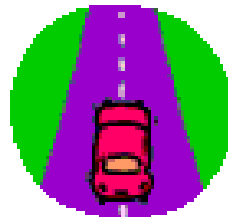
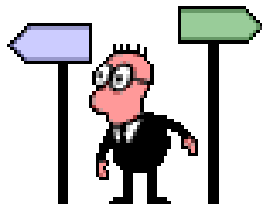


Decision Making



Update by Phil Andrews
09/09/11

Defining Decisions

- A decision is a choice or a judgment between two or more alternatives. It can arise from an infinite number of situations. People and especially those leading others have no choice but to make decisions. Actually life is a continuous set of decisions.
- There is a cause and effect tied between all the decisions in your life



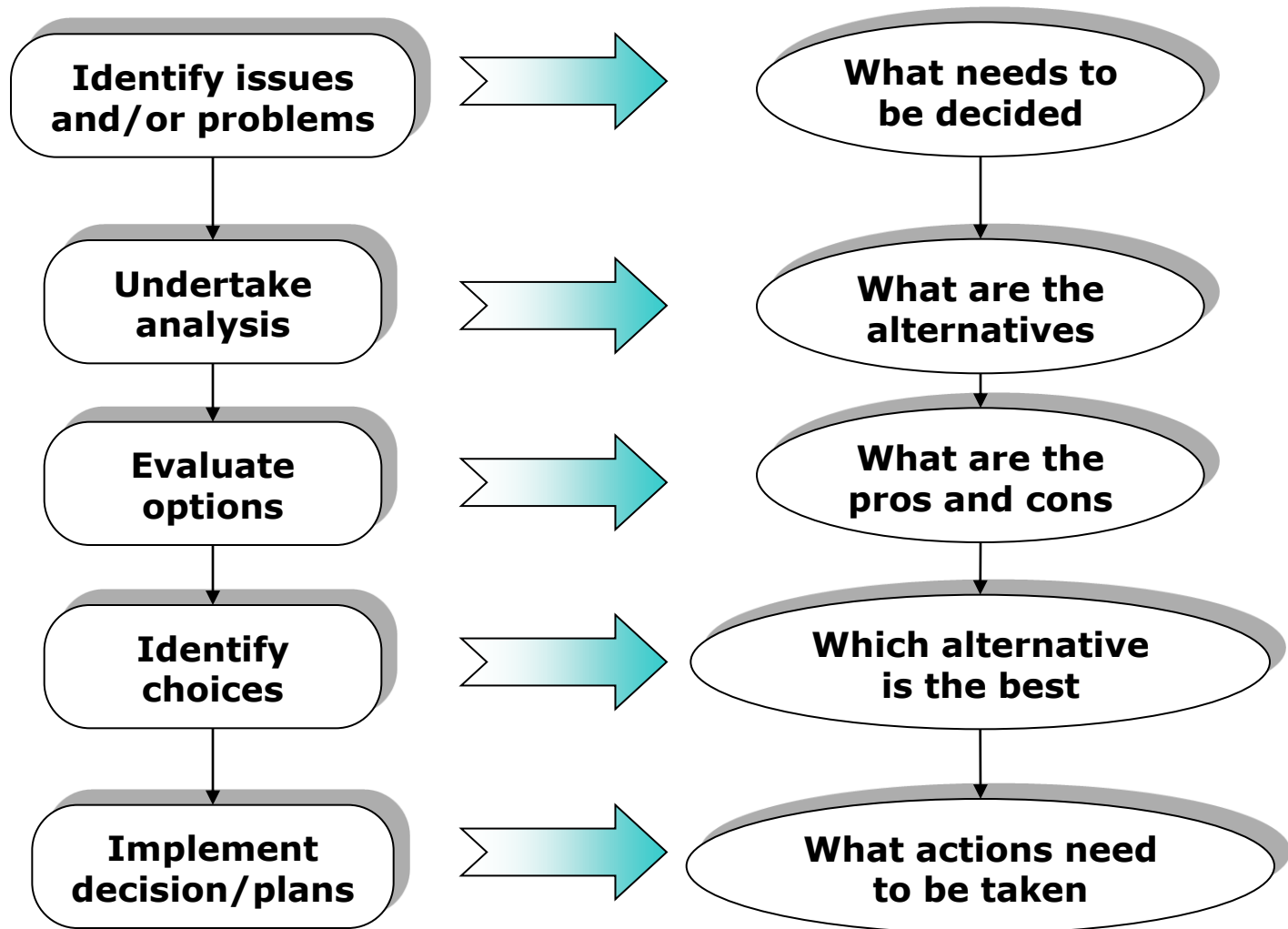
Big Realization

- Decision Making is a process!

