Decision Making

Program Objectives

(1 of 2)

- To examine different decision making models.
- To maximize creativity and logic in decision making.
- To acquire decision making tips and techniques that accelerate and improve results.
Program Objectives

To become aware of common decision making traps and how to handle them.

To ready yourself for any bumps in the road and have solutions in hand.

To provide a variety of perspectives for the decision making process.
A CHALLENGE

Please Write A
One Sentence Definition For
DECISION MAKING
The process of examining your possibilities and options, comparing them, and choosing a course of action.
The word “decision” came from the Middle French word, “décision” and the Latin word, “decisionem” in the mid-15th century.

The phrase “decision making” was recorded in 1953.
“Be sure you are right – then go ahead.”
Davy Crocket.

“Doing what's right isn't hard – Knowing what's right is.”
Lyndon B. Johnson.
“Mine own applause is the only applause which matters.”
Cicero.

“Once you've made your mark, watch out for erasers!”
Will Rogers.
Making Effective Decisions

Decision Making

Perception
Priority
Acceptability
Risk
Resources
Goals
Values
Demands
Style
Judgment
### Making Effective Decisions

| Programmed: decisions that are simple and routine and have a pre-established decision-making plan |
| Nonprogrammed: decisions that are new and complicated and require thought and creativity |

[Link to website: readysentpresent.com]
Everyone wants decisions to be good in the sense that the results from the decisions are positive. No one can control the outcome, yet there are some factors that are controllable…
Decision Making

Good Decisions

(2 of 3)

1. A good decision must have good research, data and information behind it.

2. A good decision must consider all possible outcomes.

3. A good decision must consider everything and everyone that it will affect.
A good decision must be organized, well-planned, and structured.

A good decision must be possible to implement.

A good decision must be understood by everyone involved.
The bounded rationality theory suggests that people cannot be fully rational in the decision making process.
Risk aversion occurs when people take fewer risks because they do not like the possibility of failure.

Risk-taking can be very important because it can often cause a creative and innovative solution.

Some situations are riskier than others, so one must evaluate whether or not it is appropriate to take risks.
6 C's of Decision Making

(1 of 3)

- Construct
- Compile
- Collect
- Compare
- Consider
- Commit
6 C's of Decision Making

1. Construct a clear picture of precisely what must be decided.

2. Compile a list of requirements that must be met.

3. Collect information on alternatives that meet the requirements.
Compare alternatives that meet the requirements.

Consider the "what might go wrong" factor with each alternative.

Commit to a decision, and follow through with it.
INHERENT PERSONAL TRAPS
Trying too hard to play it safe

Letting fears and biases tilt thinking and analysis

Getting lost in the minutia

Craving unanimous approval

Trying to make decisions that are outside your realm of authority
Inherent Personal Traps

(2 of 2)

- Being willing to begin with too little, inaccurate, or wrong information
- Overlooking viable alternatives or wasting time considering alternatives that have no realistic prospects
- Not following the six C's
- Failure to clearly define the results you expect to achieve
- Worst of all, failure to reach a decision
Decision Making Methods

METHOD I

“I'm right ... They're wrong.”

METHOD II

“I'm wrong ... They're right.”

METHOD III

Two-way communication; shared ownership and responsibility for the decision.
Decision Trees

(1 of 7)

Decision Making

Are good for making decisions involving lots of complex information.
Provide an effective structure in which the implications of various decisions can be evaluated.
Form an accurate, balanced picture of the risks and rewards that can result from a particular choice.
Start a decision tree with a decision that needs to be made.

This decision is represented by a small square towards the left of a large piece of paper.
From this box draw out lines towards the right for each possible solution, and write that solution along the line.

Keep the lines apart as far as possible so that you can expand your thoughts.
At the end of each solution line, consider the results.

If the result of taking that decision is uncertain, draw a small circle.

If the result is another decision that needs to be made, draw another square.

If you have completed the solution at the end of the line, just leave it blank.
Decision Making

Decision Trees
(7 of 7)

Key

- Decision
- Uncertain Outcome
- Outcome
- Possible Solution

Decision Making
Uncertain Outcome
Possible Solution
IDEAS
A decision between alternatives is not always a moral one.

If a business decision is not a moral one, do not burden yourself with questions of right and wrong.
Not all decisions are yours to make.

Before devoting time and energy, confirm that this problem is yours and yours alone to tackle.
Some decisions are reversible with little effort, while others are not. The harder it will be to change course, the more important a detailed planning effort will be.
Be wary of the time span that a decision can be acted upon when considering alternatives.

