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Review by Andrew B. Clancy

HOW WE DECIDE

by Jonah Lehrer

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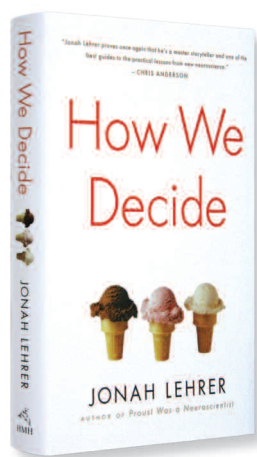
302 pages, \$25.00 (ISBN 978-0-618-62011-1)

Before the reader proceeds any further with this review, he or she should take a second look (lasting only one second) at the cover of Jonah Lehrer's book *How We Decide*. Upon doing so, answer the following question: Which flavor do you prefer? The reader's answer, whether chocolate, strawberry or vanilla, is an important launching point for delving into one of the most intriguing books to come along this year.

Lehrer, a dynamic champion for the field of neuroscience, is already the author of two concurrently running blogs (*Mind Matters* and *The Frontal Cortex*) and a previous book, *Proust Was a Neuroscientist*. In his latest work, Lehrer attempts to make readers think about how they think. The ability to make decisions is on par with opposable thumbs when listing the traits that separate *Homo sapiens* from every other species on Earth. It's the how of decision-making that could potentially generate gains for executives who are wise enough to decide to read Lehrer's book.

There is an important distinction to make at the outset: *How We Decide* does not require a degree in neuroscience for the reader to understand it. It is also pointed out that a reader will not feel like he or she is nodding along in a lecture hall pretending to understand a professor. Lehrer, despite incredible aptitude for his subject

matter, is very gentle when wielding the hammer of science. He could easily draw comparisons to theoretical physicist Michio Kaku, whose explorations into the reality of technology used in science fiction have found mass appeal. In both Kaku and Lehrer's case, there is knowledge of the audience base that helps set good parameters, and Lehrer, for his part, stays comfortably within the lines.



Passing On a Metaphor

An author's ability to connect with his or her audience is largely told by the examples he or she uses to illustrate the higher knowledge in his or her book. Lehrer comes out of the gate strong by using football to start his study of decision making. Sports metaphors are often tired and hold little water in business books. A manager in a manufacturing setting isn't interested in how one millionaire coach manages to motivate two dozen millionaire athletes. In the case of *How We Decide*, the position of the quarterback is used to demonstrate one of the book's primary points: the ability of the mind to "feel" a decision.

Lehrer would be the first to tell you that using metaphor to define a principle is a risky, albeit human, concept. The very subject matter of *How We Decide*, decision making, seemed to be redefined with every new era in human history. At one point, as the author examines, our thoughts and actions were the equivalent of a horse and a charioteer. By the time Sigmund Freud began his work, the charioteer was replaced by a rider constantly pulling at the reins of the galloping id. In the 20th century, the horse went in the stable and our brains

became hard drives running a variety of decision-making software. None of these ideas, according to Lehrer, gave enough due to the role of emotion in the process of making decisions.

Executives are likely to be intrigued by the perceived “soft” side of hard-edged decision making. Lehrer deserves a lot of respect for his willingness to brush aside human pretension. Whether due to pride or the tunnel vision that comes with being the dominant species on the planet, science has often worked to define what separates humans from everyone else. Much of the research in *How We Decide* seeks to demonstrate that when it comes to decision making, we’re not too far removed from our neighbors on the evolutionary chain. Emotion plays a key role in this closeness, and readers may be shocked to find out how much of the “work” of a decision occurs before a thought is fully formed in someone’s mind.

To Deal or Not to Deal

One of the most shocking aspects of *How We Decide* is the degree to which human beings play into our own behavioral tendencies. Even when relaxing, we get a kick out of pressing our own buttons. This model has its extreme dark side in the form of substance abuse and mental illness, but there’s also a large portion of our entertainment that comes from the same basic building blocks.

Lehrer uses the popular game show *Deal or No Deal* to reinforce his argument about the brain’s ability to fool itself when making decisions. This is a section where executives should probably sit with a highlighter while reading the book. The author digs deep to explain why, despite shouting at one’s television to take the money and go home, the average contestant will press on, risking everything and, more often than not, losing it all.

Translating this idea to the workplace, Lehrer cites a study where two teams of doctors were given a hypothetical pandemic scenario. The disease was expected to kill 600 people. Without going into too much detail, the surveyor asked the first team of doctors which of two treatment programs would they follow. The first program was a “safe” plan that would save 200 people. The second program was a “risky” program that had a 30 percent chance of saving all 600 people or a 60 percent chance of saving no one. Nearly three out of every four physicians surveyed chose the safe plan.

