

No psychologist has ever observed intelligence; many have observed intelligent behavior.

- Isidor Chein

3 WAYS TO SEEM SMARTER

Intelligence is critical for getting ahead in your career. Businesses require their managers and executives to make critical decisions in an increasingly ambiguous and fast-paced environment. Without the required intellectual horsepower, you're going to have a hard time getting the job done.

But what is intelligence really? Although IQ tests are useful for predicting performance in academics, it has little to do with real-world success.

"If you look at the correlation between IQ and anything significant, all the predictability is at the low end," said Dr. Robert Hogan, renowned

psychologist and founder and president of Hogan Assessments. In other words, stupid people are statistically more likely to make bad choices than their peers. But we've all known people with high IQs who habitually make bad decisions.

In sports, when we talk about smart players, we make an evaluation based on their reputation and performance. We don't know their IQ scores any more than their blood type, but we deem them intelligent based on the decisions they make. So, if we can't have higher IQs, perhaps we can at least seem smarter based on the decisions we make. Here are three ways to improve your judgment, make better decisions, and seem smarter.

1

IDENTIFY YOUR BIASES

As the half-Vulcan first officer of the starship Enterprise often noted, human beings are highly illogical. Although most of us would like to think of ourselves as rational people, **we are all subject to natural biases.**

From anchoring, the tendency to rely too heavily on the first piece of information offered, to the backfire effect, the tendency to react to disconfirming evidence by strengthening one's beliefs, these biases shape your decisions, often in ways we don't recognize. Most of our natural biases and thinking patterns can be divided into three categories:

AVOIDING THREATS VS. SEEKING REWARDS

All decisions include potential threats and rewards. Some prefer to remain cautious while others seek rewards despite potential consequences.

TACTICAL VS. STRATEGIC

In approaching decisions, some people focus on immediate needs and relevant details, whereas others prefer to focus on big-picture challenges and opportunities.

DATA-DRIVEN VS. INTUITIVE

Research shows that people approach decisions either from a *data-driven* perspective – slow, deliberate and controlled, or *intuitively* – fast, automatic, and effortless.

Where we fall on each of these dimensions determines how we make decisions, and each has its own upside and downside depending on the situation. Reward seeking despite risk, for example, is critical for leaders of companies in their early growth stages, but can become toxic once those companies reach a certain size.

Take the recent case of Chobani founder Hamdi Ulukaya. Ulukaya quickly grew the brand to dominate the Greek-style yogurt market, reporting a three-year growth rate of 2,662% in 2011. But his push for growth at the cost of quality assurance led to a massive product recall in 2013, when contamination stemming from a quickly-constructed production facility caused yogurt packages to swell and fizz, and allegedly sickened more than 200 people. More trouble came in 2014 when Whole Foods announced it would discontinue

the product after questions arose about genetically modified organisms in its ingredients.

Still, Ulukaya told *Inc. Magazine* as recently as October, "We have to be fast, really, really fast. That means risk, and you will push yourself and the plants and productivity and planning, you have to do things four or five times faster."

Although your natural biases are difficult to overcome, understanding them is absolutely necessary for making smart decisions.

"This means coming to terms with your typical patterns of irrationality," said Hogan VP of Research and Innovation, Dr. Tomas Chamorro-Premuzic. "Just being aware of them will help you minimize their adverse effects on decision making and improve your judgment."

2

LEARN WHEN TO PRIORITIZE

Even though myriad studies show that we're rotten at it, modern life forces us to multitask. The average person consumes 34GB of data each day – 11.8 hours of information, including 100,000 words across multiple platforms, a 350% increase over 28 years. To put that in perspective, the famously difficult-to-finish tome *War and Peace* is only 460,000 words long.

On top of all of this information, we make hundreds of decisions, from when to get up, what to have for breakfast to whether to take our company public. Logic- and data-based judgments take up a lot of bandwidth. Therefore, our brains create subconscious shortcuts that help us navigate the countless decisions we make every day with less cognitive effort. The answer we come up with may not be optimal, but for most situations – choosing, for instance, what we eat for breakfast – it will be good enough. The vast majority of decisions are both inconsequential and unintellectual, so they can be automated via routine and habit. After all, the consequences of choosing a bowl Frosted Flakes® over Fiber One® are relatively small.

