How to Decide

Simple Tools for Making Better Choices

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Breaking Free from Analysis Paralysis

HOW TO SPEND YOUR DECISION-MAKING TIME MORE WISELY

Estimate how much time you spend, in minutes per week, deciding each of the following:

	Minutes per week:
1. What to eat:	
2. What to watch on Netflix:	
3. What to wear:	

Here's how long the average person spends per week on these decisions:

- *What do you want to eat?*—150 minutes a week.
- *What do you want to watch on Netflix?*—50 minutes a week.
- *What do you want to wear?*—90 to 115 minutes a week.

This means that if you're like most people, you're spending a lot of time in analysis paralysis.

The time the average person spends deciding what to eat, watch, and wear adds up to *250 to 275 hours per year.* That's a lot of time spent on decisions that intuitively feel like they are inconsequential.

It may seem that spending an extra minute of your time here and there on these routine decisions isn't that big a deal, but that's because it's a death by a thousand cuts. These tiny expenditures mount up over time until you have spent seven workweeks a year deciding what to eat, watch, or wear.

Time is a limited resource that you need to spend wisely. The time you take to decide is time that you could be spending doing other things, like actually talking to the person sitting with you in the restaurant. The ability to figure out when you can decide faster (and when you need to slow down) is a crucial decision skill to develop.

The cost of going too fast

But here's where it gets tricky: The cost of deciding too slow is that you can't use that extra time to do other things, including making other decisions that might have a lot of potential upside. But going too fast also has a cost. The faster you decide, the more you sacrifice accuracy.

The challenge for any decision-maker is that you want to accomplish two things at once: You don't want to waste too much time and you don't want to sacrifice too much accuracy. Like Goldilocks, you're looking for a balance that is "just right." Given the stats on picking what to eat, watch, and wear, for most people getting to "just right" will mean speeding up.

> **THE TIME-ACCURACY TRADE-OFF**
> **Increasing accuracy costs time. Saving time costs accuracy.**

How on earth can this framework speed you up?

You probably agree that, yes, it would be nice to speed up a lot of your decisions. But at this point you may also be wondering how on earth the framework in this book is going to help with that. Having worked on creating decision trees, forecasting probabilities, identifying counterfactuals, and so forth, you might be thinking, "I'll be lucky if I make one decision every three days."

It might be counterintuitive, but the decision-making framework offered in this book will actually help you go faster, and here's why:

The key to achieving the right time-accuracy balance is figuring out what the penalty is for making a lower-quality decision than you would have if you had taken more time. How much leeway is there to sacrifice accuracy for speed?

The smaller the penalty, the faster you can go. The bigger the penalty, the more time you should take on a decision. The smaller *the impact* of a poor outcome, the faster you can go. The bigger the impact, the more time you should take.

The six-step decision process gets you to imagine the possibilities, consider the pay-offs associated with those possibilities, and estimate how likely each possibility is to occur. That's why this framework helps you manage the time-accuracy trade-off, because it means you are thinking in terms of upside and downside potential.

And that means you are thinking about impact.

Imagining how the future will unfold given any decision you're considering will make it easier for you to identify when the costs of not getting it "just right" are small.

For most decisions, this framework will help you speed up, even for decisions that are much more consequential than what to have for dinner. Using the decision tools offered in this book will slow you down when you're using your gut or some other low-quality shortcut to make decisions that deserve more careful consideration—and that's when you *should* be taking more time.

An added benefit of saving time: Poking at the world!

A recurring theme of this book has been that you should be laser focused on looking for ways to extract information from the world, transforming some of the universe of stuff you don't know into stuff you do know. The information you gather is not just about learning new facts, or figuring out how things work, or refining your estimates of how things might turn out.

It's also about figuring out your own preferences, your own likes and dislikes.

The more you know your own preferences, the better your decision-making will be. One of the best ways to figure out your likes and dislikes is to try stuff. The faster you make decisions, the more stuff you can try. That means more opportunities to experiment and poke at the world. That means more opportunities for you to learn new stuff, including new stuff about yourself.

So, let's get to figuring out how to speed up.

[1]

The Happiness Test:
When the type of thing you're deciding about is low impact

We're eating together in a restaurant and you're agonizing over what to order. You finally figure out what you want, you put in your order, and the waiter brings you your food. Maybe your food is great. Maybe it's just okay. Maybe it's not very good. Maybe it's even so bad you push your plate away in disgust.

1 I run into you *a year* later and ask, "How's your year been?" You might tell me it's been a great year, or an awful year, or something in between. Regardless of whether your year has been good or bad, imagine I then ask, "Remember that meal we had together a year ago? How much of an effect did the food you ate that night have on your happiness over the past year?"

Give your answer below, on a scale of 0 to 5, where 0 is "no effect" on your happiness over the course of the year and 5 is a "massive effect" on your happiness.

No effect at all   *0*   *1*   *2*   *3*   *4*   *5*   *Massive effect*

2 Now let's say I run into you *a month* after the meal and ask the same question. On a scale of 0 to 5, how much of an effect did the food you ate that night have on your happiness over the course of that month?

No effect at all   *0*   *1*   *2*   *3*   *4*   *5*   *Massive effect*

3 Now let's say I run into you *a week* after the meal and ask the same question. On a scale of 0 to 5, how much of an effect did the food you ate that night have on your happiness over the course of the week?

No effect at all   *0*   *1*   *2*   *3*   *4*   *5*   *Massive effect*

IF YOU'RE LIKE MOST people, you answered that the food you ate at that one meal didn't affect your happiness much, if at all, a year later. If you're like most people, that's also true if I asked you after a month, or even a week. Regardless of whether your food is good or bad, it is unlikely to have any significant effect on your happiness in the long run. The same is also true if you watch the beginning of a bad movie on Netflix or wear pants that turn out to be uncomfortable.

What this tells you is that choosing what to eat, watch, or wear are types of decisions that are low impact.

The **Happiness Test** is one way to figure out if you're deciding about something that's low impact.

There are whole categories of decisions where, whatever option you choose (the chicken or the fish, the gray suit or the blue one, *Austin Powers* or *The Princess Bride*), the outcome won't have much of an effect on your happiness in the long run (or the short run, for that matter).

