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The Psychology of Doing Nothing Transcript

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The Psychology of Doing Nothing

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He who hesitates is lost.

(Proverb)

Fools rush in.

(Proverb)

Inaction: The Highest Form of Action?

To-day I want to explore a contradiction. On the one hand, the proverb teaches that who hesitates is lost. On the other hand, we learn that “fools rush in”. Such conflicting advice can create a dilemma, when to act and when not to act? In addressing this question I mainly discuss costly inaction. To be more precise, the psychological forces that may delay or even stop us from doing what we need to do in a timely fashion. Why are we often tempted to put important things off? How can we overcome costly inertia? I also confront a contradictory question. When is inaction (doing nothing) the highest form of action?

Regret: Comparing What Is With What Might Have Been

The starting point lies in how we think about emotion. We tend to think of emotion as a potentially destructive force, crimes of passion and dark impulses propelling us to destruction. That can happen: but emotion can also act as a powerful restraint. Emotion can stop us from doing what we need to do *now*. Anticipated regret is the key. Regret is a form of counterfactual thinking where we compare what is with what might have been. If only: if only we had bought that coat in the sales. If only we had said what we wanted to say to a loved one. If only we had sold the business while it was still worth something – and so on.

Before we make a decision, we may experience anticipated regret. Anticipated regret is an unpleasant emotion. So we tend to avoid decisions we fear we might come to regret. That may be very wise. But not always: sometimes our fear of regret is overblown and holds us back resulting in greater cost in the long run. There are three main questions:

1. What are the main forms of decision avoidance?
2. How can we guard against costly avoidance?
3. When is doing nothing wise?

The Psychology of Doing Nothing

In a nutshell, the psychology of doing nothing focuses upon situations where the long term costs of inaction far outweigh any short-term benefits^[1]. There are at least seven overlapping pitfalls:

1. discounting the future,
2. procrastination,
3. omission bias,
4. delay choice,
5. preference for status quo,
6. risk avoidance,
7. denying “it’s broken”

Let us look at each of them in turn.

1. Discounting the Future

Choose between:

- v an instant win of £100, 000, or,
- v £120, 000 in a year’s time?

Clearly, the economically wise choice is £120, 000 a year from now. You may decide, however, you prefer £100, 000 right now. Psychologists use this as an example of our tendency to discount the future, that is, to seek instant gratification at the expense of the longer term. Politicians do it all the time, forever focussing on short term priorities, like making rash promises in order to get re-elected or stave off a crisis (recall Scotland’s devolution referendum)—regardless of the long term cost. Likewise, in business this quarter is all important, at the expense of longer term strategy. Our tendency to discount the future also explains why flood defences can prove woefully inadequate – a reflection of our reluctance to prepare for a disaster that will happen someday.

2. Procrastination

To procrastinate is to have an intention but fail to carry it out. To take a simple example, toothache tells us we need to visit the dentist. We just never quite get round to making an appointment. Or, we may even make an appointment. Then find a reason to cancel. Meanwhile things can only get worse.

Procrastination is attractive because it offers temporary psychological shelter. But that shelter may come at bigger cost. For example, in my research I have interviewed many indoor market traders. Being a market trader was once an almost sure-fire route to prosperity. But over the past

ten to fifteen years many traders have gone out of business thanks to changing shopping habits and competition from big stores and supermarkets. Clearly if a business losing money, the sooner owners quit the better. Or so you might think. But some end up compounding their misery by procrastinating. Carole [not her real name] ran a very profitable business selling white goods and household equipment. But trade gradually declined until one year after doing her accounts and paying her bills, Carole discovered there was no surplus. Moreover, assuming current trends continued, (with every reason to believe they would) Carole realised she would need to dip into her savings to keep the business going. Yet fifteen months elapsed before Carole finally gave notice to quit. I asked her why she didn't leave sooner:

You get into a rut It's like people who have a paid job, they've been there 20 years and they can't imagine themselves anywhere else. Everyone has this crisis of confidence and once you're into this rut it's so very hard to break out of it. You're paying your rent week by week and you're going in at a certain time, and you're leaving at a certain time and you have your routine and you buy your goods and even though you're not getting the returns that you need to get, you're still in that rut and it is very hard to break that cycle.

