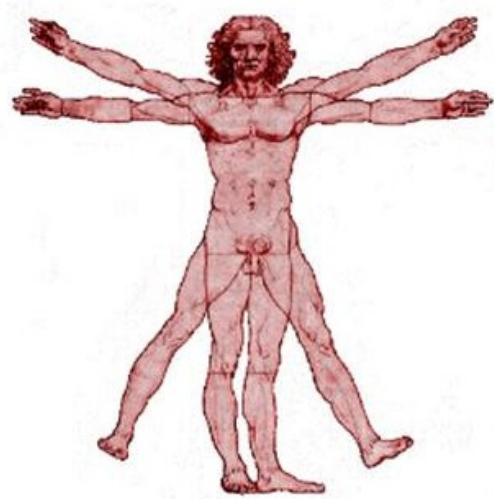


Great Decisions – Great Results

Exposing the bottlenecks to
effective decision making



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Challenger Space Shuttle Mission STS-51L at 78 seconds

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Effective decision-making skills are vital for our personal success and the success of our organisations.

- Why is decision-making important?
- The problem with the traditional decision-making model
- Introduce a more comprehensive decision-making model
- Applying this model

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Why is decision-making important?

- Decision-making – conscious or unconscious – is behind every action we take
- Decision-making skills are extremely important in the workplace but not adequately taught
- Decision-making is central to the task of management

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Why is decision-making important?

- Decision-making is taking place at lower levels in organisations
- Employees thrive when they are able to contribute to decision-making

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Decision-making issues:

- More than half business decisions fail
- Making good decisions is a much needed skill
- Decision-making is not being taught properly – if at all
- The traditional rational decision-making model is largely ignored

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Kepner-Tregoe Decision Analysis

- Clearly state the decision to be made.
- Set the strategic and operational objectives.
- Classify objectives according to "must haves" and "wants".
- Weight the "wants".
- Generate alternatives.
- Screen alternatives through the "musts".
- Compare alternatives against the "wants".
- Identify adverse consequences.
- Make the best, most balanced choice.

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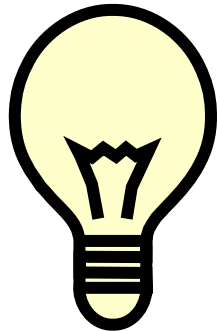
| Objectives | Weight | Alternative: Product A | Alternative: Product B | Alternative: Product C | Alternative: Product D |
|------------------------------------|--------|---------------------------|---------------------------|---------------------------|---------------------------|
| Ability to attach electronic files | Must | YES | YES | YES | NO |
| Maximize time on the market | 10 | 8/80 | 4/40 | 10/100 | |
| Product support | 9 | 7/63 | 8/72 | 10/90 | |
| Ability to add user-defined fields | 8 | 10/80 | 0/0 | 9/72 | |
| Minimize cost | 6 | 10/60 | 10/60 | 8/48 | |
| User friendly | 5 | 10/50 | 4/20 | 8/40 | |
| Total | | 333 | 192 | 350 | |

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Making a Decision

Vs

Decision-Making



**Thomas
Edison**

**James
Dyson**



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Advantages of Rational Approach

- An established, proven method.
- Focuses data collection once decision criteria are established.
- Reduces subjectivity.
- Efficient – lends itself to technological ends (information gathering, databases, presentation aids).

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Disadvantages of Rational Approach

- It assumes there is a known outcome.
- It is a linear model that is not dynamic (follow the steps).
- It appears to be objective but humans decide what information to consider and weightings to apply – which require judgement.

“There is a growing body of data suggesting that people rarely compare options”

- Klein, *Sources of Power*, p.296.

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Where to Use Rational Approach

- Best suits problems of a more structured nature
- Where data is readily available for analytical reasoning.
- Examples are decisions revolving around accounts receivable, order entry and inventory control.

