

Better decisions.  
Everyday. Everywhere.

**Think about it!**

“Critical thinking is really the foundation in terms of what we feel makes people successful here at Varde.”

*Global HR Director, Varde Investment Partners*



**MORE INSIGHT  
MORE IMPACT™**







# What is Critical Thinking?

**Critical Thinking** can be defined as:

- Thinking logically with clarity and precision so that you can **RECOGNIZE ASSUMPTIONS**
- Using an approach that is objective and accurate to **EVALUATE ARGUMENTS**
- Focusing on information that is relevant to **DRAW CONCLUSIONS**

According to a Society for Human Resource Management survey, critical thinking is the skill of most increasing importance over the next 5 years.

*Yet only 28% of college graduates are rated as having excellent critical thinking skills.*

Even many emerging leaders (those being groomed for the C-suite) lack good critical thinking.

## KEY SKILLS NEXT GENERATION LEADERS LACK

Critical Thinking Skills	Strategic Thinking	64%
	Leading Change	56%
	Ability to Create Vision and Engage Others	54%
	Ability to Inspire	47%
	Understand total enterprise and how different parts work together	47%

Source: 2009/2010 Trends in Executive Development Report, Executive Development Associates and Pearson



# Train Yourself to Think Better with the **RED Model**®

Pearson's **RED** critical thinking model provides individuals with a framework for “thinking about their thinking.” The **RED** model® is based on three keys of thinking critically. Each of the skills fits together in a process that is both fluid and sequential.



## **RECOGNIZE ASSUMPTIONS**

It is deceptively easy to listen to a comment or presentation and assume the information presented is true even though no evidence was given to back it up. Noticing and questioning assumptions helps to reveal information gaps or unfounded logic. We also need to examine assumptions from different viewpoints.

## **EVALUATE ARGUMENTS**

The art of evaluating arguments entails analyzing information objectively and accurately, questioning the quality of supporting evidence, and understanding how emotion influences the situation. Common barriers include confirmation bias, or allowing emotions to get in the way of objective evaluation.

## **DRAW CONCLUSIONS**

Bringing diverse information together to arrive at conclusions that logically follow from the available evidence is crucial when making a decision. People who can do this are careful to inappropriately generalize beyond the evidence and they can change their position when the evidence warrants doing so. They are often characterized as having “good judgment.”

## CASE STUDY:

# Electronic Shareholder Notifications



Shortly after she was promoted to Senior Financial Analyst, Jennifer realized that her company could save money if it emailed notifications to shareholders, rather than send them by regular mail. It seemed a simple move—but if Jennifer had not questioned her assumptions about electronic notifications, she might have made a big mistake.

Because Jennifer understood the importance of critical thinking, she decided to evaluate all her assumptions before making any decisions. Among those assumptions:

### THE ASSUMPTIONS

- **The cost savings would be significant.**
- **An effective electronic notification system could be readily purchased or developed.**
- **Since she preferred electronic notifications from other companies, others would too.**

Next, Jennifer evaluated the quality of those assumptions. She did a cost analysis, and found that the company could save more than \$50,000. She researched electronic shareholder notification programs, and concluded that the project was feasible. But her last assumption—that shareholders would prefer email—hit a snag.

