**Common Biases that can be Harmful to you in Business**

**Stability Biases:**

* **Status Quo bias**- We prefer the status quo in the absence of pressure to change it.
* **Present bias**- We value immediate rewards very highly and undervalue long term gains.
* **Loss aversion**- We feel losses more acutely than gains of the same amount, which makes us more risk averse than a rational calculation would recommend.

**Biases related to perceiving and judging alternatives:**

* **Confirmation Bias**- We fail to search impartially for evidence. We place extra value on evidence consistent with a favored belief and not enough on evidence that contradicts it.
* **Anchoring and insufficient adjustment**- We root our decisions on an initial value and fail to sufficiently adjust our thinking away from that value.
* **Groupthink**- We strive for consensus at the cost of a realistic alternative course of action.

**Hubris Biases:**

* **Excessive optimism**- We are overly optimistic about the outcome of planned actions. We overestimate likelihood of positive results and underestimate negative results.
* **Overconfidence**- We overestimate our skill relative to others, hence our ability to affect future outcomes. We take credit for the past positive results without acknowledging the role of chance or others.
* **Egocentrism**- We focus on our own perspective to the point that we can’t imagine how others are affected. We assume everyone has the same access to information we do.

**Biases related to framing alternatives;**

* **Sunk-cost fallacy**- We pay attention to historical costs that are not recoverable when considering future course of action.
* **Escalation of commitment**- We invest additional resources in an apparent losing proposition because of the effort, money and time already invested.
* **Controllability bias**- We believe we can control outcomes more than is actually the case, causing us to misjudge the riskiness of a course of action.