

# ARE YOU SUFFERING FROM DECISION FATIGUE?

In a recent *New York Times* article, John Tierney<sup>1</sup> made the case that the seemingly endless number of decisions we face in modern life lead to decision fatigue, which depletes our willpower to the point that we end up either putting off or making poor decisions.

Tierney’s findings are applicable to individuals who sit on pension committees and may explain why pension committee members sometimes feel overloaded by the number of options and decisions that they are required to make as part of the oversight of retirement saving plans.



This article reviews some of Tierney’s findings and puts forward suggestions to help pension committees limit the impact of decision fatigue.

## Key insights for Pension Committees

Early is best	The odds of making effective decisions are improved by scheduling early-morning meetings and avoiding late-day meetings.
Manage the options	Avoid putting forward too many options to the committee, since it could lead to indecision.
Be strategic	Organize agenda items so that key “action items” are placed first and following breaks.
Breaks and snacks	Schedule sufficient breaks and make available snacks to recharge energy levels, which can enhance decision making.

## TIMING MATTERS

Tierney’s article opens with research on parole decisions made by Israeli judges. The analysis examined whether the decision on granting parole was impacted by the person’s ethnic background, the type of crime, length of sentence, or when the hearing was held. The analysis reviewed more than 1,000 decisions over the course of one year. Parole was granted in about one third of cases.

The research discovered that the biggest factor in determining the outcome of the hearing was the time of day in which the hearing took place. Prisoners who appeared early in the morning received parole 70 percent of the time, while those who appeared late in the day were paroled less than 10 percent of the time.

**For Pension Committees:** Scheduling committee meetings early in the day may lead to more effective decision making.

## LOW MENTAL ENERGY

Decision fatigue is different from ordinary physical fatigue. Most people are not aware of being low on mental or decision-making energy. As we make choices throughout the day, each one becomes successively more challenging for our brain to process. In response, we subconsciously begin taking shortcuts resulting in one of two outcomes - acting on impulse or avoiding making a decision altogether.

Acting on impulse may not sound bad since it results in an action. However, impulse decisions often lack a suitable assessment of the consequences such actions may bring about. Of course this can be avoided by not making any decision, but inaction may also carry significant risk.

**For Pension Committees:** Knowing decision fatigue can occur, hold shorter meetings rather than marathon sessions. Organize agenda items so the most important decisions are considered first. Limit the number of decisions to be made as well as the number of options for each decision.

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## COMPUTING FATIGUE DRIVERS

Psychologists break down decision making into two phases - the "deliberation" phase and the "implementation" phase. In order to determine which element contributes most to decision fatigue, a research study<sup>2</sup> used the self-service website of Dell Computers. In an experiment, three groups were set different tasks.

Group 1 Studied features	Studied the various features available for a computer, such as type of screen or size of hard drive, without having to make any decisions – the deliberation phase.
Group 2 Built from list	Configured a computer using the online service, but was given the list of features to select - reflecting the implementation phase.
Group 3 Built and selected	Determined which features they wanted and selected from the various options available – incorporating both deliberation and implementation phases.

The experiment showed that Group 3 experienced the most decision fatigue. The combination of deliberation and implementation of decisions was more mentally taxing than doing either component in isolation.

**For Pension Committees:** Mix the agenda items to include a range of types of dialogue such that complex agenda items that require full engagement are followed by "for information" items where the committee simply needs to be aware of the issues, but does not need to make a decision.



## WILLPOWER WORKOUT

Our ability to make decisions is related to willpower. Just like muscles can be strengthened, mental endurance can be improved upon, but it takes discipline. Alternatively, a temporary boost to willpower can be achieved by raising glucose levels.

Studies<sup>3</sup> have found that low willpower is directly tied to low glucose levels, and that replenishing it restores the ability to make effective decisions. Sugar intake may be a quick fix, but eating proteins and other more nutritious foods help provide a steadier supply of glucose.

**For Pension Committees:** Where lengthy meetings are unavoidable, make sure there are scheduled breaks. Restore committee members' mental energy levels by having a nutritious lunch and snacks available. Manage your agenda to strategically place "action items" to follow breaks, when decision-making ability is once again recharged.

## MANAGING DECISION FATIGUE

Being aware of decision fatigue is the first step to improving pension committee member participation and the effectiveness of decision making. When establishing your 2012 pension committee calendar incorporate the other concepts to improve pension committee decision making, such as holding early morning meetings and shorter-length meetings.

Be sure to let me know whether you experienced a change for the better.

### For further discussion please contact:

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