

Fact Sheet – Decision Making

“In any moment of decision, the best thing you can do is the right thing, the next best thing is the wrong thing, and the worst thing you can do is nothing.”

Theodore Roosevelt

Introduction

Problem solving, and decision-making are important skills for business and life. Problem solving often involves decision-making, and decision-making is especially important in management and leadership. There are processes and techniques to improve decision-making and the quality of decisions. Decision-making is more natural to certain personalities, so these people should focus more on improving the quality of their decisions. People that are less natural decision-makers are often able to make quality assessments, and then develop techniques to support decisiveness and acting upon the assessments made. Problem solving, and decision-making are closely linked, and each requires creativity in identifying and developing options, for which brainstorming techniques are particularly useful.

Waiting too long for others’ input. Failing to get the right input at the right time. Failing to understand that input through insufficient skills. Failing to understand when something that worked in the past will not work now. Failing to know when to decide without all the right information and when to wait for more advice. It’s no wonder good people make bad decisions. The path to good decision-making is narrow, and it’s far from straight. But keeping in mind the pitfalls can make any leader a more effective decision maker.

It is however important in any context to take and manage decisions, even when the news is bad. Shying away from bad news seldom helps anyone, including those affected by the outcome. People will fill a void in communication and knowledge by speculation and this is often much more pessimistic than the real outcome. Managing decisions, including those containing bad news is a very important management skill and one organisations don’t often do well.

Decision types

Decision-making comes in various forms, often dependent upon the size of the decision coupled to the sense of urgency needed to find a solution. Although the basic approach to decision making is the same, at this stage a little categorisation can be useful to allow us to distinguish types.

Strategic decisions – these are often significant decisions and in many cases will require detailed analysis, and often taken in conjunction with several key stakeholders. They tend to affect the longer term.

Tactical decisions – sometimes called operational decisions are taken on a much shorter timeframe, they don’t tend to affect the overall direction of the business, but can and often do have significant impact on performance. In that regard, taking the most informed and hopefully best tactical decisions is equally important.

Personal decisions – are decisions that are individually focused rather than organisationally focused. Every decision has a people element to it, but personal decisions are specific in that they affect an individual. Often these decisions carry emotional side effects and impact relationships in many kinds of ways.

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Simple GATE - decision making 'tool'

All decision-making follows a fairly similar process, albeit that sometimes the complexity is significantly greater for strategic decisions.

These simple steps are **GATE**

GATHER	<p>Define and clarify the issue - does it warrant action?</p> <ul style="list-style-type: none"> ◆ If so, now? ◆ Is the matter urgent, important or both. <p>Gather all the facts and understand their causes.</p>
ANALYSIS	<p>Think about or brainstorm possible options and solutions.</p> <p>Consider and compare the 'pros and cons' of each option - consult others if necessary or useful. (SWOT analysis)</p>
TAKE	<p>Select the best option - avoid vagueness and weak compromises in trying to please everyone.</p>
EVALUATE	<p>Explain your decision to those involved and impacted by the decision. Follow up to ensure proper and effective implementation.</p>

Gathering information to inform the decision

The first stages in any decision-making process are all about gathering information. This is about using good open questioning techniques to develop a more detailed understanding of the issues, the problems, and the causes.

During this process one of the first things you must decide is do you need to make a decision? Although this might seem an odd thing to say, a valid question is 'do we need to make a decision?'. Overly hasty decisions can be as damaging as no decision, but procrastination can be even worse.

As we move into evidence collection it is important we collect facts and see them for what they are. We should generate hypotheses based on supportable facts, not here say and speculation.

There is a time however, when evidence or data collection is sufficient. It may not be exhausted, but it is sufficient and recognising this juncture is helpful in moving to the next stage. Delaying difficult decisions in the hope of finding new and contradictory data very rarely helps.

