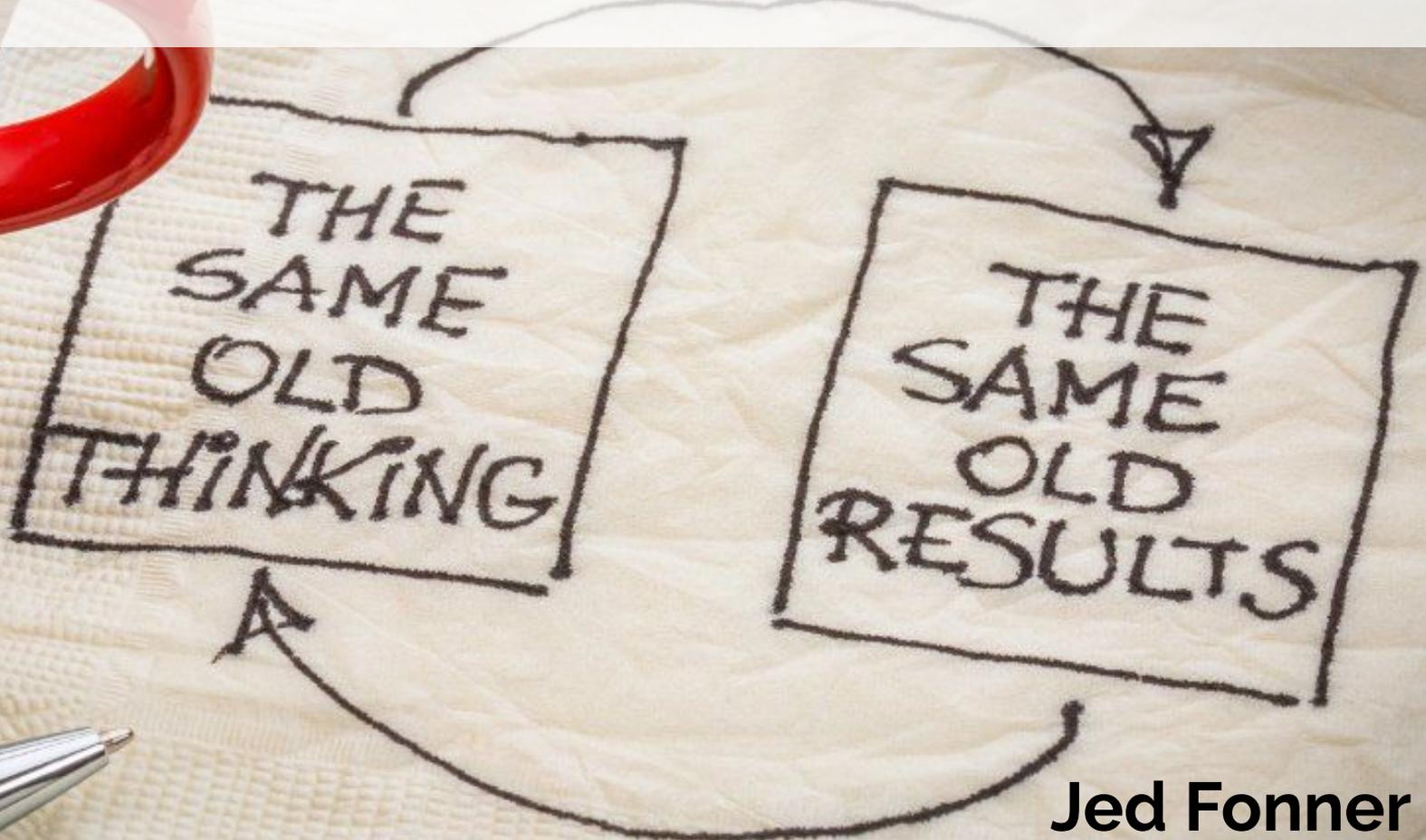


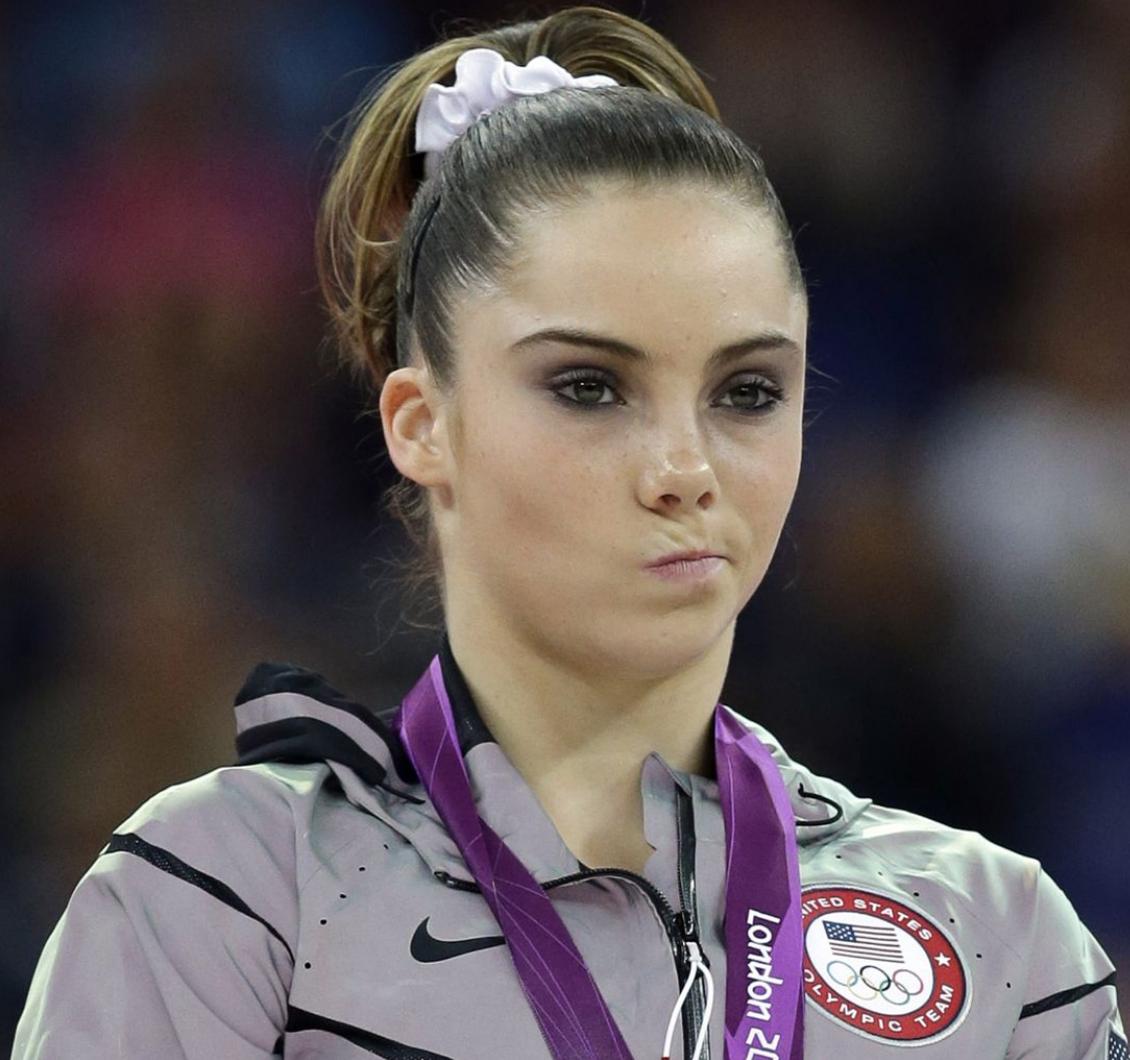
# Biases and the Status Quo



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

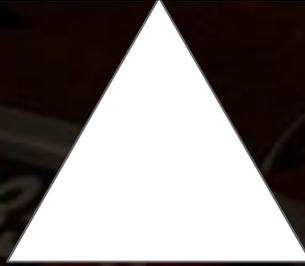
90% chance of  
