

AVT BUSINESS SCHOOL
RADICAL PRACTICALITY · PRACTICE 01

The Decision Journal

*Why the most powerful tool for better leadership
costs nothing, takes five minutes, and nobody uses it*

WHITE PAPER — 25TH ANNIVERSARY PROGRAM
JUNE 2026

EXECUTIVE SUMMARY

The Five-Minute Practice That Transforms Leadership

The Decision Journal is the simplest, cheapest, and most evidence-backed tool available for improving the quality of leadership decisions. It requires nothing more than a notebook and five minutes of honest writing after each significant decision. The practice asks you to record four things: what you decided, why you decided it, what you expected to happen, and how confident you were. You review your entries quarterly.

The research behind this practice spans decades and multiple Nobel Prize-winning contributions. Philip Tetlock's forecasting tournaments, Daniel Kahneman's work on cognitive bias, and extensive research into CEO overconfidence all point to the same conclusion: the single most effective way to improve judgment is to keep score. Without a written record, our memories rewrite the past to flatter us. We remember being right more often than we were. We forget the reasoning that led to poor outcomes. We repeat the same errors for decades without ever seeing the pattern.

Yet virtually no leader does this. Despite overwhelming evidence, the Decision Journal remains one of the most underused tools in management. This white paper explains why it works, why nobody uses it, and how to start.

CHAPTER 1

The Overconfidence Epidemic

Overconfidence is the most consistently documented cognitive bias in the research literature. It appears across every professional domain studied — management, finance, medicine, and law — and it is the single most recurrent bias affecting professional decision-making.

What the Research Shows

A landmark study by Ben-David, Graham, and Harvey, published in the *Quarterly Journal of Economics*, tracked the accuracy of stock market predictions made by senior finance executives — mostly CFOs — across 40 quarterly surveys from 2001 to 2011. Executives were asked to provide their best estimate of the S&P 500 return over the coming year, along with an 80% confidence interval (the range within which they believed the actual return would fall 80% of the time). The results were striking: the actual market return fell within the executives' 80% confidence interval only about a third of the time. Their intervals were far too narrow, reflecting a systematic overestimation of the precision of their own knowledge.

This finding is not unique to finance. Meta-analyses across professions consistently show that when people assign 90% confidence to a prediction, they are right roughly 50–70% of the time. The gap between confidence and accuracy is not a minor calibration error. It is a structural feature of human cognition.

We are not merely imperfect forecasters. We are systematically, predictably, and confidently wrong — and we almost never find out, because we almost never keep score.

The Cost in Organizations

The organizational consequences are severe. Research by Malmendier and Tate, among the most cited in corporate finance, has shown that overconfident CEOs make systematically different — and often worse — strategic decisions:

- **Investment sensitivity:** Overconfident CEOs over-invest when internal cash flow is high and under-invest when it is low, because they overestimate the value of their own projects and underestimate external financing needs.
- **Mergers and acquisitions:** Overconfident CEOs are significantly more likely to pursue value-destroying acquisitions, particularly diversifying ones where they have no domain expertise.
- **Workplace safety:** Research has found a positive relationship between CEO overconfidence and workplace injury rates — overconfident leaders underestimate risks that affect the people they lead.
- **Cash flow manipulation:** Overconfident executives are more likely to report figures that overstate operating cash flow, because they genuinely believe their optimistic projections will materialize.

The meta-analytic evidence is clear: while overconfidence can sometimes increase strategic risk-taking (which can occasionally pay off), the overall effect on firm performance is either neutral or negative. Overconfidence is not a performance-enhancing trait. It is a decision-distorting bias that compounds over time.

CHAPTER 2

Why Leaders Never Get Better at Decisions

If overconfidence is so well-documented and so costly, why don't leaders improve over time? The answer lies in a concept Kahneman calls "outcome bias" combined with our extraordinary capacity for retrospective narrative construction.

The Hindsight Illusion

Once we know the outcome of a decision, our memory of the decision itself changes. We reconstruct the past to make ourselves appear more prescient than we were. Research has consistently shown that people who are told the outcome of an event believe they would have predicted it, even when they didn't. This is hindsight bias, and it operates automatically, below conscious awareness.

For leaders, this creates a devastating feedback loop. A decision succeeds, and the leader remembers having been confident and well-reasoned (even if the original reasoning was shaky). A decision fails, and the leader remembers having had "reservations" or having been undermined by circumstances (even if they were fully committed at the time). Over years and decades, this produces an internal narrative of consistent good judgment that bears little relationship to the actual record.

