

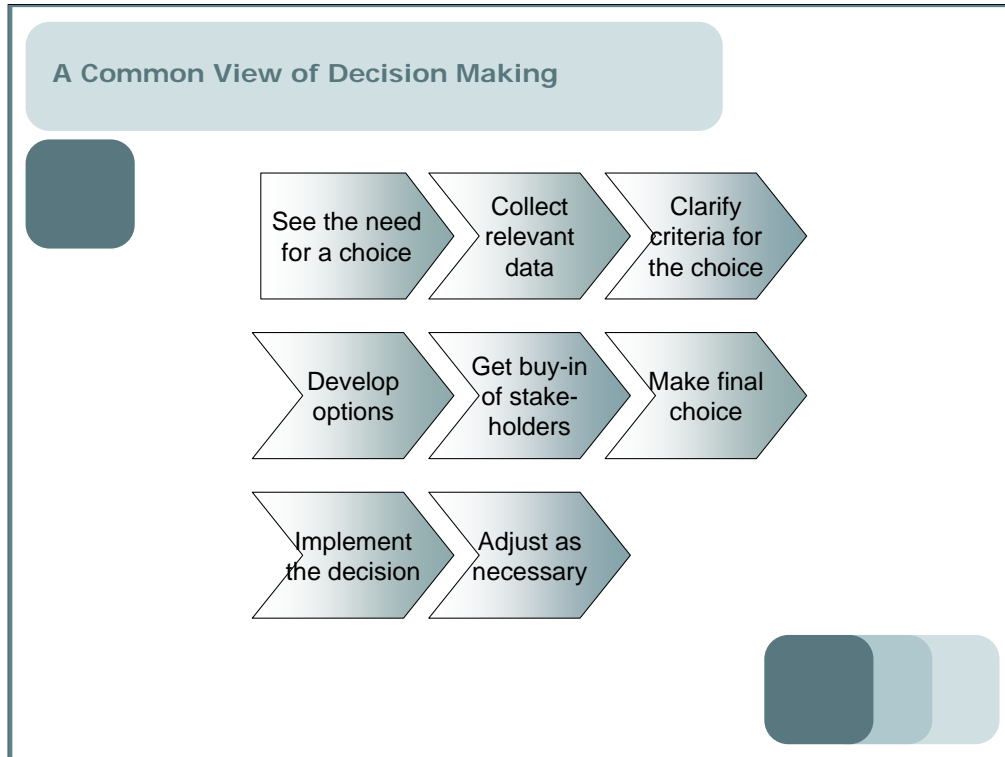
Decision making is not a well-defined field. It includes to a variety of processes that are all intermediate steps between thought and action. They are the precursors to behavior. They express our ideas into their active consequences in the world.

One of the reasons the field is so ill-defined is that we look at decision-making in so many arenas:

- career choice
- health care
- public policy
- business
- science
- politics

And the scope of our decisions ranges from choices that impact lifetimes all the way down to decisions about where to eat lunch.

Not surprisingly we find a polyglot of issues and dynamics rather than a clear, well-defined process.



This is a fairly colloquial notion of how to go about decision making. It appears quite rational, almost intuitive.

The problem is that it doesn't work well in practice. However good it is in theory, it misses the most critical steps leading up to a high-quality decision.

Most of us, most of the time...

When faced with tough choices, we focus on making the *right choice*, not making the choice *in the right way*.

We focus on securing

- More expertise
- More inclusion
- More resources
- Better data
- More time

A better process would temper the most likely distortions and build the best base for stronger implementation.



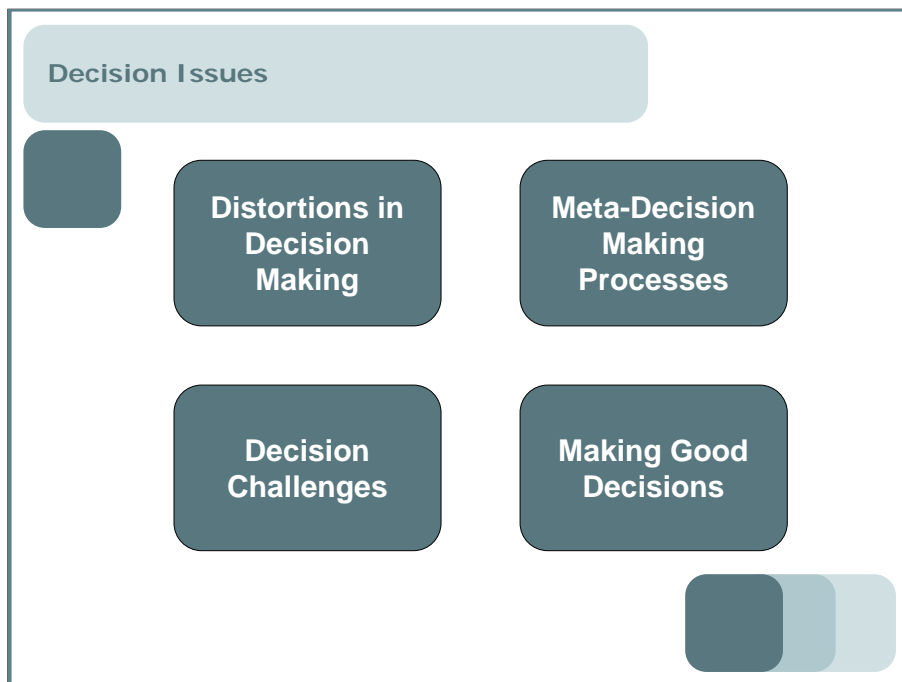
We'd like to look at just decision-making, find a "theory of decision-making", if you will. And numerous theorists have taken a stab at just that:

