

WHY DO SMART PEOPLE MAKE IRRATIONAL DECISIONS EVERY DAY? THE ANSWERS WILL SURPRISE YOU

Dan Ariely's book "Predictably Irrational: The Hidden Forces That Shape Our Decisions" will help managers who want to really understand their customers and themselves. They will find new insights into the way we all act, in the marketplace, workplace and in their personal lives.

In an intriguing, witty and utterly original way using a series of illuminating and sometimes surprising events, Ariely helps to answer some key decisions our subconscious mind makes.

"Why have you set yourself a deadline you know you're unlikely to meet?"

"Why have you been lured in by a free gift that will give you no value?"

As a behavioural economist Ariely demonstrates how expectations, emotions, social norms and other invisible, **seemingly illogical forces change our reasoning abilities.**

Dan Ariely shows how these behaviours are not random, but systematic and predictable. Ariely explains how to break through these patterns of thoughts to make better decisions.

Ariely carried out experiments of what people actually do when they buy, sell, change jobs, marry and make other every day decisions.

How do our expectations influence our actual opinions and decisions?

Ariely tackles the concept of how expectations affect our lives through a simple American Football analogy. Two friends are watching a football match and a last minute touch down is given. One friend is cheering "What a great catch, that was great!" while the other is saying "That's completely out. I can't believe the ref didn't see it!"

How is it that two friends watching the same event interpret it in two opposing ways? This is the key question for Ariely when it comes to expectations.

What Ariely concludes is that we approach expectations from a number of different angles, notably: personal affinity, precursory knowledge, presentation, belief, reputation and stereotypes. He believes that "If we acknowledge that we are trapped within our perspective, which partially blinds us to the truth, we may be able to accept the idea that we generally require a neutral third party – who has not been tainted by our expectations – to set down the regulations, and come up with answers."

Although understandably difficult, it is beneficial enough just to try.

Why is everything relative, even when it shouldn't be?

He gives us an example of buying houses, showing why most buyers choose the more expensive, but often less valuable house amongst the houses they are shown.

"We like to make decisions on comparisons. We are given a choice between three houses; a contemporary, and two colonial (one of which needs a new roof). We don't know much about the contemporary, but we do know that one colonial is better than the other. Therefore, reason will dictate that the colonial with the good roof is better overall."

Ariely believes, therefore, that the contemporary house is discarded as an option as we "not only tend to compare things...but also tend to focus on comparing things that are easily comparable – and avoid things that cannot be compared easily."

The contemporary house is purely there as a decoy.

This book may cause to you re-look at your offers, and your benefits – and re-position your brand as a buyer or seller.

"The most difficult part of investing is managing your emotions. Dan explains why that is so challenging for all of us, and how recognising your built-in biases can help you avoid common mistakes."

Charles Schwab, Chairman and CEO, The Charles Schwab Corporation

"Predictably Irrational is wildly original. It shows why much more often than we usually care to admit, humans make foolish, and sometimes disastrous mistakes. Ariely not only gives us a great read; he also makes us much wiser."

George Akerlof, 2001 Nobel Laureate in Economics

Dan Ariely is the Alfred P. Sloan Professor of Behavioural Economics at MIT Sloan School of Management.

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