Unfortunately, most people don't realize this simple fact!



The Decision Making Process





Decision Making Styles

Rational Thinking

- Using logic, skills, experience, and hard data
- Emotions and sensitivity play no role in reaching conclusions
- Analyzing issues to understand the big picture

Intuitive Thinking

- Using hunches and intuition
- Emotions and sensitivity are a factor
- Imagination and creativity play a major role

Pointers

- Always try to balance rational and intuitive thinking inside you
- Assess your own abilities and try to improve them
- Always think the impact of your decisions on the people around you --- people's livelihood may be depending on them
- Jumping to conclusions and making erratic decisions may end your career



Decision Making Hinges On The Corporate Culture

- Know your culture and its implications
- Challenge the culture if you think it's limiting you from doing the right thing, including idea generation, teamwork, and decisions. Some cultures promote risk taking and others discourage it (being risk averse). If the culture does not fit you, and the leaders refuse to change it, it will be smart for you to exit the enterprise






Comparing Cultures

Risk Averse Culture

- New ideas are looked at with great skepticism
- Internal needs outweigh external needs
- Rather solve problems than explore new possibilities
- Stability is treasured
- The good of the company matters more than the success of the individual
- Corporate culture is engraved in stone

Risk Taking Culture

- New and creative ideas are welcome
- Jump on new opportunities --- being on the leading edge
- Always seeking “white space” --- pioneer mentality
- Growth opportunities help the individual advance to higher levels
- Processes, policies and procedures are fluid
- Autonomy is valued



Decision Making Also Hinges On Your Personality --- What is Yours?

Extroversion (E) --- Introversion (I)

Do you recharge your energy via external contact & activity (Extroversion) or spending time in your inner space (Introversion)?

Intuition (N) --- Sensing (S)

Do you rely on your inner voice (Intuition) or observation (Sensing)?

Thinking (T) --- Feeling (F)

When making decisions, what do you rely most on? Your thoughts or your feelings?

Judgment (J) --- Perception (P)

Do you tend to set schedules and organize your life (Judgment), or do you tend to leave the options open and see what happens (Perception)?

Are There Any Traits In Your Personality That Hinder Decision Making?

- Are you “command and control”? Do you like telling people what to do all the time?
- Are you direct with your points, even if they hurt others?
- Do you shut people down when you disagree with them?
- Do you get offended when someone else’s idea is better than yours?
- Do you encourage out-of-the-box thinking?



Other Questions To Ask Your Self

- Are you clinging onto an idea that you just delegated?
- Do you give reasons when rejecting a subordinate's idea or plan?
- How do you push your ideas down?
- Do you give freedom to employees to do their own thing? Do they know they have the freedom? Do they know where the "out of bounds lines" are?
- Do you do anything special for your employees to encourage new ideas?



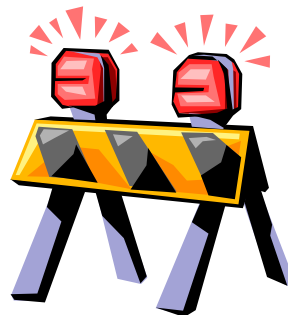


Food For Thought

- Reporter: "Sir, What is the secret of your success?" (a reporter asked a bank president)
- President: "Two words"
- Reporter: "And, Sir, what are they?"
- President: "Right decisions."
- Reporter: "And how do you make right decisions?"
- President: "One word."
- Reporter: "And, What is that?"
- President: "Experience."
- Reporter: "And how do you get Experience?"
- President: "Two words"
- Reporter: "And, Sir, what are they?"
- President: "Wrong decisions"

Understand Your Responsibility

- Do you understand your role?
- Are the responsibilities and authorities awarded to you crisp and clear?
- Do you exercise them regularly?
 - If not, why not?
- What barriers do you have that prevent you from exercising your role the right way?
- How can you remove the barriers?