- Rational model
- Simon's normative model
- Garbage can model (the most atheoretical theory)

In reality, decision-making is always embedded in other processes, other phenomena. We seldom see it in isolation, in any pure form. And sometimes you are the decision-maker, and other times you are restricted to shaping the decisions of others.

We can talk about it in isolation, but the unique challenges of your situation will require you to figure out which elements of our discussion are helpful. So we won't develop a **theory of decision-making**, with clear-cut best practices. But we can suggest some themes, some issues, cautions, some principles. You'll have to do the last 50% of the work in applying those to your situation.

My goal is to sharpen your perception, to heighten your awareness of some key distinctions. Faced with a particular decision situation, I would hope you would be able to understand the complexities and subtleties quicker, and adjust your behavior and your thinking to better address the situation.



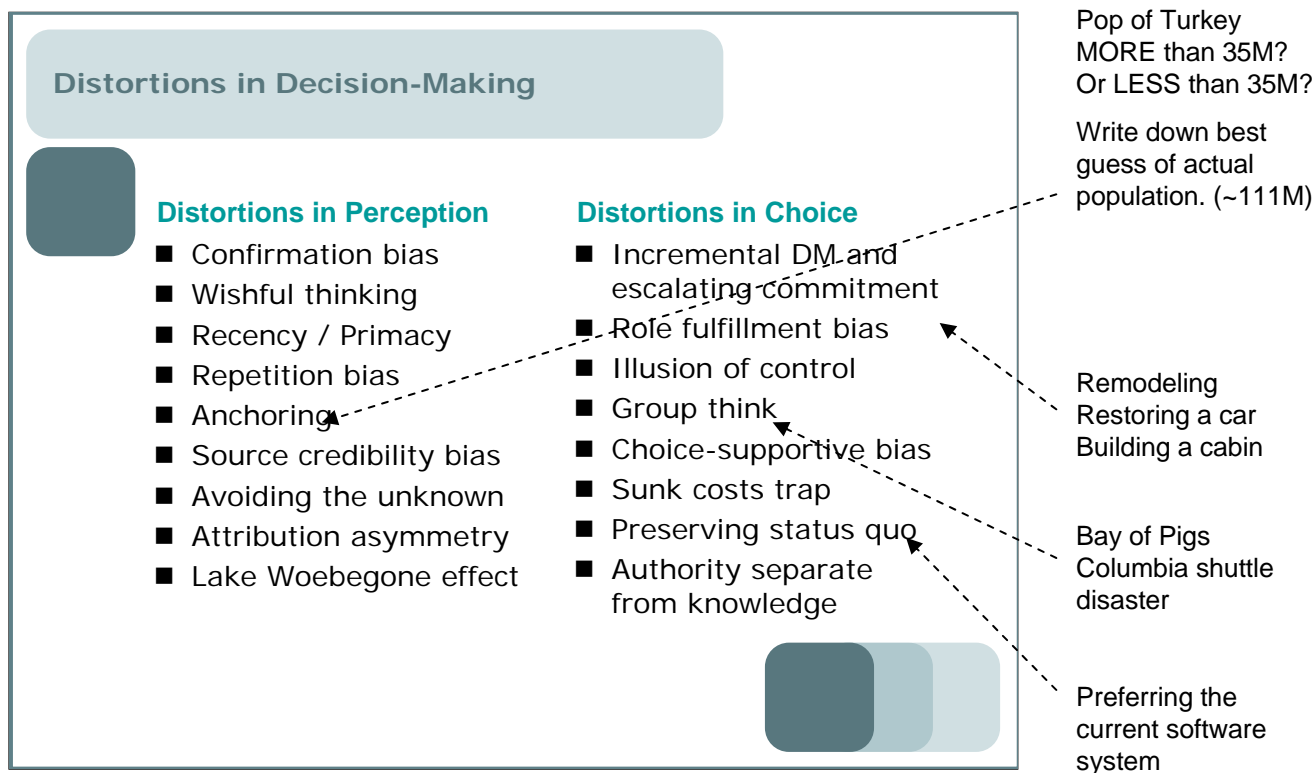
The quality of managerial decision-making seems to be declining, for several reasons:
shorter time frames with generally contracting business cycles
eroding quality of data (internet is not a juried source)
rate of change invalidates data behind a decision before implementation

Distortions: We are not a rational species; we are prone to all manner of illogical thought processes. We are easily effected by social pressure, others' opinions, preconceived notions of what is honorable or acceptable. When it comes to decision-making, we need to acknowledge that the deck is stacked against us. We have the same emotional and cognitive wiring as our humanoid predecessors. We're prepared for day-to-day survival in the tribe. All of modern life is a stretch.