The "rut" here is the psychological shelter continuance "business as usual" offers. But it comes at a price – Carole knows she is not making the returns she needs. But instead of cutting her losses, she procrastinates. In the end it was the prospect of huge rent rise that finally galvanized Carole into action. The point is, if she had acted sooner her losses would have been smaller. That is turn would have meant more options, more choices for the future.

3. Omission

We tend to expect more regret from errors of commission than errors of omission. In other words, we worry more about the harm that might emanate from the things we do, than the things we don't do. For instance, when the UK National Lottery raised ticket prices a few years ago from £1 to £2, they contacted all their on-line customers saying that if they wanted to continue playing, they would need to re-register. Ethically impeccable! But not good psychology! That is because customers had to make an active decision to stay in the game. Research by psychologists has shown that when people have to make an active decision to persist with a line of activity, they are more likely to desist than if the decision can be made by default. Besides, non-renewal is an error of omission. In contrast, actively deciding to stop playing is potentially an error of commission. Imagine: you cancel your direct debit and next Saturday your numbers come up! Disaster!!!!!! So you keep playing because the anticipated regret is greater from an error of commission than it is from an error of omission.

"Do no harm" is a well-known medical precept. It may be good advice in some circumstances, but sometimes it is necessary to inflict a small amount of harm or inconvenience to realize a bigger benefit. For example, we queue patiently at airports because we recognise that the delay brings enhanced security.

But we are not always so rational. For example, consider a vaccination for a deadly disease like

polio that will kill 5 recipients in 10, 000. The disease will kill 10 in 10, 000. Statistically, the vaccine is a lot less risky than the disease. Even so because people tend to prefer errors of omission to errors of commission, expect resistance to the vaccine.

4. Delay Choice

We are most likely to delay choice when confronted by too much information or too many possibilities. You may have had this experience in a supermarket – so many different brands of jam on offer that shoppers simply lapse into confusion. Managers are also prone to hesitancy - paralysis by analysis, for example. Moreover, in firms, delaying choice is often masked by a veneer of rational behaviour, like demanding more information, holding second interviews, putting projects into “intensive care” when they should really be closed down; and buck passing.

We may be most prone to decision avoidance where all options are dire. For example, when faced with a choice between closing factory A, or factory B, – with no way of avoiding redundancies. Like procrastination, avoidance offers temporary psychological shelter – but at the expense of greater long term cost.

5. Status Quo

As human beings we often take shelter in the status quo. In other words, we prefer what is to what might be. The attraction of the status quo is that it allows us to remain within our comfort zone – but at a price! It may be one reason why people drive old, unsafe, thirsty, unreliable cars. They feel comfortable with the technology. Managers like their comfort zones too. For example, it is thought that the US steel industry lost out badly to Japan because it clung to old technology for too long. Managers were simply reluctant to give up tried and tested methods they understood and felt comfortable with. That may also explain why IBM clung to mainframe computing long after the personal computer arrived and why Kodak were so slow to respond to the advent of digital photography. In theory big firms scan the environment looking for threats and opportunities. Indeed, they may expend significant resources and employ legions of bright people to do precisely that – yet miss the really ominous shifts.

That is because all the sensors firms use to detect threats and opportunities focus on what the firm sees as important. Kodak dismissed digital photography as a fad and concentrated on with what they saw as their mainstream business – making conventional cameras and films to go with them. Indeed, when digital cameras first appeared, they were expensive and the images poor. But by the time Kodak woke up to the new reality, firms that would never previously have been seen as competitors like Samsung had stolen a decisive lead. Microsoft may have reacted in the same way to the emergence of search engines like Google. That is, as really none of their business – and end up playing “catch-up” – not always successfully.

