Why Our Decisions Get Derailed and How to Get Back on Track

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By Francesca Gino

The Ducati motorcycle racing team, Ducati Corse, decided to compete in a motorcycle racing circuit, the MotoGP, for the first time in 2003. The team had accumulated years of experience and success in other motorcycle racing circuits, but the MotoGP had different rules and required a different type of motorcycle. Consequently, team members approached their first MotoGP as a season of learning – their goal was not to win, but to gain as much knowledge about the race for future years as possible.

The plan of action was clear, and the team tried to set everything up so that implementation would follow smoothly. For instance, the team's racing bikes were fitted with sensors to capture performance data, and Ducati Corse engineers held debriefings with the riders after each race to gather feedback on the bike's handling.

Unfortunately, however, the team's outcome bore little resemblance to its initial plan. During the 2003 MotoGP season, the team experienced unexpected success, finishing among the top three in nine races and second overall for the season. Instead of focusing on learning from all the data they were gathering, team members focused on celebrating. The unexpected success also increased the engineers' confidence in their ability to design high-performing racing bikes. As a result, the team decided to radically redesign its bike for the MotoGP 2004 season, adding more than 60% new components. But the new racing bike did not perform as well as expected in the first few races of the 2004 MotoGP season. As the team members themselves recognized, their confidence sidetracked them from their goal.

The business press often reports stories of CEOs, managers, and their companies setting out to accomplish specific goals and ending up with very different outcomes. In our own professional lives, similar experiences cause us to question our fundamental ability to make effective decisions that are consistent with our initial plans. In my own study of various organizations, I have observed several circumstances in which decision makers are likely to get sidetracked. Experienced managers may plan carefully for their negotiations but end up with very different deals after being caught up "in the heat of the moment." Thoughtful executives may introduce new incentive schemes to motivate their employees but discover that the new systems triggered cheating. Similarly, team leaders may plan to spur success by using a participative approach to problem solving but fail due to their difficulty putting themselves in their team members' shoes.

Why do our plans so often go astray? I spent more than ten years working on research projects that address this question, which I discuss in my recent book *Sidetracked: Why Our Decisions Get Derailed and How We Can Stick to the Plan* (Harvard Business Review Press, 2013). This research led me to a puzzling conclusion about our nature as human beings: our goals and plans are often inconsistent with how we actually behave. Like the managers I observed, all of us want to be consistent – that is, we care about following through on our goals. Yet, even when we spend time developing our plans and are committed to our best intentions, our decisions often veer off course in ways we did not anticipate. Ducati Corse planned to use 2003 as a learning season devoted to gathering the data needed to build high-performing racing bikes in the years to come. In the end, however, the team did not adequately use the information it collected and failed to learn.

Whether we are making plans for today, next week, or many years from now, when the actual moment of decision arrives, subtle forces can sidetrack us. Typically, getting sidetracked leads to disappointing outcomes and negative consequences for both ourselves and our organizations. It also leads us to regret the fact that we didn't follow through on our plans.

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There are three sets of forces that sidetrack our decisions as we implement our plans: (1) forces from within ourselves, (2) forces from our relationships with others, and (3) forces from the outside world. These forces may operate in isolation or, as is frequently the case, work together. Understanding how these forces operate can be helpful in two main ways. First, it can help us stick to our well-thought-out plans going forward. Second, it can help us understand and decode the often puzzling behavior of our colleagues, friends, and bosses.

Forces from within

As it turns out, our own thoughts and feelings can sidetrack us. In a 2006 issue of *Inc.* magazine focused on entrepreneurial mistakes, Gary Heavin, the founder and former CEO of the U.S. fitness chain Curves International, reflected on his career. Heavin was running his first chain of gyms in Houston, Texas by the time he was 30 but filed for bankruptcy only a few years later. He learned from this first business failure and partnered up with his wife to fund Curves International, a successful Texas-based fitness franchise. When reflecting on his first CEO job, Heavin noted that he used the words "I" and "me" too often and the words "us" and "we" not often enough – that is, he placed too much confidence in himself and too much responsibility on his own shoulders. In the same issue, Gauri Nanda, the creator of the hybrid robot-alarm clock Clocky (which runs away from you when you try to hit the snooze button) describes how she created an entire brand simply to bring Clocky to market because she was unwilling to hand over control of her product. Nanda believed in her goal of developing products that use technological solutions to solve human problems, but she regretted that she hadn't teamed up with someone with more business experience.

