Précis

Three Steps to Better Decisions

There’s just no ducking it: A big part of leadership is deciding. A president once told me that effective leadership teams are comfortable making big decisions. In fact, she said, that’s the biggest part of our jobs.

In spite of this truth, many leaders and their teams struggle with decision making.

While they may hope for great decisions, they are fully aware of two other potential realities: the chance of making a costly bad decision and the political fallout that will occur regardless of the decision that is made.

As a result, not deciding often becomes the preferred state. And like a magician who wants to distract the audience from what is really happening on stage, they use decision-making misdirection. They ask for more discussion, more input, more data, more meetings ... and more time.

This misdirection can go on for months, even years. As a result, institutional momentum is arrested, morale falls, and decisions that could propel an institution forward go unmade.

Précis

The purpose of Précis is to provide, in one place and in one quick read, all you need to know about a specific topic. These articles will be short, and by definition, focused.
Because timely decisions are so important to organizational success, we wanted to present in this first issue of *Précis* a three-step approach to decision making. The steps include:

- Clarify your objectives
- Create a constellation of options
- Choose

**Step 1: Clarify your objectives**

Recently, a client wanted me to help them decide whether or not they should offer a new major. They had been high-centered on the decision for more than a year and asked me to help. I began by asking the cabinet why they were interested in this major. It turned out that they weren’t overly enamored with the idea of the new major. Their larger goal, they said, was to increase their cash flow. My question had clarified their true objectives and thereby opened the door to a much wider range of potential ideas.

When done with the clarification process, you should have:

- A clear description of the underlying issue or objective
- An understanding of the consequences of not making a decision
- General guidance about the criteria that will be used to make the decision
- A clear sense of when the decision will be made
- A sense of the data and insights that need to be collected as part of the decision-making process

**A clear description of the underlying issue or objective**

In the above example, the original objective was to make a decision about a proposed major. Now that the objective has been more completely defined as revenue generation, others options like expanding auxiliary services or licensing curriculum can be considered as well.

**Understand the consequences of not making a decision**

The second issue related to clarifying your objective involves calculating the consequences, or cost, of not making a decision.

I know from working with countless colleges over the years that few things demoralize a senior team faster than decisions that are not made. When decisions are not made, enthusiasm disintegrates into apathy and teams devolve into silos.

Unfortunately, the need to decide in a timely fashion is one area in which some leaders are myopic. They don’t see, or refuse to see, how much their recalcitrance undermines team and institutional effectiveness.
Develop general guidance about the criterion that will be used to make the decision

Next, you need to identify, at least in a general way, the criteria that will be used to make the decision. These might include such issues as cost to implement, time to implement, ROI, political impact and others. These criteria are not only important for making the final decision, but they are useful for guiding the creation of the range of options as well.

Determine a decision date

This is a critical step. Without a declared decision date, things will float (see sidebar). Decisions that could be made in a week or two will take months, or longer.

One president I know was fond of telling his staff that a decision would be made on a specific day. He then said they could then hold as many meetings as they wanted and gather as much input as wanted as long as they keep the decision date in mind.

The president believed, rightly, that the decision date should be the constant and the number of meetings the variable. This approach is much more effective than one in which both the decision date and number of meetings are variables.

Not surprisingly, this president and his team had a reputation for getting things done.

Identification of data and insights that need to be collected

In most cases, you gather data and host discussions for two reasons. First, you want to find things out. Second, because there is a relationship between participation in the decision and ownership of the decision.

These are both great reasons to gather data, especially if you remember your decision deadline. At the same time, most colleges and universities are awash with existing data. The Internet, used carefully, is a rich source of data. Remember, too, association data. Finally, don’t forget that many institutions have or are now making the same decisions you are. The odds are high that at least some of these schools will share data they have collected.

Even though we have mountains of data, there may be some instances in which a key dataset cannot be obtained within the timeline you have established. At this point you need to decide if it is worth extending the deadline. Of course, this must be considered the exception and not the rule. If you need to change the decision deadline, make sure you communicate the “why” to the campus community. You don’t want people to think you have returned to old decision-making habits.

Decisions Are Like Helium

I’ve often likened decision making to a gas. If you remember from high school chemistry, one of the chief characteristics of a gas is that it expands or contracts based on the amount of space that is at hand. Decision making is often the same way. Give people a week to decide and you will have a decision in a week. Give them six months and the same decision will take six months. Oddly, and perhaps sadly, you will likely end up with the same decision.

