HARVARD KENNEDY SCHOOL
LEADERSHIP DECISION MAKING
Syllabus, Fall 2015, MLD- 301, MW 1:15 – 2:30 PM, Littauer 280

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COURSE OVERVIEW
From classical to contemporary times, two abilities remain essential in professional settings: wise judgment and effective decision making. Should we choose the risky option or the sure thing? Are we selecting the best talent? How can we know? How much risk can we tolerate? Are feelings biasing our perceptions? How should we structure accountability? How likely is it that our competitors have discovered our plan? Should we aim for larger delayed gains or smaller immediate gains? The list goes on and on.

This course does not address what specifically to choose or what specifically to estimate, but how to choose and how to estimate. Choosing well and estimating wisely are difficult skills, which like any other difficult skills (e.g., balancing on a tight rope), can be improved.¹ Also as with any other skills, there are natural human tendencies (e.g., looking down while on the rope) that will trip you up. Therefore, this class also addresses how to avoid the most common errors and biases that trip us up.

Specifically, grounded in theories and evidence from psychology, behavioral economics, and neuroscience, this class helps students understand when and why humans depart from standards of accuracy and rationality in judgment and decision making. Moreover, it teaches students how to become “choice architects,” designing better judgment and decision environments in order to reduce bias and inaccuracy, thus making organizations smarter.

INTENDED STUDENTS
Enrollment is open to any Harvard University student with graduate student standing (master’s or doctoral degree). Doctoral students will have customized assignments and an additional meeting time in order to receive credit. Advanced undergraduates may enroll only by permission of the instructor. No prerequisites are required but introductory coursework in psychology and economics will be a significant help. No space for auditors.

COURSE GOALS
Throughout the course, the overarching goals are to: (1) Learn about the academic field of behavioral decision making, its major theories, results, and debates. (2) Become a critical consumer of research findings, learning methodological standards for evaluating the soundness of empirical studies. (3) Develop the ability to effectively write and speak about behavioral science theories, results, and debates. (4) Acquire practical skills for improving your own judgments and decisions. (5) Acquire knowledge of which biases individuals can fix with training/knowledge and which biases individuals cannot fix unless leaders engage in institutional design (e.g., nudges). (6) Develop a capstone project in which you apply the material in a way that will improve professional decision making processes. Possible applications to legal process, government institutions, medical settings, public health, education, finance and other domains abound.

GRADING POLICY
1) Quizzes 40%
2) Policy Memo 25%
3) Open Note Exam 25%
4) Class Participation 10%
TOTAL: 100%

1) Quizzes (40%)
Every class for which readings are assigned, there will be a 45% chance of having to take a short quiz that tests your knowledge of the readings assigned that day. Whether or not you have a quiz will be determined by a random number generator. Thus, having a quiz one day is not predictive of whether you will have a quiz the next day (i.e., don’t fall prey to the gambler’s fallacy!). These quizzes are designed to ensure that you have carefully read all that you have been assigned to read. So long as you carefully do the readings, and you retain the most important information in them, you should not have to study for these quizzes. You will do well on them. Most of the quizzes will require you to summarize one (or more) of the readings, but other quiz formats (e.g., multiple choice; short answer) are possible. By analogy, if the quiz readings pertained to Shakespeare’s *Romeo and Juliet*, the quiz question might be: “Why were Romeo and Juliet forbidden to marry?” The answer would be: “They were forbidden because they came from feuding families.” The quiz would not ask you to remember inconsequential details like: “Who died first – Romeo or Juliet?” The point (spoiler alert) is that they both died. Each quiz will be graded on a 3-point scale ranging from 0 to 2. On any day that a quiz occurs, it will take place at the start of class. You will receive a score of zero if you are absent or late for a quiz. Your lowest quiz score will be dropped.

2) Policy Memo (25%)
Teams of two students will work together on the policy memo. Teams will form on the basis of interest in a topic. The course assistant will coordinate a system for pairing students based on interests. The memo should be 2-3 single-spaced pages (12 pt. font) and should be submitted by 3pm EST on Monday, December 7th with the name of each partner. You and your partner will receive the same grade, so effective collaboration is essential. The main considerations in grading will be the extent to which your memo demonstrates intelligent, resourceful, and convincing (i.e., well-reasoned and well-articulated) use of course concepts.

