
20 cognitive biases that mess up your decisions.

Anchoring, the bandwagon effect, survivorship bias and 17 more. What each one is, in a sentence or two, so you can spot it sooner.

20 cognitive biases that mess up your decisions.

Our brains take shortcuts. Most of the time they help. But in a negotiation, a board meeting or a big personal decision, the same shortcuts can lead us badly astray. Knowing their names is the first step to catching them.

1 Anchoring bias

We rely too heavily on the first piece of information we hear. In a salary negotiation, whoever names a number first sets the range everyone else thinks is reasonable.

3 Bandwagon effect

The more people who believe something, the more likely we are to believe it too. It's a powerful form of groupthink, and one reason meetings can be unproductive.

5 Choice-supportive bias

Once we've chosen something, we tend to feel good about it, even when it has flaws. We remember the reasons we were right and forget the rest.

7 Confirmation bias

We listen to information that confirms what we already believe, and discount what doesn't. It's one reason it's so hard to have a good conversation about a divisive topic.

9 Information bias

We seek out more information even when it won't change what we do. More information isn't always better. With less, people can often make more accurate predictions.

2 Availability heuristic

We give too much weight to whatever comes to mind easily. Someone might argue smoking isn't unhealthy because they know a man who smoked every day and lived to 100.

4 Blind-spot bias

Not seeing your own biases is a bias in itself. We notice biases in other people far more readily than in ourselves.

6 Clustering illusion

We see patterns in random events. It's why gamblers believe a run of red on the roulette wheel makes black more likely next.

8 Conservatism bias

We favour what we already believe over new evidence. When the numbers change, we're slow to change the forecast we made before they did.

10 Ostrich effect

We ignore bad news by burying our heads in the sand. Research suggests investors check their portfolios far less often when markets are falling.

11 Outcome bias

We judge a decision by how it turned out, not by how well it was made at the time. Winning big in Las Vegas doesn't make gambling your savings a smart decision.

13 Placebo effect

Believing something will work can make it seem to work. In medicine, people given sugar pills often report the same benefits as those given the real thing.

15 Recency

We give more weight to the latest information than to older data. Investors often assume the market will keep doing what it did last week.

17 Selective perception

Our expectations shape what we see. In one study, students from two universities watched the same football game, and each group saw the other team commit more fouls.

19 Survivorship bias

We focus only on the people or things that made it through. We might think starting a business is easy because we never hear about all the ones that failed.

12 Overconfidence

Many of us are too confident in our abilities, which leads us to take bigger risks. Experts can be more prone to it than beginners, because they're more convinced they're right.

14 Pro-innovation bias

When we champion a new idea, we overvalue its usefulness and undervalue its limits. Sound familiar, Silicon Valley?

16 Salience

We focus on the most striking features of a person or situation. We worry about a shark attack, which is rare, more than a car accident, which is far more likely.

18 Stereotyping

We expect a person or group to have certain qualities without real information about them. It helps us size up strangers quickly, but we overuse it.

20 Zero-risk bias

We love certainty, even when it costs us. We will often choose to remove one small risk completely over a bigger reduction in the risk overall.

Before your next big decision, run down this list and ask which three are most likely to be at work.

Then ask someone you trust to argue the other side.

Based on Business Insider's graphic "20 cognitive biases that screw up your decisions" (2015), rewritten in my own words. Its sources included the Journal of Personality and Social Psychology, Harvard Magazine and Psychology Today.

NED COTEN

**Don't seek to be a person of
Importance.**
Seek to be a person of Value.

Email

ned@nedcoten.com

Website

nedcoten.com

LinkedIn

linkedin.com/in/nedcoten

Ned Coten AM is an investor, board chair, and passionate volunteer in basketball & other sports. He has over 30 years of experience at every level of business, sport & technology within Australia and globally, based in Melbourne, Australia.

nedcoten.com