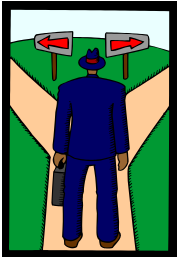
Being Decisive

- Avoid decisions under pressure. Plan ahead, be ready
- If decision is wrong, take immediate action. Know what to do
- Never postpone vital decisions. Make them quickly even if you don't have all the facts. That's when you need to rely on intuition
- Know what type of decision (see next slide) to apply when



Types Of Decision Making

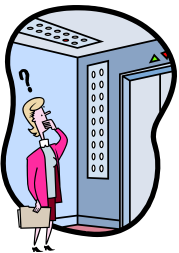
- Reversible
- Irreversible
- Trial & Error --- driven by outcomes
- Partial --- driven by milestones
- Experimental --- partial, waiting for results
- Cautious --- ready to pull the plug
- Conditional --- conditions must be met
- Unconditional --- no conditions set
- Delayed --- deferred for valid reasons



Other Decision Characterizations

- Threatening vs. Non-threatening
- Serious vs. Ridiculous/Stupid
- Good vs. Bad
- Risky vs. Safe
- Reasonable vs. Unreasonable
- Dramatic vs. Tedious

Do you see the person described along with the decision?



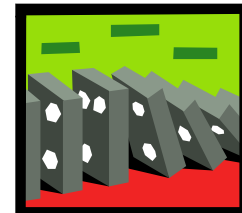
Reaching A Decision

- Examine every alternative closely before making a decision
- Draw from previous experiences and previous decisions --- if they worked in the past they could work again, ... but then maybe not
- Make long-term decisions with short-term in mind
- Have the guts to reverse your own decisions --- admit they were wrong



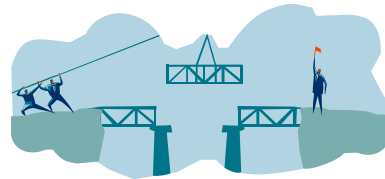
Reaching A Decision

- Consider the implications of each decision
--- some implications can be huge
- When reaching a decision is difficult, try a new/different perspective
- When you've made a decision announce it rather than sit on it. On the other hand, don't rush a decision just to satisfy others
- Always think strategically and always consider the "Big Picture" prior to reaching a decision



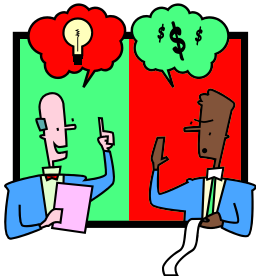
Reaching A Decision

- In decision making **Pareto's Law** is essential: Vital few vs. trivial many (a.k.a. the 80% - 20% rule)
- Optimism is also crucial (as long it is grounded in some realism). Never lose sight of what the current situation is all about. Be honest and objective
- Identify the problem → Find where you are → Decide where you want to be



Who Else Should Be Involved In Your Decision

- Involve the right people --- do not play CYA games. People like to be involved in decision making, and have their opinions expressed and heard by others
- Determine the amount of involvement you want them to have in your decision:



- High involvement
- Medium involvement
- Low Involvement

Things To Watch Out For:

- If you ask people to be involved, then you have to take their advice
- If people's ideas are spurned they become critics and naysayers. To neutralize a naysayer give him the authority to make the decision her/himself
- If others perceive you as playing games they will not be involved. You are left alone



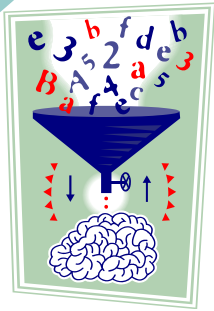
Decision Making Requires Information and Tools

- There are numerous tools and models for decision making from **PEST** and **SWOT Analysis** to **Regression Analysis** and **Game Theory**. Learn how to use them effectively
- All tools are dependent on data and information. There are numerous tools and ways to collect data from Surveys to **Benchmarking** and hiring **experts**
 - Don't forget to leverage the world's biggest library, called **The Internet**



Key Points About Tools and Information

- Learn to use multiple tools. By combining them you reach better conclusions
- Learn to use all forms of information:



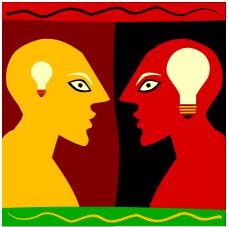
raw data → information → knowledge
→ wisdom

- Wisdom makes decisions error proof
- The higher the quality of information you have the lower the risk in your decisions

Generating Ideas



- Promote lateral and breakthrough thinking, but develop them in a logical fashion
- Use tools such as Brainstorming and Story Boarding to generate ideas. Today there are several great Collaborative Technologies that can help executives come up with brave new ideas
- Use other people's ideas -- give them credit
- Your style of management matters in encouraging or discouraging ideas

