Eight Minutes, Not Eight Hours

March 2023

Quit

The Power of Knowing When to Walk Away

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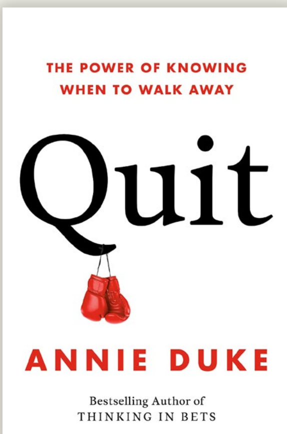
Published 2022



Coaching legend Vince Lombardi famously championed grit when he said, "Winners never quit, and quitters never win." But bestselling author and former professional poker player Annie Duke suggests that an overactive aversion to quitting can have the potential to negatively impact business endeavors, personal relationships, and growth. Human nature doubles down on what we have already invested in, but there are times when changing course will lead us to a different, more successful outcome. In her book *Quit,* Duke establishes a set of criteria to identify insurmountable challenges and to catch the signals that it is time to quit – offering a lifeline to our future selves, so that we may save ourselves from a poor decision that costs significant time, resources, or both.

Key Quote

"Success is not achieved by quitting things just because they are hard. But success is also not achieved by sticking to hard things that are not worthwhile" (p. xxvi). — *Annie Duke*

KEY POINTS

Quit vs. Grit

Grit, or perseverance, is not always a virtue and may result in a fixation on unrealistic or dangerous goals (p. 5).

The visibility of success stories of grit and the invisibility of those who have quit has skewed our perception of quitting. "How can we learn if we don't even see the quitters? Worse yet, how are we supposed to learn if, when we do see them, we view them negatively, as people not worthy of our admiration?" (p. 9).

Quitting as a Decision-Making Tool

Utilizing an option to quit allows decision-makers the flexibility to react to changes, new information, and feedback, which mitigates the uncertainty of a decision (p. 11).

Quitting as a tool enables both individuals and businesses to react to change. “The road to sustained success for a business is not only about sticking to a strategy or business model (even one that has been profitable in the past). It is also about surveying and reacting to the changing landscape” (p. 17).

As in poker, where the best and most experienced players know when to walk away, “playing every hand,” or pushing through every goal or investment, will not be profitable in the long run (p. 19).

WHEN TO QUIT

Focusing on the present, as opposed to looking forward for perspective on future challenges, clouds an ability to quit at the right time (p. 29).

Case Study: *Glitch.* Despite a successful marketing campaign, a steady growth of users, and funds to invest, founder Stewart Butterfield shut down his four-year gaming venture, Glitch. This decision, while shocking to investors, came after looking to the future and discovering too many challenges to warrant further investment despite current successes (pp. 25-27).

While an aversion to quitting may be founded in a desire to not thwart growth, quitting too late results in lost ground and lost opportunities to progress towards these goals faster (p. 32).

Calculating what Duke calls **expected value *(EV)*** allows you to weigh the probability of both positive and negative outcomes for an action, then add them together. The outcome is the expected value. The EV accounts for wins and losses for a given action and tells you if an action is likely to be profitable. You can then run an EV for other possible actions, as well, and compare outcomes (pp. 33-34).

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“[Expected value] is not just about money. It can be measured in health, well-being, happiness, time, self-fulfillment, satisfaction in relationships, or anything else that affects you” (p. 47).

Economist Steve Levitt followed up with those who had made large decisions. Those who chose to quit were happier on average. From this, Duke provides this rule of thumb: “If you feel like you’ve got a close call between quitting and persevering, it’s likely that quitting is a better choice” (p. 42).

“Jumping the Shark,” a term born from pop culture, refers to the moment that something once good has taken an irreversible turn for the worse. Although easily spotted in hindsight, the inability to see the appropriate time to quit while in the moment highlights the challenges of quitting on time (pp. 43-44).

Rational Decisions: Behavioral Science vs. Traditional Economics

Understanding when and why we make "irrational" choices that do not maximize outcomes is the first step in the process of getting better at decision-making (p. 51).

Loss aversion is one contributor to this irrational behavior. Our "aversion to taking a loss causes us to make a decision a rational actor would not" (p. 52).

While loss aversion may lead people to quit while they are ahead, it also promotes riskier behavior when we have accrued losses, through what is known as ***sure-loss aversion*** (p. 54).

For example, despite what traditional economics would suggest about the decision-making of cab drivers, behavioral scientist Colin Camerer found that they often do not make good decisions on when to drive to maximize profit. The "mistakes the drivers made were two-sided, both in quitting too soon in good market conditions and persisting too long in bad ones" (p. 49).

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The mentality of "quit while you are ahead" fails to consider expected values, with Duke suggesting revising this to quit only when the proposition is a losing one (p. 56).

Irrational decision-making is a cumulation of loss aversion and a tendency to quit only while on top despite the potential for positive gain. "The result is that we will quit when we're ahead, even if we are giving up opportunities to win more. If we're behind, we don't want to quit, even if persisting – to try to get to the other side of zero – is more likely to make things worse" (p. 58).

ON ESCALATING COMMITMENT

Case Study: *ABC Stores.* In the late 1930s, Harold Staw founded successful major retail chain, ABC Stores. However, the establishment of Kmart threatened ABC's profits in California, where ABC had originated. Despite protests, Staw refused to sell his declining California stores to focus on profitable Texas stores. After losing his personal wealth and stake in the parent company, he then went on to turn down an offer to be bought out before ultimately losing all retail operations (pp. 73-78).