The best alternative today may be unavailable tomorrow, so preparing for it may be wasted time.
Decision Making Tips
(5 of 9)

Record your thoughts so that you can reconsider them whenever a new idea occurs to you.

Having all the relevant information is critical to a good decision making process.
Be aware of how your thoughts about others influence your thinking process.

Choose an alternative because it is the best choice, not because it involves your favorite people.
Itemize your thoughts in a pros and cons list.

This will keep your thoughts clear and organized throughout the process.
Write down any conclusions you draw about components of a large decision.

If you keep returning to the finer details, you will never be able to focus on the broader issue.
Keep in mind that others will be affected by any alternative that you choose.

Where it is possible and appropriate, seek out the thoughts of those peers who will be affected.
It is impossible to account for every variable, so remember that not every decision will be perfect.

Once an alternative has been chosen, commit to it even though you may lack certainty.
Remaining static and unchanged is always an alternative itself. However, if change is occurring around you, then deciding to take no action is probably a poor choice.
THE G.O.R. APPROACH
Decision Making

The G.O.R. Approach

(1 of 4)
First, clarify your (G)oals.

It is critical to know precisely what you seek to gain before evaluating alternatives.

Articulate your goals clearly and specifically before moving on.
Second, explore all of the (O)ptions.

Work diligently to discover every possibility before weighing some of them against each other.
Third, (R)ank these options according to their risks and rewards.

An itemized pros and cons list for each available option will make some choices stand out as much better overall.
COMMON PITFALLS
It is easy to forget that you have a right to be wrong every once and a while.

It is only by accepting this fact and committing to calculated risks that you can move forward.
Be confident in your ability to handle future bumps in the road.

Do not lose sight of the fact that you made the decision, so you are well-informed about its potential positive and negative outcomes.
Make sure that a change of course is necessary before devoting a lot of time and energy to tossing around ideas.

Poor performance does not always get fixed by returning to the drawing board.
Do not delve into one particular option before seeking out all of the possibilities.

It is likely to bias your view of these latter alternatives and skew your reasoning process.
Do not allow yourself to fixate on the possible positive outcomes when considering the alternatives.

It may quicken your decision making process, although a high upside may be paired with a high (and more likely) negative outcome.
Do not allow yourself to fixate on the possible negative outcomes when considering the alternatives.

It may also speed up your decision making process, however, it will actively discourage risk-taking – even when it is needed.
Do not trouble yourself with decisions that can be made at a lower level.

If these decisions cross your desk frequently, establish systems that empower others to make these minor decisions instead.
Whenever you make a decision that involves others on a regular basis, do not forget to account for how it will affect them. If it may negatively affect trust, motivation, or communication, prepare accordingly.
Bear in mind that any decision you make regarding other employees has the power to negatively affect their performance by weakening their trust or buy-in.
Sometimes the implementation of a new strategy is more costly than its planning period.

When making a decision, be wary of how difficult each alternative will be to implement.
EFFECTIVE STRATEGIES
If time permits, review the information and then distance yourself from it before acting.

Allowing this data to sift through your mind will sharpen your analytic skills for the problem.
Do not drag your heels on new projects because a previous decision turned out to be a bad choice.

In fast-paced business, inaction is more dangerous than temporarily misplaced efforts.
Group brainstorming can often help expand your understanding of the issues.

Relay your thoughts to trusted peers, and listen attentively to their ideas.
If two alternatives are equally matched, and you cannot make a choice, trust your instincts.

Set up a random method of deciding (e.g. hands behind back, shuffled papers, coin flip).

Before following through, see which outcome you prefer. Act on that one.
MAJOR TRAPS
Decision Making

8 Major Traps
(1 of 2)

1. Anchoring
2. Status Quo
3. Fear of Failure
4. Searching for Support
8 Major Traps

(2 of 2)

- Narrowly Framing
- Underestimation
- Overestimation
- Dramatic Events
ANCHORING
Initial information receives disproportionate attention from the human mind.

As a result, subsequent data may be skewed by the first received bundle.

This can have considerable, and often unnoticed, consequences.
Likewise, events in the past or memorable business trends can distort our thinking in ways that we are not necessarily conscious of.

Continually reassess your assumptions about the future because it may not play out like past events.
You may also be casting judgments based on your view of the person or people presenting the options.

Think carefully about how people are perceived or grouped in your mind.
All of these anchors can prevent you from paying enough attention to the available facts by giving too much weight to your assumptions.

There are several tools to minimize the impact of anchors, however.
MINIMIZING ANCHORING
Decision Making

Minimizing Anchoring

(1 of 4)

Remain open-minded. Actively request and listen to new and diverse opinions on the matter.

