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Strategies for Minimising Bias in Executive Decision Making

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The Pervasive Threat of Bias

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- Biases affect decision making and none of us are immune
- Key categories for biases are – **cognitive** and **motivational**
- Cognitive biases – 'systematic errors in processing information'[1] usually using heuristics e.g. recency bias *"I just heard of that event so it must happen very often"*
- Motivational biases – driven by underlying motives or incentives , e.g., optimism about project completion due to incentives.
- Effective decision-making requires deliberate minimisation of both categories of bias.

Why Bias Matters in Executive Decision Making

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- Increased risk of costly misjudgements – Biases can lead to flawed investments, missed risks, or unrealistic project expectations.
- Distorted performance evaluations – Decisions may unfairly reward luck or penalise sound processes due to hindsight or recency bias.
- Weakened governance and accountability – Lack of documentation and transparency allows motivational bias to go unchecked.
- Poor use of data – Overreliance on recent or limited data skews decisions, ignoring broader evidence.
- Missed learning opportunities – Without structured reviews, organisations repeat mistakes and fail to improve decision quality.

Ignoring bias when making decisions has an impact all the way to the bottom line!

Debiasing Checklist (Page 1 of 2)

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Strategy	Actionable Step and Why	✓	Comments
Standardise decision-making process	Establish a documented framework covering decision framing, options analysis, risk criteria, and team involvement to build a consistent, bias-resistant culture.	[ ]	
Standardise Documentation of Decisions	Require auditable records such as investment proposals and assumption registers that capture the knowledge and context *at the time* of the decision. Minimises hindsight bias.	[ ]	
Standardise Data and Performance Records	Maintain verified, long-term historical data sets (e.g., failure rates, risk event records) to avoid giving undue weight only to recent or short-term data. Minimises recency and availability biases.	[ ]	
Require Documented Assumptions	For all consequential decisions, require documentation of how assumptions were reached, and how comprehensive data sets were used or why they were disregarded. Minimises recency bias	[ ]	
Use Appropriate Information Eliciting Process	Use structured methods, such as the Delphi method (anonymous exchange), to elicit expert views on uncertain quantities, requiring experts to justify and 'sign-off' on estimates. Minimises Herd/Conformity Bias, Motivational Biases, Overconfidence.	[ ]	
Calibrate Experts	Implement mandatory initial and ongoing calibration training to ensure experts' confidence levels accurately reflect reality (i.e., their actual accuracy). Minimises Overconfidence.	[ ]	
Implement Robust Process for Challenging Decisions	Embed mechanisms like the pre-mortem exercise (imagining failure) and appointing a devil's advocate to challenge assumptions and explore overlooked risks in a psychologically safe environment.	[ ]	

Debiasing Checklist (Page 2 of 2)

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Strategy	Actionable Step and Why	✓	Comments
Evaluate past decisions based on whether process was sound	Evaluate past decisions based on whether the process was **sound** *at the time it was made* with the available information, rewarding good process despite negative outcomes. Minimises Hindsight Bias.	[ ]	
Use Algorithms Where Possible	Apply an algorithmic approach, such as **Monte Carlo simulation**, to repeatedly simulate thousands of possible project outcomes based on historical data. This generates a more objective and accurate probability assessment than a single, subjective human estimate.	[ ]	
Standardise Post Decision Review Process	Conduct standardised reviews once an outcome is clear, checking if assumptions and risk quantification were correct. Reward quality decision-making process, regardless of the outcome. Minimises Hindsight Bias.	[ ]	
Standard Decision Learning Process	Institute a process to capture all learnings (e.g., new risk frequency data, missing sections in templates) from post-decision reviews and ensure these update corporate memory and standard documentation.	[ ]	
Learn from External Cases	Proactively learn from high-profile failures and successes external to the organisation and embed those learnings internally.	[ ]	
Develop Fluency in Probability	Help executives understand that a 90% chance of success also means a 10% chance of failure, managing expectations about risk acceptance at the outset	[ ]	

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