“It is impossible to be purely rational”

- Herbert Simon, Nobel Prize Winner

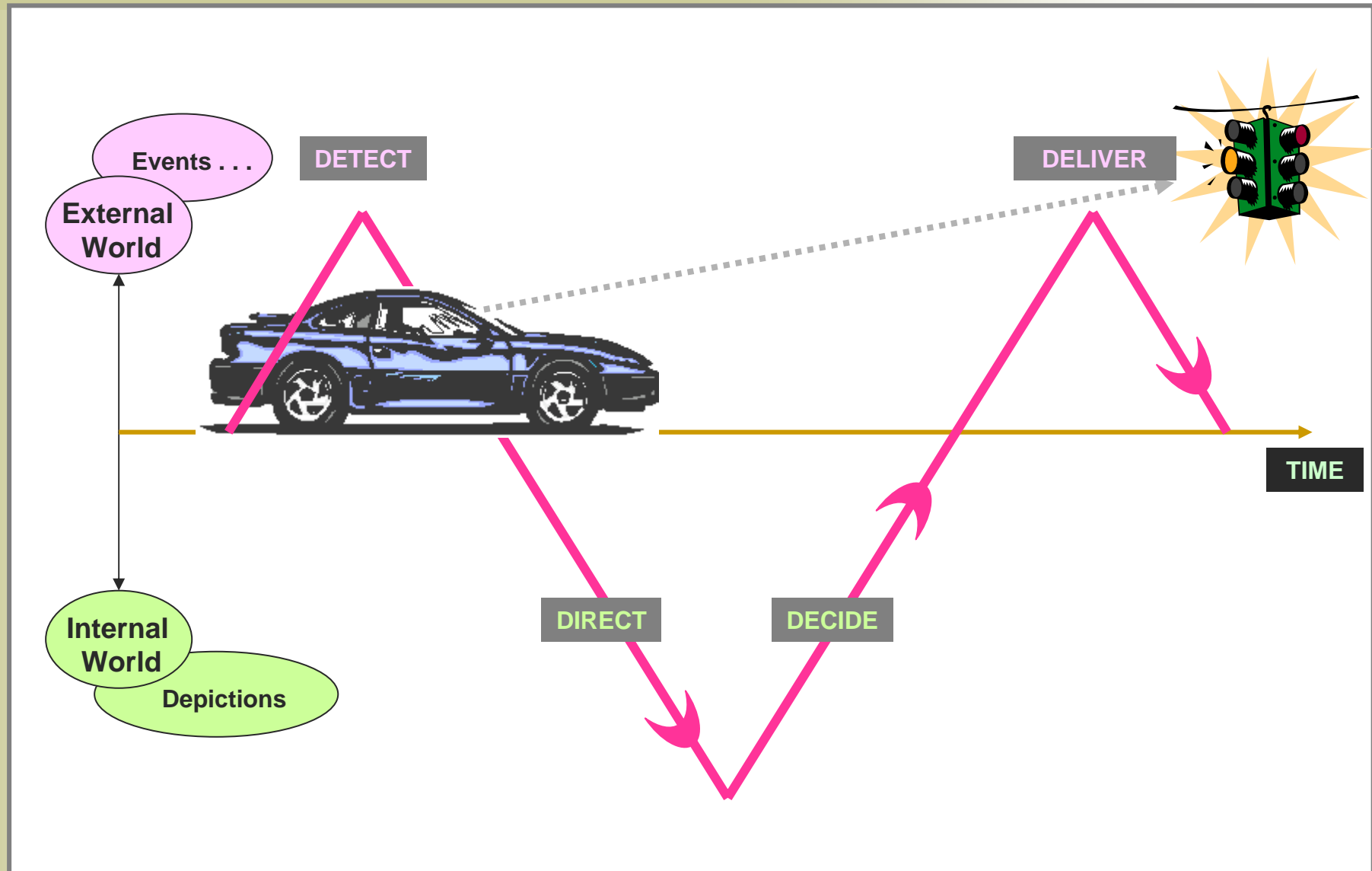
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Where have we got to?

