Rest Assured
YOU ARE BIASED!

Transitioning from allusive effectiveness to realistic outcomes

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Short CV

HAU

Ilias is a is a Brussels based professional Project/Programme/Portfolio Management Consultant & Trainer, currently working as a senior IT Portfolio Management consultant at the European Commission's Directorate General for Internal Market, Industry, Entrepreneurship and SMEs **(DG GROW).**

He is a contributor to the PM^2 Methodology v.3.0 ,the PgM^2, and the PfM^2 Programme & Portfolio Management Methodologies, and a founding member of the PM^2 Alliance and the PM^2 Foundation.

He holds a Masters' Degree in Engineering - Economic Systems **(NTUA)** and a B.A. in Military, Diplomatic and Law studies **(SSE).** Additionally, he is a certified Project **(PMP®)** & Risk Management Professional **(RMP®, M_o_R)** as well as a **PM^2** certified trainer.

Ilias also holds a **Ph.D.** in the field of **Risk Management** and **Decision Making**. His research was focused in providing viable solutions to the corporate world, by enhancing the decision-making process through the provision of more accurate probabilistic forecasts, while taking under consideration the pragmatic scarcity of resources and available information.

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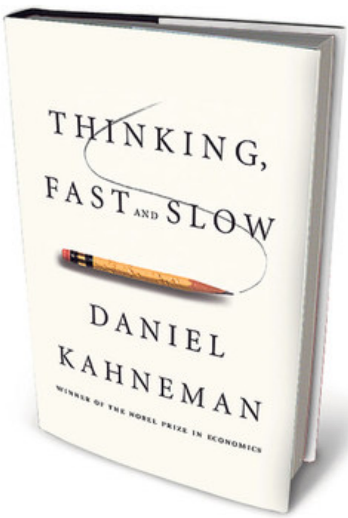
We always start with a smile ☺

How does our brain work?



Prospect Theory example

Hey Sam, I highly recommend that you go for fund **A** that has an average return of 10% for the past 3 years

Sam, I would say that you go for fund **B**, that had above-average returns over the last decade but has been in decline for the past 3 years.

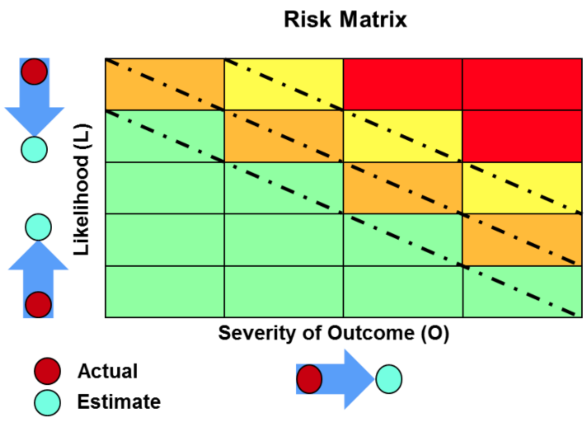
Nick the advisor

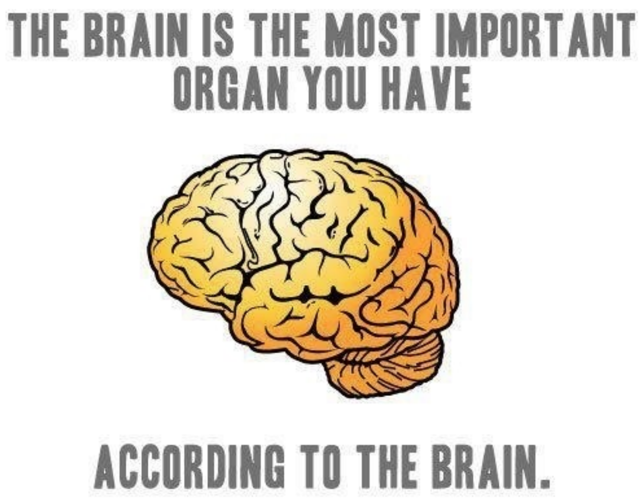
Sam the investor

John the advisor

How does our brain work?

