This webinar has ideas for relatively new decision professions who support complex decision-making

- **High stakes**, with uncertain but lasting consequences.
  - Capital Investments
  - Significant Uncertainty
  - Big Opportunities

- **Multiple parties**, with differing information and objectives, often in conflict.
  - Stakeholders
  - Area Experts
  - Implementers
  - Combatants
Topics

• What Are the Fundamentals of Decision Quality (DQ)?

• How Do You Apply DQ?

• How Do you Coach Senior Decision-Makers on DQ?

• Where Can You Learn More?

Poll—Before we begin, what is your level of experience as a decision professional?

Please click on the choice that fits best:
1. I’m just entering the profession
2. 1-2 years as a decision professional
3. 3-5 years
4. Greater than 5 years
5. None of the above
Decision Professionals can guide senior executives through very complex decisions.

**Organizational Complexity**
- Many parties in conflict
- Individual and org. differences in:
  - Values, desires, motivation
  - Fundamentally different frames of reference
  - Degrees of power and resource availability
- Interactions among businesses
  - Expertise across business lines
  - Geographically dispersed teams
  - Market dependencies
- Decision process limitations
  - Culture of perpetual “advocacy”
  - Group dynamics
  - Biases and distortions
  - Limited time and attention

**Analytical Complexity**
- Uncertainty; dynamics; options
- Many interrelated input variables
- Many significantly different alternatives
- Several interrelated decision criteria
- Multiple players in competition—gaming

But when it comes time to make the decision, how do you know you’re making the right choice?

**Making Strategic Decisions**

“Choosing the right road”

We make routine, operational decisions using experience and the ability to adjust to conditions. Long-term, strategic decision-making requires something more.

**Managing Operations**

“Running well on the chosen road”
You can say the decision is good when you’ve achieved quality in each of six elements.

1. Appropriate Frame
2. Creative, Doable Alternatives
3. Meaningful, Reliable Information
4. Clear Values and Trade-offs
5. Logically Correct Reasoning
6. Commitment to Action

Like a chain, overall quality is no stronger than the weakest link.

A “spider” diagram helps gauge decision quality at any point in the decision-making process.

The 100% point is where additional effort costs more than it is worth.
Building quality into each link overcomes these common impediments to decision quality:

1. Appropriate Frame
   - Not compelling
   - Born of delusion or pride
   - In the “comfort zone”
   - Too similar
   - Lack focus
   - Wrong scope
   - Wrong people
   - Wrong perspective

2. Creative, Doable Alternatives
   - Difficult to trade off
   - Not defined
   - Not communicated

3. Meaningful, Reliable Information
   - “Groupthink”
   - Too simplistic
   - “Analysis paralysis”

4. Clear Values and Trade-offs
   - No alignment
   - Unable / unwilling to implement
   - “No action / no decision”

5. Logically Correct Reasoning

6. Commitment to Action

Poll—For the strategic decisions you support, what is the weakest link in the DQ chain?

Please click on the choice that fits best:

1. Frame
2. Alternatives
3. Information
4. Values & Trade-offs

(Choices continued):
5. Reasoning and Analysis
6. Commitment to Action
7. They are equally weak.
Topics

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The right approach to decision quality depends on the nature of the decision.

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<tr>
<th>Nature &amp; Number of Decisions</th>
<th>What’s Needed?</th>
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<tr>
<td><strong>Strategic</strong></td>
<td><strong>Rigorous Deliberative Effort</strong></td>
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<tr>
<td>Of strategic importance and complex</td>
<td>Apply formal processes and analysis tools to achieve DQ.</td>
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<td><em>Few; decided in days, weeks, or months</em></td>
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<tr>
<td><strong>Significant</strong></td>
<td><strong>Moderate Deliberative Effort</strong></td>
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<td>Important, but “easy,” or complex, but not as important</td>
<td>Use pencil and paper with DQ elements as a checklist; avoid “decision traps.”</td>
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<td><em>Several; decided in hours</em></td>
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<td><strong>Quick</strong></td>
<td><strong>Automatic</strong></td>
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<td>Frequent or small everyday decisions; emergencies</td>
<td>Develop “decision fitness” and good habits.</td>
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<tr>
<td><em>Many; decided in the moment</em></td>
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</table>
Complex, strategic decisions need structured dialogue between decision-makers and staff.

**Dialogue Decision Process**

**Decision Board**
- Recognize Situation
- Agree on Frame
- Agree on Alternatives
- Make Decision
- Agree on Plan

**Project Team**
- Assess Situation
- Develop Alternatives
- Evaluate Alternatives
- Plan for Implementation

The process provides insight and clarity, which lead to alignment and commitment to high-quality decisions.