Remember, being open-minded does not obligate you to accept other views, just to honestly and carefully consider them.
Minimizing Anchoring

Do no insert your opinion into a discussion of relevant facts.

Although it is tempting to present your findings to others in the hopes of speeding up a decision, this will bias their thinking and reduce their ability to offer a fresh perspective.
By becoming loud, excited, or verbose about the available alternatives before others have thought about it, your view can become an anchor for others.

Tread cautiously in a group discussion, and wait for others to evaluate the available data.
Try to analyze the forces, events, and people that are shaping your decision making process.

The more aware you are of the sources of assumptions, the easier it will be to combat them with logical, organized thinking.
Humans often have an irrational preference for familiar options and an aversion to radical alternatives.

While the familiar course of action is sometimes the right one, this must be determined by a rational analysis rather than a fear that is wired into us.
Many companies are structured so that inaction is penalized less harshly than incorrect action.

In a rapidly changing modern business environment, these systems discourage the creative and risky thinking than can occasionally create innovative solutions.
To avoid succumbing to a fear of change, proceed slowly when weighing the alternatives.

Feelings of anxiety or a wish to hurry through this process will hinder any serious attempt to explore new possibilities.
It is easy to think of the previous decision as the “norm.”

Do not slip into this mindset.

Remember that past actions stemmed from decision making processes, so every current practice has at one point been challenged.
COMBATING STATUS QUO
Question whether the previous decision was the right one to make at the time.

Ridding yourself of the notion that past actions were somehow special (e.g. the “norm”), and not part of a decision making process, helps weaken the grip of Status Quo thinking.
Combating Status Quo
(2 of 2)

It is often assumed that changing course comes with a heavier financial and emotional impact than sticking to the current strategy.

This is not always true, and is a Status Quo assumption, so treat it as such.
Make sure that you are not expecting others to always do things correctly.

When failure is the primary concern, people will be hesitant to think creatively.

This hurts brainstorming, which is often a catalyst in decision making.
Let others know that an incorrect answer will have no ramifications, so that their thoughts are unrestricted by fear of failure.

This will allow people to brainstorm boldly, and your company will benefit.
SEARCHING FOR SUPPORT
Sometimes we actively search for information that leads us to our preferred conclusion.

This can be crippling in decision making because it essentially makes all further data gathering worthless.
Do not devote more time to the research avenues (i.e. particular magazines, websites, etc.) that lend credence to your preferred outcome than to those that provide evidence for its alternatives.
In the business world, the tendency to more thoroughly research your preference makes initiating a new strategy very difficult.

Also, do not place too much emphasis on the strengths of the current business practice.
Seek out evidence for each alternative until you cannot find any more, not until one option appears to be well-supported.
Be wary of the words you use to ask for other people’s opinions.

Make sure your questions are not leading them to a predetermined answer.

Restrict your responses to inquiries about their thought process, rather than judgments about their conclusions.
NARROWLY FRAMING
<table>
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<tr>
<th>Decision Making</th>
<th>Narrowly Framing</th>
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<tbody>
<tr>
<td><strong>Approach the questions around your decision making process just like your research into the possible solutions.</strong></td>
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<tr>
<td><strong>Consciously leave your questions open in nature so that you are not forced into a limited range of possibilities.</strong></td>
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In other words, do not ask yourself, “Is X the best alternative available?” at the outset because any later analysis will be slanted by this original “frame” of mind.

Instead, in general, open questions that do not direct your attention towards one particular end.
If someone else establishes a limited frame for the decision making process, make an effort to break free of that before making any further inquiries.

Ask, “What are the available alternatives?” for example because this leaves your thinking open to objectively explore.
UNDERESTIMATING
We make predictions and measurements about things all the time, whether it is the distance of our commute, the duration of a meeting, or the arrival of a product shipment.
These moments of analysis and guesswork can become routine because they happen so frequently, and we can become quite skilled and precise at them over time.
Underestimating (3 of 5)

However, these estimations are all different, and skill in accurately gauging one is not always transferable to another.

It is easy to forget this, however, and therefore make rash and uncritical projections for a new direction.
When predicting the amount of time, energy, and money your available alternatives will take, be careful not to slip into your typical confidence with these calculations.
Remember that a new course of action may have unforeseen byproducts, both positive and negative, and adjust your estimations for each option accordingly.
OVERESTIMATION
It is also easy to be overly cautious in estimations because there will be some unpredictable elements to every alternative.

Force yourself to thoughtfully address the known elements so that you create a realistic timetable.
If you make an adjustment that is too large, it can serve as a crutch in your implementation phase and allow others to dawdle without any repercussions.
Bear in mind that effective implementation is just as critical as decision making and that accurate projections are fundamental to implementation planning.
DRAMATIC EVENTS
A major incident from your past experiences can significantly alter your view of the alternatives.

