# How Shortcuts Cut Us Short:
## Cognitive Traps in Philanthropic Decision Making

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Center for Evaluation Innovation

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Anyone who tracks the popular business literature has come across at least one article or book, if not a half dozen, that applies the insights of cognitive science and behavioral economics to individual and organizational decision making.[1] These authors apply social science research to the question of why so many strategic decisions yield disappointing results, despite extensive research and planning and the availability of data about how strategies are (or are not) performing.

The diagnosis is that many of our decisions rely on mental shortcuts or "cognitive traps," which can lead us to make uninformed or even bad decisions.[2] Shortcuts provide time-pressured staff with simple ways of making decisions and managing complex strategies that play out an uncertain world. These shortcuts affect how we access information, what information we pay attention to, what we learn, and whether and how we apply what we learn. Like all organizations, foundations and the people who work in them are subject to these same traps.

Many foundations are attempting to make better decisions by investing in evaluation and other data collection efforts that support their strategic learning. The desire is to generate more timely and actionable data, and some foundations have even created staff positions dedicated entirely to supporting learning and the ongoing application of data for purposes of continuous improvement.[3]

While this is a useful and positive trend, decades of research have shown that despite the best of intentions, and even when actionable data is presented at the right time, people do not automatically make good and rational decisions. Instead, we are hard-wired to fall into cognitive traps that affect how we process (or ignore) information that could help us to make better judgments.

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[1] For example, Kahneman, D. (2011). *Thinking, fast and slow.* New York: Farrar, Straus, and Giroux. Heath, C., & Heath, D. (2013). *How to make better choices in life and work.* New YorK: Crown Business. Thaler, R., & Sunstein, C. (2009). *Nudge: Improving decisions about health, wealth, and happiness.* New York: Penguin.
[2] Tversky, A., & Kahneman, D. (1974) Judgment under uncertainty: Heuristics and biases. *Science, 185,* 1124-1131.
[3] Coffman, J., Beer, T., Patrizi, P., & Thompson, E. (2013). Benchmarking evaluation in foundations: Do we know what we are doing? *The Foundation Review, 5*(2),36-51.

## Why do our brains get caught in cognitive traps?

In his book *Thinking, Fast and Slow,* Nobel prize-winning economist Daniel Kahneman explains that our brains operate with two processing systems:

- **System 1** makes rapid intuitive decisions based on associative memory, images, and emotional reactions. It is fast, automatic, intuitive, and runs largely in unconscious mode.
- **System 2** is our slow, deliberate, analytical, and effortful mode of reasoning about the world. System 2 monitors the output of System 1 and is supposed to override it when our emotional hunches or quick assumptions conflict with logic, probability, or some other decision-making rule.

But the problem is that System 2 is lazy and tires easily, often missing important moments when logic or probability would lead us to a different conclusion than our first choice of (re)action. Therefore, we act on mental shortcuts—or cognitive traps—making bad decisions that a more deliberate engaging of System 2 could have prevented.

Kahneman, D. (2011). *Thinking, fast and slow.* New York: Farrar, Straus, and Giroux.

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**Foundations need to build new ways of thinking and interaction that help to combat cognitive traps, support rigorous inquiry, and foster more deliberative decision making.** This brief highlights several common cognitive traps that can trip up philanthropic decision making, and suggests straightforward steps that strategists, evaluators, and organizational learning staff can take to address them.

# COMMON COGNITIVE TRAPS IN PHILANTHROPY

Cognitive traps can hinder any decision a foundation makes about its strategies. This includes early strategy-development decisions, such as how to define the problem being addressed, how to construct a theory of change to address it, and which grantees are best suited to do the work. It also includes decisions made during implementation, such as whether strategy adjustments are needed or whether to renew funding for certain activities or grantees.

Five cognitive traps that commonly affect philanthropy are described below. For each, examples are included to show where in the grantmaking cycle foundations might be particularly vulnerable.

