a reality.

A handwritten signature in black ink that reads "Stephen P. Robbins". The signature is written in a cursive, flowing style.

Stephen P. Robbins

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1

Decision Making Shapes Your Life

You know how it is.

*You're 21 or 22, and you make some decisions;
then—whish!—you're 70.*

—T. Wilder

Your typical day is full of decisions! What time do I get up this morning? Should I wear black shoes or brown shoes? What will I have for breakfast? Do I fill up the car with gas this morning or do it on the way home from work? When I get to work, what do I do first: respond to e-mail, go through my in-basket, listen to my voicemail, meet with colleagues?

Throughout your workday, you're confronted with dozens more of these mundane decisions. And *after* work, you get no rest from making choices: Do I make dinner at home or eat out? When will I read the news online and go through my personal mail? Do I want to watch TV tonight and, if so, what shows do I watch? Should I make a few calls to family and friends?

Every once in a while, your unrelenting life of routine decisions is interrupted by the need to make a major decision. For instance, your car's transmission goes out and you have to decide whether to spend \$2500 to repair it or go looking for a new car. The person you've been dating wants you to give up your apartment and move in together. Your employer is making cutbacks, your boss advises you that your position is being eliminated, and suddenly you've got to find a new job.

Who you are and what you'll become (or have become) is largely determined by your decision choices.

Few activities are more encompassing and characteristic of mankind than making decisions. None of us have the option to live a life void of making choices. In fact, one of the primary tasks parents have in raising children is preparing them to make decisions on their own.

Decision making covers a wide territory. It encompasses everything from major decisions, such as accepting a marriage proposal, to the routine choices of everyday life, such as selecting among food items at the grocery store. Interestingly, most people think of decision making in the context of the *big* choices—college, marriage, children, jobs, home purchases, and so on. Yet the dozens of *day-to-day* decisions we all make can be powerful forces in shaping our lives. The person who has trouble scheduling his or her time often ends up being chronically late to work, to meetings, and to social events. It begins to interfere with job performance ratings and personal relationships. What appears on the surface to be minor decisions—what time do I get up in the morning or leave for a date—leads to losing a job or alienating a friend. In many cases, a person “down on his luck” is really just a person who has made some bad choices. He dropped out of school; tried drugs, believing he couldn't become addicted; made some foolish investments; failed to develop marketable job skills or keep those skills current; procrastinated too long and missed out on a great business opportunity; didn't think it necessary to read the “small print” in the contract; or thought there was nothing wrong with drinking and driving. The choices we make—the small ones as well as the large ones—shouldn't be taken lightly. To do so places our future in the hands of fate.

A lot of us overlook the obvious fact that the choices we make shape our lives. Who you are and what you'll become (or have become) is largely determined by your decision choices. It's not luck that Warren Buffett, Oprah Winfrey, Richard Branson, Steven Spielberg, and Peyton Manning excel in their professions. And it's not chance that smokers significantly increase the likelihood that they'll die of lung cancer or that

people who save money on a regular basis are less likely to be destitute in their old age than people who don't. A lot of well-educated people, with talent and connections, have screwed up their lives because they've made bad choices. And a lot of people with average talent and minimal opportunities have lived full and rich lives because they learned how to make smart decisions. What we often attribute to luck is nothing more than making the right choice at the right time. A large component of luck is good decision making. The point is: For the most part, the quality of your life is a result of the quality of your decisions.

The good news is that you can improve your decision skills. Even though these skills are critical for success in life, and most of us have had little or no formal training in how to make decisions, you're not captive to learn only through experience. The basic knowledge you need to have to become more effective at decision making can be condensed and summarized into a short, easy-to-read book. And here it is! In the following pages, you learn the steps toward making optimum decisions and the roadblocks you need to be aware of that can detour this goal.

One caveat before you begin your journey: Perfecting your decision skills doesn't guarantee that all your decisions will come out the way you had hoped. Good decision skills focus on the *means* you use to reach a decision, not on the *ends*. You can't control outcomes. You can only control the process for arriving at those outcomes. As the old adage goes, however, the race doesn't always go to the swift nor the battle to the strong, but that's the way to bet. Improving your decision skills just *increases your chances* of winning life's races and battles.

Decision Tips

- Decision making is one of life's most important skills.
- You can improve your decision skills.
- You can control only the decision process, not the outcomes.

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