

Pray for Boogie

I could feel a lot more pressure on the team as a whole this week, purely due to the real simulations starting up. This meant there was an increased chance we could fall into one of the many hidden traps that are entwined in decision making.

Our team ended up doing reasonably well (particularly in the second turnover) in the practise run, and because of this I believed that there was a high possibility I could be affected by the overconfidence trap.

The reason I could see this being a problem is because we had just completed a practice of the actual simulation, and because it had gone pretty well, my confidence was at an all-time high. "Even though most of us are not very good at making estimates or forecasts, we actually tend to be overconfident about our accuracy" (Hammond, J. S., Keeney, R. L., & Raiffa, H. (1998)). This quote tells me that people are naturally confident with their predictions and because I am even more confident with myself and my team, I had to make sure the overconfidence trap didn't negatively impact myself and the group.

Being overconfident with forecasts could be the downfall of a group in this course. (Hammond, J) states that people are "overly confident about the accuracy of their predictions, most people set too narrow a range of possibilities. If our team were to do this it could have a severely negative impact that would cause us to lose sales, market share, profit etc, which would in turn lead to a loss in SHV. Considering there are 5 other teams we are competing with, it pays to be anything but certain, particularly in the early stages of the simulation.

To prevent this from happening it was important for our team to examine the extremes, the low and high ends of the possible range of values, for every decision possible. This helped me and the team avoid being anchored by an initial estimate. It is also important for our team to avoid copying what we did last time because the teams we are up against are completely different and the decisions being made by others are sure to change.

References

Daudelin, W. M. (1996). Learning from experience through reflection. *Organizational Dynamics*, 24(3), 36-48.

Hammond, J. S., Keeney, R. L., & Raiffa, H. (1998). The hidden traps in decision making. *Harvard Business Review*, 76(5), 47+.