Five Philosophical Underpinnings to Great Decisions

1. The team has a propensity to decide
2. The team has a bias toward action
3. The team believes that pretty good decisions made in a timely fashion are more useful than great decisions that are never made
4. The team is united behind the decisions it makes
5. The team values individual and team accountability
**Step 2: Create a constellation of options**

Let’s go back to the original decision about a new major. When we discovered that the real objective was revenue generation we opened the door for the creation of a larger constellation of ideas and options to consider.

It is almost impossible to overestimate the value of a viable choice set. In a recent study, Bain and Company asked executives whether they routinely considered alternatives when making major strategic decisions.

A whopping 82 percent said no. In other words, they were deciding between doing something or preserving the status quo.

The creation of a choice set dramatically increases the likelihood of a great decision. In addition, there is every likelihood that you might actually choose more than one possibility.

Using our example above, instead of deciding between offering a new major and not, how might you decision be improved if you were given the opportunity to decide between three new majors.

Or what if the decision to increase revenue prompted the choice between offering a new major, opening a new campus, or licensing some courseware that you developed.

When I work with clients I want to create a constellation of options and then help them make an informed decision. As we create this constellation I keep an eye on two things.

First, I want to make sure the original objectives remain central. Second, I want to keep the broad decision criterion in mind. While blue sky is important, there needs to be horizons.

**Step 3: Choose**

This final step, choosing, actually comprises four mini steps:

- Discuss
- Decide
- Commit
- Communicate

**Discuss**

In my recent book, *Row: Trust, Teams, and the Essentials of Leadership – A Primer for College Presidents and Their Senior Teams*, I spent considerable time exploring how teams make decisions. While there are lots of guidelines and ideas in the book, the main tenant is this: The leader must create an environment in which robust discussion can be held.

Too often, discussions surrounding a key decision are monopolized by one or two cabinet members. Or worse yet, the president dominates the conversation. As a result, the other cabinet members hang back. One consequence is that you lose their input. The second consequence is that the VPs who did not participate in the discussion seldom feel inclined to participate in the implementation of the decision.

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2 www.strategypublishing.com
While an environment in which robust discussions occur can have a number of characteristics, they all share this single characteristic: trust.

Trust is the oxygen of great teams. Team members trust one another and the leader. At the same time, the leader trusts her or his team.

**Six Thinking Hats**

One way to help achieve a robust discussion around an issue or set of options is to use a tool called “Six Thinking Hats” developed by Edward de Bono.

At the risk of oversimplifying things, the hats represent different approaches to problem solving and include:

- **White Hat**: Focus on the data available.
- **Red Hat**: Use intuition, gut reaction, and emotion to discuss the issue.
- **Black Hat**: Articulate the downside of an option.
- **Yellow Hat**: Be optimistic. Stress the benefits of the decision and the value in it.
- **Green Hat**: Ignore boundaries and traditional ways of doing things. Be bold.

The final hat is the **Blue Hat**. This hat is worn by the person chairing the meeting. When ideas begin to run dry, the Blue Hat asks everyone to change hats.

During a discussion, all members of the team wear the same colored hat for a specific length of time. This means that people who tend to be overly rational (white hat) are required, when wearing the yellow hat, to think creatively and optimistically. The hats give people permission, or perhaps challenge them, to think outside their comfort zones.

**Sample discussion**

The cabinet of a small college in California is trying to decide whether they should construct a new residence hall. Enrollment is solid and significant cash reserves mean the college will not need to borrow money. To help facilitate the process they decide to use the “Six Thinking Hats” technique during a planning meeting.

Looking at the problem with the **White Hat**, they analyze the data. They examine recent and projected enrollment trends and project that by the time the residence hall is completed there will be a severe shortage of residential space on campus.

Donning the **Red Hat**, some of the cabinet members mention that the proposed building is unattractive. While it would be highly cost-effective, it does not fit in with the overall appearance of the campus.

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**Building Trust**

Trust does not occur overnight. From the outset, it must be modeled by the leader. In an article I wrote on team building, I identified eight qualities and attitudes that, over time, will help build trust:

- Have clear, consistent, achievable goals
- Match resources (time, talent, treasure) to goal
- Be open, fair and willing to listen
- Be decisive
- Support all team members
- Empower all team members
- Take responsibility for team actions
- Give credit to team members

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Here’s a link to his book on Amazon: [www.amazon.com/Six-Thinking-Hats-Edward-Bono/dp/0316178314/ref=sr_1_1?s=books&ie=UTF8&qid=1459274542&sr=1-1&keywords=six+thinking+hats](www.amazon.com/Six-Thinking-Hats-Edward-Bono/dp/0316178314/ref=sr_1_1?s=books&ie=UTF8&qid=1459274542&sr=1-1&keywords=six+thinking+hats). Note, too, that the web is filled with PPTs and PDFs on how to implement the model.
When they wear the Black Hat, they worry that enrollment projections may be wrong and that the economy may slow and that families may no longer be able to afford tuition. They wonder what would happen if the numbers don’t pan out.