Economics teaches that the real cost of anything is what we could have had instead. The trouble is, we tend to overvalue what we already have. Psychologists call this the endowment effect. For instance, it is thought that at least a third of the items placed on eBay fail to sell because owners stipulate reserve prices that are too high. Likewise, how many of us change banks as frequently as economic sense demands? We may tell ourselves that we have built up a good relationship

with our existing bank – but what does that really count for? I hesitate to give up my Blackberry because I over-value the ease of e-mail – even when there is a strong trade-off to be had with better technology. Firms too can fall into the trap over-valuing what they have. For example, fashion houses that refuse to discount prices. They do it, they say, to protect the brand. But is another reason ego protection?

6. Risk Avoidance

Choose between:

v £500, 000 for sure, or,

v a 50% chance to win £1 million or nothing at all.

You might well opt for the sure £500, 000 rather than select the more lucrative but uncertain chance of £1 million. It is easy to understand why. You may decide it would enable you to pay off the mortgage or a student loan; pay school fees, retire early and so on. But supposing you had to choose between a sure £500, 000 and a 90% chance of £1 million? Do you still prefer the sure gain?

Psychologists believe that the answer to this question may well be “yes”. That is because when choices are positively framed (expressed) that is, choosing between gains, we tend to become risk averse. That is, a definite gain is often preferable to one that is merely probable, even though the latter is much more valuable. That may explain why people settle out of court for a far lesser sum than they *might* win if they took the risk of proceeding to judgment. This form of risk aversion may also help to explain the so called “organization man” or woman. That is, the individual who fails to realise their potential because they don’t want to take the risks of moving from a comfortable middle rung to the highest echelons.

“Not Broken”

As the saying goes, if it isn’t broken, don’t fix it. But sometimes we refuse to believe something’s broken, preferring to bury our heads in the sand – until things escalate into a crisis. For instance, another market trader I interviewed had been a very successful butcher who owned a suite of shops. When trade declined the businesses ended up competing with one another. So he sold all but one of them for token sums. One day he opened a bank statement and discovered to his horror that the remaining business was deep in the red. That sudden shock finally galvanised the owner into action – he made some staff redundant, donned an apron and starting working in the shop to pull it back into profit. The point is he could easily have discovered that the business was failing much sooner and taken avoiding action. Instead, he was forced to bail it out in desperation later. He buried his head in the sand to avoid confronting the potentially painful reality concerning his one remaining shop.

Big firms can make the same mistake. Recall, for example, Toyota and the so called “sticky pedal” problem that may have led to nineteen fatalities. Years earlier, engineers had warned senior management years about over-reliance on computer testing and other potentially ominous developments. Despite those warnings, Toyota kept expanding but was unable to supervise so many new suppliers from Eastern Europe properly. It took a public outcry to force Toyota to acknowledge that their strategy was too ambitious.

DEALING WITH COSTLY INACTION

How can we avoid the pitfalls of costly inaction without falling into the opposite trap of recklessness? Should we worry about discounting the future when tomorrow may never come? How can we act decisively in potentially painful situations where there is just too much information or where all options are dire? When is wise to simply do nothing?

Remedies for Discounting the Future

Tomorrow may indeed never come. The important thing to remember when tempted to discount the future is that in all probability there *will* be a reckoning. For instance, imagine you are invited to attend a three day conference in Edinburgh, nine months hence. You don't really want to go because you don't think it will be a very good use of your time. The easiest thing to do is say "yes" because the event is nine months away. But are you likely to feel any more enthusiastic nine months from now? If the answer is "no" then it is better to decline the invitation.

The best time to fix a problem is before it becomes a problem. The best time to look for nascent trouble is when things are going well. For instance, Robert Rubin co-senior partner of Goldman Sachs (later Secretary of the Treasury under President Bill Clinton) and his co-partner chose a moment when the firm was experiencing a period of astounding prosperity to lever a change of direction. They did it because they saw that the good times would not roll on indefinitely. In effect they saved the firm by fixing problems that didn't exist – by addressing things in shadow form like the ghost of Christmas yet to come.

