

## **DECISIVE BY CHIP & DAN HEATH | BOOK SUMMARY & PDF**

Decisive by Chip and Dan Heath takes you through the decision making process and offers advice on how to make better choices in life and work. A four step process helps to avoid common biases that are most likely affecting the decisions you make today. The strategies and tools in Decisive are useful and easy to implement into your life, and the engaging examples used are enjoyable and relatable.

### **THE FOUR VILLAINS OF DECISION MAKING**

1. Any time in life you're tempted to think, 'Should I do this OR that?' instead, ask yourself, 'Is there a way I can do this AND that?' It's surprisingly frequent that it's feasible to do both things. We are wired with "narrow framing" to believe we can only pick one.
2. The "confirmation bias," is the second villain of decision making. When we want something to be true, we will spotlight the things that support it, and then, when we draw conclusions from it.
3. "Short-term emotion". When we've got a difficult decision to make, our feelings churn. We replay the same arguments in our head. We agonize about our circumstances. We change our minds from day to day. We have kicked up so much dust that we can't see the way forward. In those moments, what we need most is perspective.
4. The fourth villain of decision making is "overconfidence". People think they know more than they do about how the future will unfold. The problem is that we don't know what we don't know. The future has an uncanny ability to surprise.

### **Counteract these biases in the decision making process**

1. You encounter a choice. But narrow framing makes you miss options. - Widen Your Options. How can you expand your set of choices?
2. You analyze your options. But the confirmation bias leads you to gather self-serving information. - Reality-Test Your Assumptions. How can you get outside your head and collect information that you can trust?
3. You make a choice. But short-term emotion will often tempt you to make the wrong one. - Attain Distance Before Deciding. How can you overcome short-term emotion and conflicted feelings to make the best choice?
4. Then you live with it. But you'll often be overconfident about how the future will

unfold. - Prepare to Be Wrong. How can we plan for an uncertain future so that we give our decisions the best chance to succeed?

## **WRAP**

The four steps in the WRAP model are sequential; in general, you can follow them in order—but not rigidly so. Sometimes you’ll double back based on something you’ve learned. For example, in the course of gathering information to Reality-Test Your Assumptions, you might discover a new option you hadn’t considered before. Other times, you won’t need all of the steps.

At its core, the WRAP model urges you to switch from “auto spotlight” to manual spotlight.

- Widen Your Options.
- Reality-Test Your Assumptions.
- Attain Distance Before Deciding.
- Prepare to Be Wrong.

## **W - WIDEN YOUR OPTIONS**

### **Opportunity cost**

“Opportunity cost” is a term from economics that refers to what we give up when we make a decision. For instance, if you and your spouse spend \$40 on a Mexican dinner one Friday night and then go to the movies (\$20), your opportunity cost might be a \$60 sushi dinner plus some television at home. The sushi-and-TV combo is the next-best thing you could have done with the same amount of time and money.

Being exposed to even a weak hint of another alternative—you could buy something else with this money if you want—is sufficient to improve our purchasing decisions.

What if we started every decision by asking some simple questions: What are we giving up by making this choice? What else could we do with the same time and money?

### **Vanishing options test**

The conceit here is that Aladdin’s genie has an eccentric older brother who, instead of granting three wishes to a person, arbitrarily takes options away.

If you cannot choose any of the current options you're considering. What else could you do? When people imagine that they cannot have an option, they are forced to move their mental spotlight elsewhere—really move it—often for the first time in a long while.

### **Multitracking**

Multitracking is considering more than one option simultaneously.

Comparing alternatives helps executives to understand the “landscape”: what's possible and what's not, what variables are involved. That understanding provides the confidence needed to make a quick decision.

Considering multiple alternatives seems to undercut politics. With more options, people get less invested in any one of them, freeing them up to change positions as they learn. Multitracking seems to help keep egos under control.

When leaders weigh multiple options, they've given themselves a built-in fallback plan.

### **Too many options?**

There is research suggesting that extreme multitracking is detrimental. Most decisions, though, don't involve choice sets that force us to choose among 24 options. When most people and organizations make decisions, they are more likely to be choosing among, eg. one kind of jam. (I'm deciding whether or not to buy this strawberry jam.)

Adding even one jar of jam to the table—that is (strawberry or blueberry), adding one more alternative to your decision—will substantially improve your decisions, and it stops well short of triggering decision paralysis.

Push for this AND that rather than this OR that.

### **Find someone who has solved your problem**

One of the most basic ways to generate new options is to find someone else who's solved your problem. If you're not sure how to cope with a relative who has an alcohol problem, talk to someone else who has endured a similar situation.

