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Thread: Moral Code: The Ethics of AI **Posted Date:** October 4, 2018 8:44 AM
Post: RE: Moral Code: The Ethics of AI **Status:** Published
Author:  Kathleen Teodoro

Not surprisingly... I wasn't alone thinking of Shelley's Frankenstein:
<https://aeon.co/essays/what-frankensteins-creature-can-really-tell-us-about-ai>

(Post is Unread)

Thread: Overseas Projects and Culture **Posted Date:** September 29, 2018 8:09 PM
Post: RE: Overseas Projects and Culture **Status:** Published
Author:  Kathleen Teodoro

Thanks, Fernando. Those are great examples! I worked as a writing consultant during college and learned the importance of listening beyond words to culture when working with foreign students, including students for Soviet and Arab nations. Once I learned to recognize some different cultural norms - like extreme bravado or hyperbola - I was better able to understand the writer's intent, and then I could offer recommendations to them about how they might want to adjust their rhetoric for an American audience. Clearly I was playing a different role... but I had some similar observations.

(Post is Unread)

Thread: Moral Code: The Ethics of AI **Posted Date:** September 29, 2018 7:46 PM
Post: RE: Moral Code: The Ethics of AI **Status:** Published
Author:  Kathleen Teodoro

What a fascinating and important topic! From the very beginning when they referred to the relationship between the created and the creator, I thought of Mary Shelley's Frankenstein. So relevant today!

As we learn more about the role of biases in our daily interactions, it's easier for me to see how important it is to understand the motivations underlying the algorithms. As they said, "You shouldn't be ok with *us* making all the rules."

But as another person stated: "the data are now so complex that even the function of the algorithms elude the designers." That is wild. I would agree that we need to be able to audit AI. And like in the negotiation example with the EU crisis: we will need to ensure that designers AND policy makers establish some ground rules before crisis.

Thanks again!

(Post is Unread)

Thread: Excel version of Term-Sheet?
Post: RE: Excel version of Term-Sheet?
Author:  **Theodore Machicek**

Posted Date: September 24, 2018 3:14 PM
Status: Published

It is in the course activities. When you attempt to open, you are asked to provide your password. Let me know if you still need help.

(Post is Unread)

Thread: Overseas Projects and Culture
Post: RE: Overseas Projects and Culture
Author:  **Theodore Machicek**

Posted Date: September 24, 2018 3:11 PM
Status: Published

For me, I dealt with overseas negotiations in India, Sri Lanka, Singapore, China, California, Japan, and Taiwan. Focus today is limited to India, Taiwan, and China. Face to face offers 1000x ROI of the travel. 1M x ROI if you are HPE and required to fly lowest cost fair (with the requirement of being economy and >21 advance purchase).

(Post is Unread)

Thread: Acquisition Utility and Transactional Utility!
Posted Date: September 24, 2018 11:11 AM
Status: Published

Post:

RE: BRE: Acquisition Utility and Transactional Utility!

Author:

Leigha Carter

THIS IS NOT INFORMATION THAT I NEEDED TO HAVE (says my lack of impulse control).

(Post is Unread)

Thread:

Overseas Projects and Culture

Posted Date:

September 23, 2018 5:40 PM

Post:

RE: Overseas Projects and Culture

Author:

Fernando Guirola

Pablo,

As you have read in some of my posts, I have recently dealt with a project in Russia. I agree with you that one of the key and most important factors to having a successful project overseas is to understand the culture.

As an example. When I started the project with Russia, their emails always came across as combative, abrasive and everything was ASAP, we need this NOW! These emails would rile me up substantially and with the encouragement from my boss in the US as he too would be riled up, I would end up rising to the same level of abrasiveness on my reply emails. This would lead to nowhere and the communications most often than not would be useless or meaningless. Yet when you communicated with them in English via phone or in person, they seemed normal. Once I went over there and observed them when they communicate with each other in Russian, I understood that it is a very passionate culture and language. They speak among themselves as if they are screaming and fighting with each other, even in normal "mellow" conversation. I attributed the emails etiquette to their normal game face mode and I stopped taking the emails personally and understood that they were not screaming at me or being abrasive at me but it was just their normal mode of communication. I learned to read between the lines and the project communication improved dramatically as I would no longer be combative in my replies, I would only be helpful.

Also the understanding of the culture helped with the replies as we would not understand some of the crazy demands that they would ask us to provide. Once I understood the culture, I attributed these crazy demands to plain simple Russian bureaucracy! It is just part of the game over there!

It definitely has been a very challenging project and I have learned a ton about

overseas negotiations. But taking a step back, making an effort to understand the culture and questioning "is this really what they meant"? does make a difference and is a practice I will use in future projects.

I hope this helps.

Fernando Guirola

(Post is Unread)

Thread: Overseas Projects and Culture **Posted Date:** September 23, 2018 3:53 PM
Post: Overseas Projects and Culture **Status:** Published
Author:  Pablo Anzueto

Does anyone else deal with overseas negotiations? I currently have projects in Europe and find it a bit challenging too; however spending more time here has helped me take a step back and absorb the culture which in turn has helped me make sense of it all.

Pablo

(Post is Unread)

Thread: Excel version of Term-Sheet? **Posted Date:** September 21, 2018 7:31 PM
Post: RE: Excel version of Term-Sheet? **Status:** Published
Author:  Lisa Ely

Did you find the term sheet Pablo?

(Post is Unread)

Thread: Acquisition Utility and Transactional Utility! **Posted Date:** September 20, 2018 8:45 AM
Post: BRE: Acquisition Utility and Transactional Utility! **Status:** Published
Author:  Christopher Maguire

BEST BUY WILL PRICE MATCH AMAZON IF IT IS SHIPPED AND SOLD BY AMAZON! YOU GET THE INSTANT GRATIFICATION NOW, PLUS THE SAVINGS! TRY IT NEXT TIME!!!

(Post is Unread)

Thread:

A little old, but a fun Module 2 Article in the News

Posted Date:

September 20, 2018 8:44 AM

Status:

Published

Post:

A little old, but a fun Module 2 Article in the News

Author:



Christopher Maguire

<http://www.bbc.com/capital/story/20180914-the-trick-to-learning-when-to-cut-your-losses>

Hmmm! And, from 611, sunk money! Good combination of the two courses.

(Post is Unread)

Thread:

Escalation of Commitment

Posted Date:

September 19, 2018 3:12 PM

Post:

RE: Escalation of Commitment

Status:

Published

Author:



Buckley Edwards

Hmm, I like that Dr Yang "Future Room of Happiness". That will become my office cubical name as a make design changes.

Buck

(Post is Unread)

Thread:

I'm a victim of status quo bias

Posted Date:

September 19, 2018 3:04 PM

Post:

RE: I'm a victim of status quo bias

Status:

Published

Author:



Buckley Edwards

Ha ha Lisa,

I agree, I get comfortable and am afraid to change. Because it will take me out of my comfort zone.

Buck

(Post is Unread)

Thread: Endowment Effect In Action **Posted Date:** September 18, 2018 10:40 PM
Post: RE: Endowment Effect In Action **Status:** Published
Author:  Kathleen Teodoro

Wow, when you described how the biases work together, I see again how difficult it would be to step out of our own biases!

Reminds me of how I joke with my teenagers when we see my own parents do something irrational. I say, "Y'all are so lucking that **I'm** so rational... so wise..." And they reply with a line from the movie, Strictly Ballroom: "Easy to believe what you want to hear, isn't it!" (Spoken with Australian accent).

It's always been just a light-hearted joke... and I've even felt a bit smug about my own self-deprecating humor. But now I'm getting a sense for just how trapped we all are by our human biases! We really do need a system and each other to avoid the pitfalls.

