PROJECT INTENT WORKING PAPER SERIES

The Economics of Decision

Public Edition

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Executive Summary

Throughout the history of organizations, analysis was expensive. Research took time. Modeling required specialists. Evaluating alternatives demanded significant effort. This natural cost imposed discipline: organizations analyzed proportionally to the cost of being wrong.

Artificial intelligence changes this equation fundamentally.

When AI can generate analysis, alternatives, evaluations, risk assessments, and scenario models at near-zero marginal cost, the natural governor on analysis disappears. Organizations can now analyze indefinitely without encountering the traditional resource constraint that previously forced commitment.

This paper argues that when the cost of analysis approaches zero, **commitment becomes the scarce organizational resource**. The risk is no longer insufficient analysis but infinite refinement — what this paper terms the **Infinite Review Loop**.

The Old Economics

Under traditional economics of decision:

- Analysis was expensive (required specialists and time).
- At some point, the cost of additional analysis exceeded the expected value of better information.
- This natural equilibrium forced organizations to decide.

The scarcity of analysis imposed commitment.

The New Economics

Under AI-era economics of decision:

- Analysis is cheap (AI can generate it instantly).
- The cost of additional analysis approaches zero.
- No natural economic force compels the organization to stop analyzing and start acting.

Without intentional discipline, organizations can analyze forever. Every proposal can generate another critique. Every architecture can produce another alternative. Every plan can surface another risk.

The Infinite Review Loop

The Infinite Review Loop occurs when:

1. AI generates a proposal, architecture, plan, or implementation.
2. Reviewers (often AI-assisted) identify improvements, risks, or alternatives.
3. The proposal is revised.
4. New reviews identify further improvements.
5. Steps 2-4 repeat without a clear commitment threshold.

Each iteration genuinely improves the artifact. But each iteration also delays execution and real-world learning.

The artifact becomes better on paper while the organization learns nothing from reality.

Commitment as Scarce Resource

In this new economics, the critical organizational capability becomes **commitment**: the ability to deliberately end analysis and accept responsibility for action.

Commitment requires:

- **Courage** — accepting that the plan is imperfect but sufficient.
- **Judgment** — recognizing when additional analysis produces diminishing returns.
- **Authority** — possessing the organizational standing to authorize action.
- **Accountability** — owning the consequences of proceeding.

These are fundamentally human capabilities. They cannot be automated. They cannot be delegated to AI. They represent the irreducible human contribution to organizational decision-making.

Organizational Responses

Organizations can respond to the new economics of decision by:

1. **Defining commitment thresholds in advance** — specifying what "good enough to start" looks like before analysis begins.
2. **Time-boxing analysis** — imposing artificial constraints that force commitment rather than waiting for a natural stopping point that may never arrive.
3. **Measuring commitment velocity** — tracking how quickly the organization converts understanding into action.
4. **Rewarding commitment** — celebrating teams that proceed with imperfect information and learn, rather than only celebrating those who produce the most thorough analysis.
5. **Separating decision types** — applying extensive analysis to truly irreversible decisions while rapidly committing to reversible ones.

Conclusion

The economics of decision have fundamentally changed. When analysis was expensive, scarcity imposed discipline. When analysis is cheap, organizations must impose discipline themselves.

The organizations that thrive will be those that treat commitment as a capability to develop, not a risk to avoid.

Unlimited intelligence without bounded decision-making produces infinite refinement.

Bounded decision-making converts intelligence into learning.

From the Book

Optimized for Yesterday: What Happens When the Scarcity Changes

By Alan Florschuetz

This working paper is part of the research foundation for *Optimized for Yesterday* — a complete framework for how organizations should operate when intelligence is abundant and implementation is no longer the constraint.

Available in paperback and Kindle. ISBN: 979-8-9971259-0-5

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