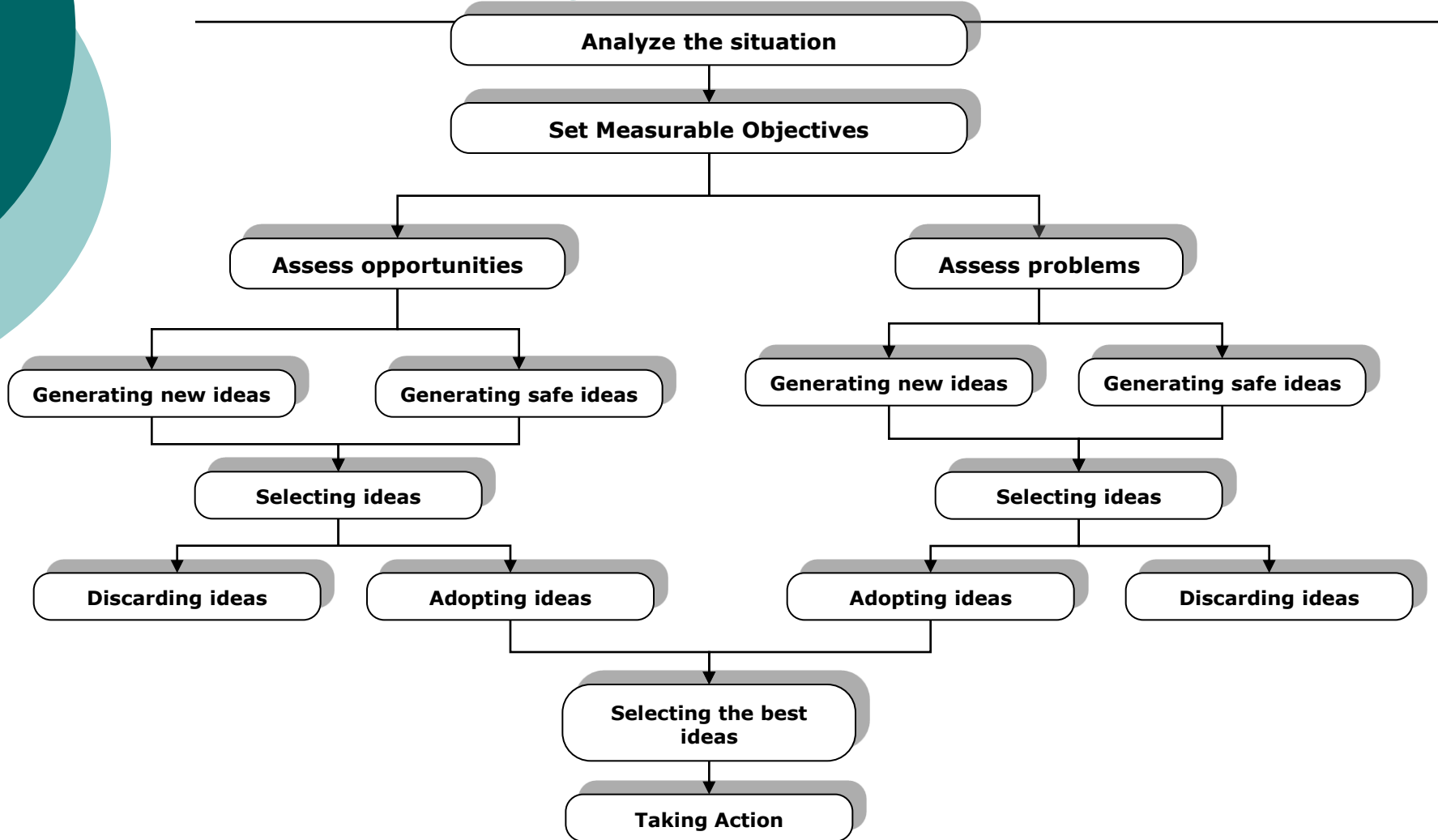


Develop Creative and Breakthrough Thinking



- Adopt the principles and culture of **The Learning Organization**
- Reward those that bring to you the best ideas --- share the wealth
- Hire idea people --- bring in fresh blood
- Create the right environment for idea people --- incubator type
- Allow “small within big” --- promote autonomy and “intrapreneurism”
- Be provocative