An experienced decision professional chooses process and tools that fit the situation.

- Situation
- Purpose & Scope
- Values
- Challenges
- Alternatives
- Information
- Evaluated Alternatives
- Risks/Returns
- Insights
- Plan
- Responsibilities
- Budgets

Organizationally complex decisions benefit from a neutral “decision leader.”
The decision leader plays an important role with both the decision board and the project team.

For the decision maker(s), the leader:

- Knows the larger organizational context
- Understands decision makers’ perspectives
- Keeps a finger on the pulse of the decision makers, maintaining open communication
- Monitors changes in the decision situation, and knows when to change course
- Synthesizes insights from the team’s work clearly and with incisiveness

For the project team, the leader:

- Is recognized and respected by the project team members as the director of the effort
- Designs and oversees the team’s activities to build decision quality
- Monitors progress in the decision effort and knows when to change course
- Ensures quality of the team’s work products
- Manages resources and schedule

Poll—For the strategic decisions you support, where do you spend most of your time.

Please click on the choice fits best:

1. Managing the Decision Board
2. Managing the Project Team
3. About equal
4. I don’t do either
Key to decision quality is applying the tools and processes that “fit the decision need.”

Organizational Complexity
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- Where Can You Learn More?
Without “demand from the top,” decision professionals are doomed to frustration.

**Common First Reactions**

- We’re successful—our decisions must be good ones
- Your process takes too long!
- Our business is high velocity—we make fast decisions
- I’m here to ensure our future—I know what’s best for us
- Just bring me the data; I’ll make the call!
- I’m sorry, but I don’t see how any of this is helpful

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How do you win the support and sponsorship of senior executives?

**Here’s What Doesn’t Work**

- You’re not a good decision-maker...
- I’ll make you better.
- This decision tree / Monte Carlo analysis is the solution to your problem.
- Look at the robust models we build.
- You’re making bad decisions...
- …and you’re not willing to take risks.

Senior people generally believe they’re skilled decision makers… how else would they have reached the top?
Shift your frame—read decision makers their “rights.”

Coach decision-makers to ask the right questions...

Frame — What is it that we are deciding?
- What do we intend to achieve by making this decision now?
- What decisions are in and out of scope?

Alternatives — What are our choices?
- Can these alternatives really solve the problem or seize the opportunity? Do they provide an appropriate response to the challenges we are facing?

Information — Do we have the information that we need to make the decision?
- What are the major uncertainties? Do we understand them well?
- What are the most critical factors that drive value and risk?

Values & Tradeoffs — What consequences do we care about?
- What are the criteria we will use to compare the alternatives? Have we made explicit trade-offs among multiple criteria?

Reasoning — Are we thinking straight about this?
- What are the benefits and risks of each alternative?
- In what ways can we mitigate risks and/or capture more upside opportunities?

Commitment to Action — Will we really take action?
- Is the best choice clear? What/who could change our minds about proceeding?
Keep in mind that our brains are not wired to arrive at the most value-creating decisions.

- Our human nature is to “satisfice;” our decisions are “good enough.”

  (Herbert Simon)

- Then, firm in our beliefs, we rationalize and pat ourselves on the back for how we decide.

  (Daniel Kahneman; Amos Tversky)

- In reality we are deluding ourselves.

- We believe we are making good decisions when we are actually leaving a lot of value on the table.

Consequently, your goal should be to help decision-makers discover these shortcomings and then demand decision support, as is their “right.”

The “gold standard” for decision-makers is to say:

1. We regularly make high quality decisions
   - Recognize and declare the right decisions
   - Frame these decisions appropriately
   - Address the decision situation with the right balance of content, analytic rigor, and facilitation to reach a timely commitment to the most value-creating action

2. We have good processes and tools and use them appropriately.
3. We understand our roles and have the right skills for those roles.
4. We are aligned in our organization.
   - Have a common language for and understanding of decision quality—including an understanding of value and value metrics
   - We have a shared desire for decision quality, and we walk the talk.
   - “DQ is in our DNA”
5. We continue to learn and improve our decision competency.
Here’s what we’ve found most effective coaching executives to improve organizational DQ:

1. “Executive Briefing on Decision Quality” for senior leaders
2. Pilot Project to Show the Power of DQ—application to a current complex decision led/done by experienced decision professionals
3. Awareness Training
   - 1-day “Decision Executives Workshop” for senior leaders
   - 2 or 3-day course in DQ for contributors to strategic decisions
4. More Projects
   - The “gnarlier” the decision the better
   - Mentor / coach decision support staff and decision makers
5. Form a self-sustaining internal DQ Center or Program Office

Achieving the full value-creation potential of DQ requires a cultural transformation. (Make note of the change that would be most difficult.)

