

# Biases In Thinking

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*“Everybody complains about their memory,  
nobody complains about their judgment.”*  
La Rochefoucauld (1613–1680)

Daniel Kahneman’s concept of “thinking fast and slow” describes two modes of thought:

- Fast thinking is intuitive, emotional, and automatic.
- Slow thinking is deliberate, logical, and effortful.

Both are vulnerable to unconscious bias, but fast thinking is particularly prone because it relies on instinct rather than analysis. To improve decision-making and reduce risk, we must recognise when bias may be at play and deliberately engage slower, more reflective thinking. Below are key biases to watch for.

## **Anchoring**

Anchoring is our tendency to rely too heavily on a piece of information - a reference point - when making decisions. Anchors influence us constantly, often without us realising. The danger lies in hidden anchors: if we’re unaware of them, we can’t judge whether they’re valid. Poor anchoring can lead to flawed judgments and risky decisions.

### *Example:*

*An architecture practice prepares a fee proposal for a new house, using the \$50,000 fee from a similar project two years ago as a benchmark. However, the new project involves a more complex site, trickier clients, and a resource consent - differences that aren’t accounted for. The risk isn’t in referencing a past project - that’s a common and valid method for setting fees - but in failing to recognise that the anchor may no longer be relevant and adjust accordingly. This creates a hidden exposure: underpriced work can lead to unrecoverable hours, compromised quality, and client dissatisfaction.*

Research has shown that experts are less likely than amateurs to recognise anchors in their own field. To help manage anchors, consider:

- What anchor is this decision based on, and is it still relevant?
- What’s different this time?
- What would I consider if I ignored the anchor?

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## Risk Attitudes

Risk appetite often increases when performance is lagging and there's pressure to "catch up." This pressure can lead to riskier decisions, shortcuts, or overextension - especially if underlying conditions aren't fully understood.

### *Example:*

*A practice facing a revenue shortfall accepts a poorly scoped project at a discounted fee - underestimating the workload and creating numerous risks.*

To help manage risk attitudes, consider:

- What's the worst-case scenario, and can we absorb it?
- Are we addressing the underlying problem, or just chasing a short-term solution?

## Overconfidence

Overconfidence isn't arrogance; it's the tendency to assume we know more or have more control than we actually do. It affects both managers and employees and often goes unnoticed without deliberate testing. Overconfidence is particularly common in planning, risk assessment, and decision-making.

### *Example:*

*An architecture practice is overconfident in their ability to 'handle' council during the consent process, and underestimates the time needed for a complex consent - causing programme delays and increased costs for the client.*

To help manage overconfidence, consider:

- Have I sought an outside perspective to challenge my assumptions?
- What could cause a failure, and how can I plan for this?

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## Availability Bias

Availability bias shapes our judgments based on how easily we can recall or imagine examples. Events that are recent, emotionally charged, or vivid weigh more heavily on our thinking than they should. As a result, our assessment of risks or information can become biased - not by actual probability, but by the strength or salience of our own experiences. We may overestimate risks that feel familiar while overlooking less dramatic but more probable threats.

### *Example:*

*A practice that has never experienced a weathertightness claim downplays council's concern about a risky junction detail. Lacking a vivid or recent example of the consequences of such a situation, the practice underestimates the seriousness of the issue and fails to address it adequately.*

To help manage availability bias, consider:

- What objective information can I use to balance my own experience?
- Are there other practices or architects who can provide a different perspective?



The information in this report is drawn from the *Integrating Risk into Strategic Decision Making* course, attended by Mikayla Extton at the Judge Business School, University of Cambridge. Mikayla participated in this programme through the NZACS Scholarship (2024), which supports employees and principals of member firms to develop their expertise in commercial and risk management. Mikayla was also supported by her workplace - Shaw & Shaw Architects - where she works as a registered architect.

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NZACS is keen to encourage ongoing conversations about risk in the architectural industry. If you have questions about any of the topics covered, or would like to discuss the report or the scholarship further, please reach out to Mikayla or NZACS - we welcome the opportunity to continue the dialogue.