If the category of thing you're deciding about passes the Happiness Test, that tells you that you can speed up because there isn't much of a penalty for getting it less "right." Broadly defined, happiness is a good proxy for understanding the impact of a decision on achieving your long-term goals. When you find out that the potential gains or losses (as measured in happiness) are small, that means the decision is low impact and you can go fast.

> **THE HAPPINESS TEST**
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> Ask yourself if the outcome of your decision, good or bad, will likely have a significant effect on your happiness in a year. If the answer is no, the decision passes the test, which means you can speed up.
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> Repeat for a month and a week.
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> The shorter the time period for which your answer is "no, it won't much affect my happiness," the more you can trade off accuracy in favor of saving time.

The time you gain is time you can spend on a more impactful decision or time you can spend making a low-risk experimental choice to poke at the world.

Faster than fast: when options repeat

You're stuck between choosing to order the chicken or the fish. You decide on the fish and it is bone dry and tasteless. You think to yourself, "I should have ordered the chicken!"

You're deciding between two outfits to wear to a party, one really dressy and one more casual. You decide on the dressier choice, and when you show up, everyone else is dressed down. You immediately regret not choosing the other option.

Even though many decisions won't have a significant impact on your *long-term* happiness, there is still a *short-term* cost of a bad result: *regret*.

Regret (or fear of regret) can make you indecisive about nearly any choice.

Pretty much everyone feels regret in the immediate wake of a bad outcome. Anticipating that feeling can induce analysis paralysis because you naturally think that taking more time will make it less likely you'll get a bad outcome, so less likely you'll feel the accompanying pain of regret.

Rather than thinking about the long-run impact (which is what really matters), you get trapped in the short run, so afraid of regret that you can't decide. Fear of regret costs time.

Repeating options help defray the cost of regret.

Options repeat for decisions you will get another crack at choosing, which is especially useful if the choice comes up again quickly. You might really dislike the dish you order in a restaurant, but you will get another chance to pick something to eat in just a few hours. And that helps take the sting out of any short-term regret.

Choosing college classes is a repeating option.

Choosing who to go on a first date with is a repeating option.

Choosing driving routes is a repeating option.

Choosing a movie to see is a repeating option.

When a decision passes the Happiness Test you can go fast. When an option repeats, you can go even faster, because getting another shot at the decision helps reduce what little cost there is of a bad outcome, as measured in regret, from a low-impact decision.

Decisions that repeat also provide opportunities for choosing things you are less certain about, like a food you've never tried or a new TV show, because you don't get penalized as heavily for taking those gambles. At little cost, you get information in return about your likes and dislikes, and you might find some surprises in there.

Whatever you learn will inform all your future decisions. That means that when you do face a high impact decision, it will be better informed than if you hadn't done all that low-risk poking at the world.

> **REPEATING OPTIONS**
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> **When the same type of decision comes up over and over again, you get repeated chances to choose options, including options you may have rejected in the past.**

1 Identify a type of decision you're currently struggling with and/or have struggled with in the past that you now realize is low impact because it passes the Happiness Test.

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Do you think you could speed up that decision? How?

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2 Identify up to five more decisions that you've agonized over in the past that pass the Happiness Test. At least one of those should also be an option that quickly repeats.

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[2]

Freerolling: Deciding fast when the downside is slim to none

The Legend of Trivia Man

You're walking down the street. Some guy walks up to you and says, "I'm going ask you a trivia question. If you get it right, I'm going to give you ten bucks."

You're suspicious. "What if I lose? Will I owe you ten bucks?"

"Nope! I just really love trivia and it delights me to reward people with money when they get my trivia questions correct."

You figure you have nothing to lose, so you say, "Go ahead."

"What state's capital has the smallest population?"

You guess "Vermont." He claps with delight and hands you a ten-dollar bill for getting the answer right.

"For another ten dollars, what's the name of the city?"

Ugh. You're not sure, so you say the name of only city you know in Vermont.

"Burlington!"

Sadly, he shakes his head. "Pity. It's Montpelier."

As promised, you owe him nothing for the wrong answer. You never see him again, but you're ten dollars richer.

That's a *freeroll.*

Have you ever been in a situation where you have a friend who is agonizing over whether to ask someone out on a date and you say, "Just ask them out. This could be the love of your life. The worst that can happen is they'll say no!"? If so, you understand freerolling, even if you've never heard the term before.

> **FREEROLL**
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> **A situation where there is an asymmetry between the upside and downside because the potential losses are insignificant.**

The concept of a freeroll is a useful mental model for spotting opportunities you can decide to seize quickly. The key feature of a freeroll is *limited downside*, meaning there isn't much to lose (but there might be a lot to gain). The usual penalty for speeding up—a greater likelihood of a worse outcome—doesn't apply when you are in freeroll territory.

You can identify decisions with limited downside by asking yourself one or both of the following questions:

1. What's the worst that can happen?
2. If the outcome doesn't go my way, am I worse off than I was before I made the decision?

If the worst that can happen isn't that bad, or you will be no worse off than you were before if the outcome doesn't go your way, the decision fits into the freeroll category. That means you can speed up because the penalty for sacrificing accuracy is limited.

Obviously, there is always some cost to making any decision, even if it is just the time it takes to answer Trivia Man's questions. Applying the concept of a freeroll isn't so much about looking for situations with zero downside potential, but rather about looking for an asymmetry between the upside and downside potential of a decision.

> **The bigger the asymmetry between the upside and downside, the more you have to gain when potential losses are limited, the bigger the freeroll.**

Actually, there *is* such a thing as a free lunch

You may think that freerolls are too good to be realistically available. But once you're on the lookout for them, you'll find that freerolls are more abundant than you think.

You're applying to colleges. Your dream college is a huge reach because you have a very low percentage chance of getting accepted. Should you still apply? Assuming the cost of applying isn't significant, you're not really worse off if you don't get in, but if you do get in, you are going to your dream school.

