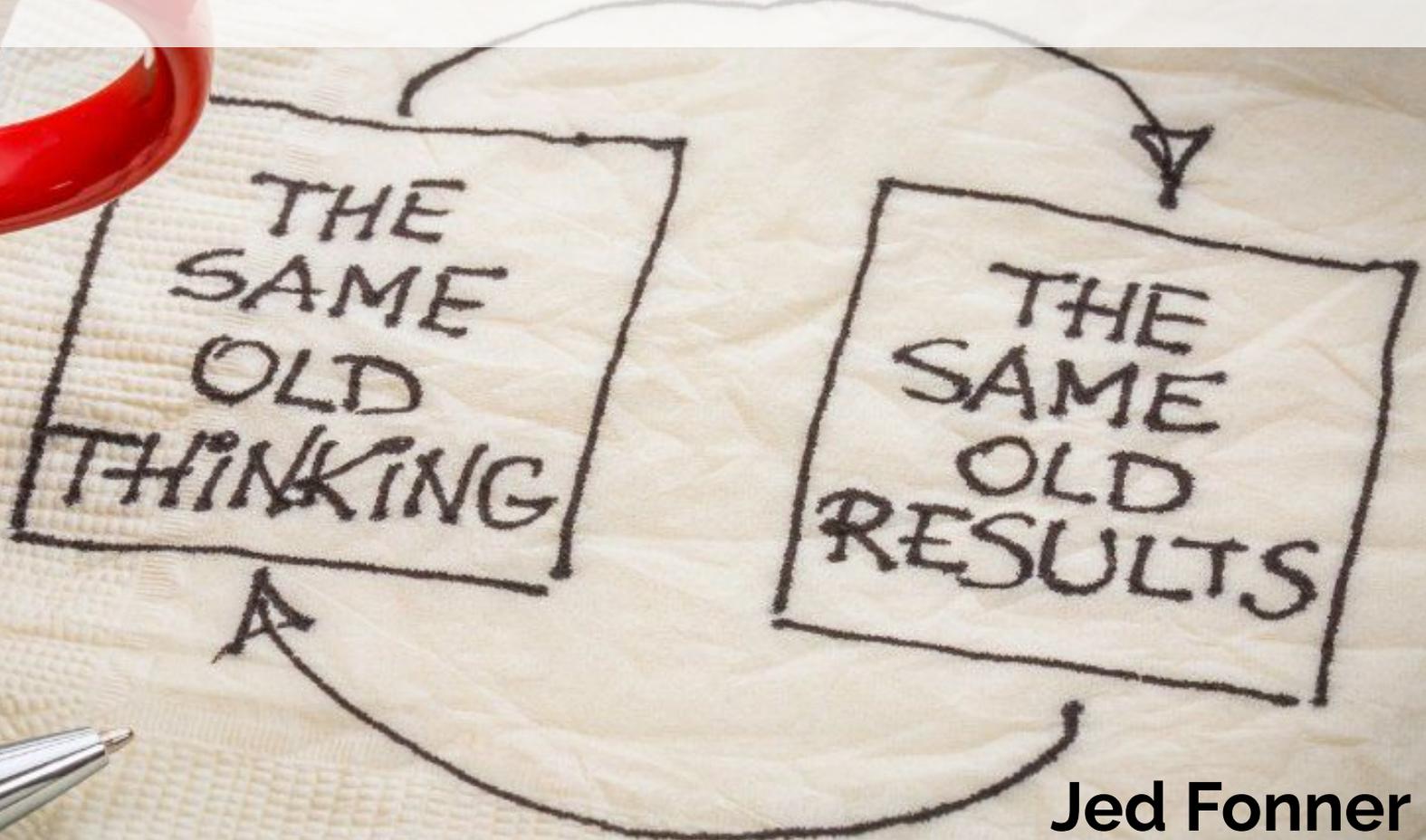


Biases and the Status Quo



Jed Fonner

How would you react to the following change?