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A large body of research suggests that most of us think too highly of our skills and abilities. On a wide range of dimensions, from our ability to make good decisions to our success in business, we tend to rate ourselves higher than our colleagues or peers. To take a humorous example, a 1997 *U.S. News and World Report* survey asked 1,000 Americans a simple question: "Who do you think is most likely to get into heaven?" Overall, the respondents believed that then-president Bill Clinton had a 52% chance of getting into heaven, basketball superstar Michael Jordan had a 65% chance, and Mother Teresa had a 79% chance. Yet, interestingly, someone else ranked even higher: the person completing the survey. Respondents rated themselves as having an 87% chance of passing through the pearly gates – and thus as more divine, overall, than Mother Teresa.

The words "I" and "we" pervade our decision-making because of the positive views we hold of our competence and abilities. Though certainly helpful in many contexts, from our health to our persistence in the face of failure, overly positive beliefs in our abilities can hinder sound decision-making. For instance, if entrepreneurs think their ideas are better than those of their competitors, they may take unwarranted risks. If CEOs believe they have better information than everyone else in the executive suite, they may invest in the wrong markets or make disadvantageous acquisitions. And if team leaders are too confident in their own knowledge, they may be reluctant to listen to the opinions of team members, even when they would lead to better outcomes for all.

Forces from our relationships with others

As you may recall, Tom Hanks won back-to-back Academy Awards for Best Actor in 1993 (for *Philadelphia*) and in 1994 (for *Forrest Gump*). Several movie critics later noted that although Hanks' performance was excellent in these films, it was at least as impressive in some of his subsequent movies, including *Apollo 13, Saving Private Ryan*, and *Castaway*. Yet Hanks' fellow actors did not give him enough votes to even be nominated for an Oscar in any of these movies. Though there are a number of likely explanations for this fact, one cited by movie

critics is the possibility that Tom Hanks' peers, for jealous reasons, did not want him to win a third Oscar. In fact, if Hanks were to win other awards, at least some of his peers would come up short when comparing their Academy Award performance to that of Hanks.[1]

This anecdote illustrates the common tendency to evaluate ourselves on various dimensions by looking at others. We can often answer the questions that most nag us about ourselves – ranging from "Am I a good leader?" to "Do I make good decisions?" to "Am I a trustworthy person?" – by comparing our attitudes and actions with those of other people, such as peers or colleagues. When we compare ourselves unfavorably to someone else, we are likely to experience distress, jealousy or envy. These emotions can lower our self-esteem and lead us to somewhat dysfunctional behaviors.

For instance, in a recent study, University of Michigan professor Stephen Garcia asked 55 employees at a Midwestern University to imagine that they were working for a company and had either high pay or high decision-making power. The employees were then asked to imagine they had to make recommendations about a new recruit – namely, whether to offer the new recruit high pay or high decision-making power. The participants advised offering the new recruit the opposite of whatever they had (high pay if they themselves had high decision-making power, and vice versa). The results suggest that people who have high standing on a particular dimension (such as pay) protect their view of themselves on the social hierarchy by making recommendations that prevent others from competing in the same social comparison context.

As Hank's story and this research results show, we like to know where we stand relative to others on a variety of dimensions. But we often fail to appreciate the pervasiveness of these social comparison processes, which influence our choices and can send our plans off course.