The Accountability Problem

Tetlock's early research on expert political judgment, conducted over 20 years with hundreds of experts and tens of thousands of predictions, identified a critical finding: lack of accountability is a primary contributor to the persistence of bad forecasts. When predictions are vague ("there is a real possibility that..."), unrecorded, and never revisited, there is no mechanism for learning. The forecaster can always claim they were right, or that they meant something slightly different, or that unforeseeable circumstances intervened.

Most leadership decisions operate in exactly this environment. Decisions are made verbally, in meetings, with reasoning that is implicit rather than explicit. The expected outcomes are vague (“this should improve things”). The confidence level is never stated. And nobody goes back, six months later, to compare what actually happened with what was predicted.

Without a written record, every leader is an unreliable narrator of their own decision-making history. The Decision Journal makes you a reliable one.

The Expertise Trap

Perhaps the most uncomfortable finding in the overconfidence literature is that experience and seniority often make things worse, not better. Senior executives have more practice at constructing post-hoc narratives. They have more authority, which means fewer people challenge their reasoning. And they have more survival bias — the mere fact of having reached a senior position creates the illusion that their judgment must be sound, because otherwise how would they have gotten there?

Tetlock’s research found that the average expert did little better than chance on many political and economic questions. More troublingly, expertise often increased confidence without increasing accuracy. The experts who were most confident were frequently the least accurate.

CHAPTER 3

The Decision Journal: How It Works

The Decision Journal is not a complex methodology. It is a deliberate habit of recording and reviewing decisions. Its power comes not from the writing but from the reviewing — the moment, weeks or months later, when you compare your prediction with reality and confront the gap.

What You Record

For each significant decision, record five things:

ELEMENT	WHAT TO WRITE
The Decision	State clearly what you decided. Be specific: not “we decided to restructure” but “we decided to merge the sales and marketing teams under a single VP.”
The Reasoning	Why did you decide this? What evidence, assumptions, or intuitions drove the choice? What alternatives did you consider and reject? This is the most important element — it captures the logic that your future self will be tempted to revise.
Expected Outcome	What do you expect to happen as a result? Be specific and time-bound: “I expect team productivity to increase by 15% within six months”, not “this should help.”
Confidence Level	How confident are you, on a scale of 0–100%, that the expected outcome will materialize? This is what distinguishes the Decision Journal from a simple diary. Assigning a number forces honesty.
Mental State	Optional but valuable: note how you were feeling when you made the decision. Tired? Pressured? Excited? Angry? Emotional state

ELEMENT	WHAT TO WRITE
	is a powerful predictor of decision quality, but we forget it almost immediately.

How You Review

Set a recurring calendar reminder — quarterly is ideal — to review your journal. For each past decision where enough time has elapsed to assess the outcome, ask:

- 1. What actually happened?** Compare the real outcome with your predicted outcome.
- 2. Was my confidence calibrated?** If I said 80% confident, was the outcome consistent with that level of certainty? Over many decisions, are my 80% predictions correct about 80% of the time?
- 3. Was my reasoning sound?** Even if the outcome was good, was the reasoning that led there valid? (A good outcome from bad reasoning is luck, not skill. It will not repeat.)
- 4. What patterns do I see?** Am I consistently overconfident? Do I make worse decisions under time pressure? Do I ignore dissenting voices? Patterns only become visible over multiple entries.

CHAPTER 4

The Science Behind the Practice

Calibration: The Core Skill of Good Judgment

Tetlock's Good Judgment Project (GJP), a massive government-funded forecasting tournament involving over 20,000 participants across four years, produced one of the most important findings in modern decision science: forecasting accuracy is a learnable skill, and the single most important component is calibration.

Calibration means that your confidence matches reality. If you say something will happen with 70% probability, it should actually happen about 70% of the time. The superforecasters identified by the GJP — the top 2% of performers who consistently outpredicted professional intelligence analysts — were distinguished not by superior intelligence or domain knowledge, but by superior calibration. They knew what they didn't know.

Tetlock's core formula is disarmingly simple: "Forecast, measure, and revise: it is the surest path to seeing better." The Decision Journal is the individual leader's version of this process.