Meta-DM'ing: There are decisions we make about decision-making. They typically happen too fast to be noticed. They're embedded in a word, a glance, an unintentional frame. We would have to slow down and unpack our more fleeting thoughts to expose these processes.

Challenges: If we turn our attention to the situation, we can characterize the different challenges that make decision-making difficult.

Making good decisions: Our overall purpose tonight is to improve the quality of your decisions. So before we're done we want to look at how to make decisions. And how to make them better.



Confirmation Bias: focus on information supporting desired outcome

Wishful thinking: seeing things in an overly optimistic light

Recency/Primacy effect: focusing on information that is most recent, or first available.

Repetition bias: favoring information repeated the most

Anchoring: basing decision on an inappropriate reference point

Source credibility: favoring info from sources we like

Avoiding the unknown: “world hunger” story

Attribution asymmetry: attributing our success to talents, while dismissing failures as bad luck or circumstances. Doing the reverse for others.

Lake Woebegone effect: the persistent belief that 80% of us are above average

Incremental decision making

Role fulfillment: Becoming a parent or manager

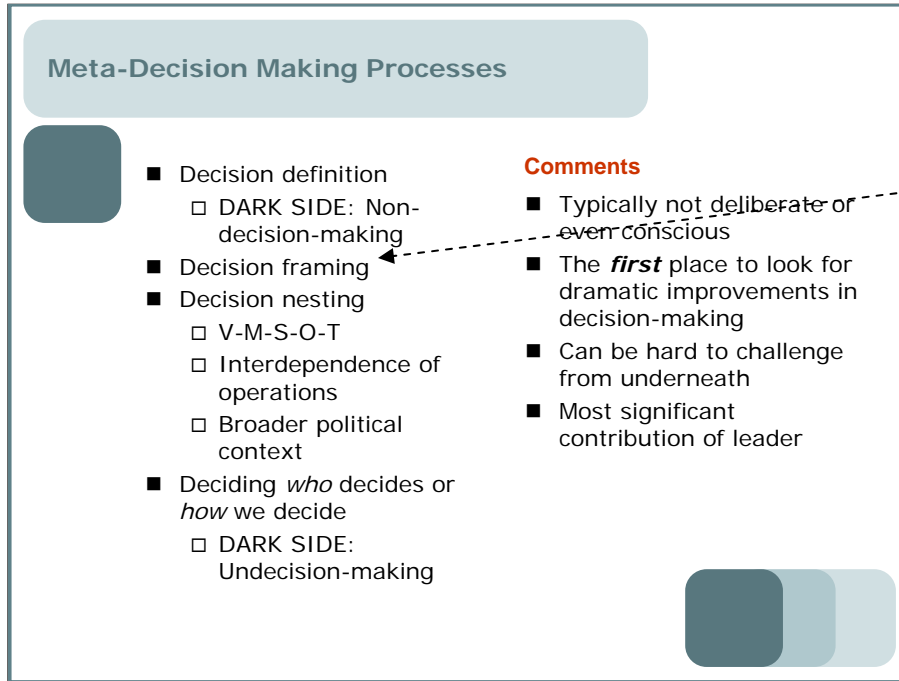
Group think: more responsive to harmony and consensus than quality

Sunk costs: (zero-based) budgeting? 10% increase over last year’s goal

Authority <> Knowledge

Boss often more sensitive to broader environment.

The impressive part of the list is not its contents, but its sheer length. The pitfalls in decision-making are numerous, subtle, and swift. **[QUALITY]** They are also quite vulnerable to simply being noticed and named.



Possible frames for software adoption:

- Skill deficit
- Emotional attachment
- Upsetting personal identities
- Changing relationships

Decision definition: Recognizing the need for a decision

Could make things worse, so taking on the decision is not always the right answer. Some things are out of our control; DM'ing could be just a futile act or expression of moral outrage (“We’ve got to do *something!*”).

Taking on the decision makes sense when the best choice is not obvious (otherwise we’d just act)

Cannot do nothing; natural evolution of events is unacceptable

Decision framing: How to think about the situation

Challenging how we represent the world to ourselves is often more important than how we explore our options within that world we’ve designed. The process of defining our reality is much less visible than our navigation of the world we see.

What problem are we trying to solve?

What’s the larger system in which the decision lives?