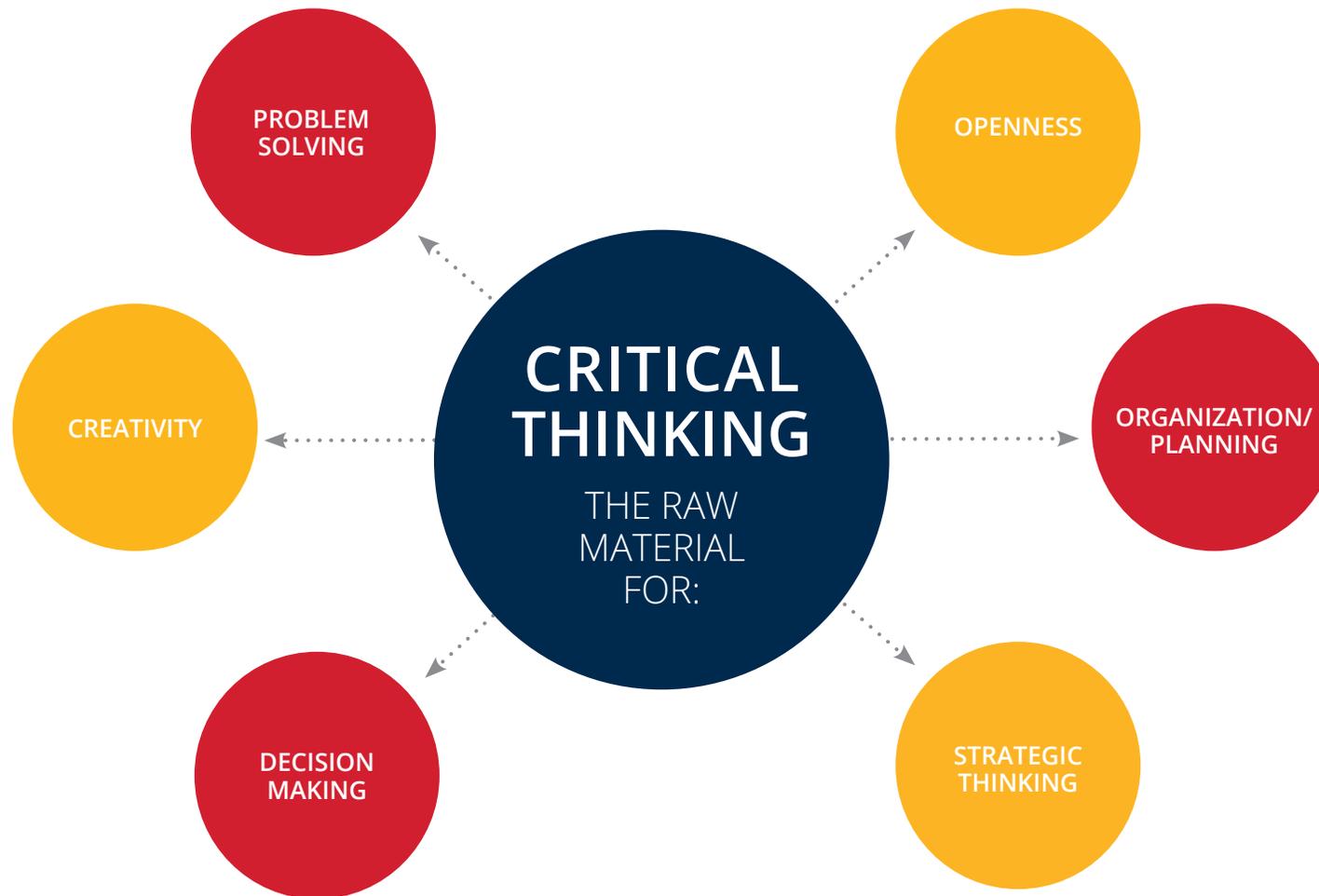
Jennifer asked the company's largest shareholders about receiving e-notifications and found that many still preferred a paper copy. She also learned the SEC had strict regulations around online forums associated with many e-notification systems. So while she implemented the new system—and saved her company money—she made the new service available on an opt-in basis and ensured that legal guidelines were followed.

**Checking her assumptions and adjusting in the face of new information was the key to making e-notifications a success.**

# Critical Thinking: What Will You Do With It?



Research shows that critical thinking serves as a solid foundation for building a variety of other important skills. For example, good critical thinkers tend to suspend judgment early, which is important in the creative process. They also consider problems from multiple perspectives and grasp the “big picture” by seeing how parts of a system work together. *So what problem will you solve today?*





CASE STUDY:

# Launching a Telecommuting Program



Because of technology improvements at a medium-sized accounting firm, it became feasible for many employees to start telecommuting several days a week. But the idea never got off the ground—though accountants and others were asking to telecommute, the president of the firm held fast to his rule that all employees had to come into the office every day.

