

The Logic of Misperception

Gaining a favorable decision requires an interaction with Decision Makers that results in them having a favorable set of perceptions. This is a direct result of the Decision Makers' interpretation of the value proposition. The value proposition is a communication. As a communication, it is subject to miscommunication, possibly due to poor communication on the Champion's part, and definitely due to inherent human nature that filters and biases the perceptions obtained from the communication.

Research into the psychology of decision making has much to say about the mechanisms that inhibit perfect communication. None of this research conflicts with common sense or reflective observation on what we have all witnessed in practice, but it is comforting to know that there is rhyme and reason to what we might otherwise think is anomalous or serendipitous behavior.

I draw upon the overview developed by Scott Plous in his acclaimed book, *The Psychology of Judgment and Decision Making*, to organize this discussion of the mechanisms of misperception. The intent is to understand what is at work, so that later in Book Two we can discuss how strategy might be crafted to counter or reduce these effects, or even to leverage these effects to good advantage.

"Garbage in, garbage out" is a phrase embarrassingly applicable to how we all manage our memory and develop new perceptions. It comes with the wiring. There are both physiological and psychological reasons for this. The physiological reasons can be associated with differing roles of what is commonly attributed to the functions of the left and right brain, but won't enlighten this discussion suffi-

ciently to concern us here. We will concentrate instead on the psychological mechanisms.

Misperception occurs principally during the acquisition of new knowledge, as opposed to later with study and refinement of existing knowledge. Recreating from memory what was witnessed at an auto accident is not unlike trying to remember what was shown in a demonstration of new technology, what was shown in a project presentation, or even what was read once in a written proposal. All of these events provide information that is selectively filtered and interpreted by the observer in the process of becoming memory and perception. Later, when recall is required, additional distortion occurs. The end result is a set of perceptions that are both incomplete and different than the original information.

We will discuss four kinds of distortion that occur during exposure to new information, and one that occurs during later recall.

Selective perception is a mechanism that interprets new information according to expectations and hopes. A Decision Maker generally has some hopes and expectations related to the problem at hand before considering any solutions. Learning research tells us that new knowledge can't be assimilated unless it relates closely to existing knowledge. Consequently, the existing knowledge of hopes and expectations exerts a subtle but strong influence on the interpretation of information. Something that is shown or told about a solution that does not relate to either may go unrecognized as something of interest. Shown or told things that do relate, but that are not consistent with these hopes and expectations, often causes a distorted perception of conformance. This means that there is a tendency to perceive what was presented as conforming to those hopes and expectations even if they do not.

Context dependence is a mechanism that interprets new information in terms of the context in which it was received, and comes in four varieties. Two of these, the *primacy effect* and the *recency effect*, are encountered when a Champion is given the option of being first to present or last to present in a series of competing presentations. The first presentation gains some dominance in the Decision Maker's perceptions sometimes, and the last presentation at other times. Research shows that this difference is related to the time that elapses between presentations and the decision event. If a series of presentations is relatively uninterrupted and then some time elapses before a decision is made, the first presentation has a dominance

advantage. On the other hand, the last presentation gains a dominance advantage if time elapses between presentations but the decision is made immediately following the last. The *contrast effect* occurs when something is presented in the presence of something similar. Much like an average height movie star cast with shorter people gives the impression of the star as tall, so does a head-to-head competitive technology demonstration leave strong perceptions of any obvious differences. Finally, the *halo effect* occurs when one clearly dominant attribute of something develops a perception strong enough to influence the perceptions of other attributes. This can manifest in many forms, but a simple example is seen when Decision Maker's overrate specific benefits of a solution because of its leadership brand image.

Cognitive dissonance refers to a mechanism that seeks consistency, and can be responsible for changing old perceptions as well as creating new ones. If a perception already exists about something and new information wants to create a contradictory perception, one or the other will be changed in the receiver's mind to restore consistency. All fine and well if a falseness is being corrected; but this effect exists in important gray areas, such as when a Decision Maker's preconceived notion of something is confronted with a contradictory claim by a Champion. In this case either disbelief or enlightenment will be the result, often silently, and often whimsically. New perceptions can be created by this effect as well. Research shows that people often develop a perception of something in conformance with their unreasoned but spontaneous behavior or voiced opinion. That's what I think, and I'm sticking to it!

Hindsight bias is an interesting effect, and is associated with the predictability of uncertain cause-and-effect situations. It manifests as the creation of a perception, after the fact, that some specific outcome was expected and obvious all along, even though the person forming that perception would never have held that perception beforehand. It occurs, for instance, when one person relates to another the disaster that came of someone else's decision, and is met with an "Of course, that's obvious! I could have predicted that!" At least one person just formed a perception about the danger of duplicating that decision.

