

Good Choices

Making Better Decisions by Knowing How Best to Decide

Effective decision makers know that deciding what's best and knowing how best to decide are two very different skills. A leader's mastery of the difference between these two capabilities has major implications for both the decision maker and those affected by the decisions.

Making good decisions is a primary responsibility and challenge of leadership. Every day, individuals and organizations face a constantly changing landscape of dangers and opportunities. To some degree every decision directs strategies, commits resources, sets current courses of action, and creates future opportunities and challenges.

Research shows that organizations with above-average decision-making practices achieve a substantially greater financial return on sales and return on investment. Add to this the reality that today's leaders must make decisions in dynamic environments characterized by changing circumstances and complex situations—all

of which are further complicated by competing individual interests, incomplete or questionable information, personal biases, and in most cases limited time.

A recent high-profile decision exemplifying this importance and complexity is the highly debated American Recovery and Reinvestment Act of 2009, the economic stimulus package signed into law by President Obama on February 17. Under pressure to act as the economy continued to tank, Congress drafted and enacted this complex piece of legislation in less than a month, establishing a controversial package that would distribute nearly \$800 billion of taxpayer funds.



by Christopher Musselwhite

This example suggests the degree to which the decision-making process is more complex today than ever before, the quality of decisions more important, and the development of decision-making competency among leaders more critical to organizational performance and sustainability.

Regardless of the complexity of the decision-making environment, there is strong evidence that many leaders demonstrate personal preferences in decision-making styles. A key characteristic of these preferences is the degree of input the decision maker solicits when making a decision. The good news is that leaders can improve the effectiveness of their decision making by using a process that has been proven to help them recognize when they need to adapt their personal decision-making style to bring about the best outcome.

When this skill of knowing how best to decide is developed, leaders avoid defaulting to familiar but limiting decision-making preferences and instead are able to choose the style that will produce the optimum outcome in each situation.

LESSONS OF EXPERIENCE

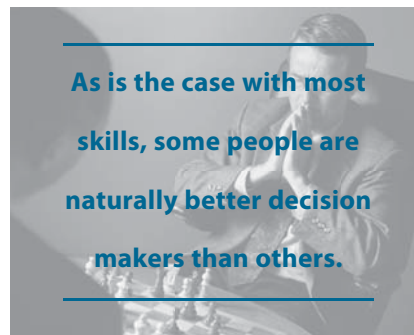
Effective leaders know the value of experience in learning how to make good decisions and are open to learning from both others' successes and mistakes and their own.

Researchers have observed certain attributes and behaviors in leaders who

are consistently associated with high-quality and viable decision making:

- Flexibility and risk taking
- Honesty and trust
- Openness to new ideas and feedback
- Willingness to challenge the status quo and to voice and hear unpopular truths
- Reliance on accurate information
- Consideration of the far-ranging consequences of a decision
- Consideration of those who must accept and implement the decision

Note that these attributes and behaviors affect the decision-making process. Effective decision makers know that deciding what's best and



knowing how best to decide are two very different skills. Mastery of the difference between these two capabilities has major implications for both the decision maker and those affected by the decisions. It also affects the way leaders go about developing their decision-making ability.

The first skill—deciding what's best—can be developed over time through education and experience. The latter skill—knowing how best to decide—can be taught directly and applied immediately.

The intangible aspects of decision making make it challenging to learn and develop. In the effort to use experience and resources to learn how best to decide, it helps to gain a better understanding of the decision-making process and what can go wrong.

A common phrase heard in leadership circles is that “decision making is an art.” This supports the belief that the decision-making process is highly personal and intuitive.

Decision making is indeed something people do naturally, minute by minute, and it is influenced by such individual factors as logic, emotions, culture, and values.

As is the case with most skills, some people are naturally better decision makers than others. However, research supports the nurture-over-nature argument in this instance, demonstrating that decision-making effectiveness is not correlated with personality preferences or gender. These findings support the belief that all decision makers are susceptible to common decision-making traps and that being able to choose the most appropriate decision-making style is a learned capability.

HURDLES AHEAD

Leaders who draw on experience to improve their decision making have probably catalogued the many pitfalls and barriers they encounter when making and implementing decisions. These barriers to good decision making can be grouped into four categories: inadequate problem identification, interpersonal barriers, analytical barriers, and failures in learning.