- "We all need to stop using IntelliJ and switch back to Eclipse"
- "We've got a brand new coffee machine in the kitchen"





Why?

We are not
always logical.

We have
emotions and
biases.

Status-Quo Bias

Risk Aversion



Mere Exposure &
Endowment Effect

1. Risk Aversion Bias

Which do you choose?

A. a 90% chance of winning \$100 (10% chance of \$0)

B. a sure gain of \$80

Most people pick B. Why?

Because **losses** hurt more than **gains** feel good.

Is that a big deal? Yes!

The desire to **avoid losses**
has been shown to be
TWICE as strong
as the desire **for gains**.

A gain must be twice the loss

90% chance of
winning \$178

Sure gain of \$80

Expected value: \$160

Expected value: \$80



2. Mere Exposure Effect

How often do you...

- Explore a new way to drive to work?
- Listen to a new podcast instead of your existing podcasts?
- Try a new flavor of Ben & Jerry's ice cream instead of your favorite flavor?

2. Mere Exposure Effect

That thing you know > That thing you don't

In other words, things tend to grow on us.

or

Familiarity breeds ~~contempt~~ comfort.

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3. Endowment Effect

Famous study (Kahneman, Knetsch and Thaler, 1990):

- Some subjects were given a mug
- Other subjects were tasked to buy the mug
- Mug "buyers" were willing to pay ~ \$3
- Mug "owners" demanded ~ \$7 for the mug

Why the difference?

3. Endowment Effect

Once you **own** something
you start to place a **higher value** on it
than you would
if you were going to buy it today

A row of four mugs is shown against a dark background. From left to right, there is a white mug, a brown mug, a grey mug, and another white mug. The mugs are slightly out of focus, creating a sense of depth. The text is overlaid on the mugs, with the central brown mug being the most prominent.

Bias for the status quo

Your **attachment** to things that you are comfortable with (mere exposure) or own (endowment),



Your **fear** that a new thing will be worse outweighs any optimism of it being better (loss aversion)



You **resist** changing to the new thing (status quo).

But Continuous Improvement!

To be agile, you must be continuously improving.

But we naturally resist change.

What to do?

Kaizen:

**Small changes add
up to
big improvements**

Combat your own status quo bias

STOP and consider if your initial reaction to a change is **logical** or due to your **biases**.