Decision nesting

- Links to other decisions
- Policy context
- Larger political environment

Decision process

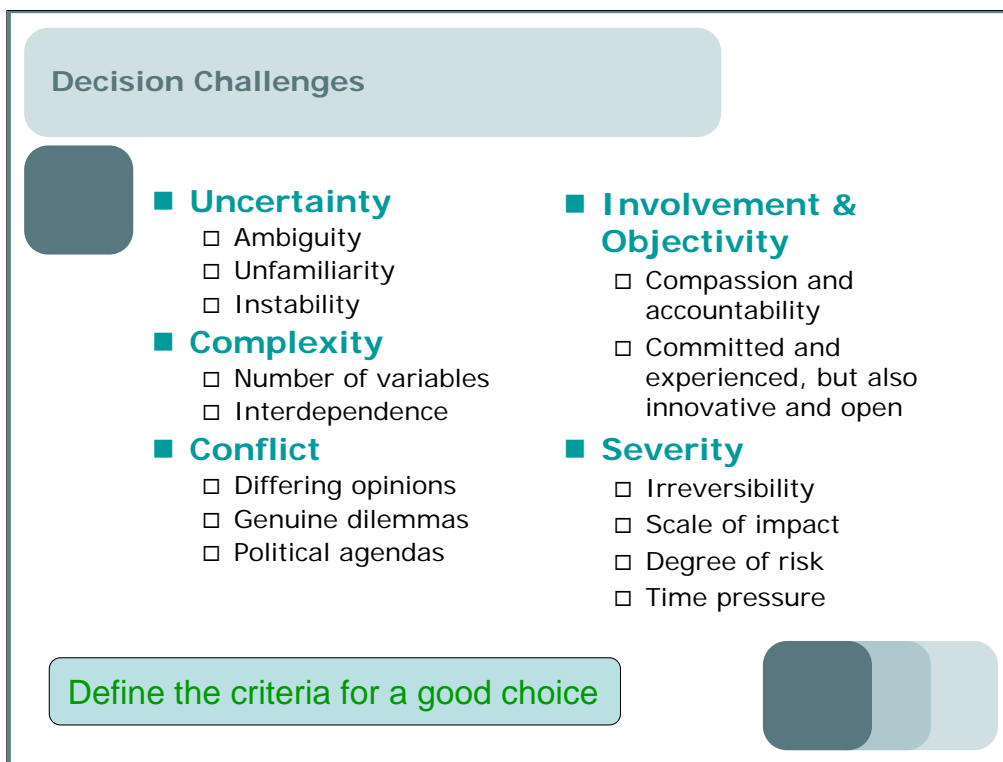
- What forum is appropriate? Inclusion \wedge Speed
- Who has the authority? Analytical \wedge Intuitive
- Political complexities? Divergent \wedge Convergent

Non-decision-making

- Analysis paralysis, constant data requests
- Fear of making a mistake

Undecision-making

- Don’t write it down; how long will it last?
- Don’t assign accountability
- No plans for implementation
- Organizational inertia or elasticity (good solutions “snap back”)



We want to be able to address these challenges. The key is *not* some standard “best practice”, but rather a greater understanding of the underlying dynamics. And the ability to parse out a specific situation to quickly identify where to focus your attention and your resources.

Uncertainty: The situation may be in a state of rapid flux. Decisions made (no matter how good they are) are quickly rendered outdated, irrelevant. There may also be uncertainty about the decision process. Or who has the authority. The expertise. The right to make inputs.

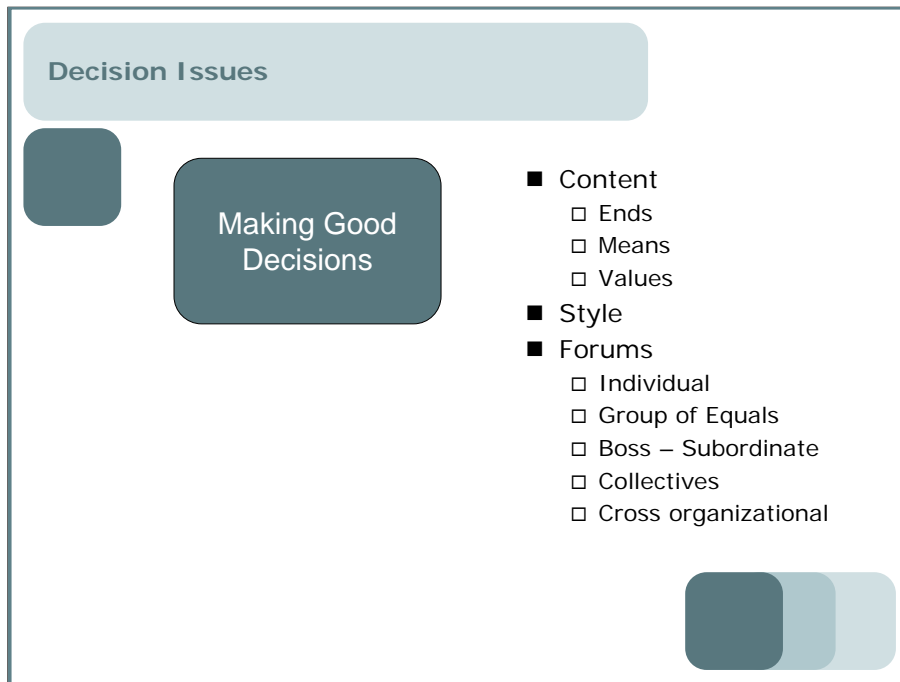
Conflict:

Genuine dilemmas: Inherent conflicts between equally valuable but opposing goals (such as in the example introduction). Broad participation \wedge Decision speed.

Political agendas: Using decision situations to build alliances, frustrate enemies, or enhance personal power. Political utility of a choice is greater than any concern for the substantive issues or system consequences.

