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No.1

GROWTH Papers

Myths of DECISION MAKING

Five Great Myths of Decision Making

Is good decision making an art or a science? Do effective managers engage in systematic techniques for good problem solving and decision making, or do they use experience and intuition to drive their decisions? In our 12+ years of working with executives, managers and business professionals, we've observed both ends of the spectrum. Many of the most successful business professionals use a combination of intuition (art) and structure (science) in their decision making. They'll tell you that structured techniques for decision making sharpen their thinking, and assure that all aspects of a decision are considered before making a judgment.

We believe strongly in using structured tools and techniques for decision making and problem solving, but some people wonder whether using a formal process is worth the effort. Here are the top five myths of structured problem solving and decision making, and our responses:

MYTH #1: I'm already a good decision maker. I don't need to use a "structure".

FACT: Most professionals overestimate their decision making skills – after all, don't you need to be a good decision maker to be an effective performer? However, the demands on today's managers are growing as never before. In a recent study,¹ 77% of managers reported that during the past three years, the number of daily decisions they made had increased, while the time given to making those decisions had significantly decreased.

As these demands continue to escalate, successful managers will discover ways to streamline their decision making, and make use of new technologies - web-based processes, synchronous and asynchronous collaboration tools, and new desktop tools for harnessing decision information. A systematic process commonly used across an organisation makes it easier to incorporate input from all parts of the organisation.

Even if you are effective at making good decisions it can be particularly helpful to have a framework for **presenting** your thinking to others so that you more easily build a clear, compelling business case.

It is our choices that show what we are...far more than our abilities."

Harry Potter



MYTH #2: Structured processes take more time to use.

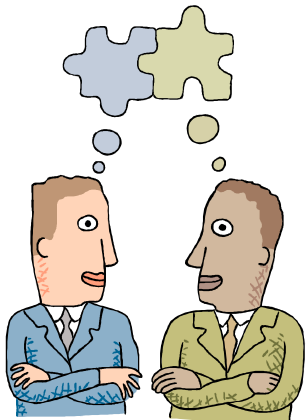
FACT: While it might appear that following a step-by-step method may be time consuming, the opposite is in fact true. Here's why: rarely is decision making or problem solving an individual effort. It's common in today's organisations for issues to be resolved via a group process in departments, intact teams, project teams, corrective-action teams, etc.

One of the best choices a group can make is to use a clear, uncomplicated and visible process for resolving problems, making decisions and setting group priorities and direction. When this happens, the results can be impressive. One of our clients reported that in meetings where structured problem solving and decision making processes were utilised, meeting time was cut by over 50%. The efficiencies were due to increased focus on key issues, less wasted time dealing with decision "clutter", and better collaboration throughout the process.

This is one case where some discipline and structure can paradoxically bring greater efficiencies in time management and, more importantly, better quality outcomes.

MYTH #3: Many issues are too complex for a “templated” decision making technique.

FACT: Most business problems and decisions are driven by a relatively small number of critical factors. The goal of any decision making process should be to separate the relevant from the irrelevant, and to do it efficiently. Be wary of any process that has too many steps, requires too much data, takes too long to master or requires too many people to use. Your team will run out of time or stamina before the process yields any worthwhile results.



Go in the opposite direction – find a process that handles the majority of all problems and decisions and use it. When the mega-issues need to be handled, expand the process to fit the need or seek help from a coach, facilitator or consultant. You (and your team) will be miles ahead.

MYTH #4: Decision making tools are a way to manipulate thinking toward a preferred option.

FACT: Making the decision process visible is useful as it allows you to express your decisions in a logical, common sense way for others to see. If others can clearly see decision criteria, alternatives, and risks, you'll have a much higher probability of gaining buy-in for your recommendations. On the other hand, making the decision making process visible is less helpful if you are attempting to sneak a poor decision past an unsuspecting group of associates or managers. Why? Because all of your faulty assumptions, poor analysis, and personal biases will be exposed in plain view for all to see.

Making the decision making process visible accomplishes two vital end results:

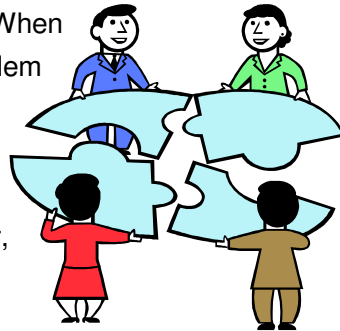
1. It encourages open and focused collaboration around the critical factors surrounding each decision.
2. It's a powerful deterrent to managers who would rather not be accountable for their decisions.

In any moment of decision, the best thing you can do is the right thing, the next best thing is the wrong thing, and the worst thing you can do is nothing.”

Theodore Roosevelt

MYTH #5: We have very talented managers and professionals. They don't need help.

FACT: Many times this is the number one reason why a structured process is needed in the first place. Getting a group of highly talented people to agree on an important decision without providing some level of structure and framework to operate within is often futile. When asked what their current problem solving/decision making process was, one client told us, "Our approach is we put a group of very smart people in a room together, and hope they solve the problem".



A structured approach is often the missing link in achieving "parallel thinking" – the phenomenon that occurs when a workgroup focuses their collective energies and wisdom on the right issue at the right time during the right part of the decision making process. When parallel thinking occurs, adequate decision making quickly becomes excellent decision making.

One of the most important leadership competencies identified in a recent survey² conducted at the AGSM emphasised the importance of leaders being able to facilitate the release of 'intellectual capital' from the teams that they lead. Being a skilled group facilitator is one of the main ways that can contribute to this release of intellectual capital. Using

structured thinking tools adds significant impact to the effectiveness of not only team but also 1:1 discussions.

Another recent study makes an additional interesting pointing relation to leaders and meetings. Effectiveness as a leader is at least partially judged by how effective leaders are at leading meetings. While this is only one facet of leadership it seems that many people judge general leadership effectiveness on the basis of how well a leader facilitates and manages meeting times. According to research done with Hofstra University ..."four out of five managers evaluated each other based on how they participate in a meeting and 87% judge leadership based on how a person runs a meeting"³

So while people may well bring a lot of business and technical intelligence to group decisions they are often not nearly as skilled in the group processes that can help to maximise that knowledge. Structured decision making processes can help to release that intellectual capital in ways that save time and add value to the quality of the group's output.

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Footnotes:

¹ "Avoiding the Brain Drain". Study published by Kepner Tregoe Business Issues Research Group

² Unpublished AGSM survey 2004

³ Mosvick, R and Nelson, R (1996) We've Got to Start Meeting Like This! Park Avenue Productions, Indianapolis: IN

Recommended Reading:

Hammond, JS, Keeney, RL and Raiffa H (1999) Smart Choices: A Practical Guide to Making Better Decisions. Harvard Business School Press, Boston MA

Altier, WJ (1999) The Thinking Manager's Toolbox. Oxford University Press, New York NY

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