winning \$178

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.**

## 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.**

### 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 lighting is soft, highlighting the textures of the ceramic.

# 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**.



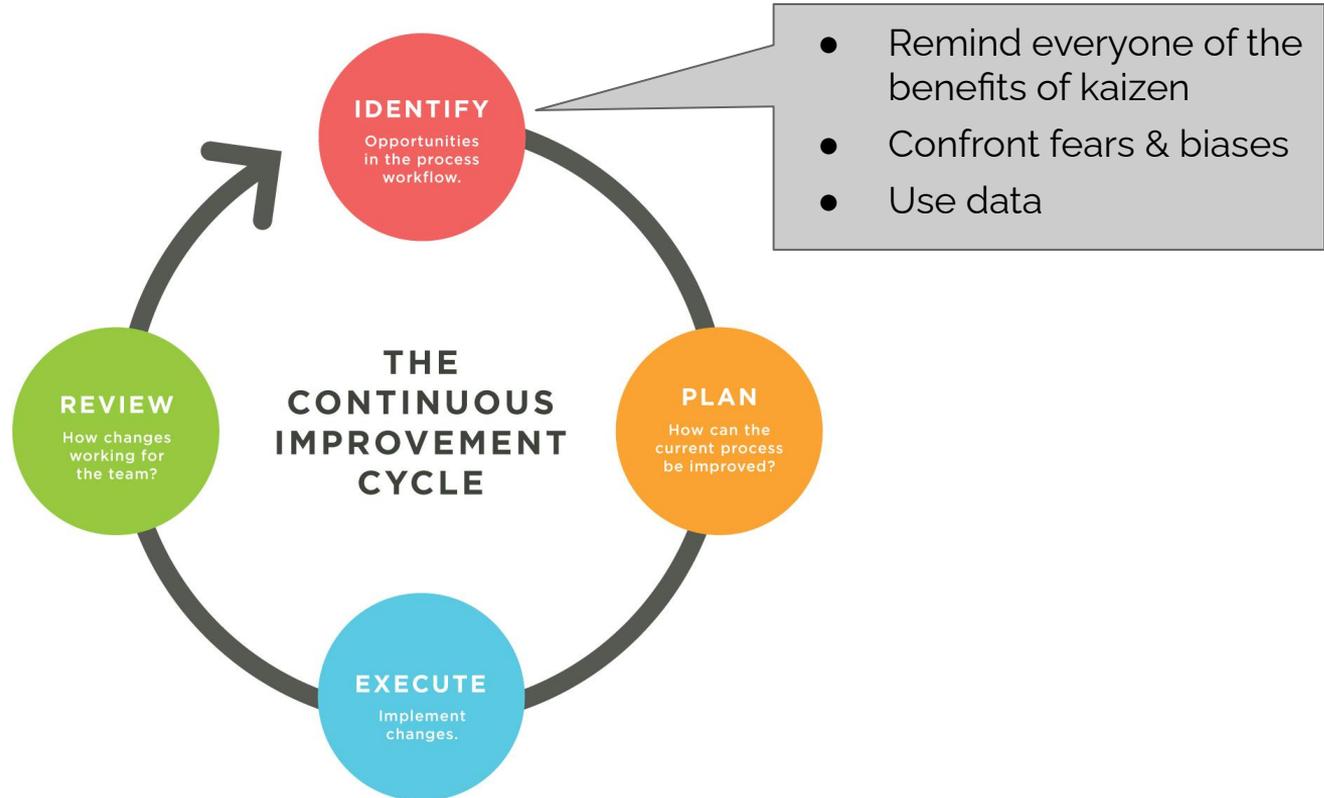


Combat your own  
status quo bias

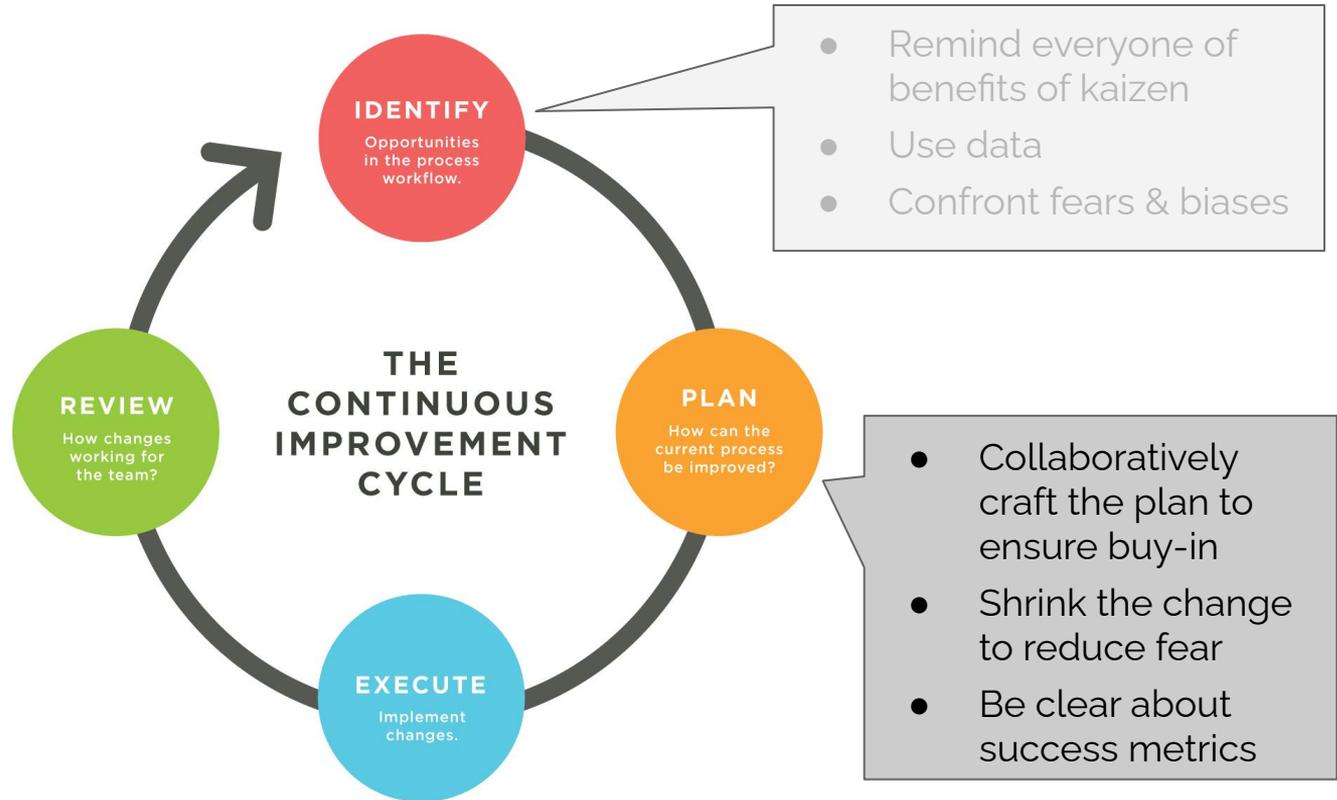