Inadequate Problem Identification

Most people have experienced this dilemma—you work diligently to solve a problem only to discover well down the road that you are working on the wrong problem. No amount of manipulating or reframing will result in the outcomes you originally hoped for. Inadequate problem identification can lead to weak problem analysis, a focus on inappropriate data, incorrect identification of stakeholders, over- or underestimating the scope and range of the problem, and failure to consider the full range of consequences. All this results in effort

ABOUT THE AUTHOR

Christopher Musselwhite is president and CEO of Discovery Learning (www.discoverylearning.com), a company that specializes in resources for executive development and organizational change. He holds an Ed.D. degree from North Carolina State University.



spent on the wrong problem, which wastes time, energy, and resources.

One way to improve problem identification is by asking good questions. For example, let's say the problem you face is to rid your house of mice. If you ask, *Why do I want to solve this problem?* you could answer that the reason is to ensure the health of your family. If you go further and ask, *Why do I want to improve the health of my family?* then the answer might be to ensure your family's happiness. Asking *why* you want to solve a problem broadens the focus and will affect the way you define the problem and consequently how the decision-making process is framed.

In contrast, asking, *What's stopping me from solving this problem?* narrows the focus. You might answer that you lack an effective device to catch mice, which then leads to the conclusion that you need to build a better mousetrap. Identifying what's stopping you from solving the problem as well as why you want to solve the problem improves your understanding of the problem and enables you to identify the most appropriate frame for making a decision.

Interpersonal Barriers

Interpersonal barriers to decision making include overconfidence, assigning blame, excluding important stakeholders, and groupthink.

- Overconfidence is confidence not balanced by humility, and it can lead to illusions of invulnerability and inappropriate risk taking among leaders because they mistakenly believe they have more control over events than they really do.
- Assigning blame is the tendency of people to affix fault instead of fixing the problem. Finger pointing inhibits trust, rapport, appropriate risk taking, and collaboration.
- Excluding important stakeholders can occur because of stereotyping and believing that one group is more qualified than others. This can blind leaders to both faults and opportuni-

ties, resulting in practices such as in-group favoritism, which bestows benefits on unqualified individuals simply because of their association with power holders.

- Groupthink is a phenomenon in which people, to avoid disharmony or disapproval, go along with what they think the leader and key stakeholders have already decided. This practice can lead to extremely adverse consequences.

Analytical Barriers

Analytical barriers include seeing what you expect to see, analysis paralysis, and choosing on the fly.

- Seeing what you expect to see is a form of information bias that results in leaders accepting evidence that aligns with what they already believe to be true and discounting evidence to the contrary.
- Analysis paralysis occurs when so much differing information is available that it virtually paralyzes leaders, leaving them unable to discern which information is useful and which is merely noise.
- Choosing on the fly is the practice of analyzing options quickly when under pressure or when the decision is assumed (perhaps incorrectly) to be of low importance. This can result in not analyzing enough options or not analyzing options well, even with accurate and relevant information available.

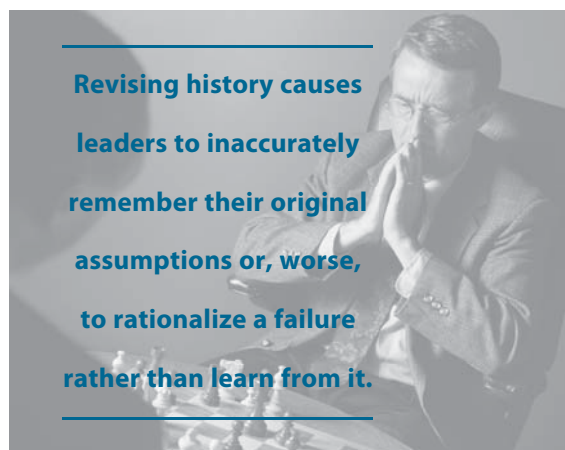
Failures in Learning

Failures in learning that create barriers to good decision making include not reflecting on experience, revising history, and going along with a converging culture.

- Not reflecting on experience is a habit that causes leaders to fail to reflect on prior decisions and their outcomes and to miss out on the learning that can come from analyzing what made a project successful or what made it fail, determining what lessons need to be noted, and assessing what can be improved in the future.

- Revising history causes leaders to inaccurately remember their original assumptions or, worse, to rationalize a failure rather than learn from it.

- Going along with a converging culture means not recognizing an organization's tendency toward becoming more like it already is. This results, for example, in hiring people who resemble current employees, thus limiting the organization's capacity to view itself objectively. A converging culture screens out pos-



sible alternatives and often constrains creativity and innovation.