To find them, we can look inside (for bright spots), outside (for competitors and best practices), and into the distance (via laddering up).

### **Widening our options**

When we Widen Our Options, we give ourselves the luxury of a real choice among distinct alternatives. Often the right choice won't be obvious at first glance, though we may have a hint of a preference. So, to inform our decision, we'll need to gather more information.

## **R - REALITY TEST YOUR OPTIONS**

### **Consider the opposite and spark disagreement**

We know that the confirmation bias will skew our assessment. If we feel a whisker's worth of preference for one option over another, we can be trusted to train our spotlight on favorable data. So how can we learn to overcome the confirmation bias and Reality-Test the Assumptions we're making?

The first step is to develop the discipline to consider the opposite of our initial instincts. That discipline begins with a willingness to spark constructive disagreement. If you haven't encountered any opposition to a decision you're considering, chances are you haven't looked hard enough.

### **Disconfirming questions**

Asking tough, disconfirming questions can dramatically improve the quality of information we collect. This practice of asking probing questions is useful when you are trying to pry information from people who have an incentive to spin you: salesmen, recruiters, employees with agendas, and so on.

Can we force ourselves to consider the opposite of our instincts? Assuming positive intent" spurs us to interpret someone's actions/words in a more positive light. We can even test our assumptions with a deliberate mistake.

### **Zoom in, Zoom out**

Perhaps the simplest and most intuitive advice we can offer is that when you're trying to gather good information and reality-test your ideas, go talk to an expert. If you're considering filing an intellectual-property lawsuit against a competitor, talk to a top IP lawyer.

Zooming out and zooming in gives us a more realistic perspective on our choices. We downplay the overly optimistic pictures we tend to paint inside our minds and instead redirect our attention to the outside world, viewing it in wide-angle and then in close-up.

### **Take the outside view (Zoom Out)**

“Take the outside view. You should distrust the inside view.”

Distrust those glossy pictures in your head—and instead get out of your head and consult the base rates. Sometimes those numbers are readily available, as on TripAdvisor or Yelp. Sometimes you might have to cobble them together yourself. If neither of those options is possible, try consulting an expert for their estimates of the base rates.

The advice to trust the numbers isn’t motivated by geekery; it’s motivated by humility. We can’t lose sight of what the numbers represent: A lot of people like us—people full of passion for their opportunities—spent their time trying something very similar to what we’re contemplating. To ignore their experience isn’t brave and romantic—rather, it’s egotistical.

### **Close ups (Zoom In)**

Base rates are good at establishing norms: Here are the outcomes we can expect if we make this decision. Close-ups, though, create intuition, which can be just as important.

Imagine that you’re craving Mexican food, you look on Yelp, and you find a nearby a 3.5-star rating, good but not great. Ordinarily you’d hold out for 4 stars, but in this case you read a sample of the reviews, and what you find is that most people rave about the food but there’s a subset of people who are irritated about the high prices. Well, now you’re untroubled, because you have no problem paying a high price for a truly tasty plate of enchiladas. The base rates obscured the texture of the reviews, but the close-up view revealed it.

When we zoom in, we take a close-up of the situation, looking for “color” that could inform our decision.

### **Ooch**

Ooching is a diagnostic, then, a way to reality-test your perceptions. If you think the wireless-sensor market is promising, try it first. If you think you want to be a pharmacist, try it first.

The notion of exploring options with small experiments has popped up in many different places. Designers talk about “prototyping”; rather than spending six months planning the perfect product, they’ll just hack together a quick mock-up and get it in the hands of potential customers. That real-world interaction sparks insights that lead to the next prototype, and the design improves in an iterative fashion.

“Dip a toe in before you plunge in headfirst.” Ooching, in short, should be used as a way to speed up the collection of trustworthy information, not as a way to slow down a decision that deserves our full commitment. Why predict something we can test? Or, why guess when we can know?

## **A - ATTAIN DISTANCE BEFORE DECIDING**

### **10/10/10**

To use 10/10/10, we think about our decisions on three different time frames: How will we feel about it 10 minutes from now? How about 10 months from now? How about 10 years from now? The three time frames provide an elegant way of forcing us to get some distance on our decisions.

10/10/10 helps to level the emotional playing field. What we’re feeling now is intense and sharp, while the future feels fuzzier. 10/10/10 forces us to shift our spotlights, asking us to imagine a moment 10 months into the future with the same “freshness” that we feel in the present. It’s not that we should ignore our short-term emotions; often they are telling us something useful about what we want in a situation. But we should not let them be the boss of us.

### **Perspective shifting**

Ask yourself in a situation - “what would I tell my best friend to do?” Those shifts let us see the outlines of the situation more clearly, and they help ensure that, in times when decisions are difficult, we’ll be able to make choices that are wiser and bolder.