(Post is Unread)

Thread: Excel version of Term-Sheet? **Posted Date:** September 18, 2018 11:39 AM
Post: Excel version of Term-Sheet? **Status:** Published
Author:  Pablo Anzueto

Howdy Folks..where can i find the excel version of the term-sheet? Can't seem to locate it..

Pablo

(Post is Unread)

Thread: **Posted Date:** September 17, 2018 10:11 AM

Acquisition Utility and Transactional Utility!

Status:

Published

Post:

RE: Acquisition Utility and Transactional Utility!

Author:



Leigha Carter

Amazon vs. Best Buy type of situation right there - I can either go to Best Buy and purchase whatever widget I'm looking at and have it today, or I can order it from Amazon and generally save a few dollars, and have it in two days. Amazon's Prime Now and next day shipping have gone a long way towards combating that tendency (along with my general reluctance to venture into any store), but there have been times when that need to have it right now has won out, and I've paid more and expended more energy and time into obtaining something that I could have had at a lesser expense if I had just waited a few days.

(Post is Unread)

Thread:

Save travels Dr. Yang

Posted Date:

September 17, 2018 9:58 AM

Post:

RE: Save travels Dr. Yang

Status:

Published

Author:



Leigha Carter

Have a great trip - take some photos and share with the class!

(Post is Unread)

Thread:

Escalation of Commitment

Posted Date:

September 16, 2018 10:26 PM

Post:

RE: Escalation of Commitment

Status:

Published

Author:



Samuel Woods

Rachel,

You do bring up a fantastic point. I have unfortunately seen my company go after this approach. The good news is that the people involved with sub par projects, and signing off on them were held accountable. I'll give my company that much, they did learn from one of the more substantial failures we endeavored upon.

(Post is Unread)

Thread:

First Mover Advantage with Your Benefits

Posted Date:

September 16, 2018 10:13 PM

Status:

Published

Post:

RE: First Mover Advantage with Your Benefits

Author:

Caroline Stasiowski

Oh, and one last comment... They then wonder why all of us "millenials" are "disloyal" and leave every 2 years.

(Post is Unread)

Thread:

First Mover Advantage with Your Benefits

Posted Date:

September 16, 2018 10:10 PM

Status:

Published

Post:

RE: First Mover Advantage with Your Benefits

Author:

Caroline Stasiowski

Hi Josh,

The only example I know of for my company and division in regards to First Mover advantage would be around high temperature flexible hose (in excess of 400 degrees F). They work closely with our customers in order to understand what upcoming application needs may be and then work to develop solutions in advance - this particular product is one such case. The hose was developed, but is currently only used on a couple of engine programs with one specific customer. We are the only company who offers such a product, but I do not know what the cost of the development and qualification was for the product. With only one customer and about 10 part numbers using the hose type, I can't imagine that there is much sustained advantage.

P.S. When I first started with Parker, we had Total Wellness benefits which included vitamins, acupuncture, and massages at about 20% of their cost, with Parker covering the other 80% through the Total Wellness benefits program. I enjoyed these benefits for about 0.5 years then they decided to stop offering them. They were costing the company too much. Our healthcare is better than yours for less money per comparisons with Chris's options, but it's not great by any means. At some point Companies decided that people weren't worth taking care of or investing in. We don't get retirement - 401K is a joke - healthcare is atrocious (my \$1400 deductible is "good"), and if you try to just work your 40 hours to have some semblance of work life balance, you're a slacker. Welcome to Industry , we only have another 50 years. :)

-Caroline

(Post is Unread)

Thread: First Mover Advantage with Your Benefits **Posted Date:** September 16, 2018 10:07 PM
Status: Published

Post: ThRE: First Mover Advantage with Your Benefits

Author:  Christopher Maguire

This is a very concerning but tried and true procedure with our employer.... I've even heard rumblings that the Union was entertaining the idea of higher deductibles if it means that they could get to keep the delta values from the Employer Contributions for healthcare if they dropped themselves down to an even worse (somehow) plan. Luckily, the negotiations didn't go that direction, because us salaried folks get the table scraps from the Union....

So you had people, a significant number of people, who would have been willing to go from a \$4,000 deductible to an \$12,600 deductible if it meant that they could keep \$15 a pay period extra. Holy Probability Failures, Batman!

First Mover advantage is a game of chicken, and now with Boeing potentially sweeping contracts, I will be curious to see if our Employer seeks to emulate Boeing and NG, or if we will continue on our path under the guise of "we won't lose employees to them, it's an honor to work here, but by the way you cannot park here any longer and we are dropping your vision benefits entirely in 2020"

(Post is Unread)

Thread: Acquisition Utility and Transactional Utility! **Posted Date:** September 16, 2018 10:02 PM
Status: Published

Post: RE: Acquisition Utility and Transactional Utility!

Author:  Christopher Maguire

Excellent point! Like those who fly into Hobby instead of IAH to save \$100 on their airfare.... only to take a \$150 rental car somewhere else.

(Post is Unread)

Thread: Acquisition Utility and Transactional Utility! **Posted Date:** September 16, 2018 10:01 PM
Status: Published

Post: RE: Acquisition Utility and Transactional Utility!

Author:



Christopher Maguire

Haha I feel and know your pain! But, patience is a virtue they say, and it does pay off... particularly when its the PERFECT vehicle that is everything you sought for. Victory is a taste like no other.

(Post is Unread)

Thread:

Acquisition Utility and Transactional Utility!

Posted Date:

September 16, 2018 10:00 PM

Status:

Published

Post:

RE: Acquisition Utility and Transactional Utility!

Author:



Christopher Maguire

hahah unfortunately, I am guilty of this from time to time.... but now I try to plan my fill ups with one or two stations that I have a history of being cheap AND reliable fuel so I can play the corporate game of synergies with my errands

(Post is Unread)

Thread:

Acquisition Utility and Transactional Utility!

Posted Date:

September 16, 2018 9:59 PM

Status:

Published

Post:

RE: Acquisition Utility and Transactional Utility!

Author:



Christopher Maguire

Excellent points, very true... and weekends being free is an interesting and provoking stance too, one that I can definitely agree to.

Driving the extra distances to save a few bucks can easily snowball into a ton of savings if you plan the routes right/stack a bunch of errands or shoppings as pit stops along a carefully selected route. Money adds up fast, and it is very strange to think of those who would pay an extra \$2.50 a gallon of milk for convenience than just stopping somewhere slightly different.

(Post is Unread)

Thread:

Escalation and the NPI Manager

Posted Date:

September 16, 2018 9:58 PM

Post:
RE: Escalation and the NPI Manager
Author:  Crystal Moreno

Status: Published

Thanks for the feedback Dr. Yang. That's exactly the direction I'm trying to go. I've actually talked to another more experienced manager about this and they are seeing the same things from their side as well with this NPI manager. Definitely a priority subject before our next NPI!

(Post is Unread)

Thread: Endowment ~ Ownership Effect & Status Quo Bias **Posted Date:** September 16, 2018 9:54 PM
Status: Published
Post:
RE: Endowment ~ Ownership Effect & Status Quo Bias
Author:  Caroline Stasiowski

Ted, you are absolutely correct! I fall prey to this when shopping more often than I care to admit. Basically, if I try something on and I really like it, it doesn't matter what the price is (within reason) - the item is mine. I hadn't really thought about this particular take on the endowment effect and how they're using it against us in Marketing and sales type situations.

Thanks to you, I might not spend as much money when I'm out and about! I can be more aware of what they're doing and why psychologically I feel attached to that pair of boots or purse, and feel the need to buy it... Thanks Ted! (Chris thanks you too)

-Caroline

(Post is Unread)

Thread: Endowment Effect In Action **Posted Date:** September 16, 2018 9:49 PM
Post: Endowment Effect In Action **Status:** Published
Author:  Caroline Stasiowski

My personal favorite lesson in Module 2 was regarding the endowment effect.