The survey was tested on a second team of doctors. However, in this case, the questions were rephrased. Instead of dealing in who will be saved, doctors were told that if they chose the safe program, 400 people would die. If they chose the risky program, there was a

30 percent chance no one would die but a 60 percent chance that all 600 people would die. Amazingly, 78 percent of the doctors surveyed chose to risk everyone for the sake of saving everyone, rather than making a safe choice that would still leave 400 dead.

The reason for this dramatic swing is a concept called loss aversion. It’s one of the most essential concepts in *How We Decide* for readers to comprehend. The human mind is set up to help itself avoid feeling bad, and unfortunately for us, its need to do so is self-perpetuating. Once a negative feeling results from a chance-based situation, the mind immediately launches itself back into the situation in the hopes of replacing the bad feeling with a good feeling. This is why it’s impossible to easily pull oneself away from a slot machine or blackjack table. Due to the ever-present chance of elation, in the presence of a random reward (i.e. blackjack or jackpot!), the brain will allow the body to linger, even while the player’s pile of chips gets smaller and smaller.

Major Insight for Human Resources

Lehrer’s discussion of loss aversion extends to a greater psychological concept called *negativity bias*. The workplace applications of this are essential for executives to understand. When it comes to the way humans make assessments, the perception of bad far outweighs good. Human resources (HR) personnel are especially vulnerable to this common problem while performing the fundamental decision-making task of their jobs: hiring.

Suppose a highly qualified candidate’s resume and application land on an HR manager’s desk. She looks through the person’s qualifications and sees a career that has, to this point, been nothing but bright spots. The candidate, a man in his early 40s, is applying for a sales job and has brought in several hundred thousand dollars’ worth of business to each of his three previous companies. However, toward the bottom of the candidate’s application, she spots something off-putting. When he was 21, the candidate served six months in jail for possession of a large quantity of an illegal substance with the intent to distribute. Suddenly, despite the crime having occurred 20 years ago, and the candidate having a spotless record ever since, she sets his resume aside. Was the aversion to the candidate’s decades-old arrest worth costing her struggling company the potential revenue the applicant could have brought on board?

How We Decide will not help executives overcome these flaws in human design. Its role is merely to make readers aware that these issues are part of our biological make-up. The hope is that people who read the book will come to certain realizations about themselves and use the book as a jarring mechanism. It can be a practi-

cal starting-point to helping managers reverse repeated problems in the workplace. It's unlikely that Lehrer wrote *How We Decide* with any intention of it serving as a business book, but it works well on this level. It's especially pleasing to read because it can be applied to a variety of areas within a business.

Marketing That Grabs and Won't Let Go

Marketing, at its essence, is a two-word phrase: Pick me. However, the complexities of what lies behind a person's motivation to choose one product over another are entrenched in miles of neurological pathways. While *How We Decide* is an essential read for executives at all levels of an organization, it may be the folks in the marketing department who have the most to gain from Lehrer's work.

As noted above, the brain's addiction to its own reward function can be compounded by its inability to solve a game of chance. Marketers can take this information and use it to develop a promotional campaign that taps into the brain's own flaws. It makes one wonder whether or not the people at McDonald's and Parker Brothers had access to similar research when they debuted the McDonald's version of the world-famous *Monopoly* game. While sales numbers related to this promotion are cloudy, it appeared that for awhile, people were more than willing to risk their waists and cardiac function for the hope of landing on Boardwalk or Park Place.

A Problem With Focus

Another aspect to which marketers should pay attention is the details behind the research they often use to power a company's production decisions. Lehrer explains this brilliantly, using an example that many readers may have experienced at one time or another, especially if they traveled to Las Vegas or Orlando: the TV focus group. (*Editor's note: TV focus groups often take place in these locations because they offer the largest collection of people from all corners of the United States.*)

It's a proven fact that focus groups, as a predictor of success for television shows and movies, are shaky, at best. However, the entertainment industry still continues to rely on them. What they fail to realize, and *How We Decide* willingly points out, is that focus groups rely on impulsive emotions to indicate whether or not they like or dislike a program. This can be deceiving to marketers attempting to understand an audience's data.

For example, Lehrer cites a number of shows that were tested in the wake of NBC's overwhelming success with *Friends*. Each network's answer to *Friends* was built on a similar premise: A group of young Caucasians hang

out in a central location and exchange witty banter. In the majority of cases, each of these programs tested very well with the audience. The shows were given the green-light and they debuted on each respective network, only to disappear within a few episodes.

What happened? Lehrer points out that test audiences based their response on an empathic reaction to the new series. In essence, each show made them feel like they were watching *Friends*, so they scored the new show as if it were *Friends*. In the ensuing fall, when Thursday night rolled around, people got their fix of these good feelings by watching, you guessed it, *Friends*.

