

Effective Decision Making

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How to maintain speed, wide input, and clarity in building a decision-making process. When decisions are based on criteria derived from principles which the stakeholder group has helped to develop, then they will stick. Why? They are more apt to be robust, balanced and actionable.

What helps teams to make decisions that are clear, balanced, robust and actionable? Let us also ask: what goes into making decisions that will stick, over time and across multiple stakeholders?

We will discuss several parameters which support good decision making - and yes, this is a verb. Decisions are relatively straight forward - yes/no, buy/build, how much, choose one. It is the "making" part that is fraught with perils for today's managers. The choices made - regarding stakeholders, data, type of analysis, viewpoints, and communication - will have great impact on the effectiveness of the decision process.

Here are a few of the pitfalls in building good decisions:

- Unintended consequences
- Lack of complete context or sufficient data
- Just "moving the monkey" to someone else's back
- Overly simplistic treatment of multiple issues
- Lack of buy-in from the people who must implement
- Not seeing "outside the box"
- Not considering discrete solutions for various elements of the problem
- Defending a decision for the wrong reasons
- Finally, not moving fast enough to be effective

Considering several parameters during a decision process can contribute greatly to avoiding pitfalls like those above:

- Diverse sources of data
- Multiple views of options
- Principle-based decision criteria

Using decision support technology helps to maintain *speed*, *wide input* and *clarity*. Several passes through a decision can be made effectively, allowing testing of definitions and stakeholder confidence. Wider input - for both context and possible solutions - is easily accomplished through online data gathering and prioritization. By listing and tracking separate decision impact criteria, it is easier to check the effect of a course of action against a series of complex concerns.

Let's look at each of these parameters, considering practices and typical quagmires.

Diverse sources of data

Many conversations get off-track quickly because people jump to conclusions; many of us seize on a piece of evidence to support a previously held position or belief. "Ahah! They *intentionally* left off the budget category for our product, again!" Chris Argyris (management professor at Harvard) has suggested for many years that difficult conversations can be grounded just by identifying the shared data, on which two people are escalating an argument. Once we are clear about the sources of our assumptions, the conversation or decision can be quite different from one based on several levels of untested inference.

We need to ensure that we allow for shared data, and for sufficient perspective, so that the group making a decision can see issues from a variety of points of view. This can quickly balance an issue such as the "confirming evidence" example above. Another quick example (showing no confirming evidence) is the classic three blind men and the elephant. Although differing data is shared, there is no variety to the perspective. Each investigator is taken up with only his

perception, coming from just one mode. Not only the terrain investigated, but also the modality of information must be diverse.

In this context, "diverse sources of data" means two things. First, that you solicit input across a variety of sources who have differing perspectives on the issues being decided. For instance, in a hiring decision you may gather data from future bosses and future subordinates, and from previous bosses and previous customers. Secondly, diverse data means gathering differing *types* of data. In evaluating three vendor proposals, you may need data covering cost, performance and satisfaction, but you also will need data on your product needs, future trends, and planned information compatibility. Besides projected performance, cost and sales for a new product, you may need to project changes in culture (due to new product functions) that will affect your *current* product line. Just knowing *what else* you need to know creates a new criterion for data.

From the last two examples, we can see that you might need a process just to identify the types and sources of data that should constitute *sufficient background* on your decision. This usually means analyzing who your stakeholders are, and polling them for any concerns or issues, which may not be visible to the decision committee. Then you need to provide these stakeholders with a simple method for giving their input, which also allows them to review the issues that they raise. This is because stakeholders may have further stories or perspective to share, once they see the pool of issues that are gathered and they begin to understand the context surrounding the decision issues.

We may need a way to organize and view the various issues, once they have been established.

Clarifying the discrete factors provides an opportunity for creating priorities, filters, or decision criteria.