Here's the rub: at work, we face dozens of complicated, consequential problems every day, and our brains aren't very good at identifying which problems need our attention and which can be handled on autopilot. In fact, our minds are so stressed for resources that they

often substitute an easier question for one with an ambiguous answer. Consider the following question:

A magazine and a pack of gum together cost \$1.10. The magazine costs \$1.00 more than the gum. How much does the gum cost?

Most people will intuitively answer, incorrectly, that the gum costs 10 cents (it costs 5 cents, the magazine costs \$1.05). In fact, when researchers posed a similar question to a sample of Harvard students, arguably one of the brightest available sample groups, more than half got it wrong.

How can you keep your mind on the right track?

“Here, it is useful to follow the 90-10 rule adopted by Google and other successful organizations,” Dr. Chamorro-Premuzic said. “That is, try to devote 10% of your time to 90% of the decisions. The more effectively you do this, the more mental resources you can devote to important matters: key meetings with clients or your boss, big career decisions, complex problems, and moral dilemmas.”

3

GET BETTER AT FAILING

Finally, remember that **your choices are only part of the decision-making process**. In the real world there is rarely enough time or information to make a reasoned decision. Even if there were, the problems we face rarely have an objectively correct solution. In other words, at some point, **you're bound to make a mistake**. How you handle it can determine how others perceive your intelligence.

KEEP YOUR COOL

“With every move up the ladder, you're more impressed with yourself as you impress other people,” said Geoff Trickey, managing partner at Psychological Consultancy Limited. “When you are massively successful, you no longer feel that you need to make any concessions to anybody because you're now top of the heap. You're admired, successful, powerful, and wealthy, so why the hell should you bother with what anyone thinks?”

When someone brings you bad news, try to stay calm and reflect on how you contributed to the bad decision. The worst thing you can do is act impulsively. As Dr. Hogan wrote in the *Harvard Business Review*, “It's not always possible to right the wrong, but it's almost always possible to make things worse.”

ACCEPT RESPONSIBILITY

We're hardwired to react to negative feedback with denial and deflection. A 2012 study published in the *Journal of Personality and Social Psychology* found that people – especially those with greater-than-average intellect – were prone to what they referred to as the *bias blind spot*, our tendency to naturally

assume that everyone else is more susceptible to thinking errors than ourselves.

“People tend to listen to positive feedback and ignore negative feedback,” Dr. Chamorro-Premuzic wrote in the *Harvard Business Review*.

Consider the facts, address your mistakes, and use negative feedback to improve future decisions.

ENGAGE WITH FEEDBACK; ASK FOR HELP

Some people aren't good at asking for feedback. In an analysis of more than 1,200 New Zealand business leaders, assessment and consulting firm Winsborough Limited found that the chief complaint against poorly performing managers was that they didn't seek or accept feedback.

The fact is, people who genuinely engage with negative feedback are more likely to learn from their mistakes and avoid making them again. And, a study conducted by Harvard Business School and Wharton School showed that people perceive us as more competent when we seek their advice.

“If you act modest, even if it is faked modesty, people tend to add 20-30% of competence to your claims,” said Dr. Chamorro-Premuzic.

THE HOGAN JUDGMENT MODEL SEPARATES JUDGMENT INTO THREE DISTINCT AREAS



LEARN

How quickly you process complex information affects your decisions. Some people prefer to think in terms of words and images, and some people prefer to think in terms of numbers and symbols.



DECIDE

Your personality determines the bias in your decision-making process, whether it's avoiding threats vs. seeking rewards, thinking tactically vs. thinking strategically, or relying on data vs. trusting your gut.



ADAPT

At some point, you'll make a bad decision. Will you accept the blame and change course, or will you double down? What you do next will determine the course of your career and perhaps your company.

The first to combine cognitive ability, personality, and values, the Hogan Judgment Report provides an in-depth description of how participants process information, make decisions, and react to feedback and coaching. Good judgment involves being willing to acknowledge and fix bad decisions and learn from experience. Armed with this powerful knowledge, participants can improve their decision making and judgment.

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