We can attain distance by looking at our situation from an observer’s perspective. Adding distance highlights what is most important; it allows us to see the forest, not the trees.

### **Honour your core priorities**

The goal of the WRAP process is not to neutralize emotion. When you strip away all the rational mechanics of decision making—the generation of options - what’s left at the core is emotion. What drives you? What kind of person do you aspire to be? What do you believe is best for your family in the long run?

Those are emotional questions—speaking to passions and values and beliefs—and when you answer them, there’s no “rational machine” underneath that is generating your perspective. It’s just who you are and what you want. The buck stops with emotion.

### **Define and enshrine your core priorities.**

Maybe this advice sounds too commonsensical: Define and enshrine your core priorities. It is not exactly a radical stance. But there are two reasons why it's uncommon to find people who have actually acted on this seemingly basic advice.

1. First, people rarely establish their priorities until they're forced to.
2. Second, establishing priorities is not the same thing as binding yourself to them.

To spend more time on our core priorities necessarily means spending less time on other things. That's why Jim Collins, the author of *Good to Great*, suggests that we create a "stop-doing list."

### **P - PREPARE TO BE WRONG**

We have to Prepare to Be Wrong about our predictions of the future. We need to stretch our sense of what the future might bring, considering many possibilities, both good and bad. When we think about the extremes, we stretch our sense of what's possible, and that expanded range better reflects reality.

#### **Stop being optimistic**

The FMEA and its sister technique, the premortem, stop people from focusing on a single, usually optimistic, guess about how the world will unfold and instead compel them to pay attention to the uncertainty surrounding the guess. The effort it takes to explore the full spectrum of possibilities and to prepare for the worst possible scenarios acts powerfully to counteract overconfidence.

Our judgment can be wrong in multiple ways. We might err by failing to consider the problems we could encounter, and that's why we need premortems. However, we might also err by failing to prepare for unexpectedly good outcomes. When we bookend the future, it's important to consider the upside as well as the downside.

In addition to running a premortem, we need to run a "preparade." A preparade asks us to consider success: Let's say it's a year from now and our decision has been a wild success. It's so great that there's going to be a parade in our honor. Given that future, how do we ensure that we're ready for it?"

#### **Assume your wrong**

Premortems and preparades ARE most effective at tackling problems and opportunities that can be reasonably foreseen. There's another technique that is useful in guarding against the unknown. It's surprisingly simple, in fact: Just assume that you're being overconfident and give yourself a healthy margin of error.

Overconfidence about the future disrupts our decisions. It makes us lackadaisical about preparing for problems. It tempts us to ignore early signs of failure. It leaves us unprepared for pleasant surprises. Fighting overconfidence means we've got to treat the future as a spectrum, not a point.

By bookending—anticipating and preparing for both adversity and success—we stack the deck in favor of our decisions.

### **Tripwires**

Bundle decisions with “tripwires,” signals that would snap us awake at exactly the right moment, compelling us to reconsider a decision or to make a new one. Think of the way that the low-fuel warning in your car lights up, grabbing your attention. The goal of a tripwire is to jolt us out of our unconscious routines and make us aware that we have a choice to make.

### **Deadlines**

One option is to set a deadline, the most familiar form of a tripwire. Some deadlines are natural, such as the deadline for filing stories at a daily newspaper—the printing press has to roll at a certain time, whether the story is ready or not. But it's easy to forget that most of the deadlines we encounter in life are simply made up. They are artificially created tripwires to force an action or a decision.

### **Partitions**

It breaks up a resource by dividing it into discrete portions. Partitioning is an effective way to make us more thoughtful about what we consume, because it forces us to make a conscious decision about whether to continue.

In one study, participants received 24 cookies in a box that was easily resealable to keep the cookies fresh. But inside half the boxes was a minor difference: Each cookie was individually wrapped in foil.

That minor difference had a major effect. The people who got the unwrapped cookies finished them, on average, in 6 days. Meanwhile, those who got the individually wrapped cookies took 24 days! The foil wrapper was acting as a partition, forcing people to contemplate whether they wanted to keep going.



“Tripwires can provide a precious realization: We have a choice to make.”

## **TRUSTING THE PROCESS**

The WRAP process, if used routinely, will contribute to that sense of fairness, because it allows people to understand how the decision is being made, and it gives them comfort that decisions will be made in a consistent manner.

Process” isn’t glamorous. But the confidence it can provide is precious. Trusting a process can permit us to take bigger risks, to make bolder choices. Studies of the elderly show that people regret not what they did but what they didn’t do.