The Yellow Hat, however, is optimistic. They believe that the economy will hold and enrollment will continue to trend upward. They don’t believe they will have any trouble filling the dorm. They are already counting the revenue.

With the Green Hat, finally, the cabinet thinks about alternative funding options so the cash reserves can be used for another project. They wonder about what else the building can be used for. They think wildly and boldly.

The Blue Hat is used by the president to move between the different thinking styles and to keep other cabinet members from switching hats or from criticizing other peoples’ points.

The discussion around the constellation of options should be intense. Everyone must participate. No one can be allowed to say, at a later date, that “the team wasn’t interested in my opinion.”

**Decide**

After the discussion is completed and the six thinking hats are put away, the team must decide.

It is not surprising that there are a myriad of decision-making tools to help you decide. Even a cursory review of these models will lead you to the conclusion that many are cumbersome and overly complex.

With this in mind, I want to offer one reminder and one tool to help you decide.

First, don’t forget the decision criteria you outlined when you clarified your objectives. At this point, guiding a final decision may be as straightforward as creating a simple ballot containing the criteria you identified earlier and then evaluating how each idea or option performed. The option that accrues the highest score wins.

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Option A</th>
<th>Option B</th>
<th>Option C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of implementation</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Likelihood of success</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Demonstrated ROI</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Able to leverage if successful</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Effective champion in place</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>8</strong></td>
<td><strong>19</strong></td>
</tr>
</tbody>
</table>

Score all options: Low = 1 2 3 4 5 = High
Pay-off matrix

The pay-off matrix is another tool to help you decide. Using the pay-off matrix requires that you organize or array all our options or alternatives into one of the quadrants presented below.

<table>
<thead>
<tr>
<th></th>
<th>Easy to accomplish</th>
<th>Difficult to accomplish</th>
</tr>
</thead>
<tbody>
<tr>
<td>High impact on the organization</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Low impact on the organization</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Quadrant 1 contains those options that are relatively easy to accomplish and meet the primary objectives.

While Quadrant 2 activities are also impactful, they are more difficult to implement. They may, for example, be more political or require multi-department cooperation.

Hopefully at least some of your ideas and options are Quadrant 1 and 2. At all times, avoid those ideas that are clearly Quadrant 3 or 4. Those are sinkholes and will likely swallow you and your team whole.

Commit

Now that you have made the final decision, it is imperative that everyone on the team commit to the decision. This commitment is active, ongoing and public.

This public declaration is essential. It projects team solidarity. It quashes second-guessing. And perhaps most importantly, it lays the foundation for implementation.

Because decisions are seldom unanimous, you need to anticipate that at least one member of the cabinet does not agree with the decision. Even though she or he may disagree with the outcome of the decision, that person’s vigorous support of the decision tells the campus community that she or he trusts the overall decision-making process. This is important. Chances are, just over the horizon, another decision is looming.

An Alternative Strategy

In some instances you simply cannot make a decision. If you find yourself in this position then shelve the decision until a later date. This will free up the team to attend to other, perhaps more immediate, issues.

When the Cabinet Member Cannot Support the Decision

For some cabinet members the final decision may cause a crisis of conscience. If this is the case, and they cannot publicly support the decision, they must leave the team. Under no circumstance can they be allowed to actively or passively undermine the decision. To do so would sow distrust and disruption.
Communicate

The final step in the decision-making process is to communicate the decision and its rationale to the campus community.

Communicating at this stage is critical for a number of reasons.

First, it offers closure. Members of the campus community know that a decision has been made and that they can move on to other issues.

Second, it communicates to the campus that the senior team understands the importance of deciding, rather than simply discussion. This can be both cathartic and catalytic.

Finally, communicating the decision helps queue up the next challenge: implementation.

One last thought: Remember, you are communicating not only the decision, but the rationale. Explaining how and why you decided will help lay the foundation for future decisions.

We hope you have found this issue of Précis helpful.

Our next issue will focus on implementation.