



Thinking in Bets: Making Smarter Decisions When You Don't Have All the Facts

Annie Duke

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In Super Bowl XLIX, Seahawks coach Pete Carroll made one of the most controversial calls in football history: With 26 seconds remaining, and trailing by four at the Patriots' one-yard line, he called for a pass instead of a hand off to his star running back. The pass was intercepted and the Seahawks lost. Critics called it the dumbest play in history. But was the call really that bad? Or did Carroll actually make a great move that was ruined by bad luck?

Even the best decision doesn't yield the best outcome every time. There's always an element of luck that you can't control, and there is always information that is hidden from view. So the key to long-term success (and avoiding worrying yourself to death) is to think in bets: How sure am I? What are the possible ways things could turn out? What decision has the highest odds of success? Did I land in the unlucky 10% on the strategy that works 90% of the time? Or is my success attributable to dumb luck rather than great decision making?

Annie Duke, a former World Series of Poker champion turned business consultant, draws on examples from business, sports, politics, and (of course) poker to share tools anyone can use to embrace uncertainty and make better decisions. For most people, it's difficult to say "I'm not sure" in a world that values and, even, rewards the appearance of certainty. But professional poker players are comfortable with the fact that great decisions don't always lead to great outcomes and bad decisions don't always lead to bad outcomes.

By shifting your thinking from a need for certainty to a goal of accurately assessing what you know and what you don't, you'll be less vulnerable to reactive emotions, knee-jerk biases, and destructive habits in your decision making. You'll become more confident, calm, compassionate and successful in the long run.

Thinking in Bets: Making Smarter Decisions When You Don't Have All the Facts Details

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From Reader Review Thinking in Bets: Making Smarter Decisions When You Don't Have All the Facts for online ebook

Paweł Kowalski says

Cały przekaz można zamknąć w sentencji "Życie to nie szachy, to poker", która bardzo do mnie przemówiła w tej książce. Wszystkie nasze decyzje to zakład z pewną dozą niepewności. Spodziewane wyniki tej decyzji można ocenić w % prawdopodobieństwa - takie ćwiczenie pozwala podejmować bardziej przemyślane i trafniejsze decyzje. Jednak trzeba zwracać na:

- 'resulting' czyli ocenianie samej decyzji po jej wynikach
- wybieranie decyzji, które wspierają nasze wewnętrzne przekonania nie koniecznie oddające rzeczywistość
- wyciągnięcie nauki płynącej z każdej kolejnej decyzji.

Do podjęcia najlepszej decyzji można użyć "premortems" czyli wyobrażenia wszystkich możliwych wyników niepomyślnych danej decyzji i przypisania im prawdopodobieństw.

Bardzo dużo książki czerpie z Thinking fast and Slow, jednak podane jest to według mnie w przyjemniejszej formie.

Prashant Ghabak says

Nice read on Probabilistic thinking.

Klaus Leopold says

The content has little to do with the title. If the book was called "Introduction to probabilistic thinking", it would be more appropriate and I would not have bought it.

It really got off to a good start. A bad result does not have to be the result of a bad decision. The world is not like playing chess, where there is practically no randomness involved. At that time I thought to myself, the writer would introduce me to the subject and then go deeper. Unfortunately, there is not much more depth. Yes, if A has a possible value of 500, but the probability of occurrence is only 10%, it makes more sense to choose B, although the value is only 100, but the probability of occurrence is 90%.

The book is written in an easy way and if you've never read anything on the subject, it's probably a good introduction. But those who have already read Savage, Silver or Kahneman will be disappointed. 2-3 stars seems appropriate.

Howard says

"Our capacity for self-deception has no boundaries."

There is no luck. With a combination of learning and truth-seeking, you can make better decisions in almost every area of your life.

Eric Franklin says

This is a fantastic book for understanding, identifying, and correcting biases in decision making, while also repeatedly separating the quality of a decision-making process from its outcomes.

Johan says

First half is basically Superforecasting recap

Second half is more interesting, with actionable techniques and tips to systematically improve decision-making

Kushal says

Good Book but if you are already aware of the common human cognitive biases (Influence by Caldini / Charlie Munger's psychology of human misjudgement speech - are good starts) then it might be repetitive.

Leo Walsh says

I've read quite dozens of pop-science books on contemporary cognitive science. And nearly all cover our "predictably irrational" cognitive biases. But few offer effective strategies for overcoming our built-in human failings. But former poker champ (and one-time Penn State PhD candidate) Annie Duke manages both in THINKING IN BETS.

I found the book captivating from the opening pages. She uses Pete Carroll's infamous 2015 Super Bowl play-call, a pass from the one-yard line that the Patriots intercepted with seconds to go, thus winning. The media ripped the call as the worst play call ever. But when seen rationally, the call was smart. There had been 62 passes from the one-yard in that year. Zero had been intercepted. The most likely outcomes were TD or incomplection, which would have stopped the clock allowing Seattle to an additional play over the alternative decision, to hand off the ball.

Duke is clear. That play was the worst OUTCOME of any decisive play in Superbowl history. But the decision, when viewed at a distance and with thoughtful analysis, was a good decision. She calls this focusing on the result instead of a decision made under uncertainty "resulting."