Multiple views of options

If a small committee of executives makes a decision once they have established the issues, they may find that they quickly agree on what should be done. This is sometimes the most practical and effective method. However, such a configuration can also lead to group think, such as the "not invented here" syndrome, or to the "emperor's new clothes" outcome. A decision is made, but it may not stand the test of scrutiny - from your own organization, much less from customers. Most issues benefit from a comparison against a selection of viable, challenging alternatives. Roger Martin (long-time head of strategy at Monitor Consulting) has said that a strategic choice is not really a strategy unless it is a selection between (at least) two strategically *realistic* possibilities.

We make this point not to reiterate the earlier one about stakeholder input, but to emphasize the need for multi-option thinking. Twenty years ago, Roger Van Oech (creativity consultant) insisted on stimulating innovation by considering "the other right answer." Multiple possibilities come best from a variety of experiences. They are enabled by creating a level playing field. They thrive on a structure that forces us to shift our viewpoints. If the vice-president says, "I think Method B makes sense, what do you all think?" she is more likely to get a chorus of agreement than if the group is asked to submit fresh solution ideas in an anonymous brainstorm. This is not a comment on the temerity of leadership teams, but an observation about structuring group thinking.

If we force ourselves to look at the important issues from several different viewpoints, we get a deeper understanding of the impact of these

issues on our system. Edward Tufte, the brilliant professor of statistics and information at Yale, shows how magicians use techniques of *disinformation* to create the illusion of magic. He suggests that reversing these techniques helps us to build understanding of truth-telling and making sense of data. That is, we must be able to see all the issues clearly, and distinguish between a variety of viewpoints and consequences. Magic occurs by obscuring these relationships.

By the same token, if we ask for a wide range of ideas, we need a simple method for harnessing these to the issue at hand. (Hence the importance of decision criteria, covered later.) If we know that we will be able later to apply some structure as a lens in viewing our options, we are then freer to get out of the box with further alternatives right now.

Here, technology can again provide leverage. If a wide range of participants (instead of a small group of 'friends') is offered:

- 1) an efficient way to generate diverse options and
- 2) several methods of sifting these options into discrete trends, and then
- 3) multiple chances to consider their combined priorities, while clarifying how they are establishing value,

then there can be real harvesting of creativity and diversity. This method contributes to a decision which is both speedy and robust.

Technology helps us to crunch more data from dispersed sources, and to iterate the steps for making sense of it.

Analysis structures, such as scenario development or multi-variant graphing, can be accelerated through use of online technology. Such analyses assist in viewing a group of issues

from thoroughly diverse lenses; this in turn adds depth to the understanding of decision options and results in a more lasting decision.

Scenario planning is a good example of structuring group thinking, in that several discrete possibilities are each given a detailed and exacting set of questions which must be answered in a consistent way.

Principles as criteria

Just as thinking through a set of critical success criteria can help us in the early stages of planning a project, developing and clarifying the principles by which we should judge our decision a sound one will go a long way contributing to its robustness. Let's take the example of selecting a new family car. In the spirit of collaboration, let us assume that although Mom and Dad will make the decision, everyone has been asked for input: Grandma (who lives in a house down the street) will use it a bit, and two teen-agers - Jack who is 17 and Jill who is 14 - also have a large stake in the decision.

In service of brevity, let's just list some possible criteria this family might list:

- rugged and reliable
- looks good
- holds half the soccer team
- is a cool date transport
- easy to get in and out (people & groceries)
- good sound system
- drives well in snow
- has affordable insurance rates
- crash-proof
- white leather interior
- hi-performance V6 engine
- special wheels & tires

Now, these are beginning to be a wish list, rather than a set of agreed-upon criteria. The next step for our family would be to work an expanded version of this list into a set of 4 to 6 principles, which all agree would reflect the key values and necessary applications they hold in common. Some of the above issues would be *illustrations of a basic principle*, for instance "cool date, special wheels, white leather and looks good" might reflect the principle: "Provides an image of style and acceptable teen identity." While this might not be valued the same by all stakeholders, it can be understood as an important element to the family's acceptance of the eventual vehicle choice.

If the teen-agers were left out of the criteria development, we can assume the list would look different. However, such a decision could have profound impacts on the on-going communication, and perhaps budget, of this family for several years! It could certainly impact the care with which the younger drivers treat the vehicle. We can extrapolate from this to organizational applications.