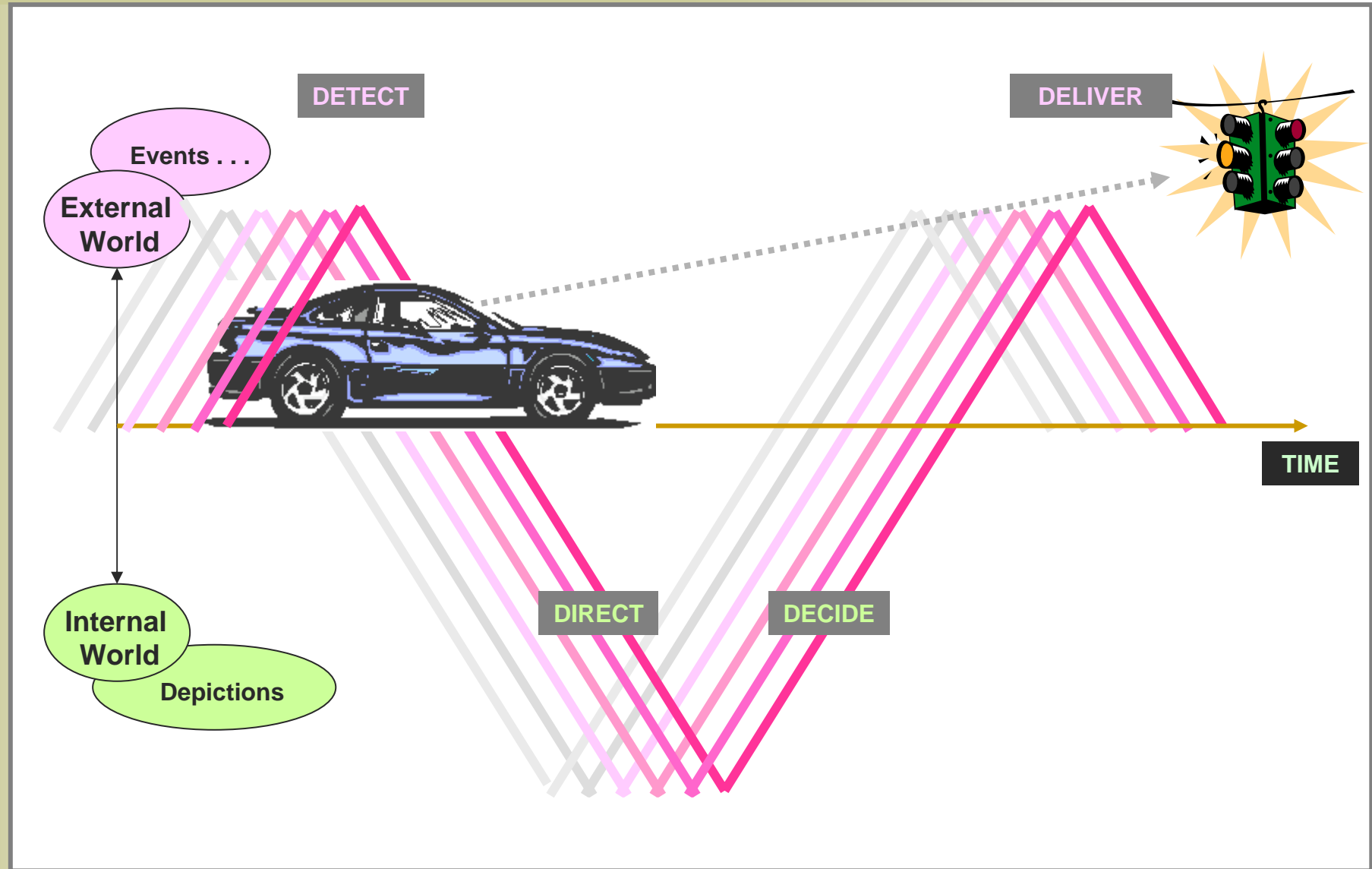
- Why is decision-making important?
- The problem with the traditional decision-making model
- **Introduce a more comprehensive decision-making model**
- How can it be used?