FINDING A PROCESS

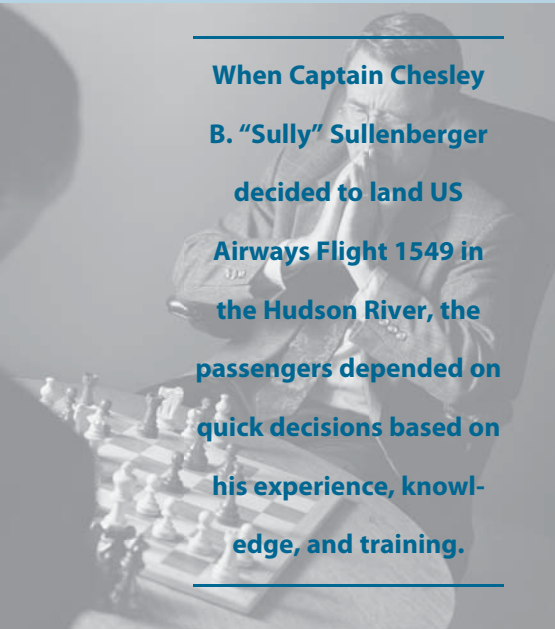
Awareness of these barriers can help leaders avoid potential pitfalls and improve decision-making quality. However, cultivating and practicing an effective process for deciding how to decide, one that is applicable in real time, is the most effective deterrent.

Process Step 1: Choose to Decide or to Delegate

In any situation requiring action, the first decision a leader must make is whether to decide or delegate. This choice can be driven by several considerations, such as workload, urgency, degree of crisis, and magnitude of importance.

One of the most important considerations for effective leaders is

whether the situation presents an opportunity for developing the leadership skills of someone for whom they are responsible. Developing others is a critical responsibility of leadership. Plus, if good decision-making practices at the leadership level directly correlate to better financial performance, consider the exponential benefit when good decision making is practiced across the organization.



When Captain Chesley B. "Sully" Sullenberger decided to land US Airways Flight 1549 in the Hudson River, the passengers depended on quick decisions based on his experience, knowledge, and training.

Delegating the right and responsibility to decide an issue is an action that experienced leaders don't take lightly. Delegating decisions to others frees leaders to focus on issues requiring their personal attention. However, even though the responsibility can be passed on, the accountability for performance remains with the leader.

A leader can delegate decision making to an individual or to a team of stakeholders whose interests may include the use of their resources and time, participation in implementation, and the impact of potential outcomes.

Process Step 2: Select a Decision-Making Style

The single biggest complaint I hear about ineffective decision makers is

that they are either too inclusive or not inclusive enough in their decision making. Research reveals degree of inclusion as the critical element by which to measure decision-making effectiveness. The work in the 1970s of industrial and organizational psychologists Victor Vroom and Philip Yetton identified degrees of inclusion in a decision-making process that formed a continuum from an autocratic to a consensual approach.

This work has been refined over the years by CCL and by Discovery Learning, which has analyzed input from more than 40,000 managers. This analysis identified five distinct decision-making preferences:

Directing. The leader decides alone with no input.

Fact-finding. The leader gathers some information and decides but doesn't share the problem or solicit suggestions.

Investigating. The leader shares the problem with a select group of stakeholders, solicits their input, and then decides.

Collaborating. The leader shares the problem with all key stakeholders, solicits their input, and then decides.

Teaming. The leader engages all key stakeholders in a consensual decision.

Decisions made in the directing, or highly autocratic, style when stakeholders would have preferred a more inclusive style can have a damping effect on the commitment of stakeholders to implement the decision. Similarly, leaders who require unnecessary and inappropriate participation from others waste people's time and call into question their own capability to decide appropriately. When Captain Chesley B. "Sully" Sullenberger decided to land US Airways Flight 1549 in the Hudson River, the passengers (stakeholders) depended on quick decisions based on his experience, knowledge, and training. The last thing the stakeholders wanted in this situation was for the leader to ask for their input. Leaders who learn to appropriately balance the inclusion

of others to secure their commitment but not waste their time will dramatically improve the effectiveness of their decision-making process.

Two decades of data suggest that many managers prefer one of these decision-making styles to all the others, regardless of the specific problem or circumstance. The data also strongly suggest that effective decision makers comfortably use all five styles, from directing to teaming, based on the situation. Having learned to identify key decision factors that point to the style appropriate to any given situation, these effective leaders know when each style is indicated and adapt to that style, regardless of personal preference.

