

May I Have Your Attention Please?



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This week I've been reading Daniel Kahneman's terrific book, [*Thinking Fast and Slow*](#). Many readers will recognize the author as the past recipient of the Nobel Prize in Economic Sciences and recall his groundbreaking work—with Amos Tversky—on the subject of decision-making. Kahneman begins [*Thinking Fast and Slow*](#) by reminding his reader about the relationship between “attention” and decision-making. We recognize that important activities, from family relationships to professional assignments, require our “undivided” attention. We observe and read about the tragic consequences of distracted driving, and complain bitterly when a teenager resists our request for a few minutes of her untethered attention. Yet many leaders deny their own inability to focus or discount the importance of giving important matters the “attention” they deserve.

During conversations with nonprofit leaders about the subject of *assessing* risks, I've heard several executives express the view that the only barrier to adequately uncovering risks is not having the time to devote to the task. These leaders express confidence that, with sufficient time, they would be able to identify most, if not all, of the risks facing the nonprofits they serve. Yet perhaps there is a potential *downside* to laser-like focus on the task—or risks—at hand. Kahneman explains that when we focus intently on a subject we may become “effectively blind” to the events unfolding around us. We may wind up seeing or understanding issues too simply, too narrowly, or without the benefit of context that a wider-angle, multi-tasking view offers.

For example, an IT risk assessment that focuses on a nonprofit's current systems, uses and users may uncover risks to data security that require short-term action, but fail to adequately capture the implications of factors with which the IT team is less familiar, such as the record-keeping and privacy requirements of a complex, yet-to-be-finalized contract with a government funder.

Kahneman is well known for his work on biases that impair decision making. In Chapter 31, “Risk Policies,” the author explains that having a broad frame for decision making and embracing the “outside view” are important remedies against two biases that often impair decision making:

1. the “exaggerated optimism of the planning fallacy”; and
2. the “exaggerated caution induced by loss aversion.”

The first bias limits the paralysis that might otherwise constrain the risk-averse leaders of a nonprofit. When leaders are overly optimistic (e.g., they embrace their ambitious strategic plans as self-fulfilling prophecies), they may overlook warning signs suggesting that failure is not only possible, but may be probable. When the

tendency to be risk averse inspires a commitment to look for factors that could impede success, the bias of loss aversion serves to temper unrealistic optimism.

Kahneman writes, “Optimists believe that the decisions they make are more prudent than they really are, and loss-averse decision makers correctly reject marginal propositions that they might otherwise accept.” By embracing (rather than discounting) the “outside” or contrarian point of view, and by straining to get a wide angle, multi-faceted perspective on risk, we can move away from the extremes of denying that failure is possible or presuming that it is inevitable, and adopt more realistic, practical and mission-advancing approaches to risk assessment and risk management.

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