Duke then goes on to use poker as a metaphor for making sound decisions under uncertainty. Along the way, she tackles out mental biases. But using her group of other serious players who analyzed each other's decisions after games ruthlessly as a guide, she provides a common-sense approach for attacking these biases that anyone could use.

Four stars. A nice book with ideas applicable to everyone's private or professional (or poker-playing) life.

Manaf says

The author discusses the topic of decision making and the probabilistic mindset that should be adopted. The unnecessary repetitiveness made this book boring and longer than it should be.

Ryan Lackey says

Great book on statistical thinking in business by a woman with a poker background and only a moderate ego, compared to a certain trader with a massive ego who has written about low probability high impact events. The first part of the book is more general statistical thinking, but presented well, and the last is more self-help about working around inherent cognitive biases and limitations.

Rory Toohey says

Dryly and formulaically written (pop culture example, followed by research and the take away). A lot of "what" and "why" to think in bets, but often missing the "how". There's a few interesting ideas to try to implement, but many of the suggestions and lessons seem to either be a) too impractical to actually employ in real life or b) require so much discipline that you'd probably not be having the issue in the first place.

I also still think Pete Carroll made the wrong call.

Bastian says

Close to 5*. Annie Duke uses poker for examples on how to make good decisions under uncertainty. Although she writes about some well-known topics (hindsight bias, scenario- and premortem-techniques), the narrative is superb. I love how all the psychological facts fade into each other and build a bigger picture. Highly recommend it to anyone who wants to make better decisions.

Pete says

Thinking in Bets: Making Smarter Decisions When You Don't Have All the Facts (2018) by Annie Duke is an interesting look at how decision making in many circumstances is like poker and what many people can learn from professional poker players about making decisions when lacking information.

Duke made a lot of money playing poker and talks about how she did it. How she would go over her decisions from games with other professional players. It's fascinating that they wouldn't focus on the results, indeed they had a term for doing so, 'resulting', where the quality of the decision was overly influenced by the outcome rather than looking at where the probabilities lay. Duke makes the point that in life there is almost always imperfect information while in some games like chess there is perfect information.

Duke emphasizes how to improve her poker she would study and join in with other poker players to look at their decisions so they could improve their games. It's quite inspiring.

The book makes a lot of good points and is well worth a read. It's interesting that going over decisions and evaluating them with skilled colleagues is so critical to improving. It should also give most readers more of an appreciation of poker.

Cristian Strat says

Decision frameworks and mental models from a professional poker player

The book makes a compelling case for decisions as bets and predictions as continuous probability distributions instead of black or white, or max-likelihood discrete choices. It draws on poker stories to illustrate these concepts convincingly.

The author is having difficulties situating these lessons in a business setting. Only a few examples are explored, but they're rather thin and unconvincing. More examples, and tactics on how to apply them in world that routinely engages in "resulting" would've made this book a 4/5 to me.

Eric Lin says

tl;dr Acknowledge the (omni)presence of uncertainty in every decision we make, and recognize that "everything is a bet" - even decisions we're very confident in.

In poker, luck is acknowledged as a major factor in every hand. If you have a 50% chance to win a \$100 hand, it is a sound decision to bet anything under \$50 on the hand. Make this decision enough times, and you will eventually come out ahead (spending anything less than the expected ROI: \$50 is net positive). But we have trouble thinking this way in real life, Annie Duke argues. We don't look too closely at our successes, chalking them up to our great skill at decision making, and we don't look too closely at our failures either, usually trying to explain the outcome on bad luck instead.

This book isn't really breaking new ground, necessarily. Thinking, Fast and Slow has covered much of this (and is referred to several times), and I found a bit of The Signal and the Noise: Why So Many Predictions Fail - But Some Don't, and Playing to Win: Becoming the Champion in here as well.

The point is - a lot of the ideas that Duke lays out have been discussed before individually (or even together), but she ties these phenomena together into something resembling a framework for better decision making, with some advice on how to get out of the bad habits she points out. To hit some of the major points:

1. We should try to decouple our assessment of the quality of a decision from the outcome (AKA "resulting").
2. We're wired to always be looking for ways to support our internal narrative that we 'are doing good'. When we make a decision and things go well, it's because "we're smart". When we make a decision and things go poorly, we blame bad luck. This impairs our ability to learn when we make bad decisions (once we start attributing poor outcomes to bad luck, we're

divesting ourselves of blame).

3. We can improve... but to do that we have to adopt new habits when making decisions (see highlights for some examples).

As a professional poker player since 1992, Annie Duke has seen millions of poker hands played out. Due her access to other poker pros who make similar decisions, and the undeniable impact of luck on the game, she's been able to see the long view, and understand that good outcomes can come from bad decisions, and vice versa. There are advantages to assessing our decisions as if they were poker hands, and we make better decisions when we acknowledge that we don't (and perhaps will never) know.

Four stars for tying these theories from behavioral psych into a coherent framework, plus an extra star for validating my support for Pete Carroll's decision to throw it on 2nd down on the last play of Super Bowl XLIX.