<table>
<thead>
<tr>
<th>FROM (Current frequently observed behaviors)</th>
<th>TO (DQ is second nature)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DM* impatience; timelines are arbitrary, no time</td>
<td>Focus on doing it right the first time. DM asks, “By</td>
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<tr>
<td>to “do it right” always time to “do it over”</td>
<td>when can we have this done right?”</td>
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<tr>
<td>DM engages only in the final meeting</td>
<td>DM owns Frame and Alternatives dialogue; considers</td>
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<tr>
<td>Declaring the decision need/opportunity only</td>
<td>them high-value opportunities to contribute</td>
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<td>when a deadline looms</td>
<td>Develop and manage a “strategic decision agenda”</td>
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<td>Cost Frame: “Get to a recommendation quickly</td>
<td>that helps us proactively manage our most complex,</td>
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<td>and cheaply,” obsessing over resources</td>
<td>highest-value opportunities</td>
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<tr>
<td>Advocacy frame: “Defend your proposal;”</td>
<td>Value Frame: “We might leave a lot of value on the</td>
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<tr>
<td>competition among advocates</td>
<td>table if we aren’t careful”</td>
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<tr>
<td>Missing an opportunity is rarely visible; missing</td>
<td>Value frame. DM stewards a search for highest value;</td>
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<tr>
<td>a target is highly visible</td>
<td>alternatives compete with each other for investment</td>
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<td>Good Decision = Good Outcome; we don’t learn</td>
<td>Errors of “omission” and errors of “commission”</td>
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<tr>
<td>much from our failures</td>
<td>viewed as equally destructive to shareholder value</td>
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<td></td>
<td>A good decision requires DQ. “A good decision will</td>
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<td>always be good. A bad decision can never become</td>
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<td>good.”</td>
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*DM Decision Maker or Decision Board
Poll—Which of those transformations is hardest? (Don’t answer if you don’t have an opinion.)

Please click on the choice that fits best: (Choices continued):
1. “DM impatience. No time to do it right”
2. DM not present at all meetings
3. No “strategic agenda” of decisions
4. Cost frame instead of value frame
5. Advocacy frame, not value frame
6. Errors of omission ignored
7. Commitment to Action

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- How Do You Apply DQ?
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- Where Can You Learn More?
Our Society of Decision Professionals has a career ladder reflecting decision professional competencies.

Certification
Career Ladder: Practitioner, Lead Practitioner, & Fellow
There are three levels within the SDP career ladder. The three levels are Practitioner, Lead Practitioner, and Fellow. The levels are described across the following key areas:

- Process and Facilitation Leadership
- Decision Analysis and Modeling
- Creativity and Problem Solving
- Information Gathering and Value Assessment
- Education and Training
- Project Management
- Experience and Education Process

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<tr>
<th>Criteria</th>
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<th>Lead Practitioner</th>
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<td>Dimensions</td>
<td>Effort and application of decision support</td>
<td>Effective in leading team members and decision makers in engagements of medium analytical and organizational complexity (i.e., where the problem is usually well defined and the outcomes are relatively straightforward to define and act upon).</td>
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<td>Complexity of the problem</td>
<td>Effective in leading team members and making decisions based on engagements of high analytical and organizational complexity (i.e., where the problem is usually less well defined and the outcomes are less straightforward to determine and act upon).</td>
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<td>Planning for implementation of the decision</td>
<td>This includes being able to:</td>
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<td>a. Understand the basics of feedback, including interventions, interventions, objectives, and group processes.</td>
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<td>b. Understand the basics of decision processes, including decision-making, timing, generation of alternatives, and other concepts.</td>
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<td>c. Understand the basics of decision-making, including decision-making, timing, generation of alternatives, and other concepts.</td>
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Stanford University and SDG have created education programs focused on improving decision-making.

Stanford Certificate Program in Strategic Decision and Risk Management (SDRM)

Visit: www.decisionprofessionals.com
Other educational programs are available—from executive briefings to in-depth training for practitioners.

- Executive briefings & workshops on decision-making
- Overview courses on Decision Quality and the Dialogue Decision Process
- “Soft Skills” courses on facilitation, decision project leadership, and interviewing subject-matter experts
- Decision Consulting Workshop (2 weeks)

For additional information:
- On implementing DQ in your organization contact: bjudd@sdg.com
- On other topics, contact Ms. Kayoko Matsunaga, kmatsunaga@sdg.com

Poll—Which of these has been a resource for you?

Please click on the choice that fits best:
1. Society of Decision Professionals
3. Other organizations’ professional programs
4. Internal resources in my organization
5. Combinations of the above
6. None of the above
Topics

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What questions do you have?