Prospect theory indicates that SME (such as engineers) will tend to centrally bias likelihood and overestimate severity





Heuristics and Biases

A heuristic is a mental shortcut commonly used to simplify problems and avoid cognitive overload.
These solutions may not be optimal ones, but are often sufficient given limited timeframes and calculative capacity.

Biases (cognitive) are systematic errors in thinking that interfere with how we reason, process information, and perceive reality.

How does our brain work?

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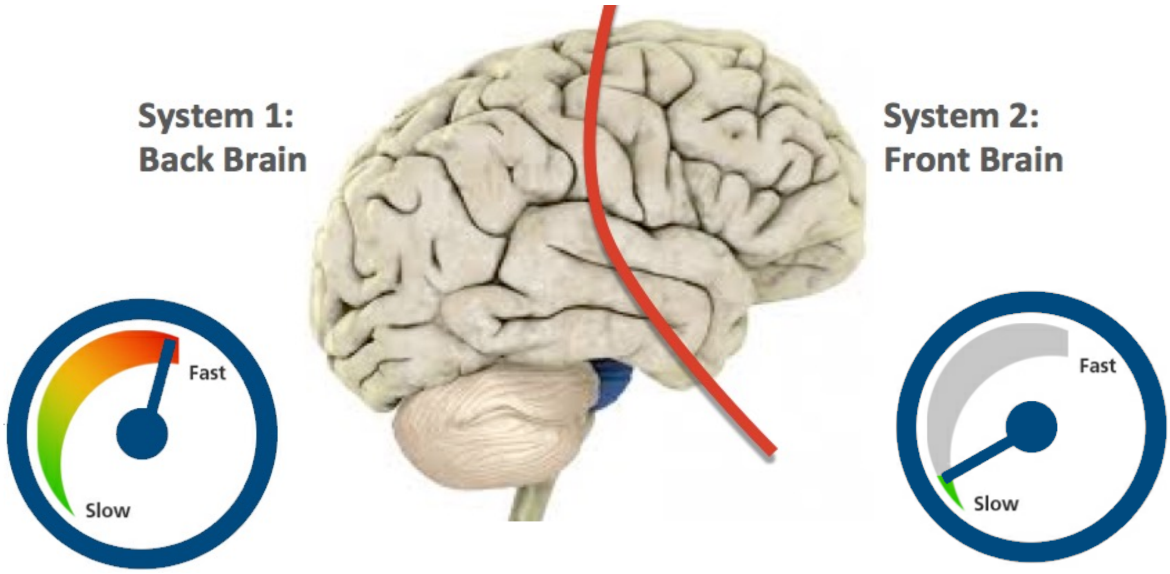

How does our brain work?

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System "1"	System "2"
Fast	Slow
Unconscious	Conscious
Automatic	Effortful
Everyday Decisions	Complex Decisions
Error prone	Reliable

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Risk Matrix

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The best tool, to schientificaly share your biased estimations ☺

		Impact				
		1=Very low	2=Low	3=Medium	4=High	5=Very high
Likelihood	5=Very high	Yellow	10 Yellow	15 Yellow	Red	25 Red
	4=High	4 Yellow	8 Yellow	llow	16 Yellow	d
	3=Medium	3 Yellow	6 Yellow	9 Yellow	12 Yellow	15 Yellow
	2=Low	2 Green	4 Yellow	Yellow	Yellow	10 Yellow
	1=Very low	Green	2 Green	3 Yellow	4 Yellow	5 Yellow

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Key biases in Project Management