## Confirmation Bias

Foundation staff frequently invest both financially and emotionally in the communities and organizations they support, as well as the strategies and theories of change they develop. Based on extensive research and planning, program staff draw conclusions about the nature of a problem and the scope of possible solutions to it, and then commit to partners and particular courses of action. As strategies unfold, grant reports, evaluations, and partner feedback provide data about how their bets are playing out. Ideally, foundations use data and learning about what is and is not working to make ongoing decisions about funding, the provision of auxiliary supports, and the development of new partnerships to support the strategy. But because of the emotional, financial, and other commitments

foundations have made to people, ideas, and actions, many points along this cycle of action are susceptible to one of the most common of cognitive traps: confirmation bias.

**Confirmation bias is a tendency to seek information that confirms our existing beliefs and opinions about how the world works, and to overlook or ignore data that refute them.** This bias is unwitting; we fall prey to it unintentionally and unconsciously. Worse yet, the more expertise we have in a particular content area, the *more* susceptible we are to it because we so easily become overconfident about the rightness of our opinions.

Confirmation bias also gets in the way of high-quality decisions in other ways:

**Decisions at high risk of confirmation bias are those where decision makers:**

- Have a high level of expertise or experience in the topic area
- Are emotionally invested in the issue
- Have deeply entrenched beliefs about how something works or ought to work
- Regularly interact with a cohort of like-minded thinkers

- We apply more scrutiny to data and information that disconfirm what we believe than to data that confirm it. In other words, we require a higher level of evidence to prove things that we do not want to be true, while our standard of evidence for things we want to be true is much lower.
- We interpret ambiguous or equivocal evidence as supportive of our existing positions.
- We apply more weight to information acquired early and form an initial opinion, and then evaluate information acquired later in a way that is partial to that opinion.

Where to watch for confirmation bias

- *During initial strategy development.* Foundations commonly begin strategy planning with an environmental scan and expert interviews that identify where the most pressing problems are in an area and how philanthropy might help to address them. Although this process typically seeks a mix of stakeholder perspectives, confirmation bias can lead us to talk only to individuals who interpret problems and see possible solutions in similar ways. After all, interviewees typically include those we already know and with whom we already have worked. Contradictory opinions or evidence are often dropped from analysis as "outliers" after initial decisions about the course of action are made. This can result in a false sense of certainty and confidence about a plan and its ability to succeed.
- *When evaluation data are presented.* Evaluators often face confirmation bias when bringing midcourse findings to program staff for interpretation. Program staff come to the table with deep investments in the issue (both emotionally and because their success as an employee is at stake), and as content experts with strong ideas about how change should happen. As a result, confirmation bias might cause foundations to "cherry pick" evaluation findings subconsciously, focusing on unique successes, even when larger patterns in the data reveal mediocre or even poor results. Confirmation bias might get compounded if favorable results and examples are then cherry picked further for presentation to executive management or foundation boards.

## Escalation of Commitment

Many foundations make big bets on particular solutions, investing in multimillion-dollar strategies that are implemented for years or even decades. Funders also commonly commit long-term to big investments in particular grantees. But the nature of bets is that they do not always work out as expected, although an outside observer would rarely know it because foundations abandon their bets and concede failure so infrequently. One reason for this is the cognitive trap of escalation of commitment, which makes it difficult to revisit past choices.

**Escalation of commitment happens when we remain committed to our ideas and investments even when data clearly demonstrate that the future cost of continuing support outweighs the expected benefits.** We fall into this trap because it is painful to pull the plug on something in which we have invested a great deal of time and money.[4] We think, "We've worked so hard, we can't quit now!" regardless of evidence that our approach is failing or not living up to expectations.

One hypothesis for why we are so susceptible to escalation of commitment is that our feelings of personal responsibility for an investment's failure coupled with our natural desire to see ourselves as competent make us convince ourselves that the failing investment will turn around if we simply invest even more. Also, our natural aversion to loss causes us to place greater value on not losing what we have already invested than on gaining the same amount or more in the future.[5]

### Decisions at risk for escalation of commitment are those where a foundation:

- Commits resources to a course of action in the hope of achieving a positive outcome
- Experiences disappointing results

### The likelihood for escalation of commitment increases as:

- "Sunk costs" of the investment increase
- The project is nearer to completion
- Failure can be attributed to unexpected outside forces
- The individual or team members who made the original decision are the same ones responsible for deciding whether to continue or change paths

Where to watch for escalation of commitment

- *During strategy development and approval.* Many program staff commit extraordinary energy during strategy development to research, stakeholder consultations, and grueling theory of change processes that attempt to project strategic outcomes far into the future.[6] This iterative process of strategic brainstorming, researching, devising, and refining can often take a year or more before a strategy is ready to be vetted internally or externally.

