

Making Decisions

One of things leaders need to do is make decisions.

As leaders start to work at more senior levels they are confronted with progressively more difficult and complex problems and will often find that their “tried and true” models of decision making which have served them well in the past start to fail them in their new roles.

Those tried and true models of decision making are usually designed for the ordered and predictable world that we are traditionally told is the environment of business. In that world there is always a “right answer”. It could be in the form of a “best practice” or if things are more complicated than that it may require an “expert” who can advise us on the way forward. The principle is that as long as we are smart enough and work hard enough we can get it “right”.

By contrast the problems we are faced with at more senior levels are unlikely to have a single best answer (except in hindsight), and rather than being predictable in advance things start to come clear only as we interact with world around us¹.

Not surprisingly Boards, analysts, employees, senior executives (in fact just about everyone) would prefer that business could all be conducted in the ordered and predictable world.

The pressure is always on to come up with the single right answer. Responses like “I don’t know” and “We can’t be sure” are treated with disdain even when they are appropriate. How often are we told “I don’t want any surprises” by the boss. When something doesn’t happen as predicted people look back with hindsight and pretend that what is clear now should have been equally as clear back when decisions had to be made.

Why do decisions get more difficult and complex at more senior levels?

- *There are more factors involved and they interact with each other – to the point where it becomes difficult or even impossible to distinguish between cause and effect*
- *The time frames being dealt with become much longer – the full impact of a decision may not be seen for a number of years rather than by the end of the day*
- *Hindsight does not lead to foresight – something which worked once can have unpredictably different outcomes with only very small changes in the surrounding circumstances*

So what do most people and organisations do under those pressures?

Option 1 - Lie.

We pretend that we can predict the future and behave in that manner i.e. we implement the “right” solution. The rest of the organisation probably goes along with that lie and if we are lucky we guess

¹ For more information about these sorts of “complex” systems have a look at the Cognitive Edge website <http://www.cognitive-edge.com/>



right. If we are unlucky then the organisation suffers and we either make excuses, ignore our previous predictions, blame others or get punished.

Option 2 - Give up.

We take no reasoned decision at all and instead just guess, continue on without change, bury our head in the sand or try everything (or some combination of those) and hope it comes out alright.

Neither of these responses seems very useful.

So what would be more useful?

A better approach is to understand that different models of decision making need to be adopted for different sorts of conditions.

Many problems do exist in our favoured predictable business world. Those problems are best dealt with using our standard decision making tools e.g. applying “best practice” or for more complicated issues engaging an expert, scenario planning, root cause analysis and the like. For problems outside this predictable realm different set of decision making principles need to be used, ones that will allow us to safely investigate what is going on while we develop a workable solution

Leaders need to recognise what sort of problem they are faced with and use the appropriate tools.

Going beyond “gut feel”

Many senior executives intuitively understand this process i.e. that some things can be predicted (with enough work) but in some cases you need to keep your options (and your company) alive and healthy while you learn what will work and what will not. What is often missing is the reasoned business case that will support and guide that intuition.

We can now help leaders who have to make decisions in the complex unpredictable region in a number of ways:

- Understanding, and explaining, why different decision making models are better suited for some circumstances than others
- Making distinctions between “complex” situations and ones which are simply “complicated”
- Providing decision making tools which are appropriate for working in the “complex” environment

If you are interested in finding out more give me a call

Cheers



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