You're looking for a house to buy. As always seems to be the case, your realtor shows you the ideal house, but the asking price is 20% above the maximum you've set. Do you make an offer? If you make an offer within your price range and the seller rejects it, you're no worse off. But if they accept, you get your dream house at a steal.

Once you identify a freeroll, you don't need to think too hard about *whether* to seize the opportunity, but you still want to take time with the execution of the decision. Go fast deciding *whether* to apply to a college that is a big stretch, but take time making sure the application is high quality. Go fast deciding *whether* to offer on your dream house, but take time making sure the offer is sound.

> **The faster you engage, the less likely it is that the opportunity goes away. The faster you decide to seize the opportunity, the faster you get the chance at realizing the one-sided, upside potential of the decision.**

All that time you save is time you can use to make other decisions that might bear fruit, including seizing other freeroll opportunities. Yet, just like your friend who agonizes over whether to ask someone out on a date, people can agonize about these types of decisions, often passing on these opportunities. Why don't more people see (and seize) freerolls?

One likely reason is that freerolls generally *don't* pass the Happiness Test. Each of these examples has the potential for much more meaningful upside than Trivia Man giving you ten or twenty bucks. Where you go to college and what home you buy are high-impact decisions. People can get caught up in analysis paralysis about these types of decisions because of that potential impact.

In this way, the impact of the decision overshadows the limited downside, making it hard to see that you are in a freeroll situation.

IMPACT

FREEROLL

What gets missed is that, for freerolls, the potential big impact on your happiness is *one-sided in your favor.*

In addition to impact obscuring the freeroll, the fear of failure or rejection can also be paralyzing, especially when there is a high probability that things won't go your way. Receiving the rejection letter from your dream school hurts in the moment. No one wants to hear a realtor say, "The buyer thought your offer was a joke."

When you pass on such opportunities or let those small, temporary negatives slow you down, you're magnifying the moment of rejection and ignoring the asymmetry working in your favor. You're saving yourself from those short-lived feelings if the opportunity doesn't pan out, but you're costing yourself the chance for a meaningful, long-term boost to your well-being.

1 Identify a decision you're currently considering and/or have considered in the past that qualifies as a freeroll—a decision where there is mostly upside and limited downside—on which you've taken a long time deciding.

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Do you think you could speed up that decision? How?

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2 Identify some additional past decisions that qualify as freerolls.

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Warning: A free donut is not a freeroll

When considering whether a decision has limited downside potential, it's crucial to think about the cumulative effects of making the same decision repeatedly, rather than focusing on just the one-time, short-run potential harm.

If you've resolved to eat healthier and someone at work brings in donuts on their birthday, it's easy to look at that donut as a freeroll. After all, your well-being won't hinge on eating a single baked good. The enjoyment you get from that sweet treat likely outweighs the nominal cost to your health of just one donut.

But if you make that decision repeatedly, it's a different story. If you did the same thing yesterday with a slice of pizza, and the same thing with a giant movie-theater popcorn the night before (because you were having a great time on a date), and the same thing last week with a cheesecake (because you were miserable over a breakup) . . . Well, you can see the potential for multiple "one-time" insignificant costs that add up to something meaningful.

It's the same with buying a lottery ticket. Losing the few dollars on a Powerball ticket won't much affect your long-term happiness. And if you win the jackpot, it will be life changing. That might trick you into thinking the lottery is a freeroll. But the lottery is such a losing financial proposition that, in the long run, the potential losses far outweigh the potential gains. Once you think about playing multiple tickets every single week, you can see that the lottery is a big loser, not a freeroll at all.

When asking yourself "What's the worst that could happen?" make sure you follow up by examining the effects of making the same type of decision repeatedly. That's how you recognize that a free donut is not a freeroll.

[3]

A Sheep in Wolf's Clothing:
High stakes, close calls, fast decisions

You have a week of vacation time next year and you've decided to take a big trip. You've already narrowed it down to two destinations, Paris or Rome. (If you have a pair of favorite or bucket-list destinations, ones you've never been to before, substitute those in this thought experiment.)

1 How difficult would it be, on a scale of 0 to 5, once you've narrowed your decision to Paris or Rome (or two other destinations you consider highly desirable), to choose between them?

Not difficult at all   *0*   *1*   *2*   *3*   *4*   *5*   *Extremely difficult*

2 I run into you in a *year* after your vacation and ask, "How's your year been?" Maybe you tell me it's been a great year, or an awful year, or something in between. After you tell me, I ask, "On a scale of 0 to 5, how big an effect did that vacation have on your happiness over the year?"

No effect at all   *0*   *1*   *2*   *3*   *4*   *5*   *Massive effect*

3 I run into you in a *month* after your vacation and ask, "How's your month been? On a scale of 0 to 5, how big an effect did that vacation have on your happiness over the month?"

No effect at all   *0*   *1*   *2*   *3*   *4*   *5*   *Massive effect*

4 I run into you in a *week* after your vacation. "On a scale of 0 to 5, how big an effect did that vacation have on your happiness during the week immediately following it?"

No effect at all   *0*   *1*   *2*   *3*   *4*   *5*   *Massive effect*

IF YOU'RE LIKE MOST people, you agonize over this type of decision.

After all, deciding between Paris and Rome doesn't pass the Happiness Test. Taking a vacation like this will certainly affect your happiness in a week, a month, and even over the course of a year. Unless you're a jet-setter constantly traveling between exotic destinations, it's not a repeating option; it might be a once-in-a-lifetime choice. And there is a high cost if it doesn't work out. Whether you choose Paris or Rome, it is an expensive trip.

We all face lots of high-impact decisions like the European vacation choice.

You might get accepted to two colleges at the top of your list or find two amazing homes on your house hunt or get two different dream-job offers. Then you agonize over which option to choose, trying to distinguish the small differences between two or more great choices. You find yourself endlessly researching each option, coming up with additional criteria, asking for more and more people's opinions, wavering back and forth trying to figure out which is the "right" choice.

So, here's a weird little thought experiment: What if, instead of choosing between Paris and Rome, you were choosing between a vacation in Paris and a vacation at a trout cannery? Would you have trouble or experience any anxiety making that choice?