Subjective vs. Objective: We want DM’ers who are compassionate and humane, but not overly involved, or more responsive to personal agendas than the demands of the situation. We also want DM’ers able to challenge their own previous choices, to find new approaches to old problems.

Severity: The severity can be in terms of personal consequences. Decisions are sometimes pushed up the organizational ladder because of fear of being fired or held accountable.




The quality of managerial decision-making seems to be declining, for several reasons:
shorter time frames with generally contracting business cycles
eroding quality of data (internet is not a juried source)
rate of change invalidates data behind a decision before implementation

The key to better decisions requires that we can parse out the content, adjust for our own decision-making style (which could be a liability), and understand the forum within which we will be making the decision.

Decision Content

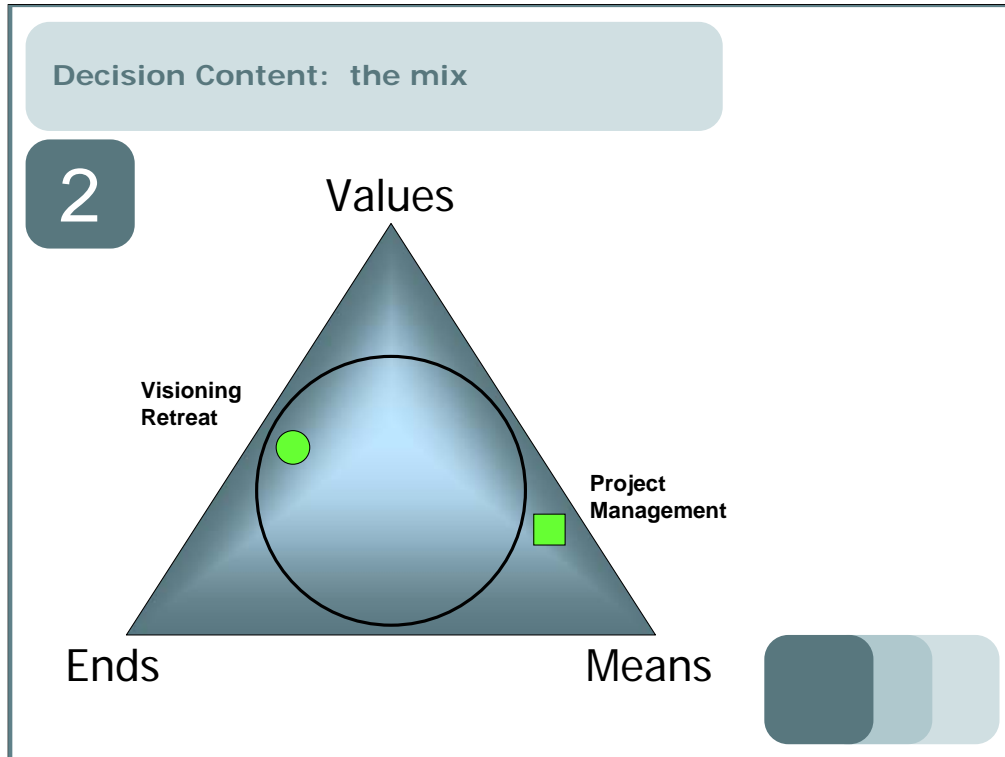
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- **Ends**
 - Desired outcomes
 - Customer group for whom we create value
- **Means**
 - Methods
 - Task assignments
 - Resource allocation
- **Values**
 - Who we are
 - How we treat each other
 - What we model to the community



Decisions are typically a mix of ends, means, and values. That is, we are usually juggling a combination of desirable outcomes, methods, and constraints of equity, honor, respect, or some other value.

It's made more difficult since ENDS and MEANS are relative. Your daughter's graduation from college was an END for you, but just a MEANS for her.



Any decision contains a mix of these 3 elements; the first step is being able to tease out the various components thoroughly. Here's some examples:

Releasing **overly optimistic estimates of the delivery date** for a new product contains the following elements:

GOAL: Secure the greatest customer commitment to purchase

MEANS: Misrepresent the availability of the product

VALUES: Honesty, reputation, credibility (in this case, values at risk)

Postpone the **announcement of a likely downsizing**:

GOALS: Make an orderly transition in staffing without compromising program delivery

MEANS: Choosing an announcement schedule that leaves little chance for disruptive, personal agendas to contaminate the work team

VALUES: Honesty, consideration (values at risk)

Launching a new program?

GOAL: What are we hoping to achieve? Whose the customer?

MEANS: Are the costs justified? Will it work?

VALUES: Does it reflect who we are? Fit with our culture?

Installing a new software program?

GOALS: What work flow are we hoping to support?


MEANS: Will training actually change peoples' behavior?

VALUES: Are we giving people more control? Options? Satisfaction?