FIVE FACTORS

The appropriate degree of inclusion can be determined by considering five key factors. When each of these factors is fully considered, the style of decision making that will produce the best outcome becomes clearer.

The five factors are

Problem clarity. The degree of understanding about the nature and scope of the problem.

Information. The facts and knowledge needed to make the best decision.

Level of commitment. The degree of buy-in and support needed to implement the decision.

Goal agreement. The degree to which stakeholders have common or competing goals among themselves and with the organization.

Time. This factor has two dimensions. The first is the degree of urgency surrounding the decision; the second is the time and effort others must make to participate in the decision-making process.

When these five factors are carefully considered, several positive outcomes can occur. First, the ability to make accurate, quality decisions in a timely manner is enhanced. Second, the risk of being caught by decision-making traps is reduced. And third, obstacles to

A Case Study in Decision Making

Armed with the integrated decision-making model described in this article, consider the following case study.

A research lab in your company is experiencing a sudden surge in activity while activity in your lab is at a lull because of regulatory approval processes. A vice president has requested that you send to the busy lab three of your twelve researchers to help out for the next four days. The work requires the same skills that your researchers have. Because of your own lab's recent slowdown, the three researchers can turn their attention from their current responsibilities for the four days without any repercussions on performance. You know your researchers well and can easily select three who can do the job. How do you make this decision?

Here is how three different executives said they would make this decision:

- Jose would let his researchers get together and decide by consensus which three would go. This is an example of *teaming*, the most inclusive decision-making style.
- Steve would ask for volunteers and then choose three from among them. This is an example that falls somewhere in the middle of the inclusion continuum, using behaviors from

the *fact-finding*, *investigating*, and *collaborating* decision-making styles.

- Eve, with no discussion, would appoint three researchers to go. This is an example of *directing*, the least-inclusive style of decision making.

All three styles are legitimate and can be appropriate. Leaders often lean toward a certain decision-making style, based on personal comfort and preferences. However, effective leaders know how to adapt to the decision-making style that will be most effective in each situation.

So which decision-making style is most appropriate? Jose, Steve, and Eve can make reasonable arguments for their preference based on how they frame the situation, yet they advocate for very different processes for making the decision. The decision factors help to filter personal bias from the process. Effective leaders use all five styles equally based on each situation, disregarding their personal preference.

For each decision, leaders can ask the following questions to ensure that they understand in relation to the current situation the five key factors that affect good decision making.

Problem clarity. Do I fully understand the situation: for instance, what's needed and what my options are?

Information. Do I have all the information necessary to make the best decision?

Level of commitment. Do I have the required level of support from the stakeholders necessary to implement the decision?

Goal agreement. To what degree do the shareholders share common goals among themselves and with the organization?

Time. How quickly does this need to be decided, and how much time can stakeholders contribute to the decision-making process?

By using an established decision-making model to choose how best to decide, the leader will increase the likelihood that the decision made will produce the most effective outcome in an appropriate amount of time, even when circumstances are most unfavorable. Plus he or she can provide the rationale behind the chosen decision-making process. Practicing transparency and fairness in decision making is crucial to becoming a trusted decision maker. Leaders who can provide a rationale for how they make decisions build credibility among those they lead. If a time then comes when a leader is forced to make decisions autocratically, this credibility and trust will be invaluable.

decision implementation—such as lack of commitment, lack of understanding, resistance or possibly malicious compliance, and long-term damage to relationships between decision makers and stakeholders and among stakeholders—can be eliminated.

The practice of integrating knowledge of the five decision-making styles with consideration of each of the five key factors has been proven to enhance decision-making capability by helping leaders gain a better understanding of the decision-making process, identify which of the five decision-making styles they are most comfortable with and are most likely to default to, and learn how to adapt

their decision-making style to produce the most effective outcome.

PROVEN MODEL

Increasingly challenged to reduce the risk from poor decisions and increase positive results from good decisions, leaders must learn how to choose the best way to decide in any given situation. Leaders' failure to understand the barriers they face and to use the appropriate decision-making style can lead to hit-or-miss outcomes.

In contrast, the practice of integrating the five recognized decision-making styles and the five key factors that affect good decision making is

the basis for a research-based model proven to help leaders move themselves and their organizations toward more effective outcomes. Leaders using this model will

- Enhance their ability to produce acceptable, quality decisions.
- Reduce the risk of being caught in decision-making traps.
- Eliminate by-products of ineffective decision making.
- Make a positive difference in the organization's bottom line.

With these advantages, there is no question that investing in the development of better decision-making capabilities across the organization will pay off. ✍

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