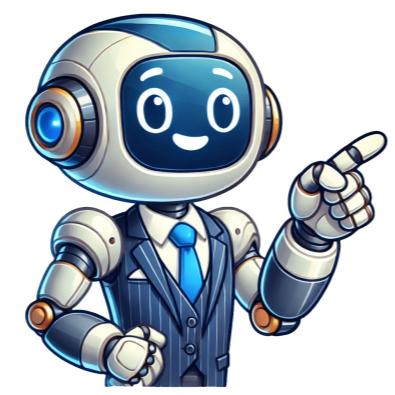


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My friend Chap recommended me Thinking in Bets by Annie Duke. Here are my notes from it: Resulting is the tendency to equate the quality of a decision with the quality of the outcome. It's so easy to do this: you fail, and you conclude that the things you did led to that failure. A better framing is: you used your best judgment to place a bet, and that bet didn't pan out in your favor this time. Life isn't chess, it's poker. In chess, there's an optimal move at any given time. There's an optimal tree of moves for every state of the board. Poker involves randomness, and with that, chance. This hit me hard, because as a computer scientist (and formerly active chess player), the poker frame of thinking has always been my default. But as a founder and capitalist, the poker frame of thinking is gradually replacing my chess mindset. "Right" and "wrong" are inefficient words to use. Vectors have a speed and a direction, so should our confidence levels. I'm trying to wipe these words from my vocabulary and attach a percentage rating to how I think about something eg "I feel 70% confident about x". Every decision is a bet. We are always putting some resource at stake in exchange for upside. Everything is a tradeoff. I've started to use the word "bet" more often in everyday discourse. I'll often ask founders in a pitch: what bets are you making that will make this company successful? The phrase "what's a bet?" is actually really powerful. It brings a level of seriousness and clarity to decision making. People think much more lucidly when their skin is in the game. I will try to use this phrase more often, but am worried it will come off as childish. Annie Duke Summary: A poker player teaches us how to decide under uncertainty. Score: 7/5. 10 The quality of your decision has only a partial impact on the outcome as it is driven also by a sheer/bad luck. You can make a great decision but can have a bad luck. In that case, people usually link the bad luck to a bad decision which is a fallacy. I finished only about half of the book, it started drifting into stories about people and reorganizing ideas from other books. I finished it during our trip to Rychlebky, listening with earphones when walking. And then when driving alone from Ústí/Orlicí. Published: 2022-03-12 Last modified: 2023-01-21 33 lines (31 loc) · 2.64 KB. Annie Duke core point of the book: you can't judge a decision based on outcomes for all interesting decisions. outcome = decision quality + chance. judging the decision quality just by the outcome = 'resulting'. sometimes good decisions lead to bad outcomes all decisions are bets, in a sense it's useful to quantify our amount of uncertainty about different branches of a decision tree. we tend to think things are true a priori and randomly sometimes revisist that belief you refine your beliefs over time: belief -> bet -> outcome -> belief (updated) we should remain truth-seeking / continue to scrutinize our decisions even if outcomes are good. the good outcome could have been driven by luck we tend to temporally discount and value future states much less than present states practical stuff 1-10-10: what are the consequences of the decision in 10 minutes, 10 months, 10 years zoom out. take a longer-term perspective Ulysses contracts - taking some action today to ensure that future you does something you want to do several signs of poor decision-making overconfidence signs of the illusion of certainty complaining about bad luck generalized characterizations of people meant to dismiss their ideas signals we've zoomed in too much the word 'wrong' thinking about the future as manifesting one of several possible outcomes, and assigning some likelihood to those outcomes, which then we update over time in response to new information. those outcomes and likelihoods inform how we approach decisions scenario planning. thinking about those possible futures. think about what futures each branch on the tree opens up backcasting - starting from the version of the world we want to bring about and working backwards premortems frameworks another useful framework CUDOS: community - data - belief - the group's universalism - apply uniform standards to claims and evidence, regardless of where they came from disinterestedness - vigilance against potential conflicts that can influence the group's evaluation organized skepticism - discussion among the group to encourage engagement and dissent a useful guideline to promote exploratory thought: "complex and open-minded thought is most likely to be activated when decision makers learn prior to forming any opinions that they will be accountable to an audience (a) whose views are unknowns, (b) who is interested in accuracy, (c) who is reasonably well-informed, and (d) has legitimate reasons for inquiring into the reasons behind participants' judgments / choices." You can't perform that action at this time. Scientific thinking consists in avoiding all the illusory aspects of reality to focus on the ground truth, the crude factual reality. And to achieve it, being a poker player or a decision-maker, you must go around all the pitfalls that reality, society, and your ego will in order to make our life sweet. To avoid it, and go towards the principal point of the book thesis, Mrs. Duck recommends framing your decision analysis like a bet as the definitive turning point to leverage up our decision-making. The solution: face incomplete games like bets. For the purposes of this text, let's consider that if some outcome results into a outcome in a reproducible way, it is a result of skill. If an outcome occurs as a result of things that we cannot predict, then they are due to luck. In such a situation, any learning process becomes increasingly complex, as we discussed in past sessions. The decision structure aforementioned of a) having a belief then b) making a decision and then c) having an outcome (or a set of them). Framing it like a bet changes the process to be a) having a belief then b) betting on it and so c) having an outcome (or a set of them). The point here is that a totally different mindset springs out when, instead of saying your opinion, you are invited to make a bet on some outcome. Why? There are some reasons. First because when we make a bet, we refine our beliefs in a way that we make explicit what is already implicit considering the risk exposure. It pushes us to field outcomes more objectively into the appropriate buckets because no one wants to lose a bet. It enforces perspective-taking and requires a more open-minded exploration of alternative hypotheses and a consideration of the opposite routines of self-serving bias. Acting as that moves us close to the truth of the matter. In addition, it plays with our ego. The desire to win bets makes us relentlessly strive to calibrate our beliefs and predictions about the future to more accurately represent the world. Winning feels good, and it is always a positive update to our personal narrative. Moreover, behavioral psychologists found that losing feels about twice as bad as winning feels. It hurts. A bet is a form of accountability. In the long run, the more objective person will win against the more biased person. It is the obligation to answer for our actions of believed to others. If we are in love with our own opinions, it can cost us a bet. It is skin in the game in the form of social accountability among our peers. The prospect of a bet makes us examine and refine our beliefs, in this case, the belief about whether luck or skill was the main influence in the way things turn out. When we treat outcome fielding as a bet, it pushes us to field outcomes more objectively and in the appropriate buckets because that is how bets are won. This essay does not aim to exhaust the subject. The reference book Thinking in Bets can lead the interested reader in deep details about framing their decisions in incomplete games, as well as organizing teams and systems where this mindset flourishes and is organized. For instance, the "Buddy systems", "dissent channels" and "recruiting yourself from the future" are some examples that can help you to create an environment of accountability and true learning when facing incomplete information situations.