

Purpose: Improve decision-making by assessing errors in judgment.

- 1. Define the decision or test.
- 2. What would a false positive mean? What are the risks?
- 3. What would a false negative mean? What are the risks?
- 4. Which error is worse? How can you mitigate it?

True Positive False Negative (thinking something is false when it's

true)

False Positive (thinking something is true when it's false)

True Negative



HOW TO USE (PRO TIPS)

Understand the Trade-Offs:

- → Recognize that in many systems (from medical testing to machine learning), lowering false positives may increase false negatives and vice versa.
- → Consider the context: in some fields (like healthcare), false negatives might be far more dangerous than false positives.

Adjust Thresholds Strategically:

→ In classification or testing systems, adjust decision thresholds or weights to reflect the relative cost of each type of error.

Risk Assessment:

- → Perform a cost-benefit analysis to determine which error type is less tolerable given the consequences.
- → In critical applications (e.g., fraud detection or safety systems), incorporate multiple layers of testing to reduce the overall error rate.

Iterative Improvement:

- → Regularly review system performance and update models or testing protocols based on new data and error rates.
- → Experiment with ensemble methods or additional data sources to help mitigate high false positive or false negative rates.