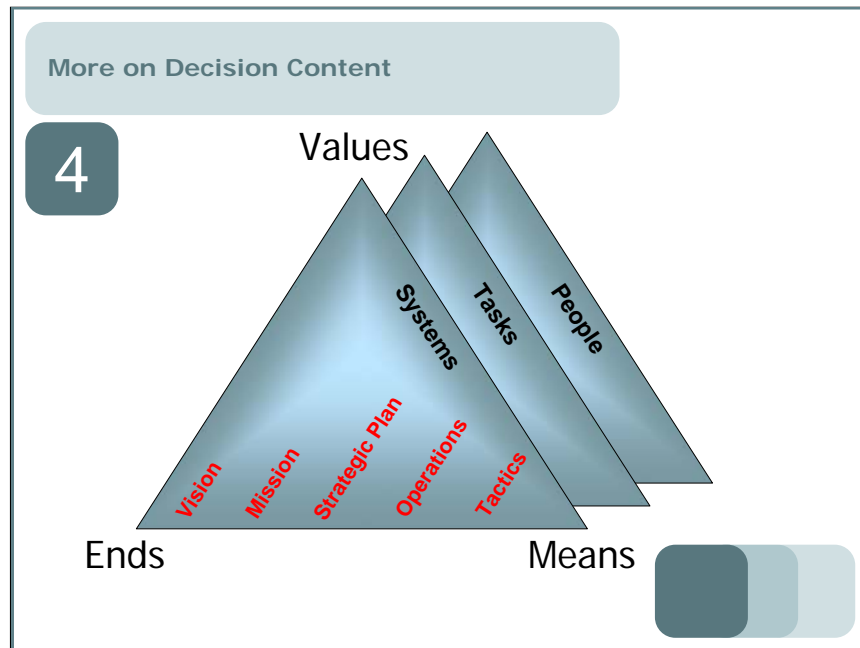
Quality in Decision Content

3

- **Values**
 - Sincerely felt
 - Do not conflict with core business demands
 - Acknowledge our shortfalls
- **Ends**
 - Create clear value for ultimate customer
 - Compelling for other non-customer stakeholders
 - Developmental goals are acknowledged
- **Means**
 - Objectives translated into needed work processes (not just jobs or assignments)
 - Structures and policies support work processes
 - Methods are workable with available resources
 - Methods respect system context



These are some criteria for quality in the treatment of each of the elements in a decision.



As useful as the Ends-Means-Values distinction may be, it still glosses over some critical differences. It is useful to add another dimension to our model of content. Sometimes we are making decisions about whole systems (departments, agencies, communities, etc.), sometimes about particular tasks (projects, work flows, etc.), and sometimes we are making decisions about (or as) individuals. Or perhaps we are coaching someone to make a decision for themselves (i.e. career coaching).

And the distinction between systems vs. tasks vs. people is rather loose. Lots of decision situations could be viewed in more than one category. The best response however, is not to tighten up the definitions, but rather to loosen up our thinking.

Each type of content requires a different approach. Each situation may require a unique strategy.

Systems

Notice that a Task decision could easily slide into a Systems decision. Are there others pursuing the same goals? Or using the same resources? Or serving the same population? Do we really have control over all the relevant variables?

Tasks

- Programs; projects
- Process flows
- Dominated by considerations of scheduling, resource requirements, coordination

People

- Hiring; firing;
- Training, coaching; mentoring; development
- Denying services or coverage

Decision Making Style

- You immerse yourself in the information, and then get really overwhelmed.
- You follow your gut, even when the facts point elsewhere.
- You decide on something, and you hang onto it whether it works or not.
- You avoid making a choice until it's almost forced on you by external circumstances.
- You tend to go along with whatever's popular, even if it's doubtful.
- You like to champion the unpopular cause, just to be different.
- You're cold; you need more heart.
- You make good decisions for the moment, but you miss the long-term trends

Comments

- A predisposition that is *independent* of the situation
 - a possible liability, a blind spot
- The style successful in one setting could be disastrous in another
- Successful DMers adjust their style to fit the circumstance

Each of us has a decision-making **style**. It is probably unconscious and hence invisible to ourselves. If we asked our friends or co-workers, they could probably describe it for you:

The research on decision-making styles has a very clear finding: **your decision-making style is a liability, a blind spot**. It is a predisposition to use a particular sequence or strategy *independent of the subtleties of the situation*. You may have useful principles in your style, but there will always be a situation where it is too much, or too little.

The styles that fit for one decision challenge may be disastrous if applied to a different decision challenge. Successful managers and executives are the ones who have adjusted their decision-making style to fit the distinctive features of their situation.

Decision Forums: simple


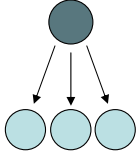
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Individual:
This is the domain of individual thinking styles, cognitive biases, and the impact of historical and psychological context.

Group of Equals:
Face-to-face meeting of relative equals; no sharp differences in authority, or no authority claimed. Group dynamics become a significant factor in quality of the decision. Offers greater chances for innovation, but also contaminating social pressures.

Boss → Subordinate(s):

- **Consultative:** Staff give their best thoughts, boss makes the decision
- **Majority:** Staff comes up with options and majority vote makes the choice
- **Delegated with criteria:** Boss delegates right to choose within constraints
- **Veto rights:** Boss delegates right to choose but reserves veto rights
- **Consensus:** All have to agree

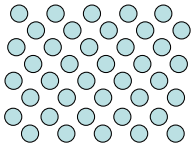


The main premise here is that an intelligent discussion of decision-making is only possible within a particular forum. The dynamics and issues are unique to the forum.