Our assertion is that all affected stakeholders should have some voice in developing the possible criteria for the decision. This is not a plea for democratic governance; it is recognition of how effective systems work.

When a system must adopt a set of universal standards - such as a unified global Information technology infrastructure, or establishing a set of medical quality measures across several hospitals - it is crucial to first gather and refine a set of principles that define operating needs and values. As these are used to clarify the underlying interest that various stakeholders have in meeting or resisting the new standards, the resulting discussions are more fruitful and less subject to political manipulation. Specific concerns and bottlenecks can be negotiated within the perspective of guiding principles,

which by their nature, are strategic and related to desired shared results.

Practices

Let's consider some practices which support the three main decision parameters we have discussed:

Methods of thinking:

- use a rhythm of divergent and convergent moves
- use both principles of focus:
 - supporting detail - realistic context; history; cause & effect
 - abstraction - operating rules, balanced score, metrics
- practice discrimination: clarify what things mean, and separate things which are not the same as others under discussion
- identify critical factors (necessary and sufficient conditions), identify barriers to addressing these, then identify possible solutions
- understand decisions in the context of a desired overall outcome

Methods of communication or involvement:

- invite participation by outsiders (customers, other business units)
- generate discrete viewpoints (360), which have differing interests
- structure group thinking, so participation is not chaotic, so that clarity and diversity can thrive
- build in checks for agreement, and for course correction
- support decisions through measurement and follow-up
- publish the results
- structure follow-up feedback, by insiders and outsiders.

Use of web-based decision support tools provides reach, speed, structure and process steps, all of which contribute to the staying power of decisions. That is, using technology increases our ability to structure wide input, to view clearly and with multiple lenses, *and* to accelerate the processes surrounding a decision.

Two caveats must still be stated:

- The person establishing the decision process must understand the desired outcome and the process issues raised in this paper. There has to be effective structuring of the group's thinking.
- Human factors (regarding acceptance of change, redundant communications, and politics) when not respected and managed, can still overwhelm the best intentions.

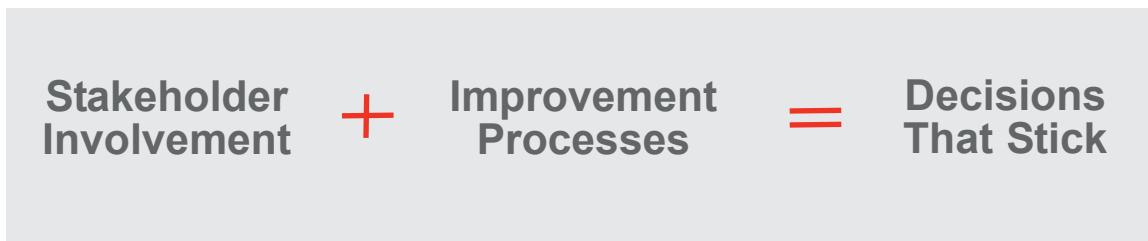
That is to say, both goal orientation and change management are important parts of a collaborative decision process. There is no substitute for clarity about the desired outcome. When existing systems that impact many people will be affected, the people making and implementing the decision have to allow for

different stakeholders and for differing reactions over time within the stakeholders.

A friend of mine likened a strategic change process to running the Bay to Breakers Marathon in San Francisco. Tens of thousands of runners are all lined up at the starting point - all wanting to run the same race. When the starting gun fires, some people move across the line and start up the hill. It may take thirty minutes for others to have room to start running. At that point some leaders may be near or at the end of the race. This is like the change leaders saying, "Well, we made the decision. How come everybody isn't running yet?" The experience of the change is very different for various groups - both at a particular point in time, and as the process as a whole. "I'm squished between a guy in a Michelin-man suit and four half-naked revelers, and the leaders are asking why I haven't finished yet?"

By building in participation, divergence of views and shared criteria, the decision making process has a much higher chance of alignment, and hence, success. Such decisions can stick.

We have a formula here at GroupMind:



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