[4]Staw, B. (1976). Knee-deep in the big muddy: A study of escalating commitment to a chosen course of action. *Organizational Behavior and Human Performance*, 16, 27-44.
[5]Kelly, T., & Milkman, K. (2013). Escalation of commitment. In E.H. Kessler (Ed.) *Encyclopedia of Management Theory.* Thousand Oaks, CA: Sage.
[6]Patrizi, P. & Thompson, E.H, (2011). Beyond the veneer of strategic philanthropy. *The Foundation Review, 2*(3), 52-60.

This enormous investment of time upfront is fueled by the best of intentions; program staff want to be responsible stewards of foundation resources. But it also means that even before a strategy has gone to foundation executives and boards, staff already are highly invested in their chosen course of action and averse to questions about it or suggestions to refine it. Program staff dread the thought of having their strategies questioned and having to revisit decisions and rewrite lengthy strategy justifications if holes are poked in their plans. Therefore, by the time strategies are presented to executives or board members, they are highly polished packages. Every challenge has been anticipated, every word carefully crafted, and the strategy's presentation has been carefully rehearsed in order to head off challenging questions. As upfront investments in strategy development increase, the likelihood that plans will be changed decreases, even in response to the most legitimate and insightful strategy questions.

- *With organizational systems and processes.* Foundations have grantmaking processes and systems that staff across the organization use. These might include, for example, electronic grants management systems, dashboards or other reporting structures, and knowledge management and communications processes. Escalation of commitment can occur with these systems (even when they are not all that useful) because it often takes significant time and resources to develop them and train staff on how to use them correctly. Foundations that have made significant investments in a grants management system, for example, will often continue to use a poorly performing system and patch together needed workarounds so they can get their money's worth from their initial investment, even when data and experience show that patches and lost time from inefficiency going forward will cost more than moving to a new system altogether.

## Availability Bias

Philanthropy is full of vivid stories. Staff, boards, and donors often are moved to invest and act by compelling stories of how individuals are affected by problems, or by inspiring stories of promising solutions to address them. In addition, foundations often emphasize individual stories of change to communicate their successes, both internally (e.g., in board presentations) and externally (e.g., in annual reports).

**Availability bias is stronger when decision makers' minds have easy access to:**

- Experiences or stories with deep emotional impact
- Vivid images
- Examples that are particularly salient to one's own life

As useful and moving as inspiring stories can be from a communications standpoint, they also can cause foundations to misdiagnose the drivers of a problem, select solutions that lack sufficient reach, and misunderstand the degree of progress accomplished. This is because vivid, well-told, and frequently repeated stories contribute to a cognitive trap called availability bias.

**Availability bias makes vivid events or examples that come easily to mind seem more likely to occur.** It makes us inaccurately estimate frequency or probability.

Easy access to memories of a story or a particular event causes us to believe that the event is much more common or possible than it really is, and to overestimate the likeli-

hood of similar things happening in the future. For example, we overestimate the threat or frequency of horrific events like school shootings, plane crashes, and terrorist attacks during the months after well-publicized events occur because memories of those stories are still fresh and impactful. This can lead to policy decisions that address the risk of extremely rare events while far more likely risks are left unaddressed. Availability bias also is present when highly visible stories of technology entrepreneurs who become extraordinarily wealthy after a public offering leads employees in new startups to overestimate the potential benefits of choosing stock options over a higher salary, even though it is much more likely that the startup will fail or never see the same kind of returns.

Where to watch for availability bias

- *During strategy implementation.* Most program staff in foundations are engaged grantmakers—they monitor grantees, check on their progress, and conduct site visits to interact with the work firsthand. When assessing a strategy's progress, making decisions about its future, and thinking about what a whole cohort of grantees might need, staff who monitor and conduct site visits with multiple grantees can easily focus on the most recent site visit or the most dramatic and salient example of a challenge or success, rather than the most common observations.