Harold's son, Barry Staw, researched why people refuse to change behaviors when faced with negative consequences. In what is termed ***escalation of commitment,*** he describes the tendency to make additional commitments to causes that are losing (p. 81).

Escalation of commitment exists across many settings. "Presented with the opportunity and the relevant information, we will over-persist, rejecting the chance to quit and backing up our original decision by spending even more resources to try to save the endeavor" (p. 83).

THE SUNK-COST FALLACY

The ***Sunk Cost Fallacy*** describes continuing investment in the hope that costs already spent can be recovered or justified (p. 89).

Case Study: *California Bullet Train.* Estimated at 33 billion dollars, this project fell 1.3 billion dollars short, construction was delayed half a century, and there is still uncertainty on the most challenging sections of construction. Despite this, additional funding was approved for the track without addressing the most expensive and challenging areas of construction.

This continued investment creates a snowball effect. "As we accumulate costs, the mass grows, escalating our commitments and making it more and more difficult to quit. ***That*** decision to persevere then makes us accumulate more costs, which then makes us even more likely to continue the next time we consider quitting" (p. 96).

Upon beginning something in all facets of life, we open mental accounts. However, reluctance to close accounts with a loss may hinder our ability to make decisions for the larger portfolio of multiple accounts (p. 101).

The Monkey and the Pedestal

At Google, innovation lab **X** developed a ***"monkey and pedestal"*** model to help them be successful quitters. "Imagine that you are trying to train a monkey to juggle flaming torches while standing on a pedestal in a public park" (p. 111). There are two aspects to achieving this: training the monkey and building the pedestal.

While it may be tempting to tackle pedestal-building first to create an illusion of progress (in other words, take on the less challenging factors), the true challenge is training the monkey. Therefore, when looking at a prospective project, the "monkeys," or largest challenges, should be identified first. If there is no viable solution for these challenges, losses will be cut earlier before the investment has been made on the pedestal (pp. 108-112).

"If we can identify in advance what the signals are that we should pay attention to and make a plan on how we will react to them, we can increase the chances that we will cut our losses when we ought to."

QUITTING STRATEGY: THE ESTABLISHMENT OF KILL CRITERIA

"If we can identify in advance what the signals are that we should pay attention to and make a plan on how we will react to them, we can increase the chances that we will cut our losses when we ought to" (p. 115).

These ***kill criteria*** are set benchmarks that warn that your goal is not going to be reached, in which case the decision to quit will be easier. A good kill criterion includes both a "state and a date."
"If I haven't done X by Y (time), I'll quit" (p. 122).

Impediments to Quitting

The endowment effect: "When we own something, we value it more highly than an identical item that we do not own" (p. 140).

This bias extends to ownership over what we think, know, or believe. The endowment effect impedes our ability to make rational choices about quitting something we own, and therefore value more highly (p. 143).

Defaulting to status quo: “The bias is that we have a preference to stick with those decisions, methods, and paths that we have already set upon, and a resistance to veering from them into something new or different” (p. 150).

Sticking to the status quo has large effects in the business world, and the inability to be innovative – or delayed innovation – may push out a business entirely (p. 156).

Identity: “When it comes to quitting, the most painful thing to quit is who you are” (p. 163).

Within identity is the desire to maintain self-image. We fear that by quitting, others will think less of us and our decisions, although this is often not the case. Maintenance of self-image and the need for external validation increases the tendency to escalate commitment (pp. 171-172).

Identify a “Quitting Coach”

Divide and Conquer: “Have the people that who make the decisions to start things be different from the people who make the decision to stop those things” (p. 193).

Because of internal biases, an outside perspective of a “quitting coach” may help quit at the right time. This person must be willing to tell the hard truth and is most effective when they have the authority to force the quit (pp. 188-191).

On Opportunity Cost

Expanding skills and interests not only protects from uncertainty but also enables effective quitting.

Exploring and discovering alternative options may open the door for something more successful than the original plan. This will help us be prepared if internal or external factors force us to quit the original plan (p. 209).

Diversification “also helps you make more rational decisions about walking away from something that is no longer worth pursuing. That’s because it is a lot easier to walk away when you know what you are walking toward” (p. 223).

While the benefits of goal setting are well established, fixation on meeting goals may cause an escalation of commitment and discourage rational decision-making on when to quit despite clear signs that we should (p. 231).

Fixed goals fail to be flexible to changing information, needs, and preferences. Similarly, the way we evaluate our progress towards these goals also cannot be inflexible (pp. 237-238).

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QUITTING APHORISMS

"Quitting on time, specifically when you are in the losses, will feel like quitting too early" (p. 55).

"If you feel like you've got a close call between quitting and persevering, it's likely that quitting is a better choice" (p. 42).

"Figure out the hard things first. Try to solve that as quickly as possible. Beware of false progress" (p. 115).

"Be picky about what you stick to" (p. 178).

"Persevere in the things that matter, that bring you happiness, and that move you toward your goal" (p. 178).

"Quit everything else, to free up those resources so you can pursue your goals and stop sticking to things that slow you down" (p. 178).

Duke, A. (2022) **Quit:** ***The Power of Knowing When to Walk Away***. USA: Penguin Portfolio.

ADMIRED LEADERSHIP BOOK SUMMARY

"Quitting on time, specifically when you are in the losses, will feel like quitting too early."

"Be picky about what you stick to"