He never fully explained his reasons to the employees, and never delved into them himself. He just didn't like the idea. But to his credit, after some time, *the president realized he had certain unexamined assumptions and personal biases about telecommuting.* Among them:

## THE ASSUMPTIONS

- **Employees get less work done at home.**
- **There would be resentment among employees who, because of the jobs, would not be candidates for telecommuting.**

The president decided to challenge those assumptions. He tracked down studies on telecommuting and consulted with colleagues at other companies. He also learned that some of his accountants weren't working seamlessly with global colleagues because they felt pressure to keep to a 9 to 5 schedule that valued face time over results. To help reach a conclusion, he built a decision matrix where he listed possible alternatives (e.g., no telecommuting, company-wide telecommuting, telecommuting for select jobs only, etc.) and carefully evaluated each according to criteria deemed critical to business success and employee morale.

Based on his careful evaluation, he concluded that telecommuting would not cause the problems he expected, and would likely increase productivity because accountants would be happier. He implemented a trial program, which was a success, and a year later made it permanent.

# Critical Thinking Gone Wrong

## Critical Thinking Done the Right Way



### WRONG



#### Circuit City

In 2007, Circuit City fired thousands of employees who were being paid an above average salary for their position. The retailer assumed that firing these employees would help the company remain competitive with Best Buy. Unfortunately, many customers boycotted the store because of its shabby treatment of employees. Sales plummeted and the company closed its doors in 2009.



#### Schlitz

Schlitz beer was the #2 beer in the nation in the 1970s. In order to cut costs, the company replaced barley malt with corn syrup and added a foam stabilizer. The result was a beer with a drastically different taste and a gooey sediment coating the bottom of the can. While they saved money upfront, within just a few years the company's Milwaukee, Wisconsin plant was closed and ultimately the company was sold.

### RIGHT



#### Henry Ford's Assembly Line

One decision that went against the norm of the time ended up changing the entire future of an industry—Henry Ford's auto assembly line. Ford's logical approach to auto manufacturing reduced the cost of each vehicle, which led to a steady increase in sales. Despite the lower cost of the Ford Model T, Ford quickly began to outsell and out earn its competitors that were catering to the luxury market. This process opened up the auto market to everyday consumers and revolutionized American manufacturing.



#### Chevy Volt

In December 2010, the much anticipated Chevy Volt hit the streets of America. The Volt was one of two electric vehicles to come to market in December, the other was the Nissan Leaf. After years of consumer and technical research, Chevy's decision to release a range-extended vehicle instead of an all-electric vehicle paid off. By addressing consumer concern about driving range and offering a gasoline engine backup, Chevy was able to outsell the Nissan Leaf by 17 to 1 despite the higher price tag.



# Training Your Staff to Think Critically Is a No Brainer

Perhaps more than any other business skill, critical thinking can make the difference between success and failure as **every dollar** an organization spends or receives is a direct result of a decision.

Fortunately, these skills are not out of reach—they are readily available to employees at all levels through the **RED** model®.

Once gained, critical thinking skills last a lifetime, and become a powerful asset for any organization.

**So what are you doing to develop critical thinking in your organization?**

## CRITICAL THINKING:

- 1 Is the #1 skill of increasing importance in the workplace.
- 2 Is the raw material for problem-solving.
- 3 Gives your company a competitive advantage.
- 4 Is more important in today's service-oriented marketplace.
- 5 Has a direct effect on an employees' overall performance.

