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Excessive Optimism Played a Big Role in the 2010 Deepwater Horizon Oil Rig Disaster. Don't Let It Destroy Your Startup.

By Andrew Thomas

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The explosion of the Deepwater Horizon oil rig in April 2010 killed 11 people and injured 17 others. Over 87 days, more than 200 million gallons of crude oil gushed into the Gulf of Mexico, polluting 16,000 miles of coastline in the southern U.S. and killing 8,000 animals. Attorney General Loretta Lynch called it "the worst environmental disaster in American history."

Are such disasters totally preventable? You'll likely think so after reading "[A Study of Behavioral Decision-Making: BP and the Deepwater Horizon Disaster of 2010](#)," by Jerome Dauvergne, PhD. In this report, Mr. Dauvergne lays much of the blame on excessive optimism, or, the "systematic underestimation of probabilities of accidents."

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BP could have spent a few million dollars to make the well safer, but the company chose a less expensive option. It was an overly optimistic view of what amounted to a gamble that in the end cost the company a [\\$20.8 billion settlement](#), not to mention the [environmental damage and human toll](#).

Like BP's executives, we are all susceptible to an overly optimistic view of ourselves and our companies. As a startup, it's impossible to get everything right. But to embrace the idea that we are the exception to the rule is dangerous. While optimism feels good, it can become a liability if we don't keep it in check.

The most successful founders understand this, and they account for what is called the optimism bias.

What is the optimism bias?

Tali Sharot, neurologist and author of [The Optimism Bias](#), describes this cognitive phenomenon as "our tendency to overestimate our likelihood of experiencing good events in our lives and underestimate our likelihood of experiencing bad events." [Her research](#) also describes it as our tendency to view ourselves in a more favorable light than others. It's the reason we overestimate our starting salaries or underestimate how much time and money it takes to develop a product.

Here are five ways the optimism bias can misguide you as a founder and lead your startup astray.

1. Ignoring the bugs

No one likes negative feedback -- yet it's often the most valuable. The optimism bias causes us to ignore or discredit negative feedback. We might make excuses, citing user error or unfavorable conditions -- or dismiss the occurrence as an outlier.

Ignoring bugs will only lead to bad customer experiences. In our experience with SkyBell, we think it takes about eight positive experiences to cancel out the effect of one negative experience. At this rate, ignoring even some of our bugs means that we'll lose customers faster than we can acquire new ones.

The goal for product testing is to find and fix bugs -- not to selectively find data supporting a biased opinion that the issue isn't really an issue. We train our team to treat each bug as guilty until proven innocent -- not the other way around.

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2. Overvaluing the positive

The optimism bias will convince us that positives cancel out the negatives. For example, we believe the features that work cancel out the features that don't. We might say, "I know the billing system doesn't work, but our user interface is perfect. Let's add new features!"

While creating the second version of SkyBell, the anticipation of releasing the next feature was more alluring than addressing existing features that didn't work 100 percent. Now we avoid this issue by managing two lists: A list of the things that work, and a list of the issues we need to fix. It's basic, yet separate lists prevent our minds from blending the good and the bad into a single, rosy-colored image. As a result, customer support calls due to product issues decreased 75 percent with our latest version of product.

3. Ignoring the downside

Imagine receiving a consignment order from a Fortune 100 retailer. Your first instinct is likely to dream of product flying off the shelf. This happened to a company I previously consulted for, and they ordered millions in inventory. The deal fell through, leaving them without other options.

Addressing risk doesn't mean you're being a pessimist. It means you're being responsible. Ask yourself, "What's the worst thing that could happen?" Assess the opportunity costs, and consider backup plans. Compare the downside against the upside. Remember, sometimes the best decisions are the deals you don't do.

4. Overestimating yourself and your capabilities

In her [TED talk](#), Sharot explains what the optimism bias can do to our self-perception: "We're optimistic about ourselves, we're optimistic about our kids, we're optimistic about our families, but we're not so optimistic about the guy sitting next to us." We tend to think we're smarter and more talented than everyone else -- and can do anything without fail.

I've encountered founders who continually overestimate their own capabilities, blindly overlook obstacles and over-commit to customers -- particularly with delivery dates. Don't risk losing credibility with your customers. Set realistic expectations and meet them. The next item will help you do just that.

5. Avoiding development schedules

Blind optimism convinces us that everything will go perfectly while developing a product. We disregard any potential for hiccups and delays, disregarding a big fact in startup life: Delays will always happen while making a product.

We learned the importance of [Gantt charts](#) the hard way -- by working with people who did not use them. Development schedules help you accurately forecast resource needs and deliverable milestones. They also promote a level of transparency that keeps each party accountable to their role.

Related: [The Mistakes That Make a PR Crisis Even Worse](#)

What to do next

If you don't have time to read *The Optimism Bias*, watch Tali Sharot's TED talk. Understand the bias and challenge yourself to identify your vulnerabilities. The goal is not to eliminate optimism, [nor its benefits](#). The goal is to be realistic about the obstacles that might keep you from creating the new reality you envision.



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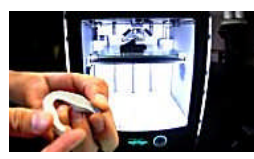
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