Forces from the outside world

In 2010, a heated public conflict broke out between FIJI Water, a U.S. supplier of premium bottled water, and the government of Fiji, led by its prime minister and military dictator, Frank Bainimarama. At that time, the Fijian government was struggling financially because of various natural disasters and government corruption. To increase its coffers, the government decided to raise its tax on companies that extracted water above a certain level. As it turns out, FIJI Water was the only water bottler on the island large enough to be affected by the new tax. The tax increase was dramatic: from one third of a Fijian cent to 15 cents per liter. It was expected to net the government $11.7 million annually.

Based on the high prices FIJI Water charged its customers, Bainimarama's government assumed that the company was highly successful and that the tax increase would be easy for it to swallow. In reality, FIJI Water was a small player in the bottled water industry. In response to the tax increase, the company shut down its bottling plant, laid off its 400 employees, and cancelled its contracts. Calling the new tax increase discriminatory and the Fijian government unstable, FIJI Water representatives publicly threatened to pull out of Fiji completely. In the end, given that the company had built its name and reputation on bottling clean, pure water from Fiji, it decided not to leave the islands. Though FIJI Water ultimately agreed to pay the tax increase, the government's inaccurate view of the company's financial situation soured the relationship between the two parties.

All of us are predisposed to make biased attributions of others' behavior, as Bainimarama and his government did. In particular, we tend to discount the impact of situational factors on others and their actions. This tendency may sidetrack us as we make decisions across a variety of contexts, including HR decisions. For instance, managers may be more likely to promote a salesperson who is performing well in a region with high product demand rather than another salesperson who is performing at lower levels in a more difficult region. Similarly, a senior IT leader may have more confidence in a new software engineer who efficiently writes code in an easy-to-learn programming language rather than one who is less efficient in a more complex language.

Staying on Track

Making plans is often easy, but sticking to them turns out to be quite difficult. When developing and implementing our plans, we need to carefully consider the forces that are likely to impede our decisions or the decisions of those we are trying to influence: forces from within, forces from our relationships, and forces from the outside world. This is often difficult to do, as we tend to subscribe to this view from Shakespeare (as expressed by Prince Hamlet):

"What a piece of work is a man! How noble in Reason!
how infinite in faculties! in form and moving
how express and admirable! In action how like an Angel!
in apprehension how like a god! the beauty of the world!"

When we think about the amazing abilities of the human mind or reflect on the technological and scientific discoveries of the past century, it's easy to enthusiastically agree with Hamlet's perspective on human nature. Yet the evidence that I've described contradicts this perspective, as it documents the many ways in which our decisions are easily and predictably sidetracked. This evidence, in addition to numerous recent events, from bank failures to political scandals to ecological disasters, point us to the conclusion that, as human beings, we are neither "infinite in faculties" nor "noble in reason."

In *Sidetracked*, I present a set of principles one can use to stay on track. For instance, the principle "*raise your awareness*" can help us modulate our overly positive views of our own competence and skills. By raising your awareness, you can keep your self-views in check and recognize when they may be taking you off track. To avoid the derailment that may result from comparing ourselves to others, you can "*check your reference points*" – that is, you can uncover the true motives behind your decisions, identify whether they are driven by social comparisons, and readjust accordingly. And to address our tendency to discount how situational factors impact others' actions as we evaluate them, we can use the principle "*consider the source*." Questioning your sources of information should lead you to reach more rational decisions.

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If Hamlet were to revisit his words today, he might conclude that, like computer software, the human mind also has bugs. By staying attuned to these mistakes and actively using the principles I discuss in *Sidetracked* to fix them, we can make good decisions and stay on track.

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Francesca Gino is an associate professor of Business Administration at Harvard Business School and the author of "*Sidetracked: Why Our Decisions Get Derailed, and How We Can Stick to the Plan*" (Harvard Business Review Press, 2013).

Reference

1. Elizabeth Weitzman, "Movies and Actors Who Were Robbed of Oscar Gold," *New York Daily News*, February 21, 2008, http://www.nydailynews.com/entertainment/movies/2008/02/22/2008-02-22_movies_and_actors_who_were_robbed_of_osc.html.

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