We were seriously considering selling our home and purchasing a new home in the Keller, TX area. For those of you who aren't familiar with DFW, Keller is a nice, established city in the North Fort Worth area with their own police, fire, and

EMS departments. Their average response time is under 10 minutes, and the crime is very low in the area. They have the best school district in North Texas, to include a relatively new advanced learning center which boasts classes in Engineering, Robotics, Nursing, Automotive, Pharmaceutical fields, and more. Keller is also perfectly positioned that you can work in either Fort Worth or Dallas areas, so it opens you up to job opportunities in either city.

So, Keller is awesome and its residents know it. A home between 2250 and 3000 sqft which has been well kept up with and in one of their newer neighborhoods is running over \$500,000. We looked at some homes that were within that square footage range, were 30+ years old, needed new air conditioning units, carpet, smelled like mold, and needed a whole lot of TLC, and these people were still asking over \$400,000 for their homes! A brand new house just across I-35 was \$350,000. We wound up staying in our house and declaring it "good enough" until we figure out what our next big career moves will be (planning that to be after we graduate from this program), but in retrospect the residents of Keller, especially those in old, unkempt, run down piece of crap homes, have a serious case of the endowment effect. They think that because its theirs it is worth far more than it's actually worth. I also think that these folks are victims of confirmation bias - they are only seeking information and data points which confirm their position and their believed "worth" of the home they're trying to sell.

(Post is Unread)

| | | | |
|----------------|---|---------------------|-----------------------------|
| Thread: | Mental Accounting - Coupons | Posted Date: | September 16, 2018 11:19 AM |
| Post: | RE: Mental Accounting - Coupons | Status: | Published |
| Author: |  Lisa Ely | | |

I see benefits to both. I just have my work laptop, nothing smaller other than my cell phone which isn't powerful enough or comfortable enough for me to try and read a book on. Also, I already stare at a screen for 8 hours a day at work so it's hard for me to come home every day and spend more hours staring at a screen. If I can read the book in hand, it's a bit easier for me and is kinder to my eyes.

(Post is Unread)

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| Thread: | Just did my leadership emotional intelligence interview - framing and bias were present | Posted Date: | September 16, 2018 11:17 AM |
| Post: | | Status: | Published |

RE: Just did my leadership emotional intelligence interview - framing and bias were present

Author:



Lisa Ely

I asked him about that. I asked him if he thought framing the question with what his thoughts were before getting theirs was biasing them toward his answer. He said he worried about that, but wanted to make sure they understood his viewpoint. He allows them to question and challenge his decisions so maybe this is ok in that instance.

Lisa

(Post is Unread)

Thread:

Save travels Dr. Yang

Posted Date:

September 16, 2018 11:14 AM

Post:

Save travels Dr. Yang

Status:

Published

Author:



Lisa Ely

Safe travels to Dr. Yang as he heads to Saudi Arabia. Be careful over there.

Lisa

(Post is Unread)

Thread:

Escalation of Commitment

Posted Date:

September 16, 2018 11:11 AM

Post:

RE: Escalation of Commitment

Status:

Published

Author:



Xiaomin Yang

Austin, Thank you for sharing your story.

(Post is Read)

Thread:

Escalation of Commitment

Posted Date:

September 16, 2018 9:58 AM

Post:

RE: Escalation of Commitment

Edited Date:

September 16, 2018 9:59 AM

Author:



Tyler Hurst

I respect passion in things you do. If something needs to be done, it needs to be done right. If you tend to put a lot of focus and weight on projects I don't think that's necessarily bad. I've done this before. Putting criticality on something like

my career depended on it (sometimes it did). I think the thing to realize is to visualize the goal and work towards making it a reality. They key with this, for me, is to set a time to reach that goal. If the outcome within the given period of time doesn't come up the way you expected then switch gears to gracefully see yourself out of the project by closing it the best you can or plan an exit strategy altogether. Switching gears is hard but being honest with your goals and time line is harder if things don't pan out the way you expected. It's a slippery slop when it's so easy to make excuses why the project didn't finish to your expectations then delay the project further. The excuses could be limitless. Be careful.

(Post is Read)

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|----------------|--|---------------------|----------------------------|
| Thread: | Where do I begin.... | Posted Date: | September 16, 2018 9:47 AM |
| Post: | RE: Where do I begin.... | Status: | Published |
| Author: |  Tyler Hurst | | |

I think being emotionally hijacked is perspective. I'm passionate about some topics and candid about others. Some people think I'm too aggressive and have said in the past I have "an edge". I'm not here to make people happy, I'm here to give them a reality check. haters gonna hate.

(Post is Read)

| | | | |
|----------------|---|---------------------|----------------------------|
| Thread: | Sunk Cost Bias | Posted Date: | September 16, 2018 5:34 AM |
| Post: | RE: Sunk Cost Bias | Status: | Published |
| Author: |  Xiaomin Yang | | |

Talor, if you can build a decision tree to help evaluate different options (Module four), it will be straightforward to explain sunk cost should be excluded from the current evaluation. XY

(Post is Read)

| | | | |
|----------------|---|---------------------|----------------------------|
| Thread: | Escalation and the NPI Manager | Posted Date: | September 16, 2018 5:31 AM |
| Post: | RE: Escalation and the NPI Manager | Status: | Published |
| Author: |  Xiaomin Yang | | |

Crystal, recognizing the bias is the first step. Next is to think about mitigation actions. XY

(Post is Read)

Thread:

First Mover Advantage with Your Benefits

Post:

First Mover Advantage with Your Benefits

Author:



Joshua Barnard

Posted Date:

September 16, 2018 12:32 AM

Edited Date:

September 16, 2018 12:35 AM

Status:

Published

I would like to hear from those in other industries, how your employers use a First Move Advantage with your benefits, that being them taking them away to set a new trend. A common theme at my employer has been the "good ole days" where we were swimming in the income of the F-16. All sorts of stories about having a recreation center & golf course free to employees, they would refund you the annual costs for a health gym membership, free sodas at the soda machine, snacks, gifts and hand outs for certain country specific events/product rollouts, health insurance, and don't forget the pension! By the time I entered into the workforce, those were all but memories which caught me by surprise. Even during my 3 years there I have seen the withdraw of free Fitbits to count your steps, and give the notorious "Walkers" that I get so annoyed by when I see them passing by my cube out of the corner of my eye 50 times a day, "allowance money" in a health savings account to use any time you want (maybe for their tired & sore legs).

I had once heard yet haven't confirmed that the company that started this trend was one of our competitors, with the transition from pension to 401k plan. Who is a leader and who is a follower when it comes to making the first move of reducing benefits to save on long term costs at the risk of employee retention? Does it cross different industries? In a business sense, is this a wise First Move Advantage? Where are we going from here, we have nearly hit rock bottom with the minimum an employer can offer?

Note, I have always heard of the threat of certain scalping techniques when transitioning to a new employer where they give you an offer too good to turn down and then change the story once you are under their umbrella. I'm not sure this could be considered a First Move Advantage but it did seem to fall in line with the Harvard Business Review article...

"The second way is by preempting later arrivals' access to scarce assets—for example, a location on a city's main street, talented employees, or key suppliers."

Thread:
My own Endowment Effect Experience
Post:
RE: My own Endowment Effect Experience
Author:  Joshua Barnard

Posted Date: September 15, 2018 11:58 PM
Edited Date: September 16, 2018 12:04 AM
Status: Published

I would run into this A LOT in my hobby of tinkering on old cars. Many times you run into people selling their toys which we have attachments to, some very emotional with these cars. I wouldn't consider it a bad approach for two reasons:

1. You have to start negotiating somewhere and it wouldn't make sense to start at the lowest you're willing to accept, assuming you were open to negotiating and assuming your buyers know you are flexible
2. You aren't in a rush to get rid of said items
3. There are other viable places to put or use the items

Option 2 is exactly how I am with my truck. I am in no rush to sell it, it works, I drive it every day and I am in a position to buy a new car/pursuing one already. I've taken the approach of purposely spiking the price because I have time on my hands and well, I am attached to it I will admit. However, the price is set to where I would be a fool to not accept the offer and the buyer would be a fool to offer me such a price... but if they want to, then sure! Conversely there was a fireplace that I really wanted however the price was a little bit high. I worked the seller down a little but not as much as I was wanting or what the market was at, but the seller was in the position of Option 3 above where he flat out said I can install this fireplace in my lake house before I settle for a price that low. I wanted it, so I agreed to disagree and buy it at the price I had already worked him down to.