A Good Trade-Off? Not Necessarily

What makes *How We Decide* such a profound read is the book's ability to make the reader challenge his or her own perceptions. Executives are taught to be firm decision makers. A business demands the quick examination of data to arrive at a decision with far-reaching consequences. The best executives are perceived as those who can weigh their options and know the best road to travel without lengthy debate.

The importance of speed in an executive's decision-making abilities should not be underestimated when it applies to certain situations. Lehrer explores the notion of overthinking when it comes to decisions of all sizes. This particularly applies to situations where a perceived "trade-off" is at work.

Lehrer's strongest moments come when he cites a researcher's hypothetical situation to demonstrate his point. In the case of trade-offs, the psychologist gives readers a choice between a three-bedroom condo that leads to a 10-minute commute, or a five-bedroom house with a commute nearly five times longer. Given the time to consider such an important decision as where to live, the majority of people choose the larger house.

The reasons for this relate to a phenomenon of extrapolation that researcher Ap Dijksterhuis calls a "weighting mistake." People base their decision on the idea that having a couple extra bedrooms will be great for when relatives or friends stay over. However, the infrequency of people spending the night is given more weight than the misery of a 50-minute commute that occurs five days per week for 50 weeks of the year.

It's important to note that this research may be somewhat deceiving. There may be other factors at work, such as a person's desire to have a backyard or a latent fear of living in an urban environment. Yet, the fact remains that from a purely logical standpoint, the brain does not properly weigh its options when making this critical decision. Executives are cautioned to be aware of this tendency when it comes to considering certain

aspects of their businesses, such as adding staff or considering the necessary amount of office space.

A Dollar Is (Not) Always A Dollar

It may appear that some of Lehrer's studies are directed at how consumers react in various situations, but it's important to note that many executives spend a good portion of their time (and the company's money) making purchasing decisions. As a result, it's essential to understand how the brain makes justifications to itself as it relates to spending.

How We Decide does an amazing job of detailing the brain's personal accounting system. As Lehrer points out, the human mind is incapable of making computations fast enough to make accurate decisions based on pure logic. This is why a human is still capable of beating a machine at a game such as chess, especially when placed under time constraints. The brain creates shortcuts to avoid having to do a day's worth of math, arriving at a decision in a matter of seconds.

In the purchasing realm, these shortcuts can place a value on intangibles, such as time. Here's a classic example: You are an independent retailer whose business frequently has buckets of change leftover from the day's takings. While change is still legal tender, it is also cumbersome. You have two options: put the change into rolls and receive their exact value from the bank, or dump the buckets of change into a bank's auto-counter and receive 94 cents for every dollar the machine counts. Logically, you would want to get every penny's worth out of your dollar. However, every day, banks across the U.S. see dozens of people opt to dump their change into the auto-counter.

The person's brain put the time savings on one side of the scale and the full amount of money on the other side. In this instance, time conquers cash. It's very likely that this sort of decision occurs in the workplace, as well. Executives are advised to be mindful of the brain's shortcuts when evaluating their employees' (or the

leader's own) decisions. With companies struggling to account for every dollar spent during this period of economic crisis, it is essential that leaders lock-down on why money is spent. They may be surprised to learn that individuals were merely looking to avoid extra effort by spending a little extra money.

Why It's Unfair to Compare

Readers may find themselves drawing instant comparisons between *How We Decide* and Martin Lindstrom's 2008 release *Buyology: Truth and Lies About Why We Buy* (Editor's Note: Summarized in the May 2009 edition of *Soundview Executive Book Summaries*). While both books use neuroscience as the basis for explaining some aspects of decision making, they should not be given apples-to-apples treatment. Lindstrom's book is primarily focused on brain function as it relates to consumerism. Lehrer's book delves into more than buying decisions. This makes it an excellent read for leaders in all levels of an organization.

Each book deserves an equal amount of attention. It's not justifiable to ask the question, "If I can only read one of these two books, which one is the best one?" They serve different purposes and both authors execute their respective missions with elegance and purpose. Do yourself a favor and check out both titles. There are great lessons to be learned from each.

How We Decide is one of the few books in recent memory that serves a multitude of organizational needs without advertising itself as specializing in any one area. What the reader learns from the book will largely be dependent on his or her ability to extract the pertinent information from Lehrer's writing, then apply it to his or her own situation.

The mind is mysterious and complex. While we may never fully discover every secret it contains, it is very rewarding to take an exploratory look. *How We Decide* is the most enjoyable attempt currently in print. Pick up a copy and see what (and how) you think. ●

The author: Jonah Lehrer is editor at large for *Seed* magazine and author of *Proust Was a Neuroscientist*. A graduate of Columbia University and a Rhodes Scholar, Lehrer has worked in the lab of the Nobel Prize-winning neuroscientist Eric Kandel and has written for *The New Yorker*, *The Washington Post* and *The Boston Globe*. He edits the *Mind Matters* blog for *Scientific American* and writes his own highly regarded blog, *The Frontal Cortex*.



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