Remedies for Procrastination

Procrastination is probably the biggest obstacle to success. More encouragingly, if we can overcome the temptation to procrastinate, we may become spectacularly successful. Start by asking yourself what *exactly* success would look like? It is important to be specific because vague goals are by definition unattainable. For example, if your goal is write music or literature that changes how the western world thinks, you are doomed to failure and concomitant feelings of depression and inadequacy because success simply is almost impossible to measure. In contrast, a clear goal like achieve a 20% increase in profits; reduce costs by 15%, stop losses, *is* measurable and therefore potentially attainable.

The next step is to decide what needs to be done in order to attain the goal. This is where decision-makers' resolve is likely to falter. The temptation to procrastinate arises because what we need to do is often the very opposite of what we *want* to do.

The danger is retreating into fantasy. No harm in that occasionally. But fantasy is a substitute for the real thing - an unconscious endeavour to fulfil impossible goals. But those goals may not be impossible.

Often we are held back by fear. “Always do what you are afraid to do,” said poet and philosopher Ralph Waldo Emerson. But how do you overcome fear? To paraphrase Richard Branson just do it – and the fear vanishes. If Carole had “done it” that is, shut down the business sooner rather than later – she could have saved herself a lot of stress. Another useful tip is in Robert Rubin’s biography, *In An Uncertain World*, (2004, Random House). His advice is simple. However daunting the task may be, apply yourself to the task in hand whilst shutting out larger worries. It works!

Better still is if you can acquire the self-discipline to do the hardest bit of the job first. This was former Prime Minister Tony Blair’s approach when writing his autobiography. If you can’t bring yourself to do that, then at least make a start. That is often the hardest bit. But as the proverb teaches, a journey of a thousand miles begins with the first step. So, as Tom Peters in his book *The Little Big Things*, (2012, Harper) advises, abandon the “wish list” and replace it with a “do it now” list – make that phone call, fill out that job application, approach that agency, visit that supplier.

Hard work is important – but energy has to be directed productively. For instance, the highly successful law firm Wachtell, Lipton, Rosen and Katz pride themselves on working twenty hours to improve a document by two percent. Sometimes that kind of dedication is justified. But some jobs that need to be done don’t necessarily need to be done well. Besides, putting heart and soul into everything you do invites burnout.

Another question is *why* you don’t want to do what you need to do? Wachtell’s became extremely successful because, rather than become a conventional law firm, the founding partners went in search of an interesting life. Unless you enjoy most of what you do, it is hard to be successful. Tom Peters has this simple advice for sustained success: make a list of the things you hate doing and STOP doing them.

It may also pay to cultivate detachment. One of the striking features of Robert Rubin’s account is that for all his hard work and dedication, he manages to maintain a sense of proportion and detachment – including moments of retreat into a former student life style. The lesson is transferable. For instance, you are more likely to interview well if you prepare properly yet don’t care too much about the outcome. To paraphrase T. S. Elliot, the secret of success is mastering a contradiction: caring yet not caring.

Remedies for omission

Looking back, what causes you most regret? The things you did that did not quite turn out as hoped, or, things you never did? Research by psychologists suggests that regret from errors of commission (things we did) tends to be most pronounced in the short term. In contrast, we tend to experience more long term regret over errors of omission. This finding contains an important lesson. Clearly it is wise to consider what an ill-judged action might cost. But it is just as important to weigh the possible costs of inaction.

“All success is by a winding stair,” said the philosopher Francis Bacon. In other words, do what you never expected to do such as taking a secondment or something else that takes you out of your comfort zone. Likewise, do not be afraid to let life’s unexpected dramas play out.

Remedies for temptation to delay choice

Recall, we are most likely to delay choice when choice is difficult. But it need not always be difficult. A donkey had to choose between two identical bags of hay. The donkey could not make up its mind which bag of hay to eat – so it starved. Moral: some decisions are simply not worth agonising over. The trouble is, when we concentrate on an issue, it soon gets blown out of proportion. The answer is to back off for a while and let emotions cool.

It is also worth remembering that even if we make the “wrong” decision (that is one that we subsequently regret) it may not matter much in the end. That is because we get used to things, be they good or bad. If they are good – the novelty soon wears off. If they are bad we simply acclimatize. For instance, one car has slightly hard suspension. The other has rather a dull cabin. Within a couple months we probably won’t notice either.

