

Behavioral Decision Research in Management Conference
Loews Santa Monica Beach Hotel
Santa Monica, California

Pre-Conference on Teaching Decision Making
Thursday, June 15, 2006, 1 – 5 PM

Graduates emerging from even the finest management programs could achieve their missions much better than they do if they were to exploit findings emerging from decision behavior scholarship. But this is unlikely to happen any time soon. Why? Because, beyond negotiations, in far too many programs, there are few if any courses dedicated to the subject. And in core courses where behavioral findings are highly relevant—from strategy to finance, operations, and accounting—the ideas are seldom mentioned. What can we do about this situation, generally and in our own programs? This question is the focus of the Pre-Conference on Teaching Decision Making.

Registration and Information

To register, visit this site: <http://www.anderson.ucla.edu/x9485.xml>. For further information, contact Frank Yates (jfyates@umich.edu), the pre-conference organizer.

Course Description "Competition"

Dale Rude (drude@uh.edu) proposed a most interesting feature for the pre-conference, a course description "competition," one that we will actually pursue. Course descriptions can be crucial in attracting students to a course (or not). So, if we want to build enrollments in decision making courses, we should learn how to "market" the field better than we do ("Physician, heal thyself?"). So, in the interests of skill development (and perhaps even fun), please try your hand at the task. Craft what you think would be a dynamite description of, say, a "managerial decision making" course and send it to Frank Yates (jfyates@umich.edu). (The course does not *have* to be "managerial decision making," and you should feel free to send the description for a course that already exists.) We will distribute the submissions at the conference and ask participants to cast their ballots for what they would expect to be the most effective description (or is at least the cleverest).

Schedule

Opening Remarks: 1:00 – 1:10 PM

Session 1: Panel and Open Forum—"Establishing a Foothold": 1:10 – 2:20 PM

Suppose you want to get decision behavior scholarship better represented in the management program at your school, in dedicated courses such as "Managerial Decision Making" or in other, more traditional courses such as "Marketing Management," "Strategy," or "Finance." What actions can you take to help make that happen, overcoming the formidable obstacles you will surely face? Each panelist will take about 15 minutes to summarize and illustrate his or her #1 recommendation, based on his or her unique experience and expertise. The remainder of the session will be devoted to open discussion among the panelists and everyone else in the room.

Panelists:

Shirli Kopelman (University of Michigan; shirli@bus.umich.edu)
John Payne (Duke University; jpayne@mail.duke.edu)

Session 2: Posters—"What People Are Thinking and Actually Doing" + Coffee: 2:25 – 3:35 PM

*Most decision behavior specialists in management programs have thought long and hard about how to get decision making into their programs and courses. And many have gone as far as developing innovative materials that can be used to great effect in actually teaching key ideas, e.g., syllabi, annotated reading lists, demonstrations (computerized and otherwise), simulations, exercises, and assignments. This poster session (with coffee) will be a lively bazaar where pre-conference participants can exchange their own ideas and products. Besides their posters, several of the presenters will be providing demonstrations as well. **Non-presenters are encouraged to bring copies of any teaching-related materials they would wish to make available to other participants, too.** The themes of the session?: Creativity, energy, and engagement.*

Presenters:

Shawn Curley (University of Minnesota; Scurley@csom.umn.edu): *Managerial Decision Making: A 2-Credit Half-Semester MBA Elective*

Todd Davies (Stanford University; davies@csli.stanford.edu): *Teaching Judgment and Decision Making Through the Rationality Debate*

Tianjun Feng (University of California, Irvine; tfeng02@merage.uci.edu), L. Robin Keller (University of California, Irvine; lrkeller@uci.edu), and Xiaona Zheng (Peking University; xzheng@gsm.pku.edu.cn): *Home Depot in San Juan Capistrano: A Multi-Objective Multi-Stakeholder Decision Case*

Charles Holt (University of Virginia; cah2k@virginia.edu): *Veconlab On-Line Classroom Experiments*

Irwin P. Levin (University of Iowa; irwin-levin@uiowa.edu) and Andrea J. Frank (University of Iowa): *Analyzing a Decision of Historic Significance: Psychology Senior Seminar Project*

Georges Potworowski (University of Michigan; potwo@umich.edu), Richard Vath (University of Michigan), and Priti Shah (University of Michigan; [priti@umich.edu](mailto:pritti@umich.edu)): *Insights into Teaching Decision Making From the Learning Sciences*