I'm assuming the answer is no.

That tells you that the *closeness of the options* is what's slowing you down. You'd have no trouble choosing between options as far apart in their potential payoffs as a week in Paris versus a week spent among discarded fish parts.

And that's a clue as to why you can and should speed up these types of decisions.

When a decision is hard, that means it's easy

The very thing that slows you down—having multiple options that are very close in quality—is actually a signal that you can go fast, because this tells you that whichever option you choose, you can't possibly be that wrong, since both options have similar upside and downside potential.

Instead of thinking about the similarity between options in terms of their *overall potential payoffs*, both the positives and the negatives, we mostly get focused on anxiety about the downside. What if the option you choose works out badly?

A rogue cab driver could charge you a fortune and drop you off in the middle of nowhere. You might slip and break your leg on the day of the first snowfall after you move to the Northeast. You might pick the dream house with a next-door neighbor who turns out to be a maniac.

This asymmetric focus on the downside is a way in which resulting rears its ugly head, slowing you down. Yes, there is a lot to gain. But there is also a lot to lose. Never mind that the chances of a bad outcome are nearly identical whichever option you pick. When your vacation sucks, you feel like you chose poorly. So you agonize, taking extra time, trying to avoid making a big mistake.

From that vantage point, the decision looks like a *wolf*, a dangerous, high-impact beast of nonrepeating options and lots of potential downside. Close calls might feel like the wolf is at your door. But this type of decision is really a *sheep in wolf's clothing*.

If you look at the decision through the frame of the *relative quality of the options as compared to each other*, your vantage point changes. Instead of taking tons of time trying to tease out the small differences between the choices, reframe the decision by asking yourself, *"Whichever option I choose, how wrong can I be?"*

That question allows you to think prospectively, understanding that what matters for decision quality is the potential of each of the options, not which of many possible outcomes happens to be the one that unfolds. That question allows you to see that you have two similarly great options to choose from, so whichever option you go with, it's unlikely you're making that big a mistake.

In this way, these kinds of choices are actually **hidden freerolls**. Because the choices you have are so close, you're freerolling on whichever option you choose. You can't be that wrong either way.

This unlocks a powerful decision-making principle: *When a decision is hard, that means it's easy.*

**WHEN A DECISION IS HARD,
THAT MEANS IT'S EASY**

When you're weighing two options that are close, then the decision is actually easy, because whichever one you choose you can't be that wrong since the difference between the two is so small.

Tilting at windmills

When you agonize over close options, you're usually wasting time tilting at windmills. You're spending time at the margins, hoping, at best, to resolve tiny separations in potential payoffs, trying to parse out indistinguishable differences.

You can't *know*, absent actually going to Paris or Rome, which you will like better. Even if you have been to those places before, you can't *know* which you will like better this time. No matter who you ask for their opinion or how many reviews you read on a travel advisory website, those people are not you. They are different people with different preferences so their advice can only go so far. They can't *know* which you will like better.

You can't bend time and space to find out, before you take a job in Boston, how the job and the city will work out. You can't know which of two similar houses you'll enjoy more over the next ten years, or which of two colleges of similar quality you'll like more over the next four.

Because we all live in the space between no information and perfect information, it's not realistic to think that you will be able to discern which option is better.

You're chasing an illusory certainty by taking all that extra time.

Even if, given enough time, you could be certain which option is best, it's still not a great use of that limited resource anyway. Let's say, hypothetically, that an amazing European vacation has the potential, on average, to increase your happiness over the course of a year by 5%. And let's say that, if you had perfect information, you could know that a Parisian vacation has the potential to increase your happiness by 4.9%, while Rome might increase your happiness by 5.1%.

That would mean that you're spending all that time to try to resolve a .02% difference between the two options. That's time you could be spending on other decisions or doing other things that will have much more than a tiny fraction of a percent of potential impact on your happiness or your ability to reach your long-term goals.

Breaking through the deadlock: The Only-Option Test

Barry Schwartz points out in his book, *The Paradox of Choice*, that this kind of sheep-in-wolf's-clothing decision is more likely to come up the more options you have to choose from. The greater the number of available options, the greater the likelihood that more than one of those options will look pretty good to you. The more options that look pretty good to you, the more time you spend in analysis paralysis.

That's the paradox: more choice, more anxiety.

Remember, if the only choices are between Paris and a trout cannery, no one has a problem. But what if the choices are Paris or Rome or Amsterdam or Santorini or Machu Picchu? You get the picture.

A useful tool you can use to break the grid-lock is the ***Only-Option Test***.

If this were the only thing I could order on the menu . . .

If this were the only show I could watch on Netflix tonight . . .

If this were the only place I could go for vacation . . .

If this were the only college I got accepted to . . .

If this were the only house I could buy . . .

If this were the only job I got offered . . .

> **THE ONLY-OPTION TEST**
>
> **For any options you're considering, ask yourself, "If this were the only option I had, would I be happy with it?"**

The Only-Option Test clears away the debris cluttering your decision. If you'd be happy if Paris were your only option, and you'd be happy if Rome were your only option, that reveals that if you just flip a coin, you'll be happy whichever way the coin lands.

I For the next week, practice applying the Only-Option Test whenever you're at a restaurant. Look through the menu and figure out which items you'd be happy with if they were your only option. After sorting the menu in this way, decide among the options that pass the Only-Option Test by flipping a coin. Use the space below to reflect on how that feels.

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The Menu Strategy

This strategy for choosing what to order from a menu can be broadly applied to decision-making in general. For any decision, spend your time sorting the world into stuff you like and stuff you don't like.

After that, go fast.

The big gains that you get from your decision-making time are in the *sorting*: figuring out, given *your* values and *your* goals, what makes an option "good." Sorting options is the heavy lifting of decision-making and that's the place you will get the most value out of slowing down.

> **THE MENU STRATEGY**
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> **Spend your time on the initial sorting.**
> **Save your time on the picking.**

Once you've done the sorting and you've got one or more good options, there's not a big penalty for speeding up. If your options are very close, you can usually just flip a coin and move on. Extra time spent choosing among options that meet your criteria won't generally gain you much in accuracy over picking by chance.