Generating Ideas



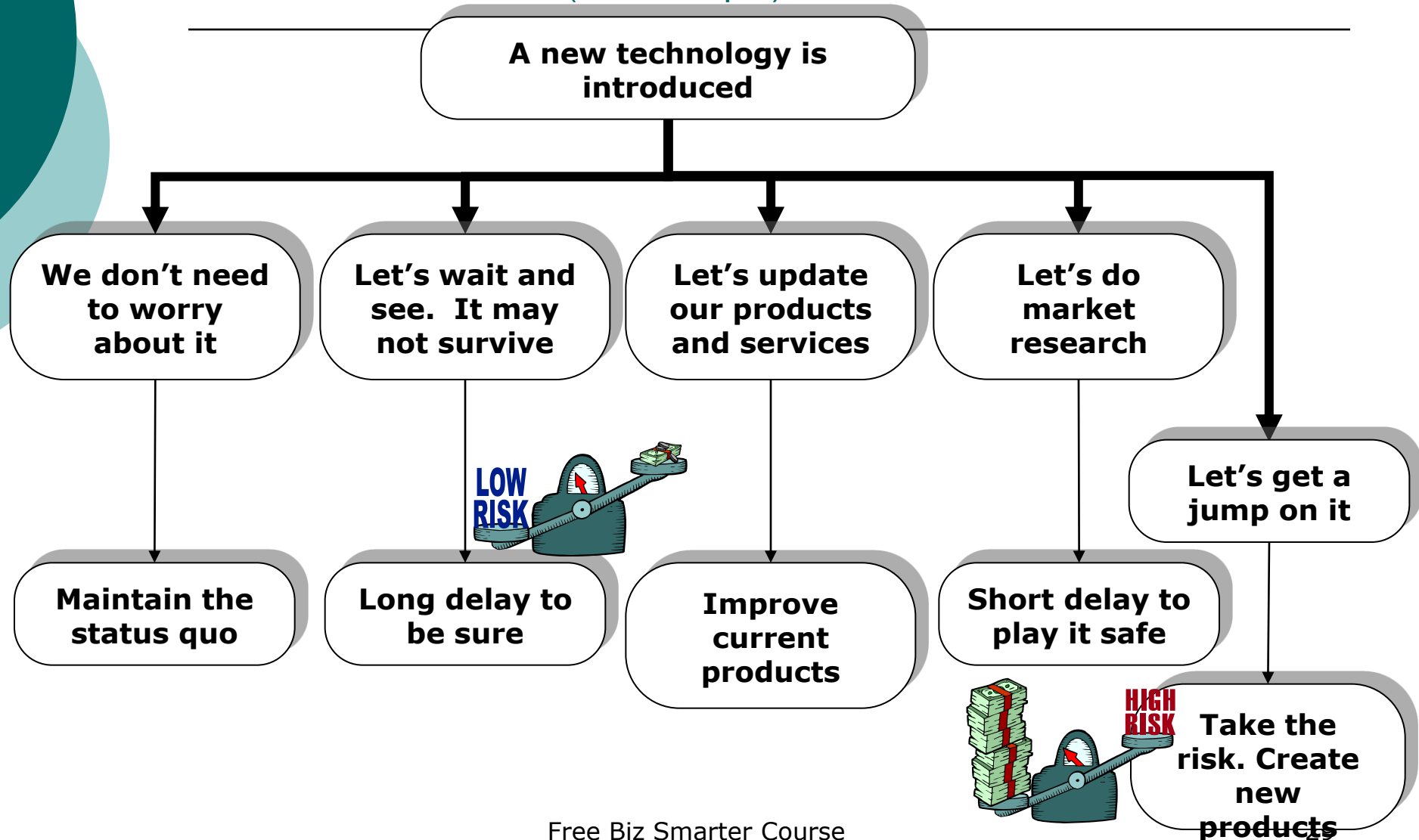
Assess Validity Of Ideas



- Get all personal feelings and emotions out of the screening process
- Develop criteria for basing and judging your idea
- List pros and cons of each idea. Evaluate and grade each idea. Then ask others to do the same thing, or do it collectively. Use the collective knowledge and wisdom to screen ideas and narrow down options
- Narrowing down the options is an iterative process

Attitude Matters In Screening Ideas

(An Example)



Gather Information

- Make sure you have a realistic timetable to work with
- Bring in the best and brightest
- Bring all the data and info that even remotely may be useful to the formulation of a decision. Leverage all sources:
 - Company sources
 - Personal sources
 - Electronic media
 - Experts and other third parties



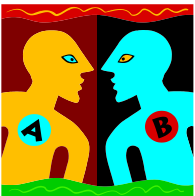
Gathering Intelligence

- Competitive information is always useful, especially in some hyper-competitive industries
- Know “who is who” in your competitors’ key positions --- keep track of them ... you may need them some day
- Know what it will take to attract top talent away --- it is no always money
- Anticipate competitors’ next move --- try to be at least one step ahead of them