If one or more of the alternatives “triggers” thoughts about this past event, your rational thinking may become impaired.
However, it is likely that a past experience will slant your view of one or more alternatives in a way that is manageable.

If this occurs, use tools (e.g. a weighed pros and cons list) that keep the decision making process strictly analytical.
DIFFERENT PERSPECTIVES
6 Different Perspectives

1. Available Information
2. Gut Instinct
3. Worst-Case Scenarios
4. Optimistic Outlook
5. Unrestricted Thinking
6. Systems of Management
In this mode, isolate all of the relevant, reliable data available to you, and process it in an orderly way. This will enable you to judge the alternatives based on past outcomes and to establish patterns from past decisions.
Emotional responses can serve as motivational tools or create large barriers. Be aware of both types of influences. Also, factor in what you know about your co-workers’ emotional responses when making decisions.
Do not look at these alone.

As has been previously mentioned, examining the alternatives from the position of only high or low points can hinder a comprehensive analysis, so make sure to pair this outlook with the subsequent one.
Optimistic Outlook:

Even if they seem unlikely, consider the best-case scenarios.

Pair these with the worst-case ones in order to provide a full picture, and limit biases that can stem from either in isolation.
Seeking opinions that you do not agree with can broaden your view of the whole decision making process. It is only by considering this wide range of views that you can be confident in your final selection.
Project and thoroughly consider the implementation stage of each option.

This is vital because a good idea that cannot be successfully executed is a waste of energy.
GRID ANALYSES
Utilizing a grid is especially recommended when you have come to a deadlock between several equally viable options.

A grid can often illustrate the minor points that are less apparent in other methods in order to break a tie and allow you to take action.
First, make a list of the viable options.

Then, lay down the components of your decision making goals that need to be accounted for.

On graph paper (or in a spreadsheet), list the options on rows and the components on columns.
Before filling in this chart, assign each component a value relative to its importance in determining the best choice.

Make sure that higher numbers correspond to greater importance, as that is necessary for later calculations.
Using a similar scale (e.g. 1-10, with 10 being the highest), give each alternative a measured score for each of the listed components.

Fill these scores into the columns, making sure that higher scores correspond to a better match.
Next, for each alternative, multiply its score for each component with the relative weight of that component.

Once you have performed these computations for each option, select the alternative that scored higher than the rest.
PAIRED COMPARISON ANALYSIS
This tool is particularly useful for making decisions between completely different options.

For example, if your decision is to spend time and money on expanding your IT department or moving to a new office, then the paired comparison analysis may be your best bet.
Determine the alternatives that are equally matched.

Assign a letter to each, and then list each of these options on a worksheet, both as row and column headings.
Cross out the cells that would provide duplicate comparisons to another cell.

Also cross out the cells where an alternative meets itself.
In each open cell, compare the alternative in the row to the alternative in the column, and determine which is more important.
Paired Comparison Analysis

(5 of 6)

Fill in the cell with the letter value assigned to the option you deem more important and with a number (from 1 to 3, with 3 being a larger difference) that indicates the amount of difference in importance between the two options.
After filling in each open cell in this way, tally up the number of times each option is represented, and sum the weighted numerical scores.

The alternative with the most representation and the highest total score will be the one to move forward with.
COST/BENEFIT ANALYSIS
True to its name, this method of analysis takes into account the costs and benefits of a plan of action.

It is critical, however, to factor in both short-term and long-term results, since many options can have lasting effects.
A basic cost/benefit analysis is strictly fiscal in nature and does not include other effects of the proposed option (e.g. emotional response by co-workers, environmental impact, etc).
To compute a basic cost/benefit analysis, first isolate all of the effects of the alternative in question that are quantifiable.

Make sure that these effects have a positive or negative value because they will need to be considered benefits or costs to be factored into the equation.
Once you have isolated all of the positive and negative effects, run through these lists and calculate their monetary figures as accurately as possible. In some cases, this may be a projection only, so a realistic, conservative estimate may be your best bet.
Finally, add up the total monetary figures in the cost column and the benefit column.

With some time commitment, this method can be used for several alternatives to clarify the monetary comparisons.
### Planning

(1 of 5)

<table>
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<th>If done properly, planning establishes specific, quantifiable goals and creates small steps that can be taken to reach those goals.</th>
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<td>These steps and the ultimate goal need to be accompanied by a hard timeline in order to assure that things will be moved towards completion.</td>
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Detailed plans keep you aware of your status as compared to your goals.

