

## SWAY

### The irresistible pull of irrational behaviour

Ori & Rom Brafman

#### Book summary

This 168 page book is an easy read. I found it hard to put down once I started because of the fast paced stories that explained how we act in an irrational manner. The uniqueness of the book is that it tells stories without the technical jargon of how we think.

1. In the face of serious mishaps, people often turn a blind eye to objective information.
2. **Diagnosis bias** – when we label a person or situation, we put blinders to all evidence that contradicts our diagnosis. E.g. a patient comes to the Doctor “complaining once again for no reason”. Except, this time the ailment was real and the Doctor failed to treat the patient. In the author’s example, the patient dies.
3. **Loss aversion** – Our tendency to go to great lengths to avoid possible losses. The more meaningful a potential loss is, the more loss averse we become. In other words, the more there is on the line, the easier it is to get swept into an irrational decision. How many investors held onto Brex gold stock to the bitter end?
4. **Value attribution** – Our inclination to imbue a person or thing with certain qualities based on initial perceived value, rather than on objective data. On a January morning in a Washington subway, a world famous violinist played for commuters with his \$3.5 million Stradivarius violin. He wore a baseball cap and jeans. The commuters attributed the value they perceived to the quality of the performance. Instead of hearing an outstanding concert, they heard street music. How often do we discard an idea from a “wrong” person but blindly

follow the advise of someone who is highly regarded (Bernie Madoff before he made off with millions of peoples money)

5. Once we attribute a certain value to a person or thing, it dramatically alters our perceptions of subsequent information, both good and bad. The value that we attribute to something fundamentally changes how we perceive it. When you get something at a discount, the positive expectations don't kick in as strongly. When you pay a premium for the product, then it must be good.
6. Value attribution is such a strong force, that it has the power to derail our objective and professional judgement and affect our decision making.
7. We experience the pain associated with a loss much more vividly than we do the joy of experiencing a gain. Even the threat of a loss makes us reconsider a situation.
8. **Commitment** – a powerful force that can cause us to continue down the path of destruction. It is difficult to let go even when clearly things are clearly not working. (the USA in Iraq, Vietnam, the collapse of Nortel ) The deeper some people dig a hole, the more they continue to dig. E.g. spending more than you earn, too much debt, going bankrupt. When looking a potential loss in the face, we hope against hope that everything will turn out OK. E.g. A gambling addiction.
9. Aversion to loss on its own is strong, but when it converges with commitment, the force becomes an even more powerful influence in shaping our thinking and decision making.
10. **Labelling** – page 99 has some very interesting examples of the positive and negative impact of labelling people:
  - If you work for someone who believes in you, you will step up to the challenge.
  - If however, there's nothing that will make you feel more incompetent and demoralized than working with someone who is convinced you don't have what it takes.
  - The same goes for diagnosis. If the Doctor says you are "crazy", suddenly now everything you do that is a bit odd will

support that you are “crazy”. Even if you are not crazy, being labelled can be self-perpetuating.

- This is known as the Pygmalion effect (describing how we take on positive traits assigned to us by someone else) and the Golem effect (describing how we take on negative traits).
- The Chameleon effect, page 104 -If someone says that you are beautiful, thoughtful, etc., you are likely to act that way. Diagnosis can have a lasting effect on your health.
- Studies on aging – negative stereotypes about aging contributes to memory loss and cardiovascular weakness, and even reduce overall life expectancy by an average of 7.5 years.

11. **Procedural justice** – when it comes to fairness, it is the process not the outcome that causes us to act irrationally. The need to be heard is critical when life happens to us as with customer complaints. If the supplier of a faulty product or service keeps an open line of communication, regardless of the outcome, the customer responds more favourably with this process. Well delivered feedback makes people feel that they are valued. It provides depth, design and direction to our conversations, it enhances the quality of the encounter.

12. **Blocker’s, Initiator’s, Supporter’s & Observer’s in group dynamics:**

- **Blocker’s** – are essential but will find reasons why a project will not work. They will mostly collide with the Initiator. Blocker’s question the wisdom or merit of new decisions. They raise points about the harmful consequences that might follow. Blockers are not often given a fair hearing. Dissent has proven to be helpful in building consensus, it makes a better opinion. Blocking may not be pleasant, but it can save lives, money and family well being by taking a stand. It is worth the price of this book to just read how a pilot error caused the death of 584 lives due to the co-pilot not being a “Blocker”. The airline industry has since acted on this issue to train airline crew to act as effective blockers. (page 164)

- **Initiator's** – are always coming up with new ideas. They tend to be optimistic and have a tendency to rush to action. However, their fresh energy, creativity, and drive can be instrumental when it comes to innovation. According to Lo Tzu “He who does not trust enough will not be trusted.”
- **Supporter's** – they take one side or the other. They tend to support the Blocker or the Initiator.
- **The observer** – stays fairly neutral and tends to merely comment on what's going on.

13. The airlines have developed a three step process to deal with this issue referred to under “the blocker”:

- State the facts – “our approach speed is off”.
- Challenge - use the persons name.....”Mike, we are moving too fast down the run way”. This will get the Captains attention.
- Take action – Take control, communicate with the air traffic controller the perceived problem.

I trust you find this summary and the book as intriguing as I did.

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