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2 J. Simmons syllabus, OPIM/MGMT 690: Managerial Decision Making, University of Pennsylvania Wharton School of Business, Fall 2013
As motivation for your memo, consider the following decision-making process from history. The Bay of Pigs Invasion, a failed military invasion of Cuba undertaken by the CIA-sponsored paramilitary group Brigade 2506 (primarily Cuban exiles), took place on April 17th, 1961. Before the invasion, the US Joint Chiefs of Staff submitted a report to President Kennedy saying that the operation had a “fair chance” of success. The report’s author, Brigadier General David Gray, intended this expression to convey pessimism about the operation. However, President Kennedy interpreted “a fair chance” as indicating optimism. Gray believed that this misunderstanding played a key role in Kennedy’s decision. As he reported years later, “We thought other people would think that ‘a fair chance’ would mean ‘not too good.’” The invasion was a disaster in many ways. Clearly, the quality of a decision process can change the course of history.

Your task is to design and describe an optimal process for decisions. You can do so with one of the two options described below. Alternatively, you may propose a new option but only if: (a) I approve your written description by Wednesday, November 18th and if (b) you find at least two other team members in class who are interested in writing on the same topic.

Option 1: Design an optimal selection and promotion process for human resources that: identifies and attracts desired talent, diminishes impact of information that is non-diagnostic of potential performance, optimally matches individual attributes to organizational needs, communicates clear standards of merit/performance, rewards achievement according to merit/performance-based standards, and (the kicker) reduces bias in all stages. Begin by identifying the biases that might creep in. Then engineer a system to reduce their impact. Can you prevent any of them from naturally occurring? If not, can you identify and reduce their impact on outcomes? Address your memo to the (hypothetical) CEO of a multinational corporation with cross sector operations.

Option 2: Design an optimal policy briefing process that would produce an evidence-based, intelligent, politically feasible, creative, time-sensitive, forward-looking, resource efficient, and (the kicker) unbiased decision. For example, what is the ideal process for briefing a world leader (perhaps Obama) about options regarding the current crisis in Iraq? How many people should be in the briefing room? What will the mood of the room be? Begin by identifying all the biases that might creep in. Then engineer a system to reduce their impact. Can you prevent any of them from naturally occurring? If not, can you identify and reduce their impact on outcomes? Address your memo to the Commander in Chief of a powerful nation.

3) Open-Note Exam (25%)  
There will be an open-note, in-class cumulative exam during class time on Monday, November 23rd. A review for the exam will be held during class time on the preceding Wednesday. Please come to the review prepared with any questions you may have regarding the content of the course.

3 Several scholars converge on this analysis; I thank Richard Zeckhauser and Jeff Friedman for this particular summary.
4) Class Participation (10%)
Although participation counts only for 10% of your final grade, I will weigh it heavily when/if a semester grade hangs at the balance of two letter grades such as B to A-. All you need to do in order to earn all of the participation points is:
(a) complete the online student survey on Friday, September 11th by 9pm;
(b) submit a “news nugget“ (in the form of 2 Powerpoint slides) about a real-world news story that relates to topics discussed in class. Each student will be assigned a particular date to present. The “news nugget“ will be due by 5:00 PM on the day before your presentation. Presentations should last 5 minutes with 1-2 minutes for questions. If the examples you submit make sense in the context of the class material (as judged by Dr. Lerner and Mr. McCarthy), you will earn six points (6% of your final grade).

CONVERSATION
I encourage you to come to office hours with me in order to further converse about course topics. I will also host a series of free lunch sessions at local restaurants. If you wish to be considered for a lunch session, please Email your name to my assistant by Friday, September 11th. She will randomly select 3-5 names per lunch and the details will be announced at least one week in advance.

ACADEMIC INTEGRITY
Almost every year, HKS expels students for cheating. You must observe HKS and Harvard University rules on honesty and ethics, which you can find at the following website: http://www.hks.harvard.edu/degrees/registrar/procedures/integrity. Please also encourage your classmates to uphold the highest standards. Let us build a community that values correct attribution of others’ ideas.