And the techniques that support better decision-making in one venue may be inappropriate or even counter-productive if applied to another venue.

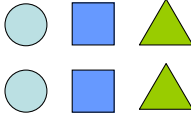
Decision Forums: complex

2




Collective: 20-70 people without face-to-face meeting

- Politically complex group process, i.e., multiple layers and functions
- Often dispersed geographically and temporally
- Awkward process design



Cross-Organizational: Decisions between organizations (such as with vendors, customers, CBO's, supply chain members, etc.)

- Often different views of who has the power
- Players have the option to back out of a decision and seek other players
- Managing boundaries becomes a significant issue



Collectives are increasingly dominant in today's business environment. Stakeholders, supply chains, and distributed decision making often mean that "the boss" is a network of dozens rather than a single person.

- Oversight committees
- Steering committees
- Advisory boards

Often involve multiple organizations: The committee that oversees Prop 36 Work Group programs involves all of the following county agencies:

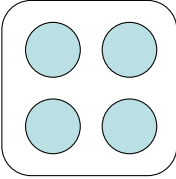
- Probation
- Mental Health
- Alcohol & Drug
- CBO / providers
- Courts
- District Attorney
- Finance

Cross-organizational:


- CBO's, State, Fed's, City, local businesses
- Networks of companies in pharmaceuticals
- Supply chains

More on Groups of Equals

4



- Clarity of membership
 - Team member or representative?
- Homogeneity of cultures
- Ambiguity of authority
- Uneven expertise or experience
- Negotiated decision style
 - Level of consensus
 - Rights of the minority
- Tolerance for ambiguity
- Tolerance for risk



Have you ever been on a team that was memorable for the quality of outcome and the closeness of the relationships? Is that your typical experience?

Are there some types of group that are especially good for decision-making? Or especially bad for decision-making?

Groups create a variety of advantages and disadvantages. Some of the **advantages** are:

1. Greater pool of knowledge
2. Different perspectives
3. Greater comprehension
4. Increased acceptance for better implementation
5. Training ground

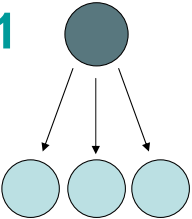
Some of the **disadvantages** of a group are:

1. Social pressure
2. Potential for greater conflict
3. Greater process complexity – more need to plan the steps
4. Longer time frames
5. GroupThink

More on Boss and Subordinate(s)

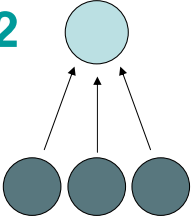
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- Opportunity to lead through framing and process design
- Temptation to mistake authority for expertise
- Build focus without suppressing discussion

2



- Harder to challenge meta decision processes ... but critical
- Can call for clarification in process or [decision rule](#)
- Can lead or facilitate “from the floor”, including renegotiating the process

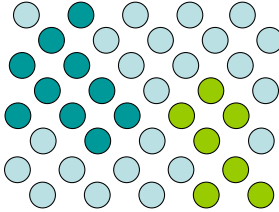


Managing up is a critical skill for success in organizations:

- Learn to “lead from the floor”
- Don’t surprise the boss
- Don’t bring problems without an outline of a solution
- Don’t provoke him/her into making a quick decision without adequate input
- Realize they live in a different realm of political networks and interpersonal relationships


More on Collectives

6



- Make the collective aware of itself
- Need some mechanism for capturing segmented debate
- Leverage technology to maximize interaction
- Address dilemmas first!
- Tools for convergence
 - Define criteria for good choices
 - Have a clear deadline
 - Post a default choice
 - Delphi techniques

- Blogs
- Wiki's
- Google Docs
- DimDim



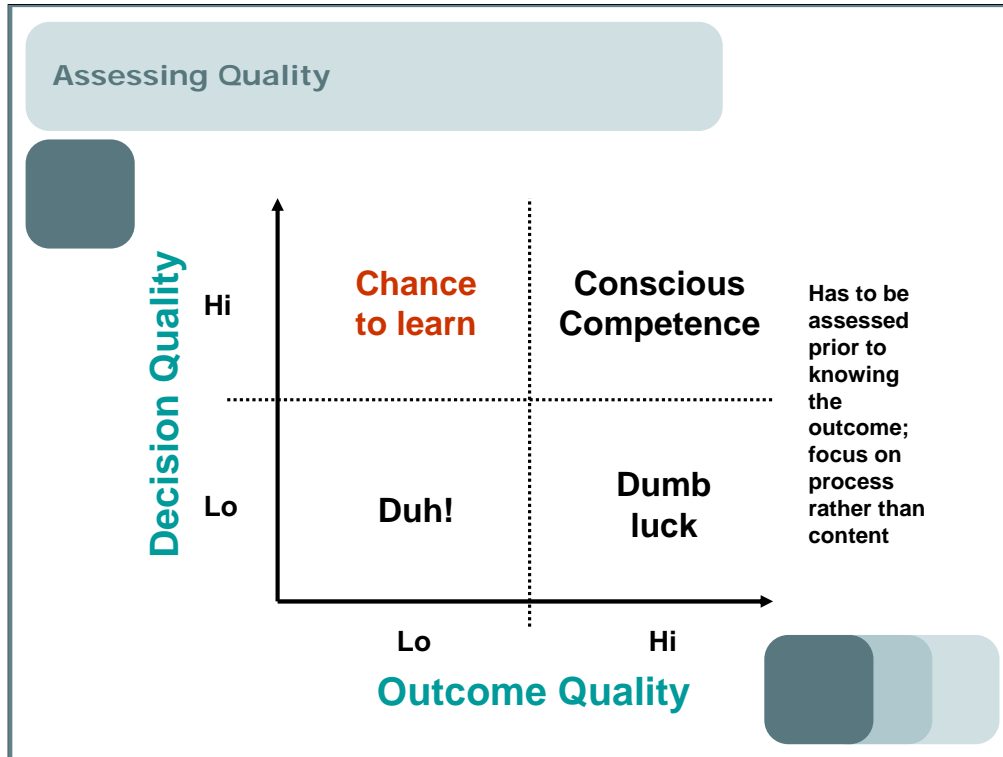
Collectives are often not fully aware of **who is “in” and who is “out”**. Can stumble on assumptions of whose a real participant, and who merely needs to be kept informed. Identify not only whose in, but what perspective they represent, or what role they will play (advisor, informant, consultant, DMer, etc.)

