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Decision Making And Problem Solving

How to Make a High-Stakes Decision

by Amy Gallo

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Even the most decisive manager can be thrown into despair when faced with a high-stakes matter. We make decisions every day without noticing, but a career-making (or breaking) challenge requires thought and deliberation. It's unlikely that a single approach will serve you every time. However, there are key factors you should consider to ensure you reach a sound conclusion.



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What the Experts Say

People respond to the pressure of big decisions in different ways. As Michael Roberto, the Trustee Professor of Management at Bryant University, said in his 2001 HBR article [“What You Don’t Know About Making Decisions”](#), “all too often [decision-makers] rush to a conclusion or else dither endlessly and decide too late.” Finding a middle ground is difficult, agrees Sydney Finkelstein, the Steven Roth Professor of Management at the Tuck School of Business at Dartmouth and co-author of [“Why Good Leaders Make Bad Decisions.”](#) “When there’s more at stake, you have to take more time [but] how much time really depends on the magnitude of the decision,” he says. Whether you are inclined to take shortcuts or stall out sorting through options, what’s most important is to be aware of the hazards that might befall you, and how to avoid them.

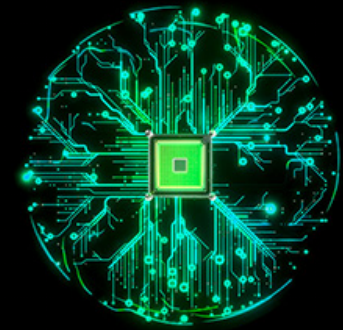
Involve others, but own the outcome

Big decisions shouldn’t happen in a vacuum. “You have to have a team. You can’t rely only on yourself,” says Finkelstein. By consulting others, you expose yourself to differing opinions, which will help you to make a more informed choice, and you give yourself a better shot at winning buy-in from those who will be affected. At the same time, beware of the risks. “If you have a lot of people involved, almost always a small subset take control and make the decision,” which can make the larger group’s contribution negligible, Finkelstein says. Also, while important issues, such as changing the strategic direction of a group or hiring a new manager, typically require input from many sources, at the end of the day, one person needs to be accountable. Ultimately, “the leader has to decide,” he explains. “I’m not a fan of consensus.”

Trust — but challenge — your gut reaction

In some cases, your first instinct may be right, but it’s probably not

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based on rational thought. It's important to question your initial reaction and test it once you've gathered more data. Also make sure to explain your reasoning to others "That's one of the risks when we make intuitive decisions, people don't understand our thought process. It's not like when we go through a big formal analysis where they can follow the steps. With intuition, it's this lightning bolt. They don't understand: How did you come to that conclusion?" says Roberto in [Harvard ManageMentor's module on decision making](#).

Remain open

Another pitfall that Finkelstein identifies is pre-judgment: when you form an opinion early on in the process, based on preliminary information, and stick with it despite what you learn later. "The hallmark of pre-judgment is when you see someone who is referring to data or examples that support their point of view and disregarding data or examples that are inconsistent with it," he says. Take notice when you keep finding information that maintains your perspective, ask yourself whether there is a dissenting point of view that you need to seek out and consider. Be your own devil's advocate and diligently challenge your initial assumptions, or find a trusted colleague to do this for you.

Be wary of past experiences

Many people make big decisions by relating the current challenge to what they've done in the past. It can serve you well to make those connections, but there are drawbacks as well. Finkelstein says people tend to rely on their past experiences even when they're not relevant. Roberto concurs. "The problem is that when we reason by analogy, we focus on all the similarities, and we often ignore the differences between related situations. And the differences often are where the problems are, where the challenges are." Bring in previous incidents as a source of data, but question how pertinent and useful they truly are.

Recognize your bias

“The reality is we all walk into situations where we have bias,” says Finkelstein. This bias may be toward things we have attachment to — people, places, divisions — or toward our own self-interest. “It’s not news that self interest has a role in how we think but what I found in my research is that a lot of self-interest is subconscious. We don’t even know we’re doing it,” says Finkelstein. You may lean toward an answer because it will be easier to implement or because it is the one that will earn you the most good will with your people. These are not good enough reasons. Focus on reaching the best solution by acknowledging your bias and then putting it aside.

Don’t close the book

Even after accounting for the above challenges, your decision will not be perfect. It’s rare to figure out an issue completely before moving ahead with a solution. But, that doesn’t mean you are stuck. It’s a good idea to monitor the situation closely and make adjustments as necessary. “After a few days, a week or a month, you reopen the decision and see where you’re at,” Finkelstein says.

