

# COGNITIVE BIASES THAT AFFECT YOUR DECISIONS

*Understand them to Make Better Decisions*

## Confirmation Bias:

- Tendency to seek out information that confirms our existing beliefs or assumptions, while ignoring or discounting evidence that contradicts them.
- Guard against confirmation bias by actively seeking out diverse perspectives and challenging your own assumptions and preconceptions.
- Encourage open dialogue and constructive dissent within your team.

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## Anchoring Bias:

- Inclination to rely too heavily on the first piece of information encountered when making decisions.
- Combat anchoring bias by seeking out multiple sources of information and considering a range of perspectives before reaching a conclusion.
- Encourage flexibility and adaptability in your decision-making process, allowing for adjustments based on new information or changing circumstances.

2

## Availability Bias:

- Tendency to overestimate the importance of information that is readily available or easily recalled, while underestimating the significance of less accessible data.
- Counteract availability bias by systematically gathering and analyzing relevant data, rather than relying solely on anecdotal evidence or personal experiences.
- Foster a culture of data-driven decision-making within your organization, prioritizing objective analysis and empirical evidence over subjective impressions.

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## Overconfidence Bias:

- Overestimation of one's own abilities, knowledge, or judgment, leading to excessive risk-taking and suboptimal decision-making.
- Mitigate overconfidence bias by soliciting feedback from trusted advisors, seeking out diverse viewpoints, and conducting thorough risk assessments before making important decisions.
- Cultivate humility and self-awareness as a leader, acknowledging your limitations.

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## Sunk Cost Fallacy:

- Tendency to continue investing time, resources, or effort into a failing course of action due to the desire to recoup past losses or justify prior investments.
- Avoid the sunk cost fallacy by evaluating decisions based on their future potential and expected outcomes, rather than past investments or emotional attachments.
- Foster a culture of accountability and adaptability.

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## Groupthink:

- Phenomenon in which individuals prioritize harmony and conformity over critical evaluation and dissent within a group, resulting in flawed decision-making and missed opportunities.
- Guard against groupthink by fostering an environment that encourages diversity of thought, constructive debate, and dissenting opinions.
- Actively seek out dissenting voices and encourage team members to voice their concerns.

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