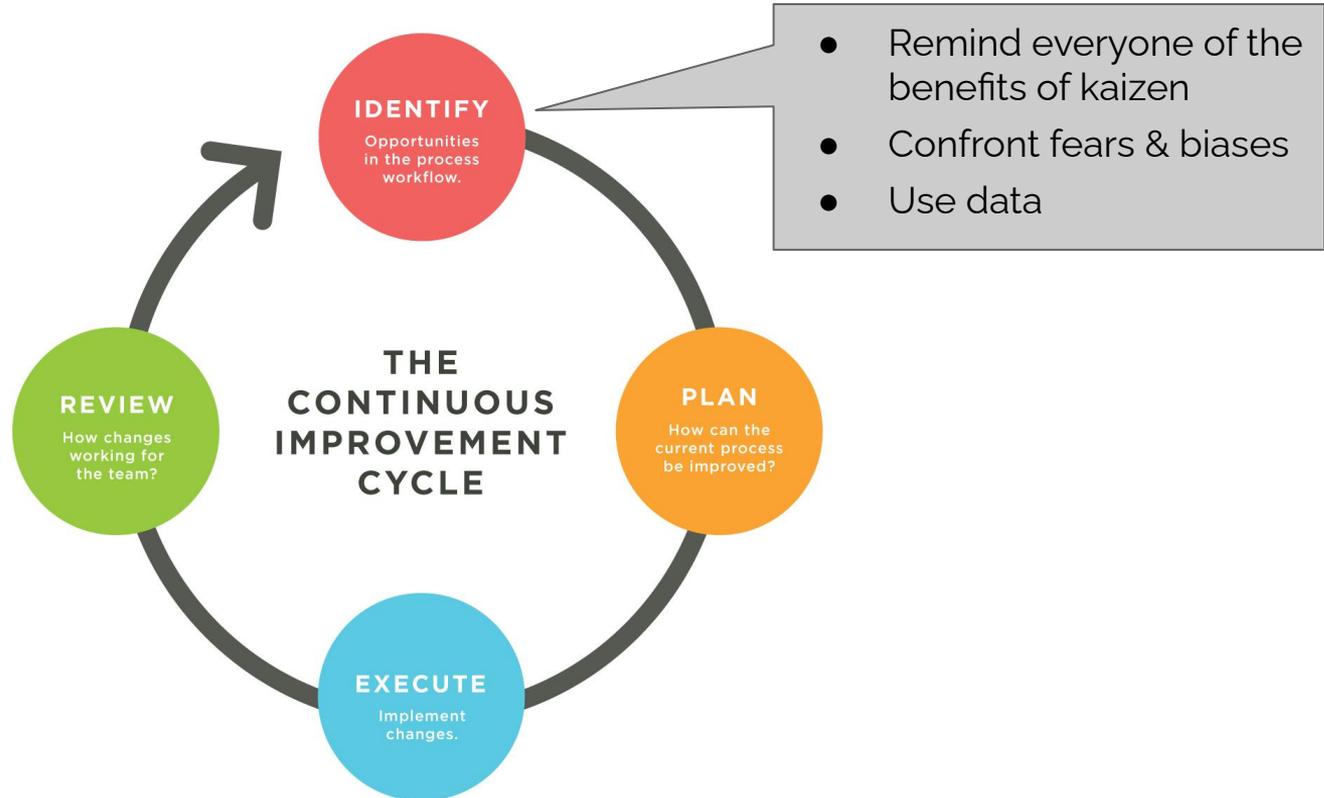


Combat your own
status quo bias

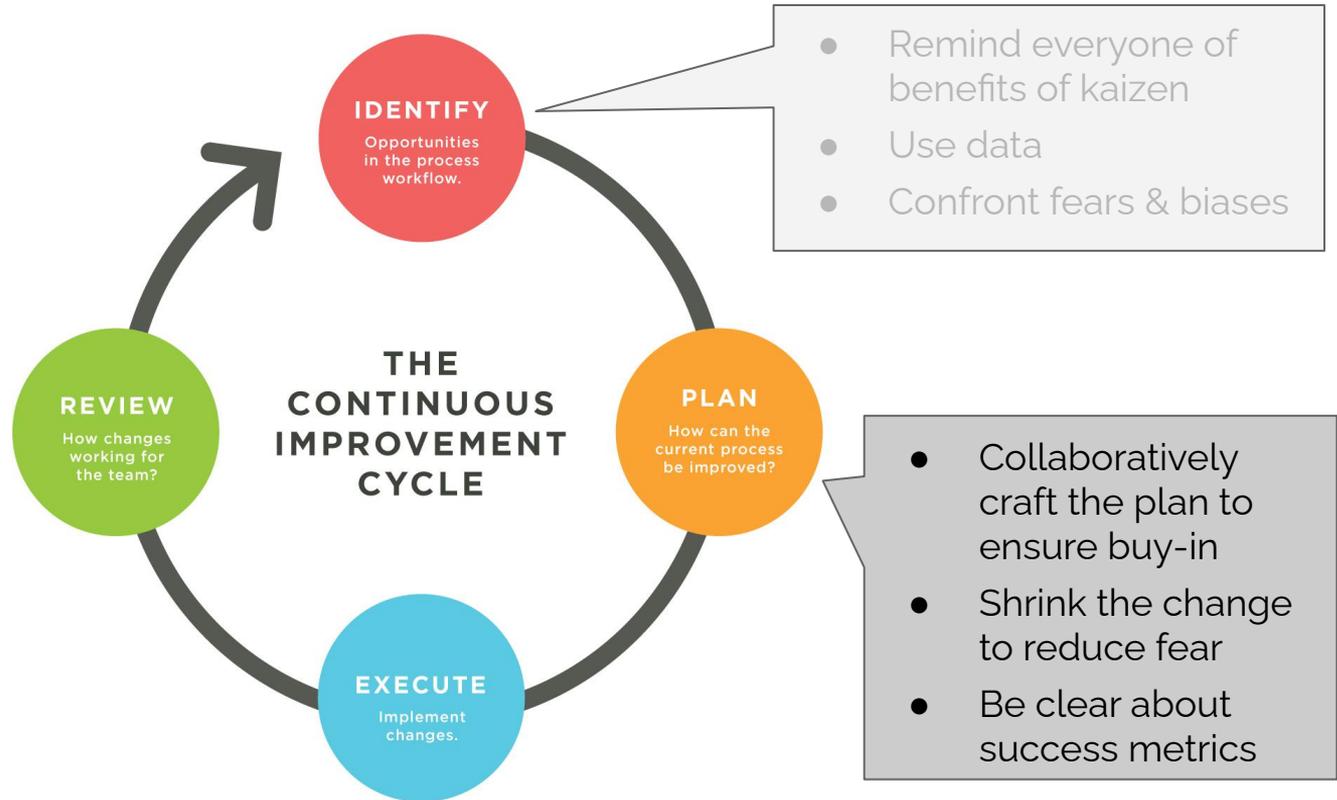
Take ***yourself*** out of the equation.