- *When interpreting or communicating strategy progress.* Evaluators, program staff, and communications officers should beware of availability bias when reporting results on strategy progress. Oftentimes, particularly when presenting results to foundation boards, illustrative stories or quotes are used to highlight evaluation findings, lessons learned, or successes. Choosing the most dramatic stories or quotes rather than the most representative ones can lead strategists and decision makers to a wrong understanding of what is happening. While this may be appropriate for foundation public relations and communications materials, it can get in the way of good decision making based on more systematic and comprehensive data and evidence.

## Bounded Awareness

Most foundations specialize long-term in certain program areas, such as children and families, the environment, mental health, or education. These areas often are based on the interests of the founders, and over the course of investments that span many decades foundations develop deep expertise and known legacies in those areas.

This long-term specialization has numerous benefits. It allows foundations to explore varied strategies for solving particular problems and to learn a great deal about what approaches do and do not work. It also allows them to develop a

### Bounded awareness happens when:

- Change occurs gradually, making us more likely to miss critical signals.
- We are highly focused on looking for specific kinds of changes, making us likely to miss others that may be of equal or more importance.

### Costs of bounded awareness are highest when:

- Decisions are high priority. We oversearch for information in low-priority decisions, and undersearch when they are high priority.

deep understanding about the field of organizations—nonprofits and other funders—working in a particular area and their unique strengths and weaknesses. This knowledge both informs grantee selection and helps funders to make connections that can lead to useful collaborations. Presumably, a foundation would get smarter and more strategic the longer it invested in an area. But one cognitive trap seriously challenges this presumption—bounded awareness.

**Bounded awareness occurs when we fail to see, seek, use, or share highly relevant and readily accessible information.**[7] We tend to operate with blinders at multiple points in the decision-making process—when we ignore critical facts, fail to notice changes occurring gradually around us, or miss the importance of the information we have.

Bounded awareness is not simply about information overload, or about making decisions with too much information and too little time. Even when we are not "drinking from a fire hose" of information[8] and have the luxury of time to make complex decisions, we still fail to bring the right information into our conscious awareness when we need it.[9]

Where to watch for bounded awareness

- *When selecting goals.* Many foundations practice strategic philanthropy, aiming to achieve their own clearly defined goals, pursuing those goals in collaboration with grantees, and then tracking their success in achieving the goals.[10] The selection of specific and measurable goals to be achieved on a defined timeline encourages foundations to focus, which many perceive as a smart and strategic way for foundations to achieve impact with limited resources. However, for foundations practicing strategic philanthropy, there can be a danger of becoming overly focused. Focus limits awareness, leading us to miss or ignore important information and opportunities that fall outside of our area of concentration. Strategies and objectives focused on achieving those goals create boundaries that can frame the issue in an overly narrow way, causing us to overlook other approaches that might be more efficient or effective at solving problems.

- *When developing theories of change.* When identifying theories of how strategies will play out and achieve short- and long-term change, foundations can be particularly susceptible to bounded awareness, which causes them to replicate familiar activities rather than to look at new ideas or explore fully what might be needed for change. For example, if a foundation has a long tradition of funding coalitions to achieve policy goals, and those coalitions have been largely successful, that foundation is more likely to fund coalitions again regardless of the effectiveness of the solution. It is difficult to break free from patterns, in part because bounded awareness prevents us from seeing alternatives.

## Groupthink

Many foundations try to improve the quality of their decision making and to reduce the silos that often occur across program areas by encouraging the use of group or team decision

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[7] Chugh, D., & Bazerman, M. (2007). Bounded awareness: What you fail to see can hurt you. *Mind and Society, 6*(1), 1-18. [8] Frank, C. J, & Magnone, P. F. (2011). *Drinking from the fire hose: Making smarter decisions without drowning in information.* New York: Portfolio/Penguin.
[9] Bazerman, M., & Chugh, D. (2006). Decisions without blinders. *Harvard Business Review,* 84(1), 88-97.
[10] Brest, P. (2012). A decade of outcome-oriented philanthropy. *Stanford Social Innovation Review,* 10(2), 42-47.

making, both internal and external. They hope that by pulling individuals from different departments, such as communications, evaluation, or other program areas, or by creating advisory groups with outside stakeholders, decisions will be informed by multiple and diverse perspectives. This is based on belief that there is more "wisdom in crowds," or that the aggregation of information in groups generally results in decisions that are better than those that could have been made by any single member of the group.[11]

**Teams are more susceptible to groupthink when working conditions include:**

- Strong directive leadership
- Time pressure
- Important and complex decisions

While this can be an effective way to combat cognitive traps in the initial stages of working together, the ability of teams to challenge traps can drop over time. In fact, the individual biases described above tend to be compounded rather than mitigated when we work in groups and teams because of the cognitive trap groupthink.