5
2

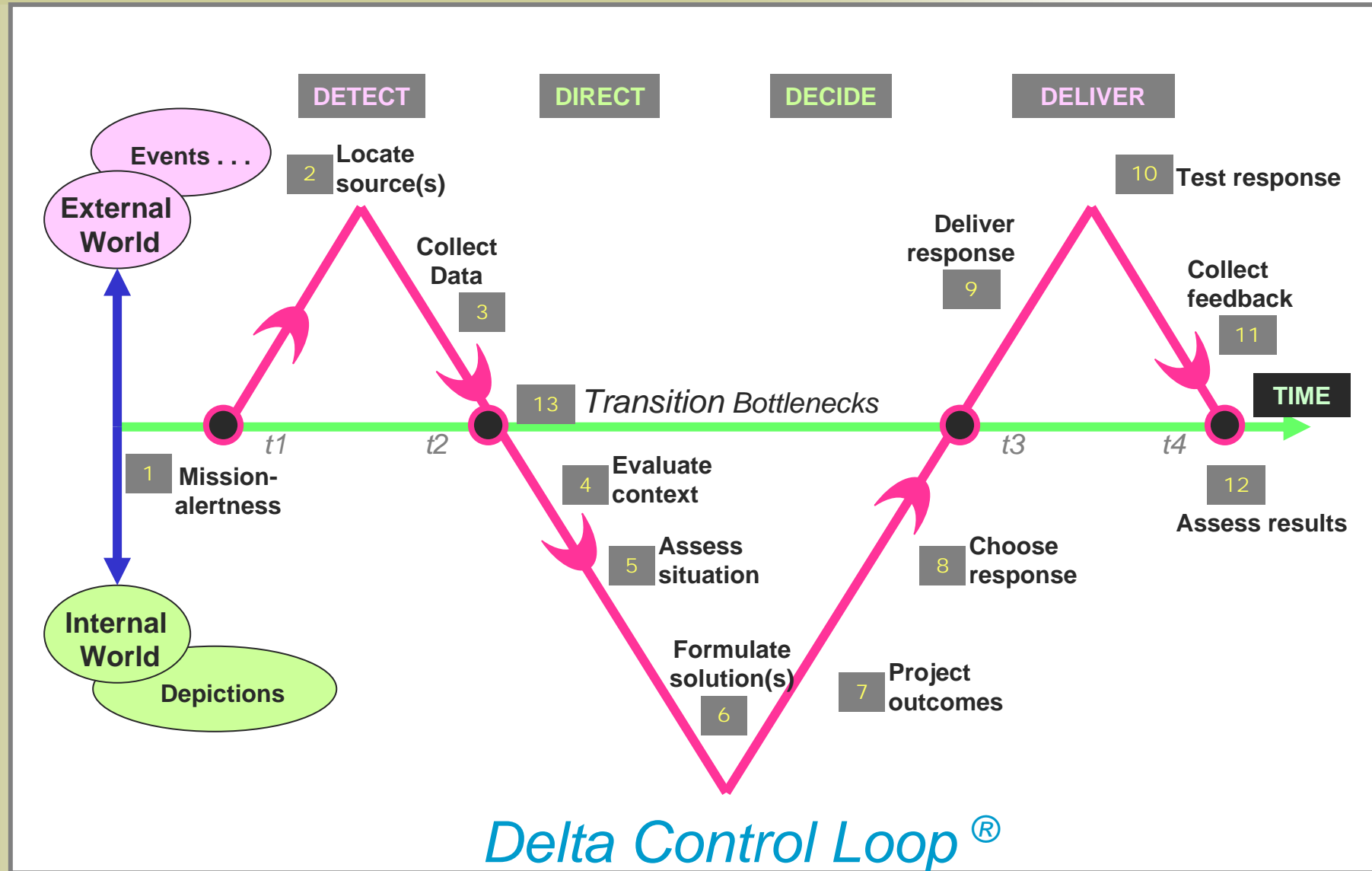
Great Decisions – Great Results