Think: what would you advise a friend in the same situation?

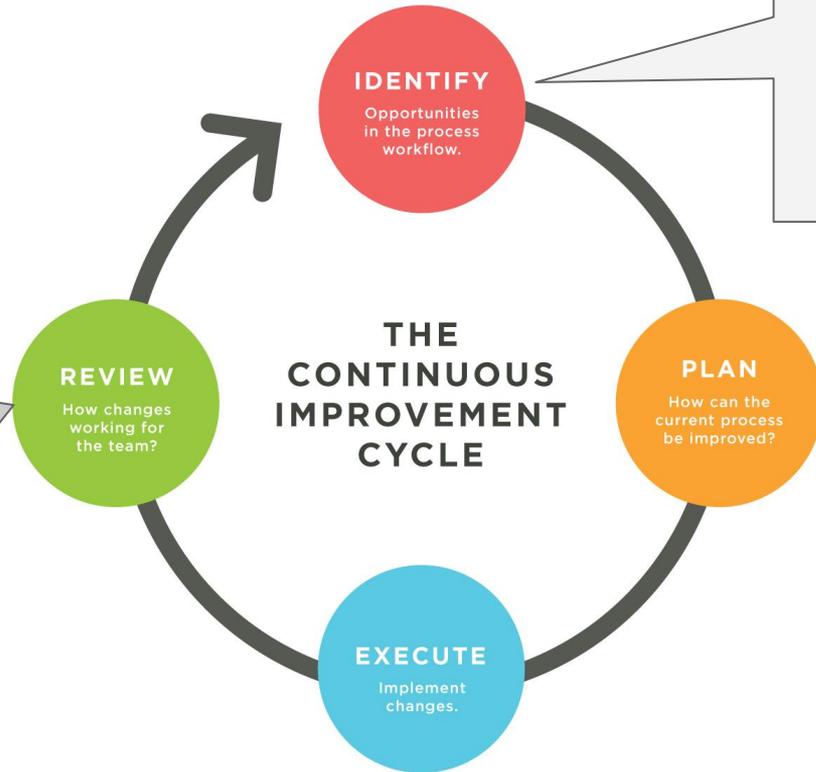
Help your team combat its bias



Help your team combat its bias



Help your team combat its bias



- Remind everyone of benefits of kaizen
- Use data
- Confront fears & biases

- Don't be afraid to admit mistakes (changes are less scary if they're not permanent)

- Collaboratively craft the plan to ensure buy-in
- Shrink the change to reduce fear
- Be clear about success metrics

You can defeat the status quo bias!

