

## Bad Judgement

By David Winsborough

Revisiting missed opportunities is a favourite human pastime. If you knew now what you knew then you would have bought Apple shares at \$1, said no to the job that turned out to be a dead end and never, ever sent *that* tweet.

This phenomenon is so well known psychologists have a name for it: hindsight bias. With all the information available after the fact, hindsight bias produces the sense that the outcome was predictable after all. It gives rise to the annoying idiot at the meeting who says “I would have made the same decision as Steve Jobs. In fact I would have told him to double down on the iPhone”.

Many people believe intelligent people will be better at seizing opportunities. The business world is deeply in love with the idea that intelligence confers an advantage, and that having the smartest guys in the room will lead, inevitably, to success. IQ does indeed correlate with doing [better](#) at work. But the correlation of IQ with wealth (which is hanging on to what you earn) relationship looks as artificial as Donald Trump’s hair:

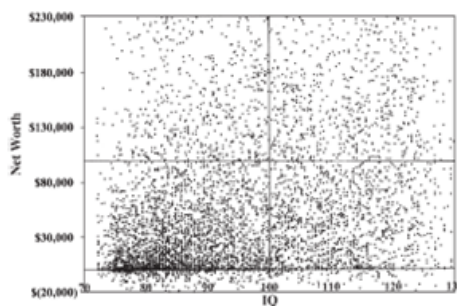


Fig. 2.

From Zagorsky, Jay. 2007. Do you have to be smart to be rich?

The impact of IQ on wealth, income and financial distress. *Intelligence* 35: 489-501.

Having the smartest guys in the room also doesn't account for the fact that perhaps 50% of business decisions [fail](#), which makes the legal [convention](#) not to question the good faith judgements of directors seem touching but naive. And then there was Enron.

Otherwise smart people make dumb decisions *all the time*. Three stories serve to make the point that neither brains nor money are associated with the ability to form good judgements.

Pebbles Hooper tweeted her view that the deaths of a mother and her 3 children from carbon monoxide poisoning were merely Darwinian selection. She did so despite predicting a global Twitter-storm of abuse from her followers (and their followers) and made [global](#) headlines.



Similarly, Colin Craig, leader of the Conservative Party earned a moderate fortune from property management, yet executed a series of ill-judged appearances (in a sauna) and press conferences after being outed for sexting his assistant, The board of the party, including his own brother, have all exited the organisation in order to distance themselves from him. It is unclear if the Conservative Party will survive.

Sonny Tau, a tough, committed and wily negotiator somehow convinced himself that he was entitled to travel with a brace of illegally hunted, dead native pigeons stuffed under his coat. He has a deep appreciation of the law and championed a sustainable model of fisheries management. After the outcry that ensued when he was caught Mr Tau has been forced to stand down from the leadership of his iwi negotiating body and attracted widespread condemnation.

Smarts only gets people so far. Character and personality matter just as much, if not more. Clever people may be narcissistic and immune from self-reflection and feedback, which will impact their judgements of risk or consequence. Or they may be obsessive, anal and rule bound, which causes them to cycle endlessly through options without deciding (which is in itself a decision).

Tomas Chamorro-Premuzic suggests three things you can do to [improve](#) your judgement, regardless of how smart you are.

### **1. Recognize Your Default Biases**

Human behavior is mostly driven by emotional, spontaneous, and unconscious motives. However, people are convinced that they make decisions in rational ways. Although rationalization may lead to more accurate decisions, real decision-makers always make decisions under time pressure in unstructured contexts. Thus, knowing the strengths and challenges of a leader's decision-making style provides insights into leadership competence.

For example, do we attend more to potential threats or rewards? Are we more intuitive or data-driven? And are we more focused on short-term details or the long-term big picture? Being aware of our inner biases is the main prerequisite for overcoming them, or at least keeping them in check.

## **2. Accept Your Mistakes**

Unlike Colin Craig, people with great judgment assume responsibility for their mistakes. Like Sonny Tau they don't defend themselves from the reality of what happened. Avoiding denial, and accepting responsibility is painful, especially for those with public egos to defend, but ultimately more rewarding.

## **3. Learn From Experience**

Ironically, Pebbles Hooper can probably be expected to make better decisions now as a result of failing so spectacularly. As Will Rogers said "Good judgment comes from experience, and a lot of that comes from bad judgment".

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Winsborough offer a new method to assess judgement style.

<http://www.winsborough.co.nz/hogan-assessments/>