Debiasing Through Structure

A comprehensive integrative review published in the *Journal of Management* examined experimental evidence on two approaches to mitigating cognitive bias: debiasing (changing how people think) and choice architecture (changing the environment in which they decide). The review found that structured interventions — those that force decision-makers to articulate their reasoning, consider alternatives, and assign probabilities — are among the most effective debiasing strategies.

The Decision Journal incorporates all three mechanisms. Writing down your reasoning forces you to articulate assumptions that would otherwise remain implicit. Stating your expected outcome forces you to make a concrete, falsifiable prediction. And assigning

a confidence level forces you to confront uncertainty honestly, rather than hiding behind vague language.

The Power of Accountability to Yourself

The GJP research found that “outcome accountability” — the knowledge that your predictions will be scored and compared — significantly improved forecasting accuracy. Accountable forecasters performed measurably better than non-accountable ones.

The Decision Journal creates a private form of outcome accountability. You are not answerable to an external scorer. You are answerable to your future self — the version of you who will read the entry in three months and know, with uncomfortable clarity, whether your confidence was justified. This is a more sustainable form of accountability than any external audit, because it is self-imposed and self-reinforcing.

CHAPTER 5

What Superforecasters Can Teach Every Leader

Tetlock's research identified approximately 260 superforecasters out of more than 20,000 participants — individuals who consistently outperformed not only other forecasters but also professional intelligence analysts with access to classified information. The superforecasters were 15–30% more accurate than prediction markets, which are considered one of the gold standards of forecasting.

The profile of a superforecaster is instructive for any leader:

- **They think in probabilities.** They never say “I think X will happen.” They say “I think there's a 65% chance X will happen.” The precision matters: rounding their predictions to the nearest 5% actually decreased their accuracy scores.
- **They update frequently.** They make many small adjustments as new information arrives, rather than sticking stubbornly to their original view or making dramatic reversals.
- **They use reference classes.** Before estimating the likelihood of an event, they ask: “How often do things like this happen in situations like this?” This “outside view” counteracts the human tendency to treat every situation as unique.
- **They own their mistakes.** The strongest predictor of sustained forecasting accuracy was commitment to self-improvement — the willingness to conduct unflinching post-mortems on failed predictions.
- **They keep score.** Every prediction is recorded, dated, and assessed for accuracy. This is the foundation on which all other habits are built.

The Decision Journal is the tool that makes all five of these habits possible for a working leader. It is the score-keeping mechanism without which the other habits cannot develop.

*The central lesson of Tetlock's research, distilled to a single sentence: "Base predictions on data and logic, try to eliminate personal bias, keep track of records so that you know how accurate you and others are, think in terms of probabilities, and **recognize** that everything is uncertain."*

CHAPTER 6

Why Nobody Does This

If the evidence is so strong, why is the Decision Journal virtually unheard of in organizational practice? The barriers are psychological, not logistical.

It Is Uncomfortable

The Decision Journal produces a permanent, written record of your judgment. For leaders who have built their identity on being decisive and right, this feels like creating evidence against themselves. The first quarterly review is typically a humbling experience. Most leaders discover that their confidence was poorly calibrated, that their reasoning contained assumptions they didn't notice at the time, and that outcomes they were sure about didn't materialize. This is precisely the point — but it doesn't feel good.

It Conflicts with Leadership Mythology

Western business culture rewards decisiveness, confidence, and conviction. Leaders are expected to project certainty. Admitting uncertainty — even privately, in a journal — feels like a failure of leadership. But the research is clear: the leaders who are most confident in their judgment are often the least accurate. The Decision Journal asks leaders to trade the feeling of certainty for the reality of better outcomes. Most choose the feeling.

It Requires Patience

The benefits of the Decision Journal are not immediate. You will not feel smarter after your first entry. The value compounds over months and years as patterns emerge. In a business culture obsessed with quick wins and immediate results, a practice that requires patience is a hard sell. But that is also what makes it rare — and therefore valuable.

It Is Invisible

Unlike a new strategy, a reorganization, or a technology implementation, the Decision Journal produces no visible output. Nobody knows you are doing it. There is no announcement, no program, no dashboard. In organizations where activity is regularly mistaken for impact, a private practice of quiet self-improvement is easy to overlook and hard to take credit for.