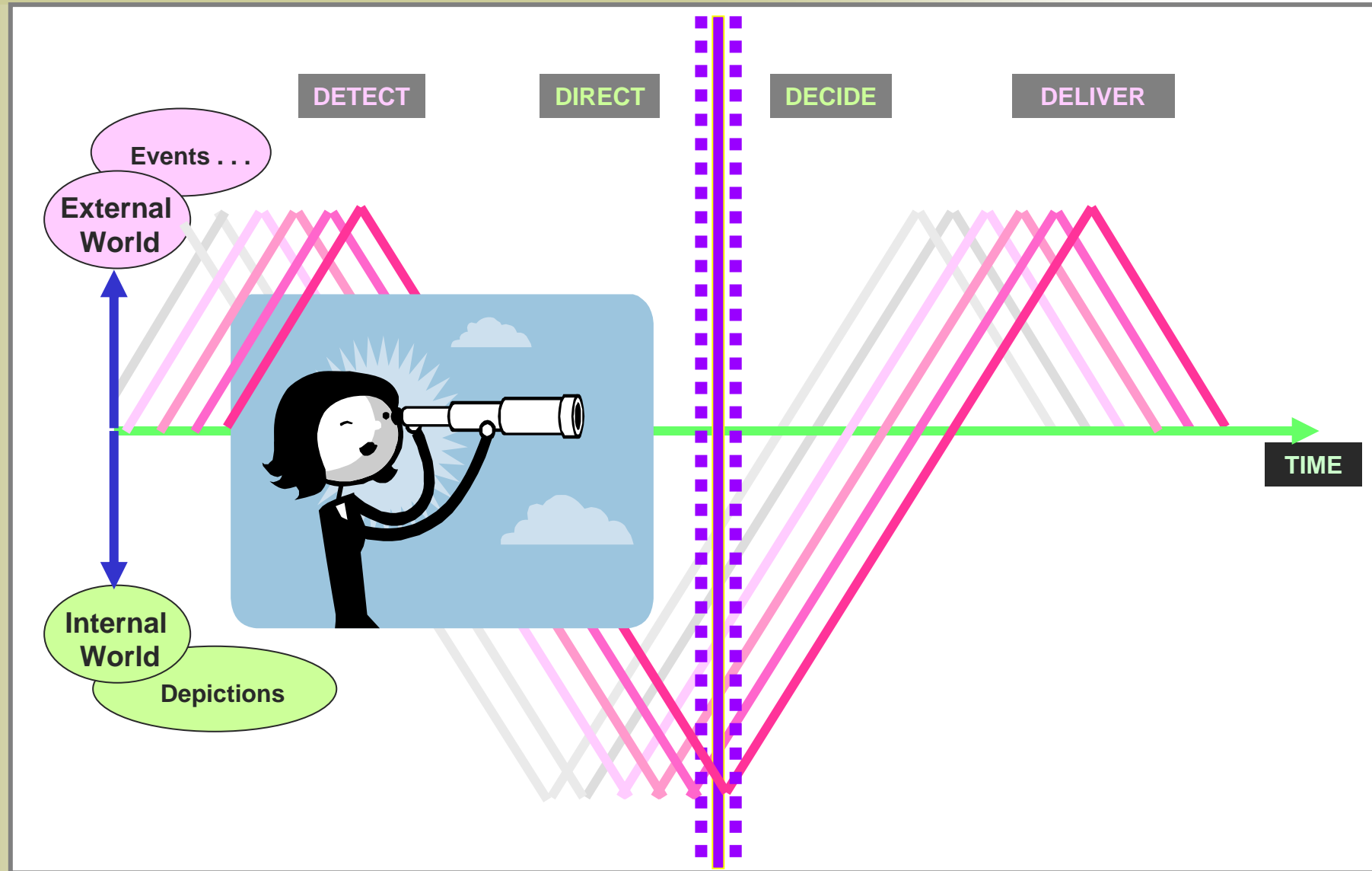
Great Decisions – Great Results