Remember that “any sentences or paragraphs taken verbatim from the writing of (or interviews with) any other person or persons, or from your own writing that has been published elsewhere or stated in an address, must be placed in quotation marks and their source must be clearly identified. Changing the wording of a sentence or passage slightly does not evade the requirement for citation. Indeed, whenever you draw an important argument or insight from someone else, even if you reword it into your own words, a reference to the source is required. Including material from others in the assignments without appropriate quotation marks and citations is regarded as a serious violation."

You can make sure that you do not inadvertently plagiarize if you follow good note-taking “hygiene.” Harvard has prepared a website on how to keep track of your sources: http://isites.harvard.edu/icb/icb.do?keyword=k70847&pageid=icb.page342057. Remember, turning an assignment in late carries a far less severe penalty than turning in an assignment that contains plagiarism.

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4 D. Keith syllabus, IGA-408M: Learning from the Failure of Climate Policy, Harvard Kennedy School, Spring 2014
<table>
<thead>
<tr>
<th>WEEK</th>
<th>TOPICS</th>
<th>CLASS DATES AND ASSIGNMENTS (subject to change; check draft date)</th>
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<tr>
<td>1</td>
<td>Introduction, overview of course, dual-process thought, parallel processing</td>
<td>9.2: No reading; opening lecture</td>
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<td>Decision Making: bias, defaults, descriptive versus normative theories of JDM, automatic (system 1) versus controlled (system 2) processing, behavioral economics</td>
<td>9.7: Labor Day, no lecture</td>
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<td>9.11 (F): Complete Online Student Survey by 9 PM</td>
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5 Reading assignments and dates subject to change. Newest syllabus will always be posted on the course website.
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Details</th>
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<tr>
<td>5.23</td>
<td>Decision Making</td>
<td>Extra Credit: Watch NOVA documentary online and complete worksheet (distributed in class): <a href="http://www.pbs.org/wgbh/nova/body/mind-over-money.html">http://www.pbs.org/wgbh/nova/body/mind-over-money.html</a></td>
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| 10.28 | **Guest Lecture:** Dr. Jeff Friedman, Assistant Professor, Dartmouth College. Topic: “Improving judgment accuracy in national security settings”  
| 11 | **Judgment:**  
judging others, forecasting behavior, social schema effects, stereotyping and causal attribution, self-fulfilling expectancies, behavioral confirmation effect, stereotype threat, the fundamental attribution error, intuitive versus statistical models, Kantian principle on choice, common biases: overconfidence, hindsight bias, confirmation bias,  
**11.4:**  
**11.11:**  
Veterans Day, no lecture |
| 12 | **Debiasing judgment & choice:**  
accountability for judgment and choice, social-contingency model, acceptability heuristic, pre-emptive self criticism, defensive bolstering  
**11.16:**  
Guest Lecture: Dr. David Bray, Chief Information Officer, The Federal Communications Commission of the United States. Topic: "Organizational Decision Making in an Exponential Era"  
Reading: Case study to be assigned.  
**11.18:**  
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<th>Exam and holiday break</th>
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<td><strong>11.23:</strong> In-class open note exam. (You may bring only your notes. No books, articles, chapters, etc.)</td>
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<td><strong>11.25:</strong> Thanksgiving holiday, no lecture</td>
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<th>14</th>
<th>Debiasing judgment &amp; choice: integrative lessons for the present-minded professional AKA “Choice Architect”</th>
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<th>Reading Period</th>
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<td><strong>12.7: Policy Memo Due</strong> Upload to course website by 3:00 PM EST. In fairness to all class members, points will be deducted for each hour thereafter.</td>
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Your name: ____________________________________________
Your school(s): ________________________________
Your degree program and year: ____________________________
Other degrees you hold: ________________________________
Home town and country: ________________________________
What you like to be called: ______________________________

Anything special I should know about you in order to maximize your learning:
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________

Career goals:
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________

What you hope to gain from this class:
_________________________________________________________________
_________________________________________________________________
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Any past experience with this material:
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