Take ***yourself*** out of the equation.

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

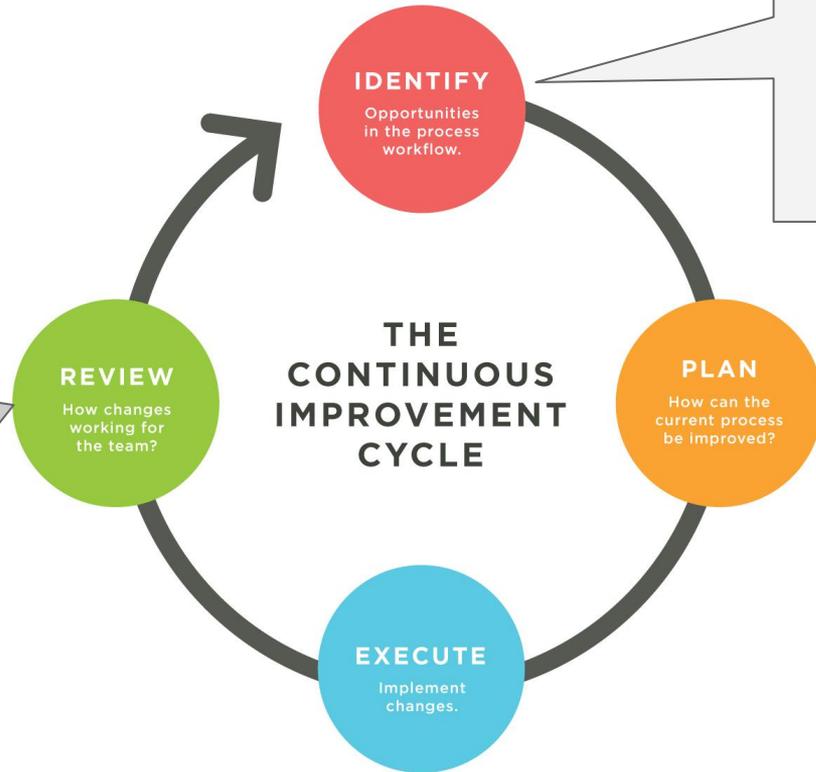
# Help your team combat its bias



# 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!