Other Considerations

- Change The Rules Of The Game. Each industry has them. By changing the rules you create not only new opportunities, but a new industry
- Invite your clients and suppliers to help you with new ideas. They have vested interest to see you succeed
- Work with your competitors. Turn competition to cooperation. You may surprised what comes out of it



Forecast The Future



- Obtain forecasts internally and externally
- Make predictions
- Plan the future --- make it happen the way you want it
- Analyze the factors that may enter into the picture and change the future. Figure out how to weaken or strengthen those factors --- depending on the outcome you want
- Question the validity of all inputs and forecasts



Minimize The Risk



- Use the right tools to aid your analysis of options
- Evaluate trade-offs the right way
- Prioritize your options correctly
- Always ask what can go wrong
- Avoid high risk ideas if possible, but remember that high risk also means high reward. Know when to gamble
- Prepare to face **Murphy's Laws**





Some Of Murphy's Laws

(Remember: Murphy was an optimist)

- Anything that can go wrong will go wrong
- Nothing is as easy as it looks
- If there is a possibility of several things going wrong, the one that will cause the most damage will be the one to go wrong. Corollary: If there is a worse time for something to go wrong, it will happen then
- If anything simply cannot go wrong, it will anyway
- If you perceive that there are four possible ways in which a procedure can go wrong, and circumvent these, then a fifth way, unprepared for, will promptly develop



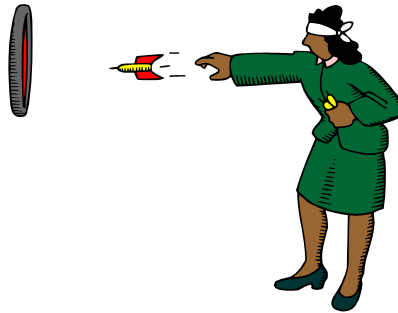
Some Of Murphy's Laws

(Remember: Murphy was an optimist)

- Everything takes longer than you think
- Left to themselves, things tend to go from bad to worse
- If everything seems to be going well, you have obviously overlooked something
- Nature always sides with the hidden flaw
- It is impossible to make anything foolproof because fools are so ingenious
- Whenever you set out to do something, something else must be done first
- Every solution breeds new problems

Avoid Guessing

- Guessing may be dangerous to your health and the health of others. Are you sure you want to do it? Are you that desperate?



Proper Risk Management



- Base decisions on solid data, unimpeachable sources of information, and great wisdom
- Never sacrifice the future for short-term gains and glory
- Make competitive moves on time
- Don't waste time --- you can get paralysis from analysis
- Have a Contingency or Backup Plan ready



Proper Contingency Planning

- Make sure that people know the **Backup Plan**. Publish it ahead of time
- Make sure people know their roles and responsibilities and can execute as planned. Rehearse if possible
- Know when to invoke the Backup Plan. Create the alerts and alarms so that they can go off when things are out of whack
- Analyze what went wrong with the Primary Plan. Publish **Lessons Learned**

Use Fail-Safe Strategies



- Realize that there is no fail-safe or fool-proof strategy
- “The best surprise is no surprise” is nonsense
- Promote and reach “consensus”
 - Consensus does not mean that every one must agree
 - It is the debate that matters
- Use “What-If” scenario planning to reach the right conclusions

3 Popular Scenarios

Prepare for this, but have the other two ready, just in case

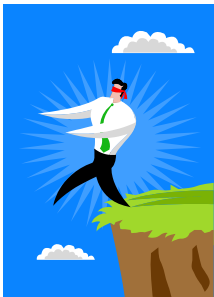
Most Likely
Scenario

Pessimistic
(a.k.a. Worst Case)
Scenario

Optimistic
Scenario

What If You Are Wrong

- Be mentally, emotionally, and financially strong enough to take the consequences
- Admit that you were wrong
- Learn all that you can learn from the bad experience --- it may be useful to you later
- Don't get disheartened. The best people in the world have failed --- from Leonardo Da Vinci to John F. Kennedy



Motivational Quotes About Failure

- **GEORGE BERNARD SHAW**: A life spent making mistakes is not only more honorable but more useful than a life spent in doing nothing.
- **KIN HUBBARD**: You won't skid if you stay in a rut.
- **MAY SARTON**: A garden is always a series of losses set against a few triumphs, like life itself.
- **OSCAR WILDE**: Experience is simply the name we give our mistakes.
- **ROBERT F. KENNEDY**: Only those who dare to fail greatly can ever achieve greatly.
- **THOMAS ALVA EDISON**: I have not failed. I've just found 10,000 ways that won't work.
- **WILLIAM SAROYAN**: Good people are good because they've come to wisdom through failure. We get very little wisdom from success, you know.
- **WINSTON CHURCHILL**: Courage is going from failure to failure without losing enthusiasm.