**Groupthink happens when the desire for harmony in a decision-making group overrides a realistic appraisal of alternative ideas or viewpoints.** Small groups that have worked together for years are particularly susceptible to this "culture of cordiality," as group members start to see the world in the same way and unintentionally shut down opportunities for innovations or disregard contrary ideas and evidence. Our natural aversion to conflict makes us vulnerable to groupthink.[12]

Where to watch for groupthink

- *In any foundation group.* Foundations are full of teams and group meetings. For example, most foundations have teams at both the initiative and overall program-area levels that are made up of program staff who manage grants within those areas. For many foundations, program staff attrition is low and team membership remains relatively stable over time. Teams meet regularly—weekly, biweekly, or monthly—to talk about grantmaking processes, discuss progress, problem solve challenges, and explore new opportunities. Because these groups tend to be so stable and these meetings occur with such regularity, the process of meeting itself can become rote and insular, making the team susceptible to groupthink. With regular meetings locked into electronic calendars months in advance, little consideration is given to "mixing it up" every once in a while—inviting others to attend, changing the format and agenda, or alternating who leads the group.

- *During strategy implementation.* While external perspectives often are sought during the strategy development process, it is much less common for teams to invite outsiders back in to help monitor the strategy once it hits the ground, and to consider evaluative findings as they come in and their implications.

[11] Surowiecki, J. (2004). *The wisdom of crowds: Why the many are smarter than the few and how collective wisdom shapes business, economies, societies and nations.* New York: Anchor Books.
[12] Janis, I.L. (1982). *Groupthink: Psychological studies of policy decisions and fiascoes.* Boston: Houghton Mifflin.

## SUMMARY OF TECHNIQUES TO COMBAT COGNITIVE TRAPS

| | | Which trap does it combat? | | | | |
|---|---|---|---|---|---|---|
| | | Confirmation Bias | Escalation of Commitment | Availability Bias | Bounded Awareness | Groupthink |
| 1 | Use devil's advocacy. | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2 | Invite an outsider's perspective. | ✓ | ✓ | | ✓ | ✓ |
| 3 | Look for disconfirming evidence and ask for the bad news. | ✓ | | ✓ | | |
| 4 | Focus on trends rather than individual experiences. | | | ✓ | | |
| 5 | Remind yourself what you do not know. | ✓ | | ✓ | ✓ | |
| 6 | Play out alternative perspectives and solutions. | ✓ | | | ✓ | ✓ |
| 7 | Build forward-looking cost-benefit estimations into processes. | | ✓ | | | |
| 8 | Encourage course corrections. | | ✓ | | | |
| 9 | Develop decision teams that include more than the original decision makers. | ✓ | ✓ | | ✓ | ✓ |
| 10 | Build earlier check-ins into the strategy approval process. | | ✓ | ✓ | | ✓ |
| 11 | Reduce upfront strategy planning time in favor of ongoing strategy development. | | ✓ | | | ✓ |

## TECHNIQUES TO COMBAT COGNITIVE TRAPS

Making sure we do not fall prey to cognitive traps requires more than being aware that they exist. Being aware does not make us better able to avoid them. We actually have to employ approaches that deliberately counteract our tendency to take shortcuts.

The techniques that follow are ideas that foundations can build into existing processes and grantmaking cycles to combat cognitive traps. Some relate to how people interact with each other or to what information is sought and how that information is considered. They suggest redesigning decision-making opportunities and moments to consider carefully who is participating, what questions the team is asking, and what data are brought to the table. Others suggest some broader restructuring of organizational processes and culture.