Collectives have a tendency to be **divergent**. Conversations of subgroups lead to new issues or reversal of opinion from other sub-groups. The membership is often ambiguous, so new players can surface unexpectedly. And anyone in the collective can suddenly decide to escalate the debate to different authorities, further confounding the debate.

Decisions often are made only because of impending deadlines, or (worse yet) simple fatigue.

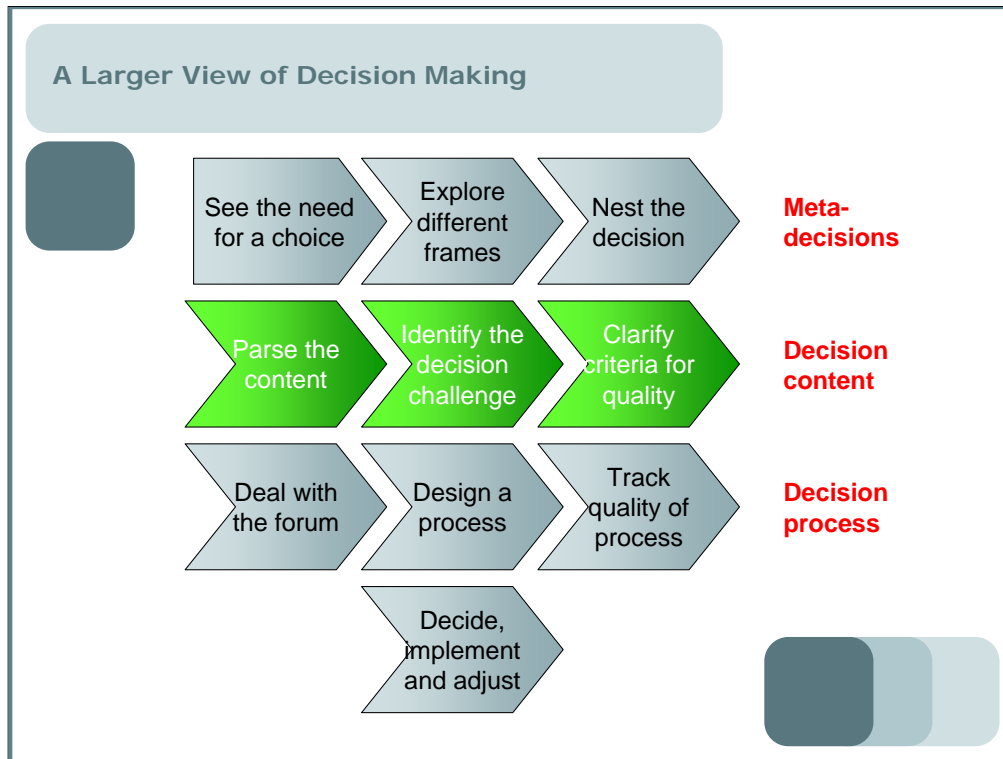
There is a powerful and valuable role for someone who acts as a neutral facilitator or recorder for the network.

Defining a “best practice” for decision making is dependent on the forum.



Most of us assess the quality of the decision-making process by the success of the outcome. But if you take that stance, you never focus on how to build the best process *ahead of time*. You can do a post-mortem on a failed decision, but it would have little impact on our ability to plan a good process ahead of time.

Decision quality should be something you can confidently defend even if the outcome was less than desired. In other words, you know you did the best possible process, even though the outcome was less than desired. Now in some organizations, results are a veritable religious totem.



I started with a colloquial – and seemingly rational – model of decision making. So let me close with a modified flow that incorporates the distinctions we’ve made all along.

Notice that the actual decision-making is late in the chain. If you’ve attended to the meta-decisions, parsed the content thoroughly, and designed a process, then the actual decision-making should be more straightforward.