Impact On Staff



- Assess impact and be prepared to do the right thing
 - Educate and train (up-skill, re-skill)
 - Allow people to transfer and/or exit the organization
 - Offer reasonable and fair “golden parachutes” and severance packages
 - Reorganize and restructure --- develop new roles and responsibilities
 - Reengineer and transform the business



Make Your Decision

- Don't try to protect your self at the expense of others
 - Being over-cautious is a defensive mechanism for self-protection
- What are you telling your self about this decision?
- Do you have a mental mentor or a coach?
- Do you know how to survive fear, uncertainty, and doubt?

Get Approval



- Learn how to “sell” your decision and ideas
 - Prepare good reports
 - Prepare and deliver good presentations
 - Be ready to deal with objections
 - Follow up --- but don’t pester your leader(s)
 - Have an **Implementation Plan** ready --- execution matters as much as the idea itself



Implement Your Decision

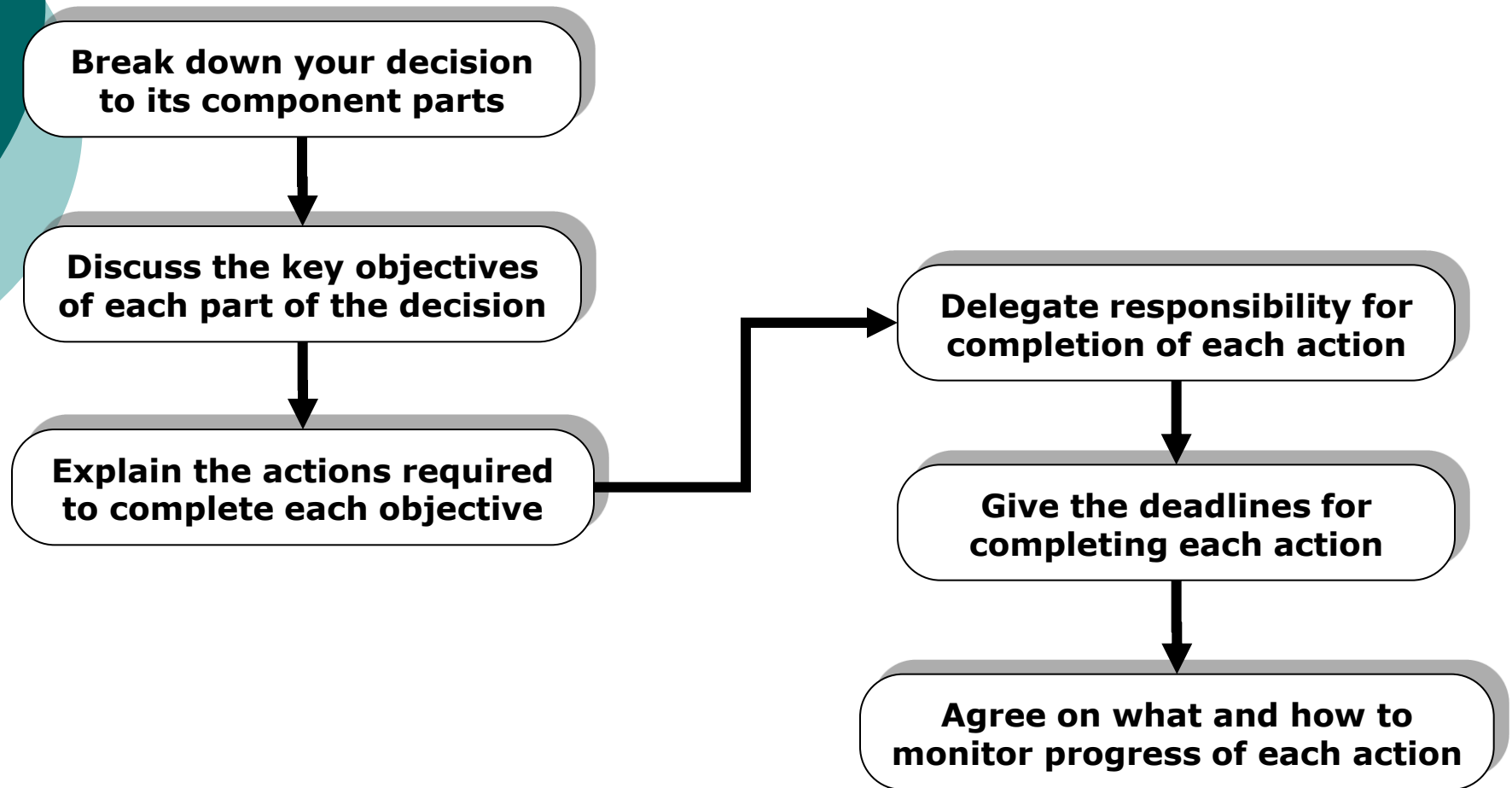
- Once the “green light” is given to you be ready to roll out your implementation plan
- Debrief all those involved of what is going on and their new roles and responsibilities
- If need be, create a project team and roll out your formal **Project Plan**
 - Follow the proper Project and/or Program Management procedures