### 1. Use devil's advocacy.

A devil's advocate is someone who takes a position that he or she does not necessarily agree with for the sake of argument, and then seeks to engage others in an argumentative discussion. Use of this technique involves intentionally assigning someone to play devil's advocate during a meeting when decisions are being made or when evaluation data are being reviewed or interpreted. The devil's advocate might be asked to offer several reasons why something is a bad idea, or why a particular position might fail. It can be especially effective to ask a strong advocate of a particular course of action to switch to the devil's advocate role midway through a discussion.

### 2. Invite an outsider's perspective.

There are two perspectives on any given decision—an insider's and an outsider's. Insiders tend to be more biased and to look at individual situations or decisions as unique. Outsiders are more capable of generalizing beyond an individual situation and bringing other experiences to the table when making decisions. Outsiders tend to make better decisions than insiders because they incorporate broader and relevant data from previous decisions.[13] Experience shows, however, that too rarely we invite outside perspectives, and when we do, we tend to discount them as less informed or relevant. This technique involves simply inviting outsiders to participate in strategic discussions when important decisions are being made. An outsider may be, for example, a foundation staff member from another program area, or someone outside of the foundation altogether.

### 3. Look for *disconfirming* evidence and ask for the bad news.

The search for disconfirming evidence—or that something is ***not*** working as intended—actually provides more useful insights and learning than looking for evidence that something is working as intended. We process bad information more thoroughly than good.[14] Many monitoring and evaluation processes, however, are designed to seek evidence that

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[13] Bazerman, M.H, & Moore, D.A. (2009). *Judgment in managerial decision making.* John Wiley & Sons.
[14] Baumeister, R.F., Bratslavsky, E., Finkenauer, C., & Vohs, K.D. (2001). Bad is stronger than good. *Review of General Psychology, 5*(4), 323-370.

desired outcomes are occurring or that the theory of change is playing out as intended. This approach takes a different tact by designing literature reviews, interviews, data collection, and learning discussions specifically to find and explore data that argue against foundation perspectives, assumptions, and hopes.

It can be hard to get the bad news from grantees and partners who compete for a foundation's resources, so it also may be helpful to ask people outside of the foundation's normal circle to share any signals they see that a particular problem is not improving, or that an organization is not performing as well as hoped. Before deciding if a favorite grantee should receive increased funding, ask why the grantee might not be the best one for the job. Before pursuing a particular solution to a complex problem, ask why that solution might be a bad idea—who might react negatively and what adverse effects might it cause? This kind of intentional focus on the story we do not want to hear may not lead us down a different path, but it can raise issues or challenges we had not considered.[15]

## 4. Focus on trends rather than individual experiences.

Rather than selecting the most dramatic or seemingly compelling quote or story to illustrate progress or evaluation findings, it is better practice to focus on representative anecdotes or quotes—or a range of stories or quotes—that help strategists develop a more accurate understanding of the frequency or probability of a particular condition or event.

## 5. Remind yourself what you *do not* know.

In the days before the first U.S. invasion of Iraq in the early 1990s, Secretary of Defense Colin Powell regularly said to his intelligence officers: "Tell me what you know, tell me what you don't know, and only then can you tell me what you think."[16] By instituting a practice of explicitly stating what is *unknown or uncertain* about a problem (e.g., its causes, history, effects, magnitude, variations) and what is unknown about the proposed solution (e.g., the level of "market demand" for the solution, where it has worked and why, how much money it will cost to be successful), staff can become more aware of potential blind spots and also build their ability to design more thorough research processes.

## 6. Play out alternate perspectives and solutions.

During strategy planning processes and midcourse reviews, it is useful to keep track of alternative perspectives about the nature of the problem, as well as competing or opposing hypotheses about the best way forward. Planning groups should explore questions such as: What would you do if alternative perspectives about either the problem or the solution were right? Can you find a way forward that encompasses more than one of the possible solutions? In addition, when monitoring data, evaluation findings, or stakeholder feedback send mixed signals about whether the strategy is working or a grantee is successful, explore which solution might be pursued if each perspective was accepted as true.