CHAPTER 7

A Practical Guide to Starting

Week 1: Set Up

- **Choose your format.** A physical notebook works best for most people — the act of writing by hand slows thinking and improves clarity. A digital document works if you prefer searchability. Avoid complex templates or apps: the simpler the format, the more likely you are to sustain it.
- **Create a simple entry structure.** Use the five elements from Chapter 3: Decision, Reasoning, Expected Outcome, Confidence Level, Mental State.
- **Set a quarterly review reminder** in your calendar. This is non-negotiable. Without the review, the journal is just a diary.

Week 2: Your First Entries

Record every significant decision you make this week. What counts as significant? Any decision where the outcome matters, where there are alternatives, and where you have some uncertainty about the result. For most leaders, this means 2–5 decisions per week.

Resist the temptation to make entries neat or impressive. This journal is for you. Raw honesty is more valuable than polished prose. If your reasoning is “I have a gut feeling,” write that. The point is to capture what you actually thought, not what you wish you had thought.

Month 2–3: Build the Habit

After two weeks, you will have 4–10 entries. The practice should be becoming automatic. If it isn't, you may be making it too complicated. Simplify. A good entry takes five minutes. If it takes longer, you are over-thinking it.

During this phase, you may notice a temptation to stop. This usually happens when you start to sense, even before the quarterly review, that your confidence levels are higher than reality warrants. That discomfort is the practice working. Lean into it.

Month 3: Your First Review

This is the most important moment. Sit down with your journal and review every entry where enough time has passed to assess the outcome. Score yourself:

- **How many predictions came true?** Compare your expected outcomes with actual outcomes.
- **How calibrated were you?** Were your high-confidence decisions (80%+) right most of the time? Were your low-confidence decisions (50–60%) right about half the time?
- **What patterns emerge?** Do you over-estimate in certain domains? Under time pressure? When you're excited about an idea? When you haven't consulted others?

Share one insight from your review with a trusted colleague. The practice becomes even more powerful when it is shared, because it normalizes the admission that leaders don't always get it right — and that getting better requires keeping score.

CHAPTER 8

The AVT Challenge

AVT believes that the most radical thing a leader can do is keep an honest record of their own judgment. It costs nothing. It takes five minutes. It challenges the deepest orthodoxy in leadership: that good leaders trust their instincts.

Good leaders do not trust their instincts. Good leaders test them.

Our challenge to every AVT member:

- Start a Decision Journal this week.
- Record every significant decision for 90 days.
- Conduct your first quarterly review with complete honesty.
- Share one insight — just one — with the AVT community.

If 100 AVT members do this, we will have built the most practical evidence base for improved leadership judgment that exists anywhere. Not theory. Not frameworks. Evidence from your own decisions, in your own organizations, tested against reality.

That is Radical Practicality.

REFERENCES

Key Sources

-
- Ben-David, I., Graham, J.R., & Harvey, C.R. (2013). Managerial Miscalibration. *Quarterly Journal of Economics*, 128(4), 1547–1584.
- Fasolo, B., Heard, C., & Scopelliti, I. (2025). Mitigating Cognitive Bias to Improve Organizational Decisions. *Journal of Management*.
- Kahneman, D. (2011). *Thinking, Fast and Slow*. New York: Farrar, Straus and Giroux.
- Kahneman, D., Sibony, O., & Sunstein, C.R. (2021). *Noise: A Flaw in Human Judgment*. New York: Little, Brown.
- Klein, G. (2003). *The Power of Intuition*. New York: Crown Business.
- Malmendier, U. & Tate, G. (2005). CEO Overconfidence and Corporate Investment. *Journal of Finance*, 60(6), 2661–2700.
- Malmendier, U. & Tate, G. (2008). Who Makes Acquisitions? CEO Overconfidence and the Market's Reaction. *Journal of Financial Economics*, 89(1), 20–43.
- Mellers, B. et al. (2015). Identifying and Cultivating Superforecasters. *Perspectives on Psychological Science*, 10(3), 267–281.
- Tetlock, P.E. (2005). *Expert Political Judgment: How Good Is It? How Can We Know?* Princeton University Press.
- Tetlock, P.E. & Gardner, D. (2015). *Superforecasting: The Art and Science of Prediction*. New York: Crown.
-

This white paper is part of AVT's 25th Anniversary Program: 25 Practices Nobody Uses (But Should). It is intended as a practical resource for leaders who want to improve their judgment through evidence, not instinct. The Decision Journal is Practice 01 because it is the foundation: without honest self-assessment, no other practice can take root.

Radical Practicality · The Association of Visionary Thinkers