Dale Rude (University of Houston; drude@uh.edu): *A Problems Approach to Teaching JDM*

Uri Simonsohn (University of Pennsylvania; uws@wharton.upenn.edu): *Three Things I Came Up With for My Decision Making Course*

Session 3: Panel and Open Forum—"Getting What You Need for Your Classroom": 3:40 – 4:50 PM

Imagine a professor who wants to teach a new course that focuses on decision behavior or simply to introduce relevant decision making ideas into a traditional, mainstream course. This professor will face daunting challenges because there has been a dearth of materials needed to get such enterprises off the ground, e.g., lecture outlines, PowerPoint presentations, readings, exercises, demonstrations, videos, and assignments. How can we prevent this prospective decision making instructor from saying, "It's just not worth it," and then giving up? As a field, we must build and maintain a large pool of first-rate teaching resources on which instructors can draw. This session, extending the kinds of efforts presented in the previous poster session, will discuss concrete and specific ways of establishing and growing that pool:

- "Caselets" are a class of teaching tool that has proved highly effective in many MBA programs.

George Wu (University of Chicago; george.wu@gsb.uchicago.edu) will briefly illustrate the caselet approach and lead a discussion of how to develop and adapt the approach to various purposes.

- We use the term "module" to describe a package of teaching materials an instructor can use to teach a highly specific decision-related topic. Modules include items such as PowerPoint files, exercises, discussion questions, bibliographies, and teaching notes. Modules seem especially well suited for teaching decision making since instructors tend to have highly idiosyncratic aims and hence needs. Several professors who have had some success teaching decision making in managerial contexts have assembled initial, illustrative modules:

Lehman Benson (University of Arizona; lbenson@eller.arizona.edu), Jay Russo (Cornell University; jer9@cornell.edu), Jack Soll (Duke

University, jsoll@duke.edu), and Frank Yates (University of Michigan; jfyates@umich.edu). They will briefly sketch ways participants might contribute their own efforts to building the requisite pool of available modules.

- In some programs, it makes sense to offer full-blown managerial decision making courses. But it is not always obvious how to do that effectively. Several instructors (including Lehman Benson, Shawn Curley, Lisa Ordóñez, Jay Russo, Uri Simonsohn, Richard Thaler, George Wu, Frank Yates) who have developed successful courses of that type have provided their syllabi. At least some of those instructors will be available to describe the thinking behind their approaches.

- Finally, we invite every participant to introduce his or her own proposals for how we can build (and continue to build) a pool of outstanding decision making teaching resources.

NOTE: Every pre-conference attendee will have the option of receiving the available syllabi and modules on a CD or a restricted Website.

NOTE: The eventual "home" for the materials we develop will be the recently launched Interuniversity Decision Behavior Teaching Repository, which you should visit regularly:

<http://www.lsa.umich.edu/psych/decision-consortium/teachingdb/index.html>

Closing Remarks: 4:50 – 5:00 PM

Poster Abstracts

Presenter: Shawn Curley (University of Minnesota; Scurley@csom.umn.edu)

Title: *Managerial Decision Making: A 2-Credit Half-Semester MBA Elective*

Abstract: The course objectives are to examine the decision making process, to identify sources of decision failure in individuals and organizations, and then to apply techniques for successfully addressing business and personal decision problems. The course's focus is upon specific decision tools that are available to aid decision making. The syllabus for the course and sample in-class teaching exercises used in the course will be presented.

Presenter: Todd Davies (Stanford University; davies@csli.stanford.edu)

Title: *Teaching Judgment and Decision Making Through the Rationality Debate*

Abstract: I have taught a small seminar covering primary literature in JDM three times at Stanford, in 2001, 2002, and 2004. The course was built around the "rationality debate," with readings alternating between the heuristics and biases and either adaptationist or rational-analysis "camps." Topics were introduced with normative foundations, with subsequent reading focusing on descriptive approaches. I found this to be an effective way of engaging student interest. Compared to 5 years ago, however, the debate angle now seems harder to sustain, as the field has become more nuanced. Contrasting psychology and economics might work better in the future.

