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Failing isn't fun. Failing in public is worse.

Founders do it. Investors do it. Athletes do it. It's incredibly common.

So what happens when you take risks in public and there's evidence that you're on a path to failure?

Most people handle it poorly. A few thoughts: 🧵👉



Failure is an inexorable part of our lives. Practice is required to learn new skills and failing safely is what practice is all about.

Rarely do we find immediate success so we look to find safe ways to privately learn before showcasing our talents publicly.

But while many people are comfortable failing privately, most people aren't good at failing in public.

Most startups fail. Investors regularly have to mark-down investments. Half of all marriages end in divorce. Athletes don't always win.

Losing in public is common.

If losing is so common, why are people bad at admitting defeat?

If losing is so common, why do people double-down when loss is obvious and unavoidable?

If losing is so common, why does it bring out bad behaviors in people?

The truth is that it's wired into us as human beings.

Error Blindness

In her book "Being Wrong", journalist Kathryn Schulz posited that most people don't have an internal alarm that notifies them when they're wrong about something until it's too late.

She called this behavior "Error Blindness".

For many, Error Blindness stems from a deeply held belief that hard work always prevents failure.

The more public a person is about their position the more they're invested in the outcome and the easier it is to become delusional.

The delusional mind goes through three phases:

Phase 1: Overconfidence - "I'm going to succeed so data doesn't matter"

Phase 2: Feeling attacked - "You found data that makes me look bad because you want me to fail"

Phase 3: Denial - "I'm always right so the data must be wrong"

Once someone has become delusional it's nearly impossible to get them to see facts for what they are.

They can't psychologically handle being wrong.

Instead, they'll stick to their position even when there's undeniable data showing that they're on a path to failure.

## The Endowment Effect

Loss aversion is a cognitive bias that describes why the pain from loss is psychologically more powerful than the pleasure from gain.

This bias explains why most people have the tendency to choose lower risk over higher risk options.

Loss aversion is also the root cause of the "Endowment Effect", a term given to the fact that people place a higher value on an object that they own than on an identical object that they do not own.

This clouds one's judgment and is at the root of many poor decisions.

The Endowment Effect is amplified when money, time and effort is involved.

The reason is simple: People want to value their sunk costs.

The more money, time, or effort spent, the more a person wants to continue investing in a project, task or asset.

Founders become attached to projects and Investors become attached to companies more than they should.

The same is true for failing relationships, struggling athletes and artisans and champions of lost causes.

People hate admitting they've wasted money, time and effort.

## Cognitive Dissonance

The term "Cognitive Dissonance" is used to describe the mental discomfort that results from holding two conflicting beliefs at the same time.

People irrationally relieve this tension by rejecting, explaining away, or avoiding facts.

Everyone knows that smoking is harmful but some smokers justify it by pointing to their high stress levels.

Everyone knows that nutritious foods are important but some people justify poor food choices by believing it's better to enjoy today than be miserable and live longer.

For many talented people, the thought of losing creates Cognitive Dissonance because they've only experienced winning in their lives.

To them, winning is a direct result of wanting something enough and putting maximum effort into attaining it.

And ego plays a role as well.

For narcissists, the thought of losing creates Cognitive Dissonance because they don't think they ever make mistakes. They truly believe they're the best at what they do.

To them, it can't be true that their decisions will ever lead to failure.

Cognitive Dissonance is the engine of self-justification. Our brains work hard to make us think we're making good decisions even in the face of overwhelming contrarian evidence.

For the sake of sanity, we focus on what's going well and ignore everything else.

The combination of Error Blindness, the Endowment Effect and Cognitive Dissonance explain why people are bad at failing in public.

Acknowledging and learning from failure comes at the expense of one's identity and ego.

This trade is difficult for most people to make.

We all eventually fail at something. Perfect decision making and execution is a fantasy standard best left for storytellers.

So, if someone you know starts failing in public, it will likely be incredibly difficult to convince them to change course or abandon ship altogether.

But striving to become better at dealing with public failure is a noble goal. It's a superpower to be secure enough with oneself to see situations with blinding clarity.

Sometimes, the best win is acknowledging you lost and doing everything you can to learn from your mistakes.

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