That's why identifying low-impact decisions, especially ones that repeat, is so important. Those types of low-risk decisions give you the opportunity to experiment. Experimentation gets the world to tell you what works and what doesn't work and helps you figure out your preferences, your likes and dislikes.

And all that experimentation will make you better informed, paying off in more accurate sorting.

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Quitters Often Win, and Winners Often Quit:
Understanding the power of "quit-to-itiveness"

You go to the local movie theater and see a movie showing on screen 1 at 7:00 p.m. That means you can't see what's on screens 2 through 18 at the same time.

You spend four years getting your college degree. That's time you can't spend giving your band your undivided attention.

You read the official biography of Winston Churchill (eight volumes, 8,562 pages, which took two generations of biographers twenty-six years to write). You can't spend that time reading thirty-five other books or completing two semesters of law school.

Any choice that you make has associated *opportunity cost*. When you choose an option, you're also *rejecting* other options, along with the upside potential of those things you chose not to do. The greater the gains associated with the options you don't pick, the higher the opportunity cost. The higher the opportunity cost, the greater the penalty for going fast.

When you choose something from a menu and you don't like how it tastes, you immediately become aware of the opportunity cost. You could have ordered a different dish, which might have been great, and maybe if you had taken more time

> **OPPORTUNITY COST**
> **When you pick an option, you lose the potential gains associated with the options you don't pick.**

deciding, you wouldn't have gotten your order "wrong." That's also true when you don't like the movie you picked, or the job you took, or the house you bought.

Opportunity cost and impact

Opportunity cost is part of what determines the impact of a decision, so opportunity cost *should* be a factor in how you manage the time-accuracy trade-off. The bigger the gains associated with the options you don't pick, the more you give up by not picking those options. That means a bigger penalty for sacrificing accuracy in favor of speed. The smaller the opportunity cost, the less you give up, the faster you can go.

This is part of what the Happiness Test gets at. If the category of thing you're deciding about is low impact, any of your available options will have low opportunity costs associated with them. There just won't be much to gain (or lose) from any of your options.

Repeating options also defray opportunity cost. When a decision repeats, you can go back and choose an option you didn't pick before. That means you quickly get a chance at participating in the upside potential of any of the options you passed on in short order. You aren't permanently passing on the gains associated with the things you didn't do.

There's another way to defray opportunity cost: quitting.

Stick-to-itiveness vs. Quit-to-itiveness

"Quitters never win, and winners never quit." That's the ubiquitous message from business pioneers like Thomas Edison and Ted Turner; from sports figures like Vince Lombardi and Mia Hamm; from authors like Dale Carnegie and Napoleon Hill; and from entertainers like James Cordon to Lil Wayne.

It seems to be accepted wisdom that *stick-to-itiveness* creates success. Stick-to-itiveness has value, but so does **quit-to-itiveness**.

Quitting doesn't deserve its nearly universal negative reputation. Quitting is a powerful tool for defraying opportunity cost and gathering intel, intel that will allow you to make higher-quality decisions about the things you decide to stick to.

Whenever you choose to invest your limited resources in an option, you're doing so with limited information. As your choice plays out, new information will reveal itself. And sometimes, that information will tell you that the option you chose isn't the best option for advancing you toward your goals.

As you learn more, it could be that you figure out that a decision you thought was great actually has much more downside potential than you realized and so has a higher probability to cause you to lose ground rather than gain it. Or it could be that you are gaining ground with the option you chose, but you would gain *even more ground* if you made a different choice.

That's a good time to consider quitting.

Poker players understand this, as does everybody who has heard Kenny Rogers sing "You gotta know when to fold 'em." If you put your resources toward a choice that you no longer feel has the best chance of working out and you have the option to change course, that's a good time to cut your losses and "fold 'em."

Of course, there are costs to quitting: loss of money, goodwill, reputation, social capital, time, etc.

Quitting a relationship after the first date costs a lot less than quitting a relationship after getting married.

The cost of moving out of a rental house you don't like is lower than selling and moving out of a house that you own.

The cost of changing your mind after moving to a different neighborhood is much less than changing your mind after moving to another country.

Part of a good decision process includes asking yourself, *"If I pick this option, what's the cost of quitting?"* The lower the cost of changing course in the future, the faster you can make your decision, since the option to quit lowers the impact by reducing opportunity cost.

You can take less time deciding who to ask on a first date than deciding who to marry. You can take less time deciding which house to rent than deciding which one to buy one. You can take less time deciding whether to move to a different neighborhood than deciding whether to move to another country.

> ### QUIT-TO-ITIVENESS
> **The lower the cost to quit, the faster you can go, because it's easier to unwind the decision and choose a different option, including options you may have rejected in the past.**

Being quit-to-itive is not intuitive

Because of the way the human mind works, we tend to view decisions as permanent and final, particularly if they are high impact. We don't think much in advance about the option to quit. But once you look at decisions through the frame of quit-to-itiveness, you'll find that for many decisions you thought (or simply assumed) you couldn't unwind, the cost isn't prohibitively high.

When people are choosing colleges, for example, they agonize partly because they think they're making a decision that's permanent for the next four years of their life. But the outside view reveals that 37% of college students transfer to a new school and nearly half of those transfer multiple times.

Once you realize that transferring is an option, you can shift you're frame from not even considering the option to quit to asking what it would cost to do so. Will your credits transfer? What's the cost of leaving your friends? How hard will it be to make new ones? What is the cost to move? Will you be able to get into a better college?

No matter what your answers are, I'd bet the cost of quitting is lower than you thought—because you likely weren't even thinking about it before.

Being quit-to-itive improves decision quality.

Two-way-door decisions: Deciding fast *and* learning more

Decisions where the cost to quit is manageable also give you an opportunity to gather information through innovation and experimentation. Amazon founder Jeff Bezos and Virgin Group founder Richard Branson include the concept of a *"two-way-door" decision* in their decision process. A two-way-door decision is, simply put, a decision where the cost to quit is low.