Presenters: Tianjun Feng (University of California, Irvine; tfeng02@merage.uci.edu), L. Robin Keller (University of California, Irvine; lrkeller@uci.edu), and Xiaona Zheng (Peking University; xzheng@gsm.pku.edu.cn)

Title: *Home Depot in San Juan Capistrano: A Multi-Objective Multi-Stakeholder Decision Case*

Abstract: Home Depot proposed to open a retail store in San Juan Capistrano, California, to offset a move by Lowe's to nearby San Clemente. Home Depot needed to acquire the land that was owned by the city. The options were identified as: build Home Depot, don't develop the land, build RV Park, and build specialty retail facilities. Stakeholders were: the City of San Juan Capistrano, Home Depot, competing local small businesses, complementary local small businesses, nearby residents, and other area residents. Communities throughout the world face similar decisions where "Big Box" retailers such as Wal-Mart or Home Depot propose new locations.

Presenter: Charles Holt (University of Virginia; cah2k@virginia.edu)

Title: *Veconlab On-Line Classroom Experiments*

Abstract: This presentation describes how to use the Veconlab on-line classroom experiments in teaching economics and management classes with a behavioral focus. Website: <http://veconlab.econ.virginia.edu/admin.htm> There are 40 on-line programs, with instructions that configure automatically to the setup options selected. Programs include: Bargaining, Trust, Reciprocity, Information Cascades, Bayes' Rule, Lottery Choice, along with games, markets, and auctions.

Presenters: Irwin P. Levin (University of Iowa; irwin-levin@uiowa.edu) and Andrea J. Frank (University of Iowa)

Title: *Analyzing a Decision of Historic Significance: Psychology Senior Seminar Project*

Abstract: Undergraduates in a psychology seminar were asked to select, research, and analyze a decision of historic importance in terms of concepts such as loss aversion, overconfidence, confirmation bias, sunk costs, groupthink, polarization, compliance and conformity. Topics included the decision to fight until the end at the Alamo, escalation of commitment in Viet Nam, Ellsberg's leaking of the Pentagon Papers, decisions in the Black Sox Scandal, the verdict in the Scopes Trial, and the decision to perform the first face transplant. Students expressed satisfaction in applying what they learned in class to real-world decisions of their own choosing.

Presenter: Georges Potworowski (University of Michigan; potwo@umich.edu), Richard Vath (University of Michigan), and Priti Shah (University of Michigan; priti@umich.edu)

Title: *Insights into Teaching Decision Making From the Learning Sciences*

Abstract: Over the last 20 years, research in the multi-disciplinary field of the learning sciences has led to several insights into both the learning process (e.g., motivation, metacognition, self-regulation) and the elements that make professional education interventions more effective (e.g., authenticity, transfer, adaptive expertise). The rise in interest in teaching decision making means that JDM teachers and researchers need to better understand how decision making is learned. We outline key insights from the learning sciences, and offer brief examples of how they apply to the problems of teaching decision making. In addition, we propose potential directions for research on teaching decision making.

Presenter: Dale Rude (University of Houston; drude@uh.edu)

Title: *A Problems Approach to Teaching JDM*

Abstract: In an applied business school setting, I use a problem solving approach which is modeled after my undergraduate classes in engineering, physics, math, etc. (see www.bauer.uh.edu/drude for samples). Students work problems for virtually every theory. Testing is problem based. The biggest advantage of a problems course is that higher levels of learning can be easily facilitated and assessed. Most college exams

promote rote learning at the lowest level—the knowledge category in Bloom’s (1956 or <http://eduscapes.com/tap/topic69.htm>) taxonomy of cognitive learning. Problems enable instructors to promote higher order learning in the Bloom categories of comprehension, application, analysis, evaluation, and synthesis.

Presenter: Uri Simonsohn (University of Pennsylvania; uws@wharton.upenn.edu)

Title: *Three Things I Came Up With for My Decision Making Course*

Abstract: The following are 3 new ideas/exercises/discussions in my MBA decision making course which have worked quite well: (1) Students are given a spreadsheet with performance data of salespeople. Students are asked to assess whether an incentive scheme worked. All students so far (over 200) have concluded that the plan worked, yet in reality it is all due to regression to the mean. (2) In another exercise, students are given a spreadsheet with the hiring decisions of 3 reviewers, one of whom has a bias against women. Their task is to bootstrap the reviewers, find out who is biased, and show that the bootstrapped model is bias free. (3) When discussing the hindsight bias, we read the 9/11 commission report and critically analyze it.