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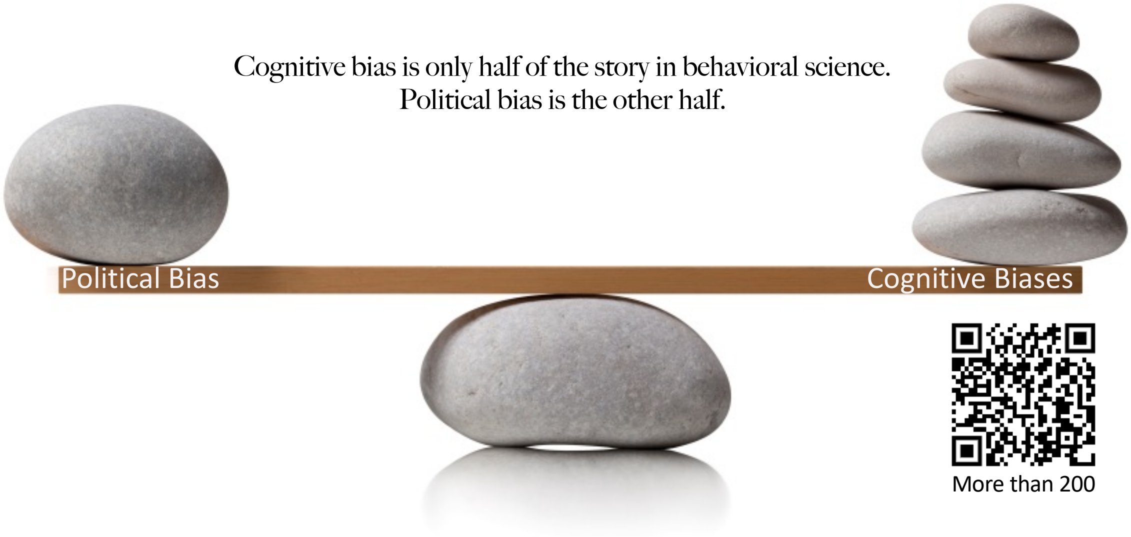
Key biases in Project Management

Cognitive bias is only half of the story in behavioral science.
Political bias is the other half.



More than 200

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The **10 key biases** in Project Management

1. **Political bias**
2. Optimism bias
3. Uniqueness bias
4. Planning fallacy
5. Overconfidence bias

https://doi.org/10.1177/87569728211049046

6. Hindsight bias
7. Availability bias
8. Base rate fallacy
9. Anchoring
10. Escalation of commitment

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Political bias

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Deliberate

Distorted info

Political bias

Strategic purposes

"The means justify the ends"

Remedy =

- cultural shift &
- imposed reference class forecasting

Political bias

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"Errors in the initial budget are not always innocent. The authors of unrealistic plans are often driven by the desire to get the plan approved—whether by their superiors or by a client—supported by the knowledge that projects are rarely abandoned unfinished merely because of overruns in costs or completion times"

(Kahneman, 2011, pp. 250–251).

Underestimate costs

+ Overestimate benefits

Funding

Political bias

For small projects, with low strategic import and no attention from top management, bias, if present, is likely to originate mainly with cognitive bias, for example, optimism bias.

For big projects, with high strategic import and ample attention from top management, bias, if present, is likely to originate mainly with political bias, although cognitive bias is also likely to be present.

Optimism Bias

The tendency to be overly bullish about the outcome of planned actions, including overestimation of the frequency and size of positive events and underestimation of the frequency and size of negative ones.

It can be both a blessing (can-do attitude) and a curse!

Planning fallacy

Subcategory of optimism bias

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Plan according to best case scenarios (EGAP principle)

The tendency to underestimate costs, schedule, and risk and overestimate benefits and opportunities.