By having a set of action steps laid out, the discrepancy between what needs to be done and what has been done can be easily measured, and therefore reacted to.
Detailed plans also change peoples’ attitudes about future tasks.

Instead of vague, distant, unreachable “goals,” there are now small, simple, daily tasks to be accomplished.

Each task that is accomplished will mark true progress towards the end result.
Clear plans also illustrate the amount of money and effort that will go into your long-term goals.

This makes it much less of a headache to nail down some hard numbers and subsequently, much easier to see whether or not the particular goal is a worthwhile one for the organization.
Finally, detailed planning can often bring unexpected problems to the surface before they need to be addressed.

Often, a big-picture plan will forget to include small yet essential details that do not span the entire project period.

These are usually cheaper to prevent than to fix.
OVERARCHING QUESTIONS
Overarching Questions
(1 of 4)

Whose decision is it?
What other people need to participate?
Which decision making mode is best?
Overarching Questions
(2 of 4)

Make sure that this decision is to be made by you, and by you alone.

It may have been left to you by other members of the workforce, although someone else may be less attached or have better access to resources.

For a smaller scale decision, you may be able to delegate it.
When you are in charge, seek the input of others. However bear in mind that not all input is going to be useful.

Before asking for other viewpoints, ask yourself, “Which people are the most trustworthy, creative, and informed?”

Be selective in your search for viewpoints.
Be familiar with the various decision making modes, and be firmly set in one of these modes during the process.

The next set of slides will detail the different modes of decision making...
MODES OF DECISION MAKING
There are four different modes of decision making, each with different levels of involvement for yourself and your peers. The more familiar you are with them, the more comfortable you will become choosing the one that is best for a situation.
4 Modes of Decision Making

INDEPENDENT

DISCUSSION

GROUP

DELEGATION
You make the choice without the insights or advice of others.

Be careful not to confuse information with insights.

You will still benefit from asking others for data, although you alone will interpret that data to select the best alternative.
It is still solely your decision to make, although in this mode you will actively seek out the opinions and viewpoints of others.

This differs from the independent mode because it encourages the exchange of ideas rather than only the transferring of research data.
Seek out the information and insights of select peers, AND make the decision with them.

This means that each of these specific peers has a vote in the eventual outcome and that each voice is as important as yours in that decision.
Group decision making is thought to produce synergy, a positive force from working together.

However, it can also lead to groupthink, which lowers efficiency and effectiveness because of pressures.
In this case, you may still be sought out for information or advice, yet you have relinquished control over the final result.

This can be a good time saver or training tool for developing employees, provided you have confidence in them and can provide the necessary tools.
DECISION MAKING FACTORS
6 Decision Making Factors

(1 of 9)

1. Importance
2. Complexity
3. Information
6 Decision Making Factors

(2 of 9)

- Commitment
- Involvement
- Constraints
The larger impact a decision will have, the greater the need is for extensive planning.

Consider the short-term and long-term effects of this decision before choosing a decision making mode or allocating a specific time frame because that strategy may be more or less required for the situation.
The more intricate each alternative is and the more alternatives that are on the table, the more time and involvement a decision may require. Although, the simplest decisions can often be made independently or through delegation, decisions that can cause headaches probably need to be a team effort.
How familiar are you with the topics surrounding the decision?

Are there others who are much more knowledgeable?

Are there people who might add creative approaches?

Become familiar with the data, and seek out others as necessary.
Consider how important your peers’ support is in this decision.

If the outcome will have far-reaching effects, it is probably worthwhile to have others participate in the decision to whatever degree is appropriate.
Be proactive in determining which people need to participate, and make sure that everyone is on the same page.

If people do not understand their role or the company's broader objectives, it can draw out the decision making process.
Constraints

Stay on top of the time and budget through the entire process because it can quickly slip away once you are engaged in a fast-paced exchange of ideas.
The more you know about these factors, the more capable you will be of accurately assessing the situation and choosing the best option for moving forward.

These factors will be quick and easy to identify in most decisions, and any effort will pay for itself in no time.
WHAT IS YOUR NEXT STEP
What are you going to take action on?

Start with the three easiest items.
List specific behaviors.

Be as systematic as possible.

Rank the behaviors in terms of their complexity or degree of difficulty.

Rank the behaviors in terms of chronological order.
Advance to a more difficult behavior.

Break difficult behavior down into several smaller behaviors.

Attach time limits to each behavior.
Repeat specific behavior until mastered.

Review all previous behaviors.

Advance to next most difficult behavior.

Measure and evaluate.

Keep records (preferably visual).
Reinforce through reward and punishment.

Use visual reminders (pictures, charts, etc.)

Remember: "A small goal is enough!"