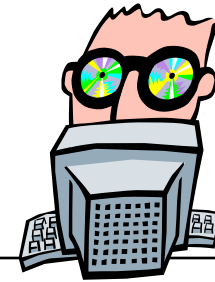
Communicate Your Decision

- Communicate 360°
- Be honest --- offer a straight scoop
- Obtain feedback
- Address upfront concerns
- Develop project-related communications and ongoing communications
 - Enlist the support of Communications staff (if available). If not available you may need to assign your own communications specialist

Clarifying Your Decision To Others



Monitor Your Decision



- Have frequent and regular meetings to review progress and status
- Solve problems as they arise --- do not ignore them and do not sweep them under the rug
- Make sure that meeting participants know what they will be asked so they are ready with their reports and answers
- Always worry about **group dynamics**. Work out the dynamics --- they can become show-stoppers

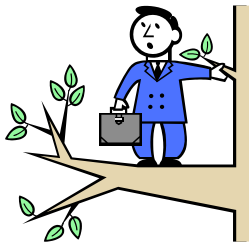


Discuss The Progress Of Your Decision

- Be aware that all plans and all decisions have to be modified --- more or less
- When you modify the plan or decision, make sure everyone knows the reasons
- Record and publish changes
- Beware that projects fall in **the valley of FUD**, and that is normal. Do not pull the plug prematurely
- Be careful how you obtain feedback

Words Of Advice

- Trust your instincts and your heart
- Remain positive
- Exit those out of your organization and/or team that are chronically negative --- they poison the well
- Do not put your self in an undesirable position, especially unnecessarily
- Low risk means no one respects you as a leader or as a person – be adventurous





Overcome Objections To Your Decision

- Involve colleagues; enroll their support. Allow them to defend you. This way you will know for sure who is on your “band wagon”
- Always look for any underlying cause behind the objection; “read between the lines”. What is the real message?
- Handle objections with professionalism and grace --- never lose your cool, never become belligerent

Handling Other People's Decisions

- If your boss gave you her/his decision be an enthusiastic supporter, if possible. If not, get it out in the open what bothers you
- Learn the details and expectations so that you can execute it perfectly --- not everything is written down, so ask
- Do not run to the boss with constant updates. Better yet, buffer your boss from BS



Building On Decisions



- Limit your major decisions --- too many can create havoc and panic in an organization
- On the other hand, not enough major decisions is an indication of stale, stagnant, and probably dead organization
- Good decisions lead to other good decisions. They create a good habit of great decision making. So, build on that!

Assessing A Decision's Effectiveness

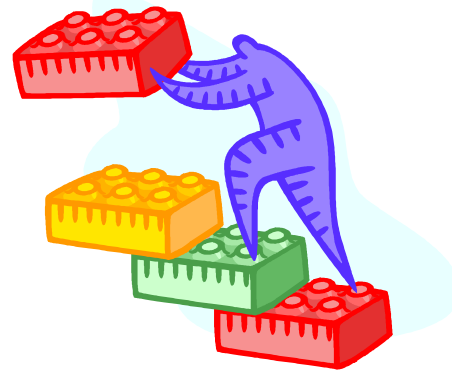
**Define the original problem
that required a decision**

**Analyze the apparent cause
of the original problem**

**Review the corrective
action that was taken**

**Consider the effectiveness
of the corrective action**

**Learn from the result of the
action taken**





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