This endowment effect is happening I think also because some of these more naive sellers see a transmission or a car parked on Ebay or Craigslist more often with a going price of \$30,000 when it's worth maybe \$10,000 at best. What makes them naive is that they don't understand just because it is listed for sale at that price doesn't mean it is actually selling or even getting any inquiries. Many of us Craigslist lurkers see the same car listed / relisted for months until hopefully the seller gives in. Those sellers that refuse to see this or continually use other listings as justification for their asking price I generally tend to walk away from.

With projects you will always be contending with I want to sell it for \$X and a buyer saying "It's going to cost me \$Y just to get it to a working condition, so I will give you \$X - \$Y". Very custom cars or homes like in the example, a lot of sellers also forget that just because they added some LED lights or gotti rims doesn't mean value was added since it is all personal preference which is why a lot of hot rod builders won't ever see a profit when they're done playing with their project. They built a car that they and only they liked.

(Post is Read)

Thread: Acquisition Utility and Transactional Utility!
Post: RE: Acquisition Utility and Transactional Utility!
Author:  Joshua Barnard

Posted Date: September 15, 2018 11:44 PM
Status: Published

This would tie into our 611 discussions from last week where the reason for Aldi's success was because it did provide a location for quick and easy access to your essential groceries while also maintaining some of the lowest prices around due to other business decisions. It was a perfect combination of cost & convenience. I can agree with the book and (I already know) your stance on the matter of luxury/convenience versus cost. We may travel the extra distance to save a few dollars while others will quickly stop into Tom Thumb and grab overpriced goods because it happens to be right there. I know I reluctantly did that with an Albertsons one evening, primarily driven by hunger.... Never again!

You could also combine this with the endowment effect... I might not be selling an item at a high price however I put a value to my time. In some respects that's where going to the most convenient car dealership, gas station, grocery store, becomes more of a factor. Rarely have I seen it being done on purpose, calculating how much your time is worth given your hourly/salary wage, I think it is just done because they don't care... but if they did, they may find justification through the numbers involved. Going to College Station round trip would have you 6 hours invested in the effort. How much do you think an executive makes per year, divided out by working days, then by 9 hours (for us)? If the time delta between a DFW dealership and a College Station dealership were say 5.5hrs, multiply that out by your hourly rate... Well, maybe a tough chance that would justify an additional \$3000. But could you put a cost to your mental stability, doing all that driving with your spouse and kids?

Mind you, you would be doing it on a weekend in which case I would consider my income \$0 because I wasn't working anyway.

(Post is Read)

Thread: Escalation of Commitment
Post: Escalation of Commitment
Author:  Austin Kinsler

Posted Date: September 15, 2018 9:52 PM
Status: Published

This one struck home for me. The main thing I noticed on the number one slide of

recognizing if you are having this problem is "my career depends on this project". Fortunately for me, I handle projects that have to be completed no matter what. However, I do find myself feeling as if my name and career are on the line every time I kickoff a major project. It is something I plan to change to become a more effective decision maker.

(Post is Read)

Thread: My own Endowment Effect Experience
Post: My own Endowment Effect Experience
Author:  Wesley Ruebman

Posted Date: September 15, 2018 9:13 PM
Status: Published

I am currently experiencing the Endowment Effect in my own life. I got married at the beginning of the year and we moved into our first home. I brought boxes of my stuff thinking they would have a place in our new house. It turns out a lot of my stuff needs to be sold. I placed these items on craigslist at probably more inflated prices than they should be. I had a personal attachment to these items and felt that warranted the extra price. So far, not many people have shared my same feelings. I haven't been very successful in selling my old treasures. After this module, I realized I am experiencing the Endowment Effect. I should really drop the price of these items to a realistic level so we can make more room for our new things.

(Post is Read)

Thread: Mental Accounting - Coupons
Post: RE: Mental Accounting - Coupons
Author:  Leigha Carter

Posted Date: September 15, 2018 9:04 PM
Status: Published

At the time I was working through this, there was no spare budget for our family to consider - every spare dollar was directed to paying off debt.

However, that would be a good idea - identify the coupons that would be relevant to our household but that might not be on the list for that week, as long as the items store well - with coupons, it's a fine line between good deal and having a garage full of deodorant and mustard that you'll never go through. If I set up an envelope system for discretionary spending, so that as long as I have a coupon, I could budget to try out some of the sales or coupons to try new products or to take

advantage of good deals. Once the money is spent out of the envelope, everything else has to come directly off the list.

(Post is Read)

Thread: Escalation of Commitment
Post: RE: Escalation of Commitment
Author:  Kathleen Teodoro

Posted Date: September 15, 2018 8:55 PM
Status: Published

Interesting discussion! Ted's comment called to mind the Endowment Effect: how one mitigation tactic is to develop a joint venture. With Endowment Effect the collaboration involved buyers/sellers and was designed to encourage emotional attachment; with Escalation of Commitment, the goal is to diffuse the emotional attachment by spreading accountability and helps keep the individual from linking career to the outcome of the project.

(Post is Read)

Thread: Acquisition Utility and Transactional Utility!
Post: RE: Acquisition Utility and Transactional Utility!
Author:  Kathleen Teodoro

Posted Date: September 15, 2018 4:09 PM
Status: Published

Great example! My mind always goes first to my parents who under-value the opportunity cost of our time by flying into an airport in another city to save a few bucks, but your example is a perfect counter argument. Thanks!

(Post is Read)

Thread: Sunk Cost Bias
Post: Sunk Cost Bias
Author:  Taylor Leach

Posted Date: September 15, 2018 3:29 PM
Status: Published

The company I currently work for suffers from quite a few examples of Sunk Cost Bias as I'm sure most of the companies we all work for do. Most companies just have a hard time giving up their "baby".

The example that comes to mind is an in-house built product that doesn't

integrate very well with our other product offerings. Due to this, we are constantly having to send issues back to R&D who have to continuously re-design and re-engineer the product. What makes it worse is the salesmen selling the product keep promising things to customers (new and old) that the product can do things that it cannot.

The only thing we have been able to do is track the issues coming in and hope that this doesn't come crashing down on our heads.

As for the product, it is already be phased out even though it'll be sold for at least another five years which means we will have to support it for at least another ten years after it is done being sold.

(Post is Read)

Thread: Acquisition Utility and Transactional Utility!
Post: RE: Acquisition Utility and Transactional Utility!
Author:  Crystal Moreno

Posted Date: September 15, 2018 3:02 PM
Status: Published

Same thing people do to find cheaper gas....while wasting gas looking :)

(Post is Read)

Thread: Escalation and the NPI Manager
Post: Escalation and the NPI Manager
Author:  Crystal Moreno

Posted Date: September 15, 2018 3:00 PM
Status: Published

Reading through the subject matter for escalation of commitment hit home for a recent issue at my facility. We have a role and person titled NPI Manager (New Product Introduction). In my previous management role I was in charge of all new material releases as well as changes to material from engineering design. This included the process it took to work the change through every team needed to the shop floor. We call this flow the end to end or engineering to release process. For Caterpillar I have been named a subject matter expert on this including the systems we use at our site. There are other people of course who are subject matter experts in their own smaller fields of the process as well. We make up a team of wisdom that should be utilized to its fullest. Our current NPI manager however has the tendency to have his mind made up and not listen even when he pulls together his 8th meeting of the day to get everyones ideas and feedback. He in turn only wants to convince others of his ideas and opinions. His job is tied to

only a few results of the projects cost and timing. Because of this he has multiple biases that lead him into escalation of commitment. In the lecture under Tactic #1 for recognizing it states "Do I generally evaluate how various events and actions will affect the project before I think about how they will affect other areas of the organization or company as a whole." This describes exactly what this manager does not do. In my previous role when we were in the processing stage of a new model I put up strong boundaries to keep his decisions based off timing from causing negative affects on all other teams. When I switched roles those boundaries were not maintained and I am now invited to meetings about how we could have avoided all of the problems we faced during pilots. Even in those I tried to voice what happened but still this manager wants to keep investing into what he originally wanted. My only guess is that for him to do otherwise would point out incompetence. This was a great topic to get actual business vocabulary to define what I'm seeing in this situation.