Recall too that we are more likely to stall if bombarded by information. One possible remedy is to take an intelligent shortcut. A merchant banker received over 200 applications for one job. Determined to lighten the task of shortlisting, the banker threw half the forms into the waste bin without looking at them. When a colleague protested at the waste of human potential, the banker replied, “You wouldn’t want to work with someone who was unlucky would you?”

The serious point is that the banker was taking an intelligent short-cut. Recognising that there would be many good candidates and not much to choose between them, losing half would make little difference to the overall quality of recruits – but a big difference to the workload.

Taking an intelligent shortcut means using *less* information to decide rather than more. This is a kind of heresy because the textbooks tell us to identify all possible options, analyse them exhaustively and then choose the option that most closely matches our goal. In fact, it is probably a good description about what does *not* happen in practice. Research has shown that managers habitually call for more and more information, but they seldom use it to make a decision. Besides, the beauty of using less information is that the results may be as good as or even better than computer driven analysis. For instance, the police have sophisticated software enabling them to conduct geographic profiling - that is, to calculate roughly where murderers live by analysing the pattern of where the murderer strikes. But using a humble compass to join the furthest locations in a circumference will yield as good or better an answer up to nine cases. The murderer lives near where the compass needle sticks.

Returning to decision-making, if there is little to choose between two options, simply flip a coin. For instance, a lot of computers are almost identical – all made from the same components in the same factory. The same goes for most smartphones – they nearly all work. And, if you secretly hope that the coin comes down “heads” rather than tails (or vice versa) – you don’t need to flip it. There *is* your decision. Your emotions are telling you something.

Another shortcut is to identify one (possibly) two good reasons for choosing a particular option. For example, give me one good reason to buy house “A” and one good reason to buy house “B” or employ candidate “A” or candidate “B”. If you can’t think of a good reason to choose “A” over “B” or vice versa, that too is telling you something!

As mentioned, we are particularly prone to costly inaction when caught between a rock and a

hard place. That is, when all options are unattractive. If so, the answer is to find the “least worst” option.

Another intelligent shortcut is to let probability be your guide. For example, supposing three almost equally attractive jobs are advertised. You only have time to apply for one. Instead of either lapsing into indecision and missing the closing date, or submitting three poorly completed applications and ending up with three rejections, focus on the job you have most chance of getting. For instance, if two of those jobs have been advertised nationally and one has only been advertised internally – all else equal the internally advertised one holds the best chance of success because there will probably be far fewer applicants.

Or reject choice. Card Six of the Major Arcana in the tarot depicts the young knight torn between two would be lovers. But instead of choosing between them, he leaps into the chariot and drives off. By the same token, who says you only have time to apply for one job? If it is important why not take a day or two off work and submit three good applications?

Remedies for Status Quo

It is important to recognise when the status quo is no longer an option. For instance, in the run up to “Big Bang” (de-regulation) in 1986, debate after debate in the Stock Exchange focussed on how they could realise the advantages of internationalisation without giving up restrictive practices including single capacity and fixed commissions. It was a waste of time: decision-makers ended up going round in circles, trying to fix an insoluble problem.

Ideally, we need to recognise the need for change well before the status quo becomes unsustainable. Failing that, better late than never. Or as the saying goes, the best time to have planted a tree may have been twenty years ago. The next best time is now.

Remedies for Risk Avoidance

How can we avoid taking too little risk? It is a particularly difficult problem for businesses because success is usually fleeting. Think of the businesses that have all but melted down over the years or are struggling to survive like Nokia, Blackberry and Sony. Those firms have all clung to existing success for too long – the mistake Goldman’s managed to avoid. Quite simply, whether it’s a market stall or a mighty international conglomerate, the good times don’t last forever.

