

Critical decisions: how to make them when the stakes are high

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THINKING, FAST AND SLOW



DANIEL
KAHNEMAN

WINNER OF THE NOBEL PRIZE IN ECONOMICS

THINKING,
FAST AND SLOW

DAN
KAHN

System 1



System 2





Never give up?

Or wake up and smell the coffee?





1) Optimism Bias

2) Confirmation Bias

3) Sunk Cost Fallacy

Never give up? Or wake up and smell the coffee?



**Never give up?
Or wake up and smell the coffee?**

**Investment
Timeline**



Investment Timeline

Your investments to date

THE PROBLEM
TODAY

Investment

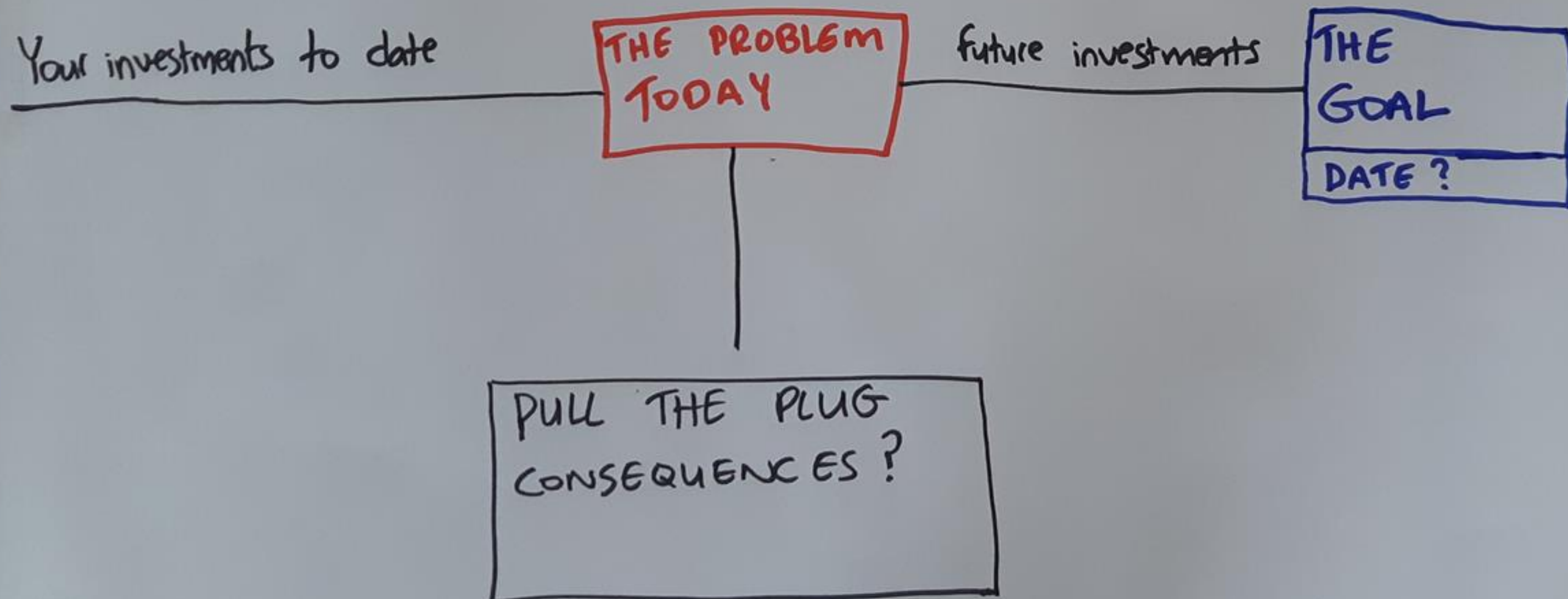
Timeline

Your investments to date

THE PROBLEM
TODAY

PULL THE PLUG
CONSEQUENCES

Investment Timeline



**Bold decisions?
Or batten down the hatches?**



**“I love making decisions
and I tend to do this very much based on
my gut. I tune into my gut (in other
words my values) and now realise that
I’m so clear on my values that I will
ALWAYS sense when one feels out of
kilter.”**



180 HUMAN BIASES

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HEURISTICS

**WHAT IS YOUR 4-6 STEP
STRATEGY FOR MAKING BIG
DECISIONS?**

5-step strategy for making tough decisions

1. How much time do I have?
2. What information do I need?
3. What is missing?
4. What does 'bold' V 'safe' look like? (*robust V reserved*)
5. What is my decision?

- **Sleep**
- **Mood**
- **Location**



Focus on the peripheral issues?
Or tackle the core issue?



