

Life is poker, not chess

Resulting

Tendency to equate quality of outcomes to outcome

Do not attach outcomes to decision quality

Chess has a high correlation between decision quality and Outcomes

Life is a poker

Decision making

Luck

Two components and there are 8 possibilities

outcome

Decision Quality	Luck	Outcome
Good	In favor	Positive or Negative
Bad	Not in favor	Positive or Negative
Good	Not in favor	Positive or Negative
Bad	In Favor	Positive or Negative

Try to mentally disassociate Outcomes with decision quality

Personal life is small data

Extrapolating the decision quality from outcomes is flawed and biased

Reflexive vs Deliberate

Prefrontal cortex
Is a thin layer
It is already taxed

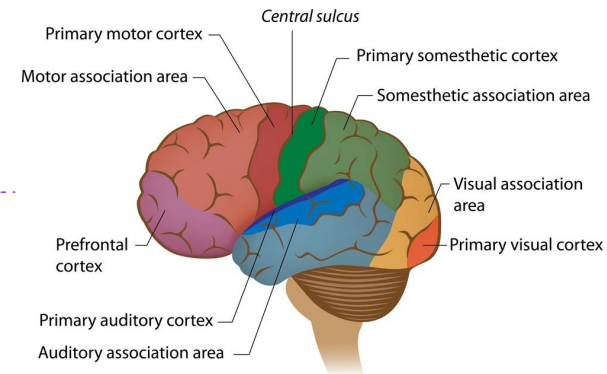
Most of the decisions are made by reflexive brain

Summary

Decisions are bets on future
They aren't right or wrong based on the whether they turn out well in one iteration

Better view of the world

Think probabilistically and revise odds



Brain is always finding shortcuts. What we can do is have a ruler to check what we are seeing and improve decision quality



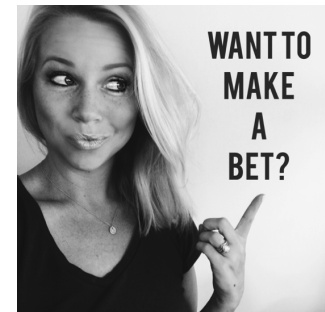
What tools do you have in your Arsenal?

But we are doing this

we hear about something
we take it as true
only later when we have time, we verify

we hear something
we verify the statement
We start believing

Bad decision makers
by default



We think we are doing this

People are credulous creatures
who find it very easy to believe and
very difficult to doubt

Seeing the world in binary

Forced to vet beliefs

Every decision is a bet

Can you put a \$ value for every decision

Wanna Bet?

Our beliefs drive the bets we make

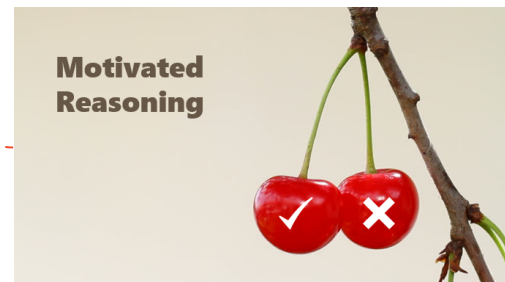
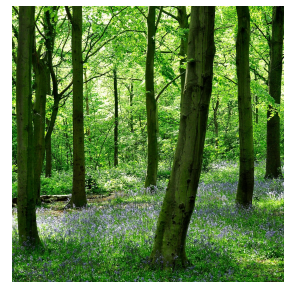
Most bets are bets against ourselves

More smart - worse in assessing odds

1. We hear something
2. We believe it is true
3. We vet it later



Nature rarely invents
new mechanisms. It reuses
what's working



The way we reason ,
we interpret
information, depends
on our inherent beliefs

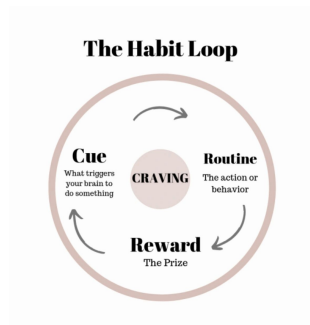


You spin better
stories to support
your beliefs(that
are ultimately
wrong)

Dan Gilbert

If we want to believe X, we ask "Can I believe X"

If we don't want to believe X, we ask "Must I believe X?"