A note of caution regarding confirmation bias, which in lay terms means we seek to prove things we believe to be true. Experiments have found repeatedly that people tend to test hypotheses in a one-sided way, by searching for evidence consistent with their current hypothesis. Rather than searching through all the relevant evidence, they phrase questions to receive an affirmative answer that supports their hypothesis. They look for the consequences that they would expect if their hypothesis were true, rather than what would happen if it were false. This is something to guard against in any important decision-making process and where the use of teams helps provide a more balanced analysis.

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Poor decisions and bad outcomes

Bad decision-making is not uncommon and in fact Harvard Business School performed a survey in 2014 in an attempt to factor the reasons for poor decisions. Nine factors emerged as the most common paths to poor decision-making. They are ranked in order from most to least significant:

Laziness. This showed up as a failure to check facts, to take the initiative, to confirm assumptions, or to gather additional input. Such people were perceived to be sloppy in their work and unwilling to put themselves out. They relied on past experience and expected results simply to be an extrapolation of the past.

Not anticipating unexpected events. It is discouraging to consistently consider the possibility of negative events in our lives, and so most people assume the worst will not happen. Unfortunately, bad things happen fairly often. Markets crash, house prices go down, and friends are unreliable. There is excellent research demonstrating that if people take the time to consider what might go wrong, they are actually very good at anticipating problems. However, many people get excited about a decision they are making and do not take the time to do simple due-diligence.

Indecisiveness. At the other end of the scale, when faced with a complex decision that will be based on constantly changing data, it's easy to continue to study the data, ask for one more report, or perform yet one more analysis before a decision gets made. When the reports and the analysis take much longer than expected, poor decision makers delay and the opportunity is missed. It takes courage to look at the data, consider the consequences responsibly and then move forward. Often indecision is worse than making the wrong decision. Those most paralyzed by fear typically believe that one mistake will ruin their careers and so try to avoid any risk at all. This in reality is not possible, in fact they have already exposed themselves to risk, by deciding not to make a decision.

Remaining locked in the past. Some people make poor decisions because they're use old data or processes. They get used to approaches that worked in the past and tend not to look for approaches that will work better. It is not unusual that sub-optimal are the result of old process, based on assumptions that are no longer true.

Having no strategic alignment. Bad decisions sometimes stem from a failure to connect the problem to the overall strategy. In the absence of a clear strategy that provides context, many solutions appear to make sense. When tightly linked to a clear strategy, the better solutions quickly begin to rise to the top.

Over-dependence. Some decisions are never made because one person is waiting for another, who in turn is waiting for someone else's decision or input. Effective decision makers find a way to act independently when necessary.

Isolation. Some Managers wait for input because they've not taken steps to get information in a timely manner, or have not established the relationships that would enable them to draw on other people's expertise when they need to. All our research (and many others') on effective decision making recognizes that involving others with the relevant knowledge, experience, and expertise improves the quality of the decision. This is not news. So, the question is why. Sometimes people lack the necessary networking skills to access the right information. Other times, we've found, people do not involve others because they want the credit for a decision. Unfortunately, they get to take the blame for the bad decisions, as well.

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Lack of technical depth. Organisations are very complex, and even the best leaders do not have enough technical depth to fully understand multifaceted issues. However, when decision makers rely on others' knowledge and expertise without any perspective of their own, they have a difficult time integrating that information to make effective decisions. And when they lack even basic knowledge and expertise, they have no way to tell if a decision is appropriate. We continue to find that the best executives have suitable expertise, or find support to help them.

Failure to communicate the what, where, when, and how associated with their decisions. Some good decisions become bad decisions because people don't understand – or even know about – them. Communicating a decision, its rational and implications, is critical to the successful implementation of a decision.

Analysing data

Depending upon the complexity of the decision and the impact it might have will determine how much analysis you need to apply. For a simple technical decision where the answer is only really one option then only little analysis is required. If though, you were making a decision that has greater impact, then a more structured analysis is required.

There are a number of techniques that you could use to help your analysis; one of the most common is a SWOT analysis; Strengths, Weakness, Opportunities and Threats. Another technique worth highlighting is a simple 'weighted pro v con' sheet.

SWOT Analysis

Let's imagine moving home – do you don't you?