When you figure out that you've got a two-way-door decision, you can make choices you're less certain about, giving yourself more low-risk opportunities to expose yourself to the universe of stuff you don't know. The information you gather in the process will help you implement the menu strategy, improving your accuracy in sorting options into ones you like and ones you don't.

Try stuff you can quit. Figure out what you like and what you don't like. Figure out what works and what doesn't work.

If you want to know if you'd like playing the piano, sign up for some lessons. If you don't like it, quit. You don't have to play piano for the rest of your life. Sign up for improv classes or learn how to cook with a salt block.

Of course, you're going to want to stick to some things. It's hard to succeed at anything if you don't have grit and stick-to-itiveness. But being "quitty" allows you to make better choices about when to be gritty.

Decision stacking

Once you have the mental model of quit-to-itiveness, seeing the world through the lens of the cost to quit, this reveals an effective strategy for improving the quality of your decisions: *decision stacking*.

You will face lots of high-impact, one-way-door decisions that carry a high cost to unwind (like buying a house, or moving to another country, or changing professions). When you know that you have such a decision on the horizon, consider whether there are lower-impact, easier-to-quit decisions that you can stack in front of the high-impact choice to help inform your one-way-door decision.

Dating is a natural application of decision stacking. If you go out on a lot of dates, you learn more about your likes and dislikes before deciding about a committed relationship. Likewise, if you're thinking about buying a house in a particular neighborhood, you can rent a house in that neighborhood first.

> **DECISION STACKING**
> **Finding ways to make low-impact, easy-to-quit decisions in advance of a high-impact, harder-to-quit decision.**

Deciding fast and learning by choosing options in parallel

Ivan Boesky was a Wall Street trader who became a symbol of success—and excess—in the 1980s, before pleading guilty to insider trading, paying a $100-million fine, and going to prison. As an iconic symbol of that era, he became the subject of numerous larger-than-life stories: he slept three hours a night; he never sat down at work; he gave the original "greed is good" speech during a business-school commencement address; he was the model for Gordon Gekko in *Wall Street*. Legend had it that when Boesky dined at the famous New York City restaurant Tavern on the Green, he would order every item on the menu and take one bite of each.

Although the story is certainly apocryphal, it does illustrate a useful decision-making principle: When you are weighing which option to choose, sometimes you can pick more than one of them at the same time.

Choosing options in parallel obviously lowers opportunity cost because you get to participate in the upside potential of multiple options at once. Finding ways to exercise options in parallel also lowers your exposure to the downside.

You might not be Ivan-Boesky rich, but at a restaurant you may be able to convince your dining companion to share items, allowing you to order multiple appetizers or entrees.

If you want to watch multiple sporting events at the same time, you can set up multiple monitors—or go to a sports bar.

If you're choosing between two marketing campaigns, you might be able to figure out a way to try both in test markets and see which works better.

You could plan a vacation where you visit Paris *and* Rome.

> **When the cost to quit is low, you can go fast. When you can exercise multiple options in-parallel, you can go even faster.**

When you can do more than one thing at a time, you get many more opportunities to poke at the world, getting the input from multiple experiences.

Exercising options in parallel also lowers your exposure to the downside. Even for decisions that have only a 10% chance of going awry, that means that 10% of the time you'll get a bad outcome. But if you can do a bunch of things at the same time that each have a 10% chance of going awry, the chances that *all of them* don't work out becomes vanishingly small. That naturally lowers the penalty for going fast.

Doing things in parallel does come at a cost. Ordering everything on the menu obviously costs more than ordering one item. When you do more than one thing at a time, there is a cost in the quality of your execution. Your attention is flexible, but it's not unlimited. You want to balance what you're gaining by doing multiple things at once with what you're losing in money, time, and other resources—and in the quality of your execution of multiple options.

If you've ever seen a TV show using the two-dates-to-the-prom trope, you know that merely because you *can* do more than one thing at a time doesn't mean you *should*.

Think about a high-impact decision that you've been struggling with. Alternatively, think about a high-impact decision that you struggled with in the past. Evaluate that decision using the mental model of quit-to-itiveness.

I Briefly describe the decision and your main options.

_____

_____

_____

_____

_____

_____

2 What are/were the costs, after choosing an option, of quitting and making a different choice?

_____

_____

_____

_____

3 Is/was this potentially a two-way-door decision with a manageable cost to quit?   _YES   NO_

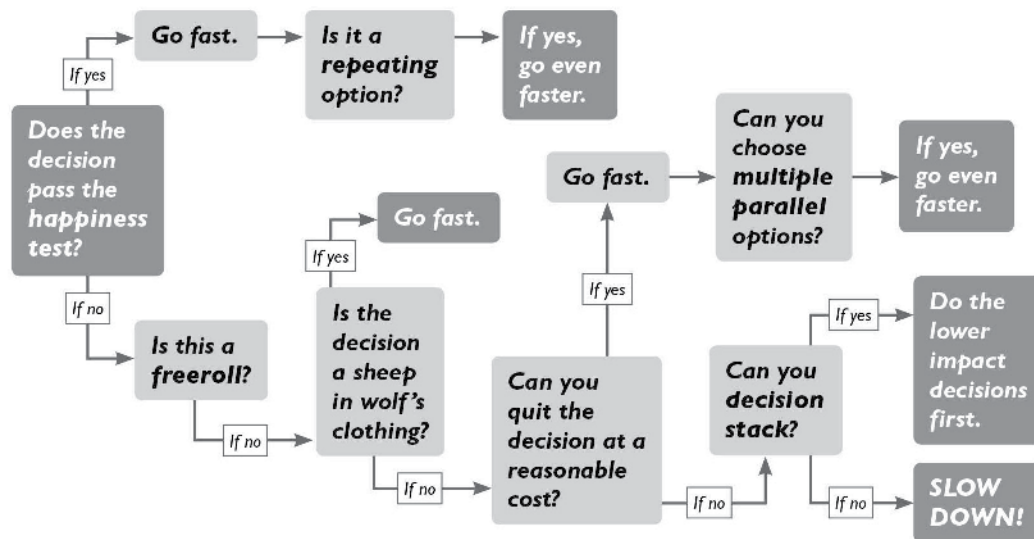**4** If yes, what is/was the cost to quit?