When it comes to spotting nascent problems the important thing to recognise is that harbingers of change often seem small – inconsequential – just as one falling leaf signals autumn. For example, one closed down and empty market stall in a hall of 500 units may not seem consequential – particularly if it is a very small unit tucked away in a corner. Actually it is enormously significant because the value in a market stall was rarity. Businesses rarely came up for sale and when they did, invariably fetched high prices. Who is going to pay £100, 000 to acquire a business when they can simply rent an empty stall? Owners discovered that a business they planned to sell in lieu of a pension was worthless. The really canny owners were those who sold out for top prices just a few years before the downturn started. Was it coincidence or some uncanny intuition? We will probably never know.

When Taking Time Pays

“Hurry! Hurry! Offer Ends To-day!!!” How often have we heard it? For all that has been said about the dangers of procrastination and delay, *some* decisions don't need to be made in a hurry and probably should not be made in a hurry. Imagine a glass filled with earth and water. Shake the glass and the water becomes cloudy. It is impossible to see a way through. Yet given time, the mud will settle – the “way” becomes clear again. By the same token, time can bring clarity and calm to decision-making, getting things back into perspective.

Taking time can work to our advantage in other ways. Success happens because things come together. Sometimes, therefore, it is necessary to wait until the stars align. There is a difference between taking your time, however, and being slow. When Barings collapsed they were eventually bought by the Dutch bank ING. It turned out to be one of the more successful acquisitions of business history. But ING didn't rush in. They took their time – without being too slow. The proverb, more haste less speed applies to decision-making. Make haste slowly.

So when is inaction the highest form of action? Chinese military philosopher Sun Tzu acknowledges the importance of timing but also claims never to have known a delay that was wise. The question is what does delay gain and what might it cost? For instance, time often results in one party growing stronger and another weaker. Public bureaucracies know this. That is, they know that ordinary people seldom have the resources to mount a sustained legal challenge. So they spin processes out knowing that most people's resolve will weaken over time. Most car dealers work to monthly bonuses. That means a price that would be unthinkable early in the month may well be feasible towards the end of the month if the dealer is a few sales short of target. In contrast, delay hardly hurts the buyer because there will always be another car for sale. By the same token, there is no better way to kill a romance than to tell the other party how much you mean to them. In contrast, delay, the unreturned text message or phone call eats away at the other party!

But it needs patience. The Chinese proverb tells us that time opens every door. Poker wisdom teaches that money flows from the impatient to the patient. Patience does not necessarily mean taking forever; it simply means time is not of the essence. It may mean waiting for the right opportunity; for emotions to cool, for others to accede to your way of thinking, for the ripening of events. Incidentally, persuasion is a matter of time. If you are trying to persuade someone, you need to break off to give them time to re-evaluate their own views and assimilate your arguments. As the saying goes: plant an idea, let it grow, water it occasionally.

Delay may also be wise when emotions are running high or in periods of stress. We need not react to everything that seems to demand a reaction. And often it is better that we don't. McDonald's learned this to their cost in the 1990's when they sued unemployed environmental activists John Morris and Helen Steel for handing out leaflets in a London borough. If McDonald's had just ignored the leaflets, any damage would have been purely local. Instead, they provoked an international backlash. Even though some of the allegations were upheld, the case became a public relations disaster for McDonald's. The lesson is to maintain the detachment mentioned earlier. In the wider scheme of things is an issue really that important?

Final Thought

Disaster rarely strikes randomly. More often than not we invite it by the choices we make – or fail to make. Choosing not to do something may be every bit as fateful as choosing to do something. To act or not to act – either may bring success – provided we choose wisely.

But supposing a decision does not turn as expected? Whether it is an old car, an emotional entanglement, a business venture or a multi-billion pound project like Crossrail, if things start to go awry we may face a dilemma. Do we quit or continue and risk “throwing good money after bad”?

In my next lecture I discuss why we are often reluctant to follow common sense and cut our losses. I also explore how we can become trapped in an economically poor line of activity without even making a decision, and how to protect ourselves from becoming embroiled in an escalatory spiral.

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[1] For an academic overview see Anderson, C. J. (2003). *The psychology of doing nothing: forms of decision avoidance result from reason and emotion*. *Psychological Bulletin*, 129, 139-167.