Uniqueness bias

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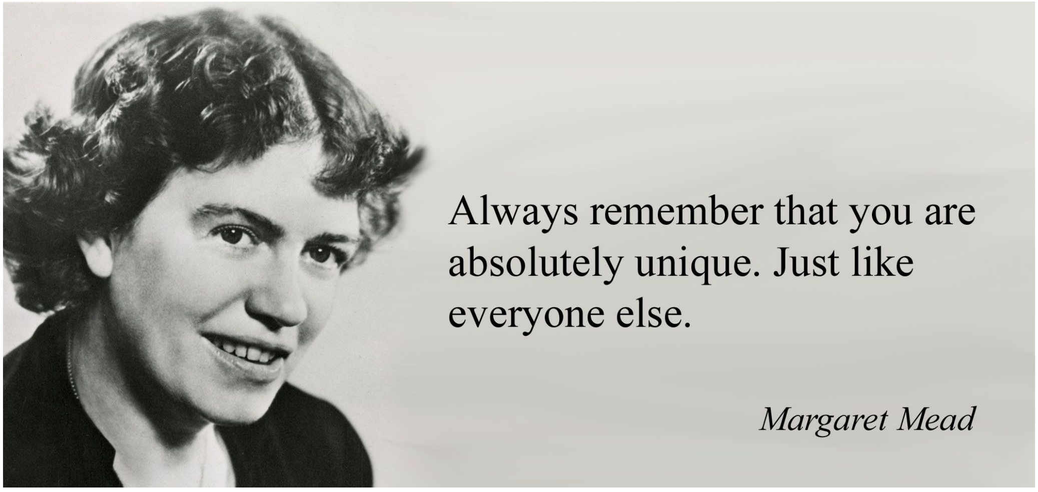
The tendency to see one’s project as more singular than it actually is.

Influenced by the ‘definition’ of a project.

A project can be unique in its own geography and time

Uniqueness bias



The remaining key cognitive biases

Name of Bias	Description
Overconfidence bias	The tendency to have excessive confidence in one's own answers to questions. • Overestimate how much you understand • Underestimate the role of chance • Fed by the **Hindsight bias** (Consider past events as being predictable) • Built into tools (MC-thin vs fat tailed distributions→ GiGo)
Availability bias	Overestimate the likelihood of events with greater ease of retrieval in memory. **Cause**: Limited to the inside view

The remaining key cognitive biases

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Name of Bias	Description
Base rate fallacy	Ignore generic base rate information and focus on specific information pertaining to a certain case or small sample.
Anchoring	Rely too heavily, or "anchor," when making decisions.
Escalation of commitment	The tendency to justify increased investment in a decision, based on the cumulative prior investment, despite new evidence suggesting the decision may be wrong. Also known as the sunk cost fallacy.

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How to…

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- Slow down
- Define problem
- Put emotions aside
- Inside + outside views → base rate
- Challenge your estimates
- Keep track of your performance

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Learn from the best

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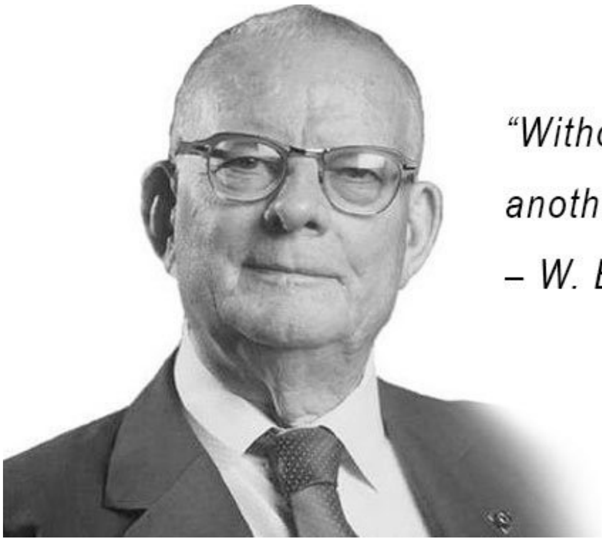

“Without data, you’re just another person with an opinion.”
– W. Edwards Deming

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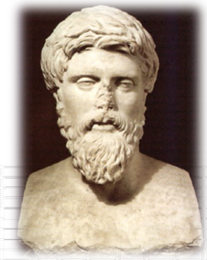
“For there is nothing of which either the origin is without cause or the foreknowledge thereof without reason”



THANK YOU