Principles to Remember

Do:

- Own the decision but bring in others to better understand the various issues involved
- Recognize when you may be partial and ask a trusted peer to check your bias
- Regularly revisit decisions you’ve made to be sure they are still valid

Don’t:

- Rely exclusively on your instinct — think through any initial reactions you have
- Ignore new information that comes in, especially if it challenges your current viewpoint
- Assume the issue is exactly like one you've handled in the past — look for similarities and differences

Case Study #1: Don't go it alone and reassess along the way

When Colleen O'Keefe first joined Novell as the senior vice president and general manager of collaboration solutions and global services she faced an extremely tough decision. Like many companies in 2009, the global IT infrastructure software company headquartered in Waltham, Mass., was looking to make significant budget cuts. Colleen's mandate was to reduce costs *without* affecting customers. Being new to the organization, she knew that while she was responsible for the decision, she couldn't make it alone.

She asked her team leaders to recommend people who knew the business best and could put their self-interest aside to offer constructive suggestions on what cuts needed to be made. Colleen knew it this would be difficult. "The team knew they were making recommendations that impacted their work and their buddies' work," she says. She put this on the table upfront and asked everyone in the group to disregard self-protection as much as possible since the future was unclear for all.

With this directive, the task force identified three alternatives. For each option, they outlined the risks, how much savings would be generated, and how the company might continue to meet its goal of excellent customer service. They presented the options to Colleen and made a recommendation so that she could make the final decision. Then, Colleen took the proposal to the leadership team to get buy-in from the

top of the organization. She assured her colleagues that any risks would be mitigated by rolling out the solution in three stages. This approach allowed the team to review its decision along the way and make necessary changes at each phase.

Colleen was proud of the team's work. While hard, the members succeeded in making the best recommendation regardless of their own self-interest. In fact, one individual backed a solution that eliminated his job. Colleen was able to find him a role in another part of the organization. Most importantly for Colleen, the team was able to maintain customer service while drastically reducing costs. "The bottom line is we measure success by our customer satisfaction and we absolutely hit the ball out of the park," she says.

Case Study #2: Recognize when you need help moderating your bias

In 2009, Bryan Richardson faced an excruciating decision. As a partner at UPD Consulting he was the lead on a high-stakes, high-visibility engagement that had turned sour. He had to determine whether to quit or see through a project that was stressing the company financially and emotionally.

The contract had been dream come true for the young firm, which helps school districts and state departments of education set up data and management systems that measure results. Based in Baltimore, UPD had been a regional player but wanted to expand its customer base. "We're a group of ambitious people and we wanted to be a nationally recognized firm," Richardson explains. They bid on a hotly contested project to study data coming out of eight large urban schools in Texas and won — "against all odds," Bryan says.

But soon after launching the project, Bryan sensed that the client would be difficult to work with. The woman representing the school district

was not satisfied with the team's efforts and regularly returned their work without input on how they could improve it. Eight months in, the client had accepted 0 out of 9 milestones, which means UPD hadn't been paid. This was a financial hardship for the small firm, which had been paying its consultants since the work started. Bryan knew they had to get out or radically change the way the project was going.


However, he felt he couldn't make the decision alone. He was too deep into it. "I was going to a bad place emotionally. I was not thinking clearly," he says. He went to his partners, who weren't directly involved in the project, and asked them to help him think through the risks and benefits. Bryan wanted the project to be over but he was still stuck in "pleasing the client" mode.

Once Bryan had decided to get out, his partners helped him create rational exit criteria that would mitigate the firm's losses and save its reputation. They then negotiated an agreement with the client, something that Bryan concedes would not have been nearly as favorable to UPD had he let his bias of pleasing the client taint the process.

"We took lots of time after the decision was made to ask ourselves what went wrong," Bryan says. They have used lessons they learned from this experience to negotiate every contract they have entered since.



Amy Gallo is a contributing editor at Harvard Business Review, cohost of the [Women at Work](#) podcast, and the author of two books: [Getting Along: How to Work with Anyone \(Even Difficult People\)](#) and the [HBR Guide to Dealing with Conflict](#). She writes and speaks about workplace dynamics. Watch her [TEDx talk on conflict](#) and follow her on [LinkedIn](#).

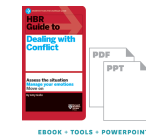
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