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[15] Heath, C., & Heath, D. (2013). *How to make better choices in life and work*. New York: Crown Business.
[16] Wright, L. (2008, January 21). The Spymaster: Can Mike McConnell fix America's intelligence community? *The New Yorker.* Retrieved from http://www.newyorker.com/reporting/2008/01/21/080121fa_fact_wright?currentPage=all

## 7. Build forward-looking cost-benefit estimations into processes.

While foundations are more susceptible to escalation of commitment as their resource expenditure grows, these "sunk costs" are not relevant to the value of a decision going forward. When deciding whether to continue on the chosen path or to change direction—whether with a grantee, a strategy, or a data system—foundations should calculate or estimate the expected benefits of a decision versus its costs *starting today*.

## 8. Encourage course corrections.

Much as the media and voters in the United States routinely punish "flip flopping" politicians, many organizations inadvertently discourage staff from changing course, even when data and learning suggest they should. Boards and executive staff can amplify escalation of commitment when they reward program staff for ushering their strategies through the approval process without any significant challenges, questions, or changes. Praising and rewarding staff for being willing to rethink past decisions (and modeling that behavior at the board and executive level) can minimize the sense of personal stake that drives escalation of commitment.

## 9. Develop decision teams that include more than the original decision makers.

An ongoing decision team that includes more than those who developed the strategy originally (and who therefore have a personal investment in the existing course of action) can help to minimize several cognitive traps. This can be challenging in foundations where a single program officer "owns" a strategy or has a long-term relationship with a grantee, and therefore has the most knowledge about the problem, the context, and what has worked to date. In this situation, it may be useful to employ an external contractor to assess the relative value of different alternative paths going forward, one of which is the current course of action.

## 10. Build earlier check-ins into the strategy approval process.

Rather than presenting strategies to executive staff or boards when they are fully baked, foundations should consider an earlier and more regular check-in process that presents emerging data along with two to three possible pathways forward *for real discussion*. Describing options and their tradeoffs rather than presenting a single recommended path will allow for doubts and gaps to be explored jointly rather than covered over (only to reappear later). Briefly documenting key decisions made in those discussions along with the supporting rationale can increase staff and executives' recognition that complex work involves risks, tradeoffs, and a level of uncertainty, all of which is better managed in an ongoing way during implementation rather than by creating the "perfect" plan.

## 11. Reduce upfront strategy planning time in favor of ongoing strategy development.

Although rigorous planning in philanthropy serves the important purpose of guarding against the squandering of resources, the implementation of strategy "is too complex to

assume that strategy can be developed at just one point in time and remain fixed."[17] Theories of change that project pathways to success with great detail for years into the future give foundations a false sense of certainty and linearity about how things will unfold.[18]

Instead of committing to creating detailed long-term plans that will have to be modified anyway, foundations should spend upfront strategy development time doing sufficient research to create "strategy first steps" for executives and boards to approve, with the understanding that the strategy will continue to develop (and they will continue to be consulted) over time. Theories of change and metrics of success can be fleshed out as staff and grantees learn and strategies evolve. By setting up the expectation that strategy decisions will be revisited on a more frequent basis, the tendency to escalate commitment in particular can be minimized.

## CONCLUSION

Understanding the pitfalls of cognitive traps and applying techniques to avoid them will not guarantee good decisions or successful strategies. The availability of good data and application of thorough analysis, for example, also are key. But even when these are in place, cognitive traps can thwart even the best analysis and the smartest strategic minds.[19] Many of the techniques suggested here are relatively simple ideas that can be applied easily in any decision-making context. While it's true that some decisions have only minor consequences, foundations implementing high-value, high-impact strategies are likely to find the effort to make better decisions is both warranted and well worth it.

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[17] Patrizi, P. & Thompson, E., (2011). Beyond the veneer of strategic philanthropy. *The Foundation Review, 2*(3), 52-60.
[18] Patrizi, P., Thompson, E., Coffman, J., & Beer, T. (2013). Eyes wide open: Learning as strategy under conditions of complexity and uncertainty. *The Foundation Review, 5*(3), 50-65.
[19] West, R.F., Meserve, R.J., & Stanovich, K.E. (2012). Cognitive sophistication does not attenuate the bias blind spot. *Journal of Personality and Social Psychology, 103*(3), 506-519.

## AUTHORS

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