Strengths	Weaknesses
Will have more space of better area to live in Closer to train station so much less commuting Better 'postcode' and much closer to our friends	Possible higher insurance New neighbours might not be as good as the last ones Removal costs, significant – is this just a need or a want?
Opportunities	Threats
Newer house, so probably lower fuel bills and better economy The School looks very exciting, the head teacher is good, and the kids would like it more.	Less available cash for holidays etc. The main road nearby is a worry

You would build a SWOT for each hypothesis (in this case each house), and review each against each other. It is unlikely that house buying would take this simplistic an approach, but it demonstrates how the technique can be applied.

All analysis is an iterative process, once you start the analysis, it is not usual to find you need more information, so go back to 'gathering' then back to 'analysing'. The challenge here is to make sure you eventually move into the next stage 'take'.

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Weighted pros v cons sheet

Should I replace my old car with a new one?			
Pros (for - advantages)	Score	Cons (against - disadvantages)	Score
Better comfort	3	Cost outlay will mean making sacrifices	5
Lower fuel costs	3	Higher insurance	3
Lower servicing costs	4	Time and hassle to choose and buy it	2
Better for family use	3	Disposal or sale of old car	2
Better reliability	5	Big decisions like this scare and upset me	4
It'll be a load off my mind	2		
Total 6 pros	20	Total 5 cons	16

In the above examples, on the basis of the pros and cons and the weighting applied, there seems to be a clear overall quantifiable advantage in the decision to go ahead and buy a new car. Notice that with this decision-making method it's even possible to include 'intangible' emotional issues in the pros and cons comparison, for example 'it'll be a load off my mind', and 'decisions scare and upset me'.

A decision-making pros and cons list like this helps remove the emotion which blocks clear thinking and decision-making. It enables objectivity and measurement, rather than reacting from instinct, or avoiding the issue altogether. Objective measurement helps in making a confident decision.

The total weighted scores are the main deciding factor rather than the total number of pros and cons, although there is not a scientific 'right' or 'wrong' way to consider the total number of pros and cons compared with the total weighted scores.

If the weighted scores are indicating a decision, which makes you feel uncomfortable, then check your weightings, and also check that you've not missed out any factors on either side of the table. If the decision makes you feel uncomfortable and this is not reflected in the table, then add it as a factor and give it a score.

Seeking feedback or input from a colleague can be helpful in confirming your factors and their scores.

Take the decision

Too little data collection and analysis might leave a decision wanting or lacking substance, whereas too much analysis can lead to a feeling of procrastinating over the decision. It is impossible to say what the right time to take the decision is, but experienced voices will tell you that when you have the data you need make the decision! Personally, if I feel I am 80% (or more) sure of the decisions validity I make the decision, some decisions require much less.

Avoid taking weak decisions that try to please everybody. Do your research well, understand the problem and take the decision that is right for the business.... but ensure you take the people with you!

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Some tips:

- ❖ Make the right decision, not the easy one
- ❖ Be clear in delivery and your expectation
- ❖ Communicate clearly what success looks like
- ❖ Be bold
- ❖ Be confident and take the decision
- ❖ Never delay a decision, it only gets harder to make
- ❖ Avoid emotional decision making
- ❖ Gain support either explicit or implicit support
- ❖ Use colleagues to 'sound' ideas to if you are not sure
- ❖ **Do not procrastinate!!**

Evaluation and communicating your decision

The final stage of the decision GATE process is evaluation, which also means communicating the decision. It is important that you lead people to the decision, not to impose it on them; leadership and dictatorship are not the same thing. People react much more positively when they are part of the decision rather than having something done to them as it were. Seek their ideas early if possible, get them involved in the process, but also be mindful some employees don't want to make decisions. In the next session, on influencing skills, we will see cover strategies to help align people and influence outcomes.

After the communications evaluate the decision performance, changing tack or making adjustments is normal practice. Check the desired outcome have been achieved, do you need to alter the decision slightly in light of performance? Is there more evidence come to light that might alter things? Be confident to challenge yourself, but be careful not to damage confidence, many decisions need refinement.