# Critical Thinking Flash Cards

## 21 “RED” Questions to Ask



### **R** RECOGNIZE ASSUMPTIONS

1. What is the key issue/ problem that you are trying to solve?
2. What information and facts do you have about this issue?
3. What are your ideas and assumptions that support your strategy or plan?
4. Is there solid evidence to support those assumptions, and what might be some gaps in your reasoning?
5. Who are the key stakeholders and what are their viewpoints?
6. What other ideas should be explored?
7. What else do you need to know?

### **E** EVALUATE ARGUMENTS

1. What are the pros and cons of the solution you are proposing?
2. What are your biases?
3. Is there someone who has a different opinion that you could run your ideas by?
4. What impact will your decision have on others and how will you handle this?
5. What will be the financial impact of your decision?
6. Who would disagree with your proposed solution and what is the rationale that supports their viewpoint?
7. What key points or perspectives do you need to keep in mind as you evaluate the options?

### **D** DRAW CONCLUSIONS

1. After evaluating all of the facts, what is the best possible conclusion?
2. What specific evidence is driving your conclusion?
3. Is there new evidence that would impact your decision?
4. What does your common sense and experience tell you to do?
5. What is the timeline for making a decision (e.g., would your decision be different in a month)?
6. What opportunities does your conclusion provide?
7. What risks are associated with your conclusion?



# Critical thinking

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## Skepticism and Making Every Day April Fool's Day

We all have at least one friend who consistently shares satire articles and obviously false memes on social media and believes that they are true. Have you ever wondered about that person's thought process?

## Reboot Your Thinking: The Ctrl+Alt+Del Approach to Critical Thinking

Every once in a while we need to hit the reset button. When life gets too hectic, our days are over-scheduled, and information is coming at us faster than we can process it, we need to STOP and RESET.

## The Status of Critical Thinking in the Workplace

Study after study has confirmed that the skills gap is real, and the sky is falling for both the current leadership pipeline within organizations and for the talent pool accessed by recruiters.

## Make Critical Thinking Fun: The Zombie Apocalypse Exercise

There's a stigma to critical thinking training (and even the phrase critical thinking) that it is boring, stuffy, and too academic to be engaging. But it doesn't have to be mind-numbing.

## 6 Powerful Characteristics of Great Critical Thinkers

We spend so much time discussing what critical thinking is and how to do it that we often overlook an important conversation: what skills do good critical thinkers have?



# 50 Ideas for Improving Your Thinking

1. Assign a Devil's Advocate in meetings
2. Disagree
3. Ask Why
4. Use the RED Model of Critical Thinking
5. Try a Brain Teaser
6. Test a hypothesis
7. Learn from others' failures
8. Don't blindly trust statistics
9. Find a mentor
10. Assess your skills with Watson-Glaser
11. Reflect on your decisions
12. Learn about logical fallacies
13. Don't censor your brainstorming process
14. Imagine the Worst-Case-Scenario
15. Wait...
16. Look for the spin
17. Check your emotions
18. Tear apart your own idea
19. Evaluate source credibility
20. Ask the RIGHT questions
21. Challenge hierarchy
22. Mind Map
23. Check gut feelings
24. Recognize assumptions
25. Accurately define the problem
26. Ask someone to evaluate your thought process
27. Stay engaged
28. Practice
29. Accept ambiguity
30. Listen
31. Think like a genius
32. Define objective data
33. Assess risk
34. Ignore the distractions
35. Don't waste time if you have no control
36. Watch "smart" television
37. Try something new
38. Reflect
39. Play strategic games
40. Ask the "4 most important words"
41. Analyze cause-and-effect
42. Have a few friends with big heads
43. Be curious
44. Question everything
45. Watch the news
46. Get a great education
47. Take on a tough debate
48. Defend your position
49. Don't smoke
50. Do more research



# Critical Thinking

“No problem can withstand the assault of sustained thinking.”  
*Voltaire*

## CRITICAL THINKING

It's all thinking. It's all critical.

Learn more at [TalentLens.com](https://www.talenthq.com).