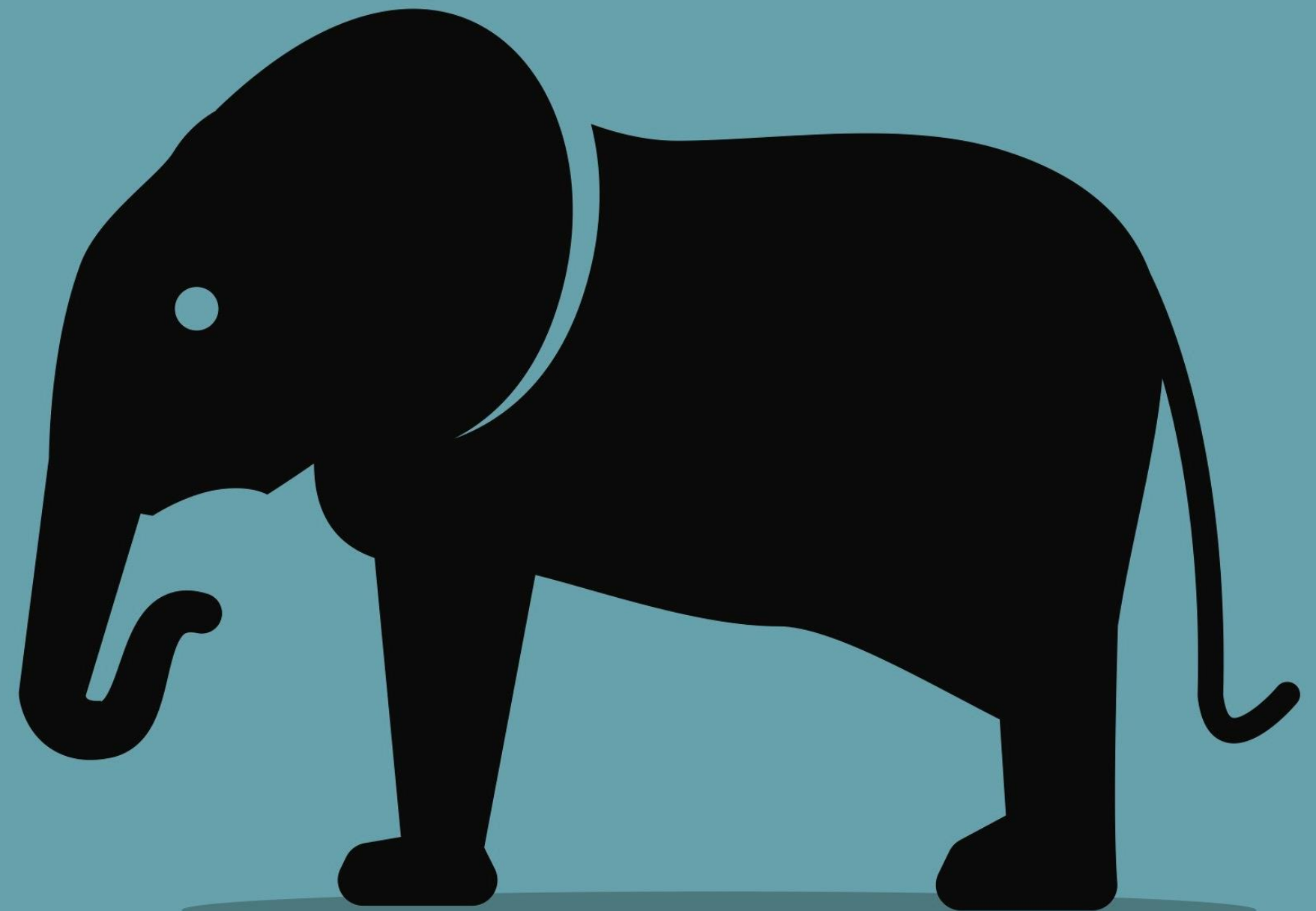




HOW TO SPOT PROBLEMS EARLY?



1) Elephant spotting



1) What am I focused on?

2) What am I neglecting / avoiding because of what I'm focused on?



1) Where are your elephants?

2) Which ones are getting too big? Which ones are ok as they are?

3) What will you do about them and when?

2) Psychological safety



1) Understand your chimp and owl

2) Understand your biases

**3) Activate your wise old owl/system 2: a) *Investment Timeline*,
b) *Your 4-6 step decision making strategy*, c) *Elephant Spotting*,**

4) Create psychological safety

5) Don't under-estimate the power of sleep, mood, location.

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