(Post is Read)

Thread: Acquisition Utility and Transactional Utility!
Posted Date: September 15, 2018 2:59 PM
Status: Published

Post: RE: Acquisition Utility and Transactional Utility!

Author:  Taylor Leach

Chris,

I really like your example. I did the same thing back in 2017. I spent almost 6 months searching for a vehicle. I drove ALL the way to Dallas from College Station at the time and had my sights set on a particular truck. When I got there, I found that the truck had front end problems and would need almost \$4000 worth of repairs right off the bat. I turned around and came back to College Station. So I spent 8 hours and did not even buy the vehicle. However, that day was not wasted! I was more educated by the end of the day and even stopped at several dealerships on the way home to check out their inventory.

I ended up buying the truck I really wanted about 2 months later and ended up getting a heck of a deal. Again, this truck was about three hours away (far southeast side of Houston) from College Station. I am willing to guess that I spent collectively about two full weeks traveling to different dealerships and doing my research online. Now, these two weeks were spread out over that six month time frame.

In the end, spending that two weeks was totally worth it. I ended up saving quite a bit of money by being patient which is tough when you get the "new car itch" as my dad calls it.

(Post is Read)

Thread: Escalation of commitment and the government
Posted Date: September 15, 2018 2:49 PM

Status: Published

Post: RE: Escalation of commitment and the government

Author:  Taylor Leach

Travis,

I didn't realize it until you said it, but you are right in that the government in some cases is the poster child for status quo. Too often, the government is afraid of change. They want to see others do it first because they don't want to fail. What does failure bring? Blame to one side of the political game and no one wants that! There are exceptions to that rule in that the government wants to be the first mover. Take the space race against the Russians back in the day for example.

With our current systems, it is often time too hard for an administration at any level to keep up with the pace of new and/or growing technologies.

(Post is Read)

Thread: Shark Tank and the endowment effect
Posted Date: September 15, 2018 2:23 PM

Status: Published

Post: RE: Shark Tank and the endowment effect

Author:  Xiaomin Yang

The secret of managing a public project is low ball the budget to get it started, then keep increasing the budget every cycle. Public projects are not for profit and people just care to move the projects across the finish line. Financial performance is not a priority.

(Post is Read)

Thread: Where do I begin....
Posted Date: September 15, 2018 2:18 PM

Status: Published

Post: RE: Where do I begin....

Author:  Taylor Leach

Author: Lance Decker **Date:** Thursday, September 13, 2018 2:53:01 PM CDT **Subject:** RE: Where do I begin....

It seems like you may be emotionally hijacked Tyler on these subjects. **I've been waiting to drop that on someone, so you're welcome.**

I guess we need to change the management and educate them as we move up. With all of this good knowledge, we will all be stars!

That part of the post cracked me up!!

(Post is Read)

Thread:

Shark Tank and the endowment effect

Post:

RE: Shark Tank and the endowment effect

Author:



Kathleen Teodoro

Posted Date:

September 15, 2018 2:06 PM

Status:

Published

Great example! Interestingly enough, not-for-profit organizations struggle with the endowment effect all the time too. A founder will come to think their own organization or approach is the most valuable, viable solution to a particular social need. They'll write grant proposals that claim the moon in terms of the good they're providing the community and believe they deserve funding more than the next organization - even if they're poorly run and have no hope of financial sustainability. And even if there are other, better run organizations that address the same social issue that the founder is clearly passionate about.

(Post is Read)

Thread:

Acquisition Utility and Transactional Utility!

Post:

Acquisition Utility and Transactional Utility!

Author:



Christopher Maguire

Posted Date:

September 15, 2018 2:02 PM

Status:

Published

I loved the bit in Chapter 7 regarding the transactional utility and acquisition utility examples....particularly the one about the laptop being on sale at your store vs a store 20 minutes away. It is curious how much people value, or overvalue, their own time.

For example, looking for a Toyota a few years back, I checked the Toyota Dealership in College Station. For a given Camry, they wanted \$3,000 more than a dealership in Houston (Tejas Toyota off Highway 59 in Humble, Tx) for the same Camry, trim level, features, and model year. Both were brand new. When I questioned the sales agent about this huge difference in pricing, I was told “well, yeah, but we are right here. The other guy is 2 hours away”.

It was eye opening to me that someone would be willing to spend \$3,000 more to just not have to drive a total of 3.5 hours round trip (I am very familiar with this route as it was the one I took to get home.... The sales agent was rounding up on his time per leg of the trip). So for that trip to be “not worth it”, the car buyer in question would need to make in excess of \$857.15 per hour or value their time at that rate per hour! Hmmm!

Like the book stated: “Far too many people go to multiple grocery stores to save \$10 or \$12 but fail to search thoroughly when making large purchases, such as a house or car” (Bazerman 93).

Talk about Acquisition Utility and Transactional Utility!

(Post is Read)

Thread: Moral Code: The Ethics of AI
Post: BRE: Moral Code: The Ethics of AI
Author:  Christopher Maguire

Posted Date: September 15, 2018 2:01 PM
Status: Published

Very interesting share, Sir! As time continues and AI matures.... it will be very interesting to see how corporations choose to implement AI, and if it remains in ethical and moral stances. I believe Facebook would be a good example of a potential turning point of harnessing AI against us for profit.

Let's hope for more Cmdr. Data's around the world and less I, Robot VIKI sorts....

(Post is Read)

Thread: Shark Tank and the endowment effect
Post: Shark Tank and the endowment effect
Author:  Travis Briscoe

Posted Date: September 15, 2018 12:59 PM
Status: Published

I think one place that I have seen perfect examples of the endowment effect is on the tv show Shark Tank. I do not know how many of you have seen the show but the basic principle is people present a business, investment idea or a product to a group of possible investors. Many times, the people who are successful on the show are people who stick strictly to the numbers (profits, investing cost, ownership percentages, etc.) and the people who are unsuccessful overvalue their business/product because they become emotionally attached to it because it is their baby and will way over value it and no matter how much the investors try to talk the person down to a reasonable investment number they will not listen. Just thought that was a good example and if you have not seen the show I suggest watching one episode to see the endowment effect in action, I've only watched the show a couple of times but I think every time I have seen it the endowment effect has been present for both the investor and the person asking for an investment.

(Post is Read)

| | | |
|---|---|-----------------------------|
| Thread: | Posted Date: | September 15, 2018 12:29 PM |
| Escalation of commitment and the government | Status: | Published |
| Post: | | |
| Escalation of commitment and the government | | |
| Author: |  Travis Briscoe | |

During the lecture when it was talking about the failure of the Concorde I could not help but draw a correlation between it and Amtrak. I knew about how the Concorde had failed miserably and cost millions of dollars but I was unaware that the government had gotten involved with it. Similarly, Nixon and the government got involved with the passenger trains in the 70's because they did not want to see that railroad service fail. The passenger railcar industry was failing until the government stepped in and started subsidizing it heavily and they still are to this day. There is no reason for this service to stay around if it is not self-sufficient, which it is not even close to being self-sufficient and I believe it can be chalked up mainly to escalation of commitment. Amtrak is a huge failure financially and has never made any profit, the only reason it can continue running is due to the government subsidizing it. Why can the government not allow simple economics decide the fate of companies and services such as Amtrak?