You need to look at outcomes and apportion the proportion that one can attribute to luck and skill

Experience is necessary but not sufficient

Look at outcomes

Use the outcomes to Update the beliefs

Bayesian thinking

Bet to learn

Cue Routine Reward loop

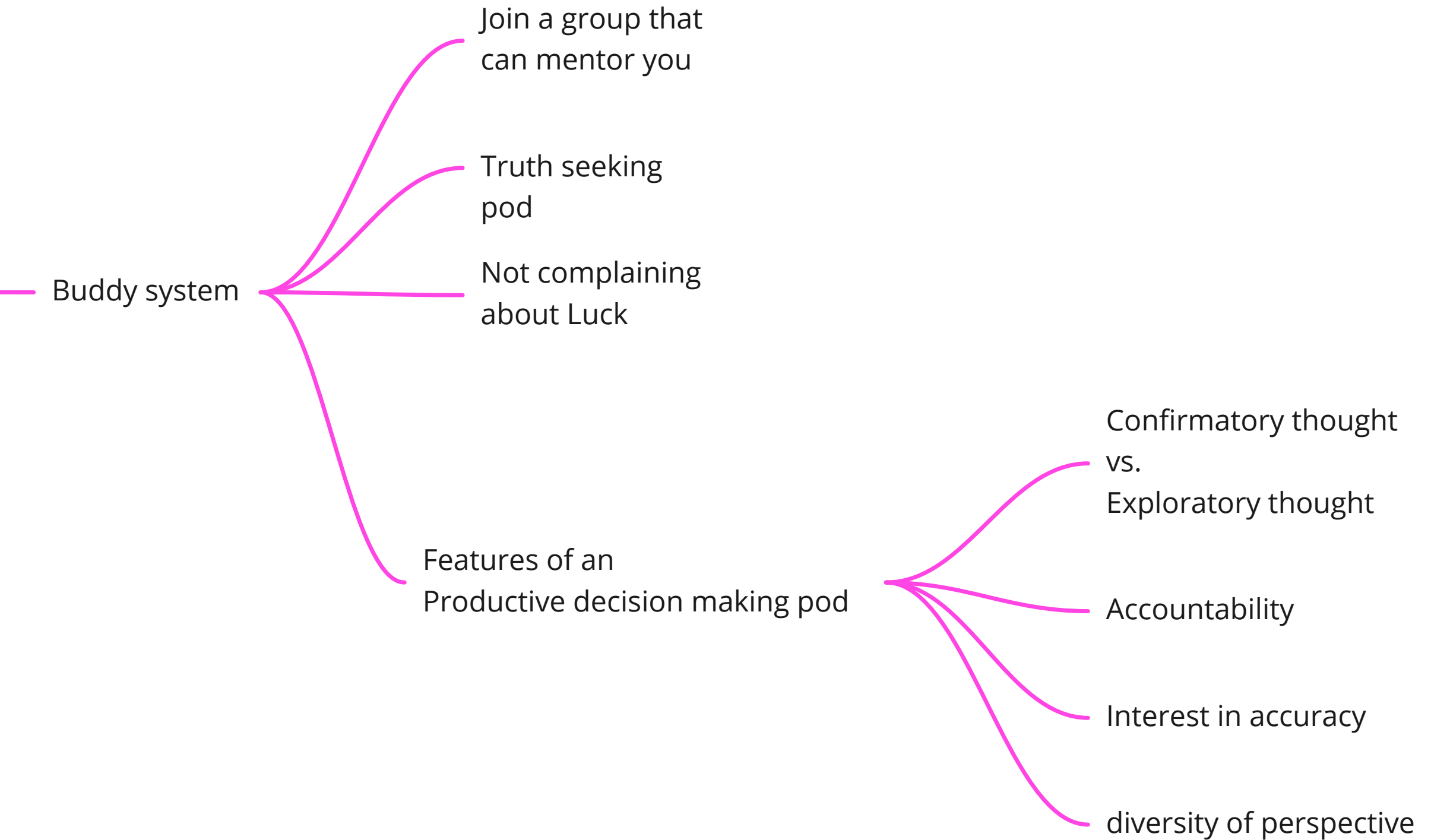
Fielding outcomes

Self serving bias

Belief → Bet → Outcomes

variance in happiness levels

Most of it is accounted by how we are doing comparatively



Adventures in Mental time travel

collide with past
And future versions of
Yourself

Night Jerry - Morning Jerry

Temporal
discounting

Several aspects in life
fall in this category

Back casting

Pre mortem

Regret in front of our
decisions

Scenario planning

Watching the ticker
Vs.
Long term trend

Mental time travel

Ask yourself
Are you watching ticker ?

TILT

Ulysses contracts
Time travel to precommit

Decision swear jar

Visualise life as
Tree

Trunk as past

Branches as possible future paths

Reduce hindsight bias

BACKCASTING

REAL-TIME DECISIONS

FORECASTING

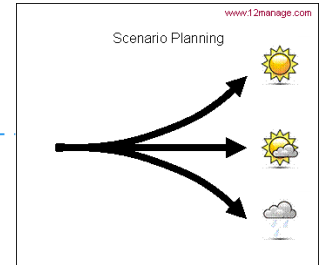
SCENARIO PLANNING

TIME

PRESENT

FUTURE

Consequences
of Action in
10 minutes
10 months
10 years



Emotionally
unhinged in your
decision making
because of the
way things turned
out