Memory bias is the last cause of misperception we will discuss here. Unlike the others, this is not about interpreting new information and turning it into biased perceptions, but rather about recall-

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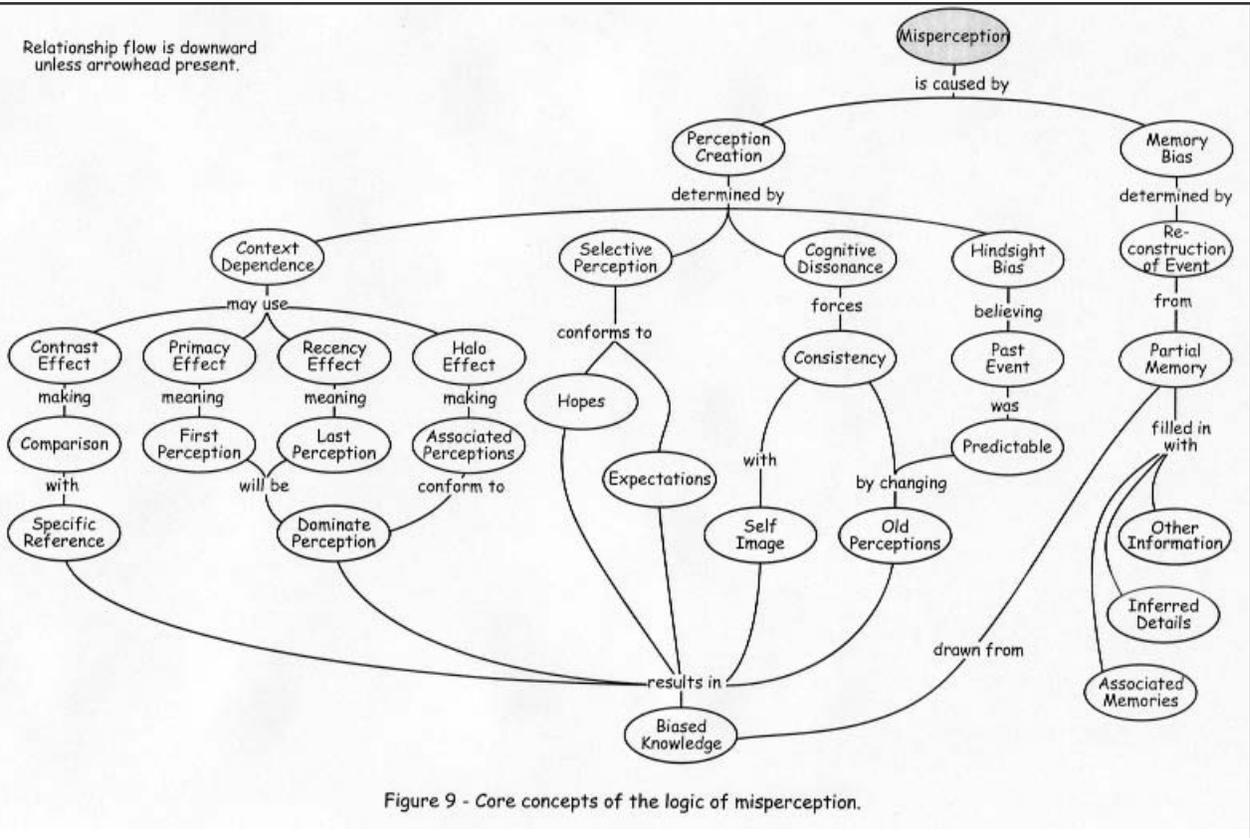


Figure 9 - Core concepts of the logic of misperception.

ing knowledge necessary for an action such as a decision or a comparative evaluation. Research tells us that we appear to store memories of new information as related fuzzy concepts without all of the original detail. However, upon recall, the mind reconstructs a detailed remembrance. These details are supplied, unconsciously, by logical inferences about what must have been there as well, by association with similar memories, and by implications from other relevant information. This explains why five witnesses to the same auto accident remember contradictory and completely untrue event sequences. It also explains why Decision Makers sometime attribute one Champion's argument and benefits to another champion's solution.

The competent Champion is aware that communicating a value proposition effectively is tricky business. Competing Champions have the same handicap, so these effects should not confer advantage on any one Champion over the competitive long haul. Unless, of course, a Champion respects and understands these effects well enough to mitigate and leverage them.