In fact, it seems the government is the poster child for escalation of commitment and probably status quo as well. So much of the government is inefficient and poorly managed. While there are several examples in the private industry of escalation of commitment, typically those examples eventually fail but in government programs they continue to back them and sink money into them which is why we have such a huge federal debt. There are several other factors in

play besides escalation of commitment but I believe escalation of commitment plays a large part in the failures of our government.

(Post is Read)

Thread: Escalation of Commitment
Post: RE: Escalation of Commitment
Author:  **Theodore Machicek**

Posted Date: September 14, 2018 3:46 PM
Edited Date: September 14, 2018 11:27 PM
Status: Published

At HPE we have a PAC board to review the merits of a project who's leader is external to those running the project. In addition, we have a gating process strongly tied to the project management system approach to determines which products make the launch dates. This has tremendously improved time to market, quality, and remove some (not all) of the "golden child" or "sacred cow" behaviorisms shown in the escalation of commitment lectures.

(Post is Read)

Thread: Escalation of Commitment
Post: RE: Escalation of Commitment
Author:  **Xiaomin Yang**

Posted Date: September 14, 2018 10:36 PM
Status: Published

You can use mental accounting trick and name the room as something like "future room of happiness". XY

(Post is Read)

Thread: Mental Accounting - Coupons
Post: RE: Mental Accounting - Coupons
Author:  **Xiaomin Yang**

Posted Date: September 14, 2018 10:34 PM
Status: Published

Leigha, Can you think one step deeper about how to use the mental accountng to deal with the Coupon issue? can you set up a separate budget for unnecessary items with Coupon only every month? XY

(Post is Read)

Thread: Moral Code: The Ethics of AI **Posted Date:** September 14, 2018 10:32 PM
Post: RE: Moral Code: The Ethics of AI **Status:** Published
Author:  Xiaomin Yang

Thoedore, thanks for sharing the AI video link. I'm a big fan of AI as my PhD research is about the application of AI to reactor automation. Unfortunately, I was ahead of time and the computing power doesn't allow real-time control. But AI is an amazing topic. XY

(Post is Read)

Thread: Mental Accounting - Coupons **Posted Date:** September 14, 2018 10:29 PM
Post: RE: Mental Accounting - Coupons **Status:** Published
Author:  Xiaomin Yang

Lisa, sorry hearing about your e-book. I bought my used paperback last year. I like paperbooks, but likely will have to rely on my Kindles after moving to Saudi. XY

(Post is Read)

Thread: Just did my leadership emotional intelligence interview - framing and bias were present **Posted Date:** September 14, 2018 10:26 PM
Post: RE: Just did my leadership emotional intelligence interview - framing and bias were present **Status:** Published
Author:  Xiaomin Yang

Lisa, What did your managers say about these biases? How often do they observe they or others excercise these biases? how do they mitigate the biases? Thanks. XY

(Post is Read)

Thread: Where do I begin.... **Posted Date:** September 14, 2018 4:15 PM
Post: RE: Where do I begin.... **Edited Date:** September 14, 2018 4:16 PM

Author:  **Theodore Machicek** **Status:** Published

I agree with you 100 percent; however, I take issue with your Sunk Cost \ McKinsey comments. On that topic I agree with you 1000 percent. It is the tool - perceived to be the outside objective view - of the Sr. Executive who is cemented in his \ her mode of escalation - to reinforce their idea, proposal, or recommendation. As you said, the end result is to rationalize a WFR.

I am not against 3rd party reviews or recommendations; however, the right focus, context, and skill set has to be in place.

(Post is Read)

Thread: I'm a victim of status quo bias **Posted Date:** September 14, 2018 3:54 PM
Post: RE: I'm a victim of status quo bias **Edited Date:** September 14, 2018 3:54 PM
Author:  **Theodore Machicek** **Status:** Published

Kevin Sumlin had too many options in his play book. He refused to integrate routes that utilized the talented tight ends on his roster. THIS was a classic example of how to be a victim of status quo bias.

(Post is Read)

Thread: Escalation of Commitment **Posted Date:** September 14, 2018 3:39 PM
Post: RE: Escalation of Commitment **Status:** Published
Author:  **Theodore Machicek**

LOL - I think we all have a "craft" room. We'll call it by another name, but it exists nonetheless.

(Post is Read)

Thread: Escalation of Commitment **Posted Date:** September 14, 2018 1:48 PM
Post: RE: Escalation of Commitment **Status:** Published
Author:  **Leigha Carter**

I was thinking about this from a personal standpoint, too - I have a room in my home dedicated to crafting, and I haven't touched any of it for well over two years.

I don't want to donate it or share it with crafting friends because I spent so much money on accumulating it, but realistically I'm not going to be using any of it in the near future. My husband has been asking if we could repurpose that entire room for something more functional, but I keep holding on the idea that someday, I'll get back to it.

Ugh. I hate that this class just sided with my husband.

(Post is Read)

Thread: Mental Accounting - Coupons **Posted Date:** September 14, 2018 1:39 PM
Post: RE: Mental Accounting - Coupons **Status:** Published
Author:  Leigha Carter

I was the crazy coupon lady for a while when we were working hard to pay off debt (that Dave Ramsey lifestyle...), and I realized early on in the process that I was using coupons or sales for things that I didn't need just because the "deal was too good" to pass up. Luckily, I caught on early that we didn't, in fact, need four jars of marmalade or whatever the coupon was for. Once I was strict to my lists and only used the coupons/deals that applied to it, we did much better on our grocery budget.

(Post is Read)

Thread: Moral Code: The Ethics of AI **Posted Date:** September 14, 2018 12:58 PM
Post: Moral Code: The Ethics of AI **Status:** Published
Author:  Theodore Machicek

All - as I was sorting old emails, I came across a short video my company, and the Atlantic Re:think, published late June. As it was playing in the background, it was the comments on biases that sparked my attention. It deals with technology and the business implications of the future. Hope you find this interesting.

<https://youtu.be/GboOXAjGevA?t=1s>

If the link fail; YouTube search "Hewlett Packard Enterprise - Moral Code: The Ethics of AI"

(Post is Read)

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|----------------|--|---------------------|-----------------------------|
| Thread: | Mental Accounting - Coupons | Posted Date: | September 14, 2018 12:35 PM |
| Post: | RE: Mental Accounting - Coupons | Status: | Published |
| Author: |  Lisa Ely | | |

I use coupons too, and like you, try to only buy what I would normally buy. I am a bit different in that if I can't get it at HEB, I determine I don't need it. I'm unwilling to shop around for my groceries. I'll do that for bigger ticket items, but don't have the fortitude to do it with groceries. I admire those like you who can.

I have a recent example of using mental accounting with coupons. I had tried to view our books online (e-books) and was struggling. I had looked up the cost for them before and couldn't justify paying that much for something I already had access to. Half Price Books sent me a coupon for 30% off an online order. I looked up the prices and found great deals on our three books. I was able to justify the cost/benefit ratio and went ahead and purchased them. At that point, the efficiency gain won was worth the sunk cost to me.

(Post is Read)

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| Thread: | Just did my leadership emotional intelligence interview - framing and bias were present | Posted Date: | September 14, 2018 12:25 PM |
| Post: | Just did my leadership emotional intelligence interview - framing and bias were present | Status: | Published |
| Author: |  Lisa Ely | | |

I just did my leadership interview for Dr. Zoghi's class. Not only did we talk about emotional intelligence, we talked about framing and bias. I was glad to have gotten this far our modules for this class before I did the interview so I could recognize those instances.

(Post is Read)

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|----------------|--|---------------------|-----------------------------|
| Thread: | I'm a victim of status quo bias | Posted Date: | September 14, 2018 12:22 PM |
| Post: | RE: I'm a victim of status quo bias | Status: | Published |
| Author: |  Lisa Ely | | |

I actually already do. I have accounts at a credit union and one account at a major

bank (they don't deserve me mentioning the name). :) I do all my online bill pay at the bank and my car loans through the credit union.

(Post is Read)

Thread: Mental Accounting Test - UIN **Posted Date:** September 14, 2018 12:19 PM
Post: RE: Mental Accounting Test - UIN **Status:** Published
Author:  Leigha Carter

You're awesome - thank you!

(Post is Read)

Thread: Mental Accounting Test - UIN **Posted Date:** September 14, 2018 12:19 PM
Post: RE: Mental Accounting Test - UIN **Status:** Published
Author:  Leigha Carter

Thank you! I was looking all over Howdy, could NOT find it!

(Post is Read)

Thread: Mental Accounting Test - UIN **Posted Date:** September 14, 2018 12:18 PM
Post: RE: Mental Accounting Test - UIN **Status:** Published
Author:  Leigha Carter

DUH! I totally forgot I had that....

(Post is Read)

Thread: Escalation of Commitment **Posted Date:** September 13, 2018 11:02 PM
Post: RE: Escalation of Commitment **Status:** Published
Author:  Xiaomin Yang

Rachel, good point.

(Post is Read)

Thread: Escalation of Commitment
Post: RE: Escalation of Commitment
Author:  Rachel Hulett

Posted Date: September 13, 2018 10:49 PM
Status: Published

Thanks, Sam. I feel similarly to you from a business perspective. I've seen my company pour too much time and resources into projects that I felt didn't have much potential to get off the ground, much less succeed long-term. My company more recently implemented a gating process whereby the senior executives review and approve potential projects to move forward to the next gating step; this ensures resources are utilized in a more strategic and economic way. This has been very helpful in our organization overall to limit resource wasting (although if it's your project, then this gating process seems to move too slowly and hold you back).

Rachel

(Post is Read)

Thread: Mitigate Endowment Effect - Thought Experiment
Post: RE: Mitigate Endowment Effect - Thought Experiment
Author:  Xiaomin Yang

Posted Date: September 13, 2018 10:37 PM
Status: Published

Dear Theodore, I didn't plan to have a Q&A simply because there are many answers to my questions in the lecture. However, the point of the thought experiment topic is to help us think the endowment effect from the seller and buyer perspectives, respectively. The inventors would ask much more than \$100k while the company would like to pay a number close to the R&D cost.

(Post is Read)

Thread: Endowment ~ Ownership Effect & Status Quo Bias
Post: RE: Endowment ~ Ownership Effect & Status Quo Bias
Author:  Xiaomin Yang

Posted Date: September 13, 2018 10:32 PM
Status: Published

Marketers are really trying very hard to make use of human being's judgment biases to sell products. XY. Now we know more of their tactics. XY

(Post is Read)

Thread: Fascinating experiments re biases
Posted Date: September 13, 2018 10:18 PM
Status: Published
Post: Fascinating experiments re biases
Author:  Kathleen Teodoro

I found the research experiments fascinating - and a bit disheartening. It does seem that many of these biases are in our wiring! But the examples also did help me see the implications more clearly.

2-4-6 Sequencing. This one is very relevant to my situation at work. Someone on my team is quick to claim "I'm a numbers person!" but he doesn't see that he looks for numbers that fits his own hypotheses - never the numbers that might disprove. He's even deleted some of the data that might have threatened his argument! But in this sequence example, it's clear that exploring sequences that might disprove could bring you to the answer more quickly. That's so powerful!

Taj Mahal and audits. Those examples are mind-blowing! That we can be swayed so powerfully by an anchor - even when we see that it is completely arbitrary like a phone number. This one is humbling. If it is that easy to be influenced by an anchor, I see why we need a systematic process to make less biased decisions. We can't trust ourselves. I scored as a Modern Missionary in our Leadership profile, so I'm inclined to intuition and need to really build a practice of systematic decision making.

(Post is Read)

Thread: Mental Accounting - Coupons
Posted Date: September 13, 2018 10:04 PM
Status: Published
Post: RE: Mental Accounting - Coupons
Author:  Samuel Woods

Ted, I can relate to the coupons when it comes to online shopping. If I see an online deal, it's tough for me to walk away from. Just today I bought a \$5 groupon for \$10 worth of Starbucks. I hardly drink coffee, especially Starbucks, but it was a

"good deal". And if you're going to succumb to mental accounting at least you go about it responsibly and you end up saving money on something you were going to purchase anyways.

(Post is Read)

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| Thread: | Escalation of Commitment | Posted Date: | September 13, 2018 9:59 PM |
| Post: | Escalation of Commitment | Status: | Published |
| Author: |  Samuel Woods | | |

The escalation of commitment spoke very highly to me. In the years I've worked in telecommunications I have seen numerous initiatives pushed and practically willed into success only to flounder and epically fail. I've watched us lose millions of dollars because of commitments and an agenda that at its core was from a group of people determined to not accept failure until it's failed horribly and publicly. I myself have done this before on a much smaller scale. I've worked on things around the house that just aren't suitable or are destined to fail, but since I've already spent too much time and money on getting the fan to work, it's destined to be mounted and work! Only for it to almost fall out of the ceiling and hurt someone. It's frustrating and sometimes upsetting to admit failure after going so far down a path, but in order to save other people and to accomplish the overall goal, it must be sacrificed to continue on. I feel like there's plenty of analogy to be had with the escalation of commitment and interpersonal relationship, but that's for another time.

(Post is Read)

| | | | |
|----------------|--|---------------------|----------------------------|
| Thread: | Mental Accounting - Coupons | Posted Date: | September 13, 2018 9:24 PM |
| Post: | Mental Accounting - Coupons | Status: | Published |
| Author: |  Theodore Machicek | | |

Mental accounting – related to coupons – is something I enjoy doing (to the dismay of my wife and son) at the grocery stores. To be clear, I don't shop just to shop; I don't wander around and impulse buy. I make a list, I search for sales at three places on my way to, or from, work. Using my smartphone apps for Randall's, Kroger's, and H-E-B...I scan for the sales, check who has digital coupons for ONLY those items. Best deal warrants a stop and I am in and out. If the items are not urgent, the sale or the coupon will be used during my next round trip. In my case, for the small amount of groceries I will personally buy (for my office \ lunch \ single meal), I am confident I am not the typical target for their coupon. I suspect they want to lure the person in with the Free Friday offer

(Kroger's) and once they have you in the store...they assume you'll find at least one (or two, or three) items you "need" and since you are here...you might as well buy them now. Shame on that person if they grabbed a cart on their way in. An empty cart begs to be filled.

Changing to a different type of coupon that drives impulse buying...golf. Recently, I've gotten into Golf...and everyday I receive emails offering 10% - 15% off. It sets a pattern. Then, you receive the "flash sale ~ one day only 20%" offer that is usually tied to some new product that tempts you into action. If that did not work, they unload with the multi-tiered offer in cash vs percentages: \$20 off of \$100, \$35 off of \$150, or \$50 off of anything over \$250. In the end, they drive excitement and try to invoke a response when they finally strike a nerve with the buyer with the must have, act now, spend more to save more themes.

(Post is Read)

Thread: Mitigate Endowment Effect - Thought Experiment
Post: Mitigate Endowment Effect - Thought Experiment
Author:  **Theodore Machicek**

Posted Date: September 13, 2018 8:26 PM
Edited Date: September 13, 2018 8:45 PM
Status: Published

Was there supposed to be Q&A or an answer provided against the Thought Experiment? Not knowing what the value of this technology is. Not sure what company does and why I need it \ want it. Not sure how I'm qualified to pick. I do realize this ties back to joint development and joint ownership...how each works as a model; however, I don't see how I can set a price. Obviously, my price will depend on my point of view as a buyer and a seller (\$6 cup vs \$3 cup).

I feel like I am missing something on this last part of the lecture. I apologize for my ignorance.

(Post is Read)

Thread: Sunk costs
Post: Sunk costs
Author:  **Paul Carman**

Posted Date: September 13, 2018 8:25 PM
Status: Published

Does anyone use third party data to validate information etc for projects? Wouldn't this be valuable (depending on how much money it is) for the product buyers to see this?

Just asking....

(Post is Read)

Thread:

Endowment ~ Ownership Effect & Status Quo Bias

Posted Date:

September 13, 2018 8:19 PM

Status:

Published

Post:

Endowment ~ Ownership Effect & Status Quo Bias

Author:



Theodore Machicek

All around us we're exposed to marketing tactics that aim to lure you in and tempt you. They leverage how your Endowment \ Ownership Effect and Status Quo Biases might influence our choices. To anyone who loves fishing – this is like baiting the hook and throwing the line out in a well-stocked pond.

At the high-end retail stores, you're free to try anything. The clerk will bring you options and offer supportive compliments. You're allowed to visualize how you (key part of the equation) would look if you owned the items. At that moment, you took the bait. If you like what you see, the "Ownership Effect" is taking hold...and the hook is about to be set. If you hesitate on the price, the clerk will surely find a "price discount" if you simply use the store credit." If you're still uncertain, the clerk will cite the no fuss return policy that guarantees full refund if you are not completely satisfied when you get home.

Similar method is applied to online services such as Kindle or Audible. Each will offer new customers a 2–3 months of a trial membership. Included are some free titles that are yours keep. They establish "ownership" between you and the product, and you perceive instant value in your (key part) service. The service provider is banking on the "Endowment Effect" to be strong enough for you to justify the automatically renewing membership fee. Again, you tested the bait, the hook is in your mouth.

Obviously, a percentage will not like the service or have a change of mind when they get home. In both scenarios, to reverse the deal, it requires you (again...key factor) to act and change what already exists. You must gather the receipts, collect the items, and return to the store. You must find and follow the cancellation process. While, some people have no issue doing this, the companies using this type of bait are banking that will fall victim of the your "Status Quo Biases" and simply allow the items to remain in your closet, or you'll forget the service subscription is silently renewing.

(Post is Read)

Thread: Where do I begin....
Post: RE: Where do I begin....
Author:  Lance Decker

Posted Date: September 13, 2018 2:53 PM
Status: Published

It seems like you may be emotionally hijacked Tyler on these subjects. I've been waiting to drop that on someone, so you're welcome.

I guess we need to change the management and educate them as we move up. With all of this good knowledge, we will all be stars!

(Post is Read)

Thread: I'm a victim of status quo bias
Post: RE: I'm a victim of status quo bias
Author:  Lance Decker

Posted Date: September 13, 2018 2:47 PM
Status: Published

Go for it Lisa! Except choose a credit union... I do see where you are coming from. We just changed home security companies and wondering if I did the right thing... kind of painful learning something new.

(Post is Read)

Thread: I'm a victim of status quo bias
Post: I'm a victim of status quo bias
Author:  Lisa Ely

Posted Date: September 13, 2018 12:56 PM
Status: Published

I'll admit it, I'm a victim. I often will leave things as is because it's too much effort for me to change it. For instance, I've had the same bank for over 30 years. Even though I can't stand them, it's not worth the effort it will take for me to change to another bank. I would likely be happier with another bank, but I'll probably never know...

(Post is Read)

Thread: Mental Accountingin Business
Post: RE: Mental Accountingin Business
Author:  Xiaomin Yang

Posted Date: September 12, 2018 9:48 PM
Status: Published

Paul, thank you for the note. You may get more insights in the Strategy module to answer your profound questions. Short answer, you need to understand what problems you should try to solve, what information you should ask for, and how to communicate with your managers about the value and risk of your projects.

(Post is Read)

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|----------------|---|---------------------|----------------------------|
| Thread: | Mental Accounting in Business | Posted Date: | September 12, 2018 9:35 PM |
| Post: | Mental Accounting in Business | Status: | Published |
| Author: |  Paul Carman | | |

Dr Yang,

I like the examples you give in Topic 34. Very easy to follow. However, what if upper management does not give enough information of the business to align to projects? I have now experienced this for the last two years on certain projects that were supposed to be money makers yet they never took off.

(Post is Read)

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|----------------|---|---------------------|----------------------------|
| Thread: | Where do I begin.... | Posted Date: | September 12, 2018 9:05 PM |
| Post: | Where do I begin.... | Status: | Published |
| Author: |  Tyler Hurst | | |

Escalation of Commitment : Unfortunately I see this EVERYWHERE in my previous companies I work for and even the one I'm working in now. It seems it's unavoidable for some upper management to be wrong. How can they be wrong?? Their managers of managers right!!?!? They pour money and I mean hundreds of thousands of dollars into the wrong decision just to be right and they are still wrong! It makes me nauseous thinking of all the different examples I could plaster in this post.

Status Quo Bias: This is a topic I really need to work on myself. Sometimes my "do nothing" decision making, makes me feel more comfortable with the outcome even if it's bad! It's not daily (thank god) but shaking things up a bit and taking the next advantage step (not just to take it, but calculated decisions).

First Mover Advantage: This makes a lot of sense and this topic gives me a lot more courage to take the first steps of creating a business model (for myself) that takes the slow and steady course of progression instead of trying to compete with

a technological type of product or app.

Sunk Cost: Anyone here heard of "McKinsey". I've had the pleasure of dealing with these clowns three times at three different companies. All a publicity stunt to either show customers efficiency efforts (which they had no idea how semiconductor plant was run so we kicked them out in the first two companies I worked for after dealing with their non-sense for months without any real progress), or cover up layoffs.

What about a combination of Escalation of Commitment and Sunk Cost. Example: McKinsey suggested we change our Kalrez o-rings to Viton. HAHAHA! SEE? In certain chemical processes, Viton would be completely destroyed and our product would be scrapped. We're talking millions. Good job McKinsey of saving us money. Luckily we didn't switch because we're a little smarter than they are.

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| Thread: | Mental Accounting Test - UIN | Posted Date: | September 12, 2018 8:34 PM |
| Post: | RE: Mental Accounting Test - UIN | Status: | Published |
| Author: |  Xiaomin Yang | | |

Send it to your TAMU email

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|----------------|--|---------------------|----------------------------|
| Thread: | Mental Accounting Test - UIN | Posted Date: | September 12, 2018 8:31 PM |
| Post: | RE: Mental Accounting Test - UIN | Edited Date: | September 12, 2018 8:31 PM |
| Author: |  Theodore Machicek | Status: | Published |

Go to "My Application Status" and you should see it. <https://applicant.tamu.edu/Applicant/AppStatus>

(Post is Read)

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|----------------|---|---------------------|----------------------------|
| Thread: | Mental Accounting Test - UIN | Posted Date: | September 12, 2018 8:26 PM |
| Post: | RE: Mental Accounting Test - UIN | Status: | Published |
| Author: |  Fernando Guirola | | |

Leigha,

It is the number on your student ID.

Hope it helps.

Fernando

(Post is Read)

Thread: Mental Accounting Test - UIN **Posted Date:** September 12, 2018 8:14 PM
Post: Mental Accounting Test - UIN **Status:** Published
Author:  **Leigha Carter**

All right, I must be crazy, but I cannot find my UIN to take the test. The only student ID that I have includes letters, and it's not liking that - can someone help guide me to where I can find my UIN?

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← OK