

DECISION MAKING FRAMEWORK

Annie Duke proposes a six-step framework for making better decisions by fully evaluating each potential option and their reasonable outcomes.

STEP 1
IDENTIFY THE REASONABLE SET OF POSSIBLE OUTCOMES.

STEP 4
ASSESS THE RELATIVE LIKELIHOOD OF OUTCOMES YOU LIKE AND DISLIKE FOR THE OPTION UNDER CONSIDERATION.

STEP 2
IDENTIFY YOUR PREFERENCE USING THE PAYOFF FOR EACH OUTCOME-TO WHAT DEGREE DO YOU LIKE OR DISLIKE EACH OUTCOME, GIVEN YOUR VALUES?

STEP 5
REPEAT STEPS 1-4 FOR OTHER OPTIONS UNDER CONSIDERATION.

STEP 3
ESTIMATE THE LIKELIHOOD OF EACH OUTCOME UNFOLDING.

STEP 6
COMPARE THE OPTIONS TO ONE ANOTHER.

SIX-STEP FRAMEWORK FOR MAKING BETTER DECISIONS (*How To decide by Annie Duke*)



Building your own decision-making framework

Now that we've explored some ways to improve your decisions, how can we turn that into a personalised decision-making framework?

Like anything, making decisions is a profoundly personal activity, and I may make a very different decision with what to do with my \$10k compared to what you would do.

There are so many factors that go into the decisions we make. That is, it can be difficult to compare the decision-making skills of two different people.

The way I've decided to work on improving my own decisions is by creating a template that I work through when assessing a major decision.

DECISION MAKING FRAMEWORK

Example questions for your decision making template

- What is the decision to be made?
- When do I need to make a decision by?
- What are the options on the table?
- What are the potential outcomes of each option?
- What is my preferred outcome and the likelihood of that occurring?
- What is the likelihood of an undesirable outcome occurring?
- Is there anything I can do to mitigate the chances of an undesirable outcome occurring?
- What impact will these potential outcomes have on my family and friends?
- Does my decision align with my values and will I be happy with who I am even if it turns out badly?
- What can I do to improve the chances of reaching a successful outcome after making my decision?

I'd encourage you to create your own framework detailing the questions you'd like to work through for the next big decision that you make.

Don't worry if it's not complete, this will be an ever-evolving process that you refine and adapt throughout your lifetime.

Your decision making questions...