_____

_____

_____

_____

5 If no, what are some ways you could decision stack, putting lower-cost decisions in front of the one-way-door decision, giving you an opportunity to gather information for the later decision?

_____

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_____

6 For this decision, describe ways in which you could exercise options in parallel, if possible.

_____

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Here is a simple flow chart that captures the ideas offered in this chapter about how to manage the time-accuracy trade-off:

HOW FAST CAN I GO?

Does the decision pass the happiness test?

If yes → **Go fast.** → **Is it a repeating option?** → **If yes, go even faster.**

If no → **Is this a freeroll?**

If yes → **Is the decision a sheep in wolf's clothing?**

If yes → **Go fast.**

If no → **Can you quit the decision at a reasonable cost?**

If no → **Is this a freeroll?** → If no → **Is the decision a sheep in wolf's clothing?** → If no → **Can you quit the decision at a reasonable cost?**

If yes → **Go fast.** → **Can you choose multiple parallel options?** → If yes → **If yes, go even faster.**

Can you quit the decision at a reasonable cost? If no → **Can you decision stack?**

Can you decision stack? If yes → **Do the lower impact decisions first.**

If no → **SLOW DOWN!**

[5]

Is This Your Final Answer?:
Knowing when your decision process is "finished"

In the late 1950s and early '60s, there was a popular sitcom about a "typical" suburban family, *Leave It to Beaver*. "Beaver" was the nickname of the youngest of the two sons and episodes frequently involved him getting into minor mischief. For example, in one episode, Beaver insists that he can go by himself to get his hair cut. He loses the haircut money and asks his older brother, Wally, to bail him out by cutting his hair.

Wally wields the scissors, hair accumulates on the floor, and Beaver asks, "Are you finished?"

When the viewer sees Beaver for the first time, huge clumps of his hair are missing. Wally says, *"Well, I don't know if I'm finished but I think I better stop."*

You're in a similar position when it comes to wrapping up our decision-making. When should you stop analyzing and just decide?

If you're goal is to get to certainty about your choice, you'll never be *finished*. Chasing certainty causes analysis paralysis. The point of this chapter is to help you to figure out how to get to a decision more quickly by letting go of certainty as your goal.

Once you settle on a choice that's good enough—regardless of how long you've taken, whether you've flipped a coin or conducted a lengthy decision process, or whether your options are indistinguishable or you have a clear favorite—part of a good decision process includes asking yourself a final question:

"Is there some information that I could find out that would change my mind?"

You flipped a coin and it comes up "Paris." Is there information you could find out that would make you switch your choice to Rome?

You go through a meticulous hiring process and decide on Candidate A. Is there information you could find out that would switch your choice to a different candidate or cause you to continue your search?

Pretty much every decision is made with incomplete information. This final question gets you to imagine what information would be helpful if you were omniscient, if you had a crystal ball.

If you could attain a state of perfect knowledge, is there something that would cause you to change your mind? If the answer is yes, ask yourself if that information is available, absent omniscience or psychic powers.

A lot of the time, the answer is going to be no. If you're struggling with whether to spend a week in Paris or Rome, the information you would need to clarify that decision would be foreknowledge of how each vacation would turn out. As a mere mortal, without a time machine, that kind of information—and, consequently, getting that kind of certainty—is unavailable.

If the answer is "No, there isn't any information that I could find out," go ahead and decide. You're done. It's time to stop.

If the answer is yes and you *can* find out that information, ask the follow-up question of whether you can afford to get it.

That information, even if it's available, can be too expensive for a variety of reasons: time, money, social capital.

If you are considering moving to Boston to take a new job, you *could* find out if you could manage Northeastern winters, but that would mean living in Boston for a winter before deciding. Aside from the cost of doing the test run in Boston, the job opportunity would have evaporated by the time you figure out if the winters are bearable. That makes getting the information too expensive.

If you're hiring someone, you can always reinterview the candidates or hire a search firm or conduct more interviews with the person you are considering. But that doesn't mean you *should* do all those things. That's time the job would remain unfilled. You would also have to take the time or pay the money to do those additional things. You could also lose your preferred candidate (or any other candidates you've interviewed that pass the Only-Option Test) if you significantly prolong the process.

If you think decisive information is available and believe that it's worth it and you can afford it, then go find it.

But if the answer is no, just go ahead and decide.

Here's a simple chart to help you navigate, once you have settled on an option, the final step in a good decision process.

FINAL STEP FOR ANY DECISION
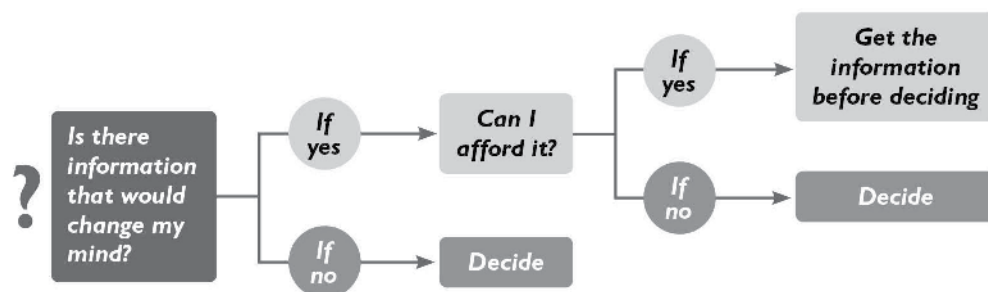
[6]

Breaking Free from Analysis Paralysis Wrap-up

These exercises were designed to get you thinking about the following concepts:

- We spend an enormous amount of time on routine, inconsequential decisions. The average person spends **250–275 hours per year** deciding what to eat, watch, and wear. That's the equivalent of the time they spend at work in six or seven weeks.
- There is a **time-accuracy trade-off**: Increasing accuracy costs time. Saving time costs accuracy.
- The key to balancing the trade-off between time and accuracy is figuring out **the penalty for not getting the decision exactly right**.
- Getting an initial understanding of **the impact** of your decision (through the framework of evaluating possibilities, payoffs, and probabilities) will identify situations in which the penalty is small or nonexistent, giving you leeway to sacrifice accuracy in favor of deciding faster.
- Recognizing when decisions are low impact also maximizes opportunities to **poke at the world**, which increases your knowledge and helps you learn more about your preferences, improving the quality of all future decisions.
- You can identify low-impact decisions with the **Happiness Test**, asking yourself if how your decision turns out will likely have an effect on your happiness in a week, a month, or a year. If the type of thing you are deciding about passes the Happiness Test, you can go fast.
- If a decision passes the Happiness Test and the **options repeat**, you can go even faster.
- A **freeroll** is a situation in which there is limited downside. Save time deciding whether to seize a freeroll; take time in deciding how to execute it.
- When you have multiple options that are close in potential payoffs, these are a **sheep in wolf's clothing** decisions. Close calls for high-impact decisions tend to induce analysis paralysis, but the indecision is, in itself, a signal that you can go fast.
- To determine if a decision is a sheep in wolf's clothing, use the **Only-Option Test**, asking yourself for each option, "If this were the only option I had, would I

be happy with it?" If your answer is yes for more than one option, you could flip a coin since you can't be that wrong whichever option you pick.

- Allocate your decision time using the **menu strategy**. **Spend time sorting**, determining which options you like. Once you have options you like, **save time picking**.
- When you pick an option, you're passing on the potential gains associated with the options you don't pick. This is known as **opportunity cost**. The higher the opportunity cost, the higher the penalty for making choices that are less certain.
- You can defray opportunity cost and decide faster by being **quit-to-itive**, looking at decisions through the framework of whether you can change your mind, quit your choice, and choose something else at a reasonable cost.
- Decisions with a low cost to quit, known as **two-way-door decisions**, also provide you with low-cost opportunities to make experimental decisions to gather information and learn about your values and preferences for future decisions.
- When you're facing a decision with a high or prohibitive cost of changing your mind, try **decision stacking**, making two-way-door decisions ahead of the one-way-door decision.
- You can also defray opportunity cost if you can exercise multiple options **in parallel**.
- Because you can rarely approach perfect information or be certain of the outcome of your decision, you will make most decisions while still uncertain. To figure out when additional time is no longer likely to increase accuracy in a worthwhile way, ask yourself, "Is there is additional information (available at a reasonable cost) that would establish a clearly preferred option, or if there is already a clearly preferred option, cause you to change your preferred option?" If yes, go find it. If no, decide and move on.

BREAKING FREE OF
ANALYSIS PARALYSIS CHECKLIST

To determine whether you can decide faster, ask yourself the following questions:

☐ Does the type of thing you're deciding about pass the Happiness Test? If yes, go fast.

☐ Does it pass the Happiness Test *with* repeating options? If yes, go even faster.

☐ Are you freerolling? If yes, go fast in seizing the opportunity but take time in the execution.

☐ Is your decision a sheep in wolf's clothing, with multiple options that pass the Only-Option Test? If yes, go fast, even flipping a coin to make your choice.

☐ Can you quit your choice and pick a different option at a reasonable cost? If yes, go fast. If no, can you decision stack?

☐ Can you exercise multiple options in parallel? If yes, go fast.

☐ Is there is additional information (available at a reasonable cost) that would establish a clearly preferred option, or if there is already a clearly preferred option, change your preference? If yes, go find it. If no, decide.

The Terminator Was Freerolling

The Terminator, conceived and directed by James Cameron, tells the story about a dismal future in which the rise of a self-aware computer network, Skynet, tries to wipe out humanity. A resistance movement, led by survivor John Connor, fights Skynet and its army of machines.

The action focuses on Sarah Connor, a waitress in Los Angeles in 1984. She doesn't know it at the time, but she will someday give birth to John Connor. In 2029, Skynet sends a robot killer, T-800 Model 101 (The Terminator) back to 1984 to kill Sarah Connor to stop her son from being born. The resistance also sends someone back in time—Kyle Reese, a soldier whose mission is to protect Sarah Connor from the Terminator.

The Terminator's return to 1984 Los Angeles could have had two outcomes: It could kill Sarah Connor, preventing Skynet's nemesis from being born; or it could fail, in which case Skynet would still take over the world, start nuclear war, and wipe out most of humanity. In other words, even if the Terminator were to fail, Skynet would be no worse off than before. It would still have to deal with the Connor-led resistance, but it was already dealing with that. The worst possible outcome (from Skynet's perspective when it sent the Terminator back in 2029) was the status quo.

But if the Terminator were to succeed in killing Sarah Connor? Skynet would be in much better shape in the future.

Skynet and the Terminator were freerolling.

Why "Good Enough" Is Good Enough: Satisficing vs. maximizing

Because we're capable of spending a lot of time being indecisive (on both low-impact and high-impact decisions), the strategies in this chapter are designed to help you figure out when additional time spent on a decision isn't worth it. You want to know when a decision is "good enough," particularly because you don't want to chase the illusory ideal of a "perfect" decision in conditions in which you're operating with imperfect information.

Trying to get as close to 100% certainty as possible in a decision is known as *maximizing*. Most people have a tendency to be maximizers, spending a lot of time chasing certainty about their choice.

> **MAXIMIZING**
> **Decision-making motivated by trying to make the optimal decision; not deciding before examining every option; trying to make the perfect choice.**

Of course, you can rarely approach perfect information. If you're wasting your time on illusory or infinitesimal gains in precision, you're losing the chance to spend that time where the return is greater, or on better sorting, or on making more experimental choices that provide low-cost information for later decisions. That's why many of the strategies laid out in this chapter are designed to steer you toward a more realistic approach to decisions known as *satisficing* (a term made from the combination of "satisfy" and "suffice").

The framework of this book should get you more comfortable with satisficing, choosing options that are good enough, living in the space between "right" and "wrong."

> **SATISFICING**
> **Decision-making motivated by choosing the first satisfactory option available.**

(A) (B) (C) (D)

How to Decide

Simple Tools for Making Better Choices

Annie Duke

Bestselling author of *Thinking in Bets*