

## Research: Good leaders sometimes make bad decisions

Campbell, Whitehead and Finkelstein looked into the way managers make decisions. They did so from a neuroscientific perspective. They compiled a database of 83 decisions that all turned out to be erroneous. Analysis of these cases led the researchers to conclude that the manager in question was misled by associations disrupting the decision-making process.

When making a decision, we mainly rely on two processes. Our brain tries to interpret the situation on the basis of patterns that are stored in our memories and were engendered by previous experiences and evaluations. The mental response that ensues sees us influenced by emotional associations and experiences that are stored in our memories. These subconscious processes normally help us make quick, effective decisions.

The researchers' analysis shows that a decision-making process can be disrupted by the following factors, which they brand 'red flags':

- Inappropriate self-interest: we tend to interpret patterns to match our own (desired) ideas.
- Disrupting emotional involvement: this can be caused by the bond you have with someone or something.
- Misleading memories: memories that seem relevant and applicable to the decision to be made, but are in actual fact not, and lead to us overlooking the differences between situations.

When making decisions, we are always influenced by previous experiences and emotional associations. Campbell, Whitehead and Finkelstein advise managers to listen to the opinions of others in order to avoid red flags when making important decisions. Or: to not automatically assume one's own judgment is the most accurate.

Managers would greatly benefit from an ability to systematically spot red flags in their decision-making processes. The authors come up with seven steps to take before making a decision in order to assess the risk factors involved:

1. Establish which possible decisions you can make.
2. Decide who the chief decision makers are.
3. Focus on one decision maker.
4. Check for inappropriate self-interest and disrupting emotional involvement.
5. Check for misleading memories.
6. Try to analyse the problem together with the most influential person.

7. Review the list of red flags you have found.

*Reference(s)*

Campbell, A., Whitehead, J., Finkelstein, S. (2009), Why good leaders make bad decisions. Harvard Business Review, vol.87, no.2, p.60-66. \*

\* : Available in the EURIB library.