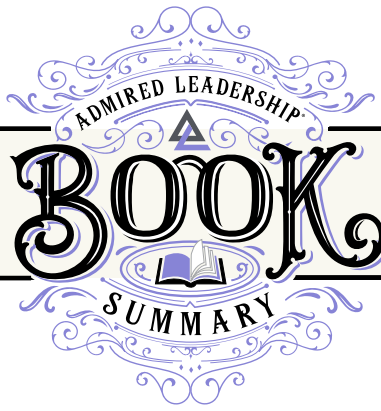




Eight Minutes, Not Eight Hours



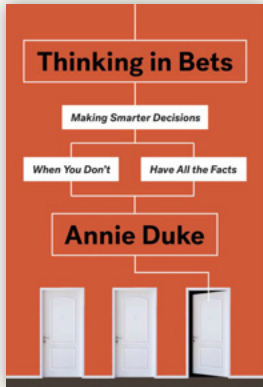
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Thinking in Bets

Making Smarter Decisions When You Don't Have All the Facts

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We may not always have complete control over the outcomes, but we can learn to excel at the decision-making process. In her book *Thinking in Bets*, Annie Duke draws from her years as a world champion poker player to describe a thoughtful, objective strategy for decision-making.

Using the lessons from years at the poker table and also insight and theory from philosophers, scientists, and popular culture, Duke gives us the tools to make thoughtful and realistic decisions in today's uncertain world. *Thinking in Bets* helps readers move toward objectivity, accuracy, and open-mindedness.

Key Quote

"All decisions are bets" (p. 44). — *Annie Duke*

Key Concepts

Life Is Poker, Not Chess. Skill and luck are both involved in decision making. You can make a smart decision and end up with a bad result. You can make the wrong call and end up with a good result. Embrace uncertainty and re-orient your idea of what it means to be wrong. Good things will follow.

Wanna Bet? "Acknowledging that decisions are bets based on our beliefs, getting comfortable with uncertainty, and redefining right and wrong are integral to a good overall approach to decision-making" (p. 73).

Bet to Learn: Fielding the Unfolding Future. Experience is essential to expertise, but learning from outcomes is also key - always accounting for the fact that outcomes are never 100% luck or 100% skill. When we view our decisions as "bets," we account for uncertainty and tend to be more open-minded about alternatives and possibilities.

The Buddy System. We need others to help us seek the truth about the things we can control and evaluate decisions honestly and critically – we need a “truthseeking pod” to improve our decision-making – but we need to select our pod strategically, with certain things in mind (pp. 124, 127-129).

Dissent to Win. Effective truthseeking groups can model their engagement after sociologist Robert K. Merton’s list of norms for collaboration in the scientific community: “Communism (data belong to the group), Universalism (apply uniform standards to claims and evidence, regardless of where they come from), Disinterestedness (vigilance against potential conflicts that can influence the group’s evaluation), and Organized Skepticism (discussion among the group to encourage engagement and dissent)” (p. 154).

Adventures in Mental Time Travel. “When we think about the past and the future, we engage [our] deliberative mind, improving our ability to make a more rational decision” (p. 183).

DECISION MAKING ≠ OUTCOME

“Drawing an overly tight relationship between results and decision quality affects our decisions every day, potentially with far-reaching, catastrophic results.” A good decision does not always have a favorable result, and a bad decision does not always have a negative result (p. 8).

What makes a decision great is not the outcome, but a good process. That process must include an attempt to accurately represent (and evaluate) our own state of knowledge (p. 27).

“Resulting” is the tendency to judge a decision by the outcome or result, not the quality or value of the decision itself. This is flawed, as it does not provide any opportunity to learn from the process.

An unwanted result doesn’t make the decision wrong if we have thought about the probabilities and alternatives in advance and allocated our resources accordingly (p. 33).


LUCK VS. SKILL

When you chalk up bad outcomes to bad luck, there is nothing to be learned (skill is not assessed). Similarly, when you attribute good things to only skill, you are not taking outside, unknown factors into account (luck). You must be able to acknowledge that there is room for improvement in everything, take responsibility for the factors that are within your control, and learn from those that are not.

Skill in life comes from using experience and information to more objectively update our beliefs so they more accurately represent the world. The more accurate our beliefs are, the better our foundation is for the bets that we make (p. 48).

“I’M NOT SURE”: USING UNCERTAINTY TO YOUR ADVANTAGE

The goal in decision making is to acquire knowledge, and the first step to doing that is understanding what we do not know. Conscious ignorance is the prelude to every great decision that has ever been made (p. 27).



Experience is essential to expertise, but learning from outcomes is also key - always accounting for the fact that outcomes are never 100% luck or 100% skill. When we view our decisions as “bets,” we account for uncertainty and tend to be more open-minded about alternatives and possibilities.



Saying “I’m not sure’ is a vital step to being a better decision-maker” (p. 26). “We get only one try at any given decision” and “that puts great pressure on us to feel we have to be certain before acting, a certainty that necessarily will overlook the influences of hidden information and luck” (p. 26).

BLACK AND WHITE THINKING

Nothing in life is 100%. If we represent the world in extremes of right and wrong, we harm our ability to make good choices, allocate resources, and determine what type of decisions and actions we should take (p. 30).

For most of our decisions, there is significant space between unequivocal right (black) and wrong (white). Making better decisions becomes about calibrating the gray.

Because being wrong hurts us more than being right rewards us, we need to take emotion out of it and learn from being wrong. Negative outcomes don’t have the same sting if you turn them into positive learning experiences (p. 113).

ALL DECISIONS ARE BETS ON THE FUTURE

A “bet” is defined as 1) “a choice made by thinking about what will probably happen,” 2) “to risk losing something when you try to achieve something,” and 3) “decisions that are based on the belief that something will happen or is true” (p. 44).

Ignoring risk and uncertainty in our decisions may make us feel better, but its cost to the quality of the decision-making process is immense. If we find ways to be more comfortable with uncertainty, then we can see the world more accurately (p. 47).

“Job and relocation decisions are bets. Sales negotiations and contracts are bets. Buying a house is a bet. Ordering the chicken instead of the steak is a bet. Everything is a bet” (pp. 45-47). And, “Our bets are only as good as our beliefs” (p. 47).

Acknowledging that all decisions are bets on our beliefs, getting comfortable with uncertainty, and redefining right and wrong are integral to sound decision making.

CALIBRATING (AND UPDATING) OUR BELIEFS

Our beliefs tend to be formed haphazardly. Only when we look at them in the context of questions like, “Do you want to bet on it?” or “On a scale of 1-10, how certain are you sure that X is true?” are we likely to examine our beliefs in a more objective, less biased way. The more objective we can be, the more accurate our beliefs will become (pp. 66-67).

“TRUTHSEEKING” AND DISSENT

Truthseeking is defined as “the desire to know the truth even if it does not align with the beliefs we hold.” We need to engage in active truthseeking if we wish to improve the decision-making process (p. 55).

Like scientists who share their information and invite scrutiny, the goal should be to advance knowledge, not affirm what we already believe to be true (p. 72).



“Resulting” is the tendency to judge a decision by the outcome or result, not the quality or value of the decision itself. This is flawed, as it does not provide any opportunity to learn from the process.



When we have a better understanding of the faults in our information and beliefs, and we make a conscious effort to understand our opponent's strategic choices, we can devise better counter-strategies (p. 162).

We should create environments that encourage the discussion of dissent and skepticism, and where possible operationalize them to invite more people into cooperative exploration (p. 170).

COMMUNICATING WITH OTHERS

Declaring our uncertainty in our beliefs makes us more credible communicators. It shows that we are trying to get to the truth above all else and that we consider the quality and quantity of information with thoughtfulness and awareness (pp. 70-71).

Expressing uncertainty encourages others to offer potentially valuable, dissenting opinions (p. 172).

Duke advises to "lead with assent." Find something that you agree with to express first, and then add information to the discussion using "and" (a supplementing term) instead of "but" (a negating term) (p. 173).

Both parties must consent to truthseeking. "If someone is offloading emotion to us, ask if they are looking to vent or if they are seeking solutions" (p. 174).

"Finally, focus on the future." People are "generally more rational about the future than the past. It's harder to get defensive about something that hasn't happened yet" (p. 174-175).

In order to obtain unbiased advice from your advisor, omit the final outcome and your personal interpretation until they have had a chance to establish their own understanding of the situation (p. 166-167).

BETTING ON YOURSELF

Use the idea of "10-10-10" popularized by business journalist Suzy Welch, asking yourself how this decision will impact you in ten minutes, ten months, and ten years (p. 189).

We shouldn't plan our futures without doing the advanced work of examining the ranges of results that could occur. We must plan for different scenarios and the probability of those scenarios playing out (p. 209).

Make regret productive. Move regret in front of a decision by thinking about how we may feel if a negative outcome is the result of our decision-making. Coming to peace with a possible bad outcome in advance will feel better and provide more learning experiences than refusing to acknowledge it from the start (p. 189).

QUICK AND EASY RULES TO BETTER DECISIONS

Don't complain. Every outcome is an opportunity to examine your decision making (p. 205). Avoid signs of absolute certainty. Banish words like "I'm sure of it," "best," "worst," "always," and "never." Confidence with an open mind is useful. Overconfidence, which often prevents an open mind, is dangerous (p. 204).



When you chalk up bad outcomes to bad luck, there is nothing to be learned (skill is not assessed).

Similarly, when you attribute good things to only skill, you are not taking outside, unknown factors into account (luck).



Avoid generalizations of people. It discounts what you could learn from your interaction with them (p. 205).

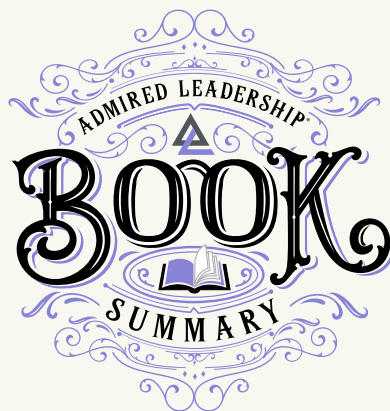
To quote Duke: “Don’t shoot the message.” Don’t discount the message or information solely because you do not agree with the source (p. 160).

Share facts and information that make you question your conclusions (p. 158).

Don’t focus on the moment too closely. Keep the big picture in mind. When we take the long view, we think in a less emotional, more rational way (p. 191).

Think with your past and future self. How have I felt after a similar decision in the past? How will I look back on this decision in the future, regardless of the outcome? (p. 188).

Duke, A. (2018) *Thinking in Bets: Making Smarter Decisions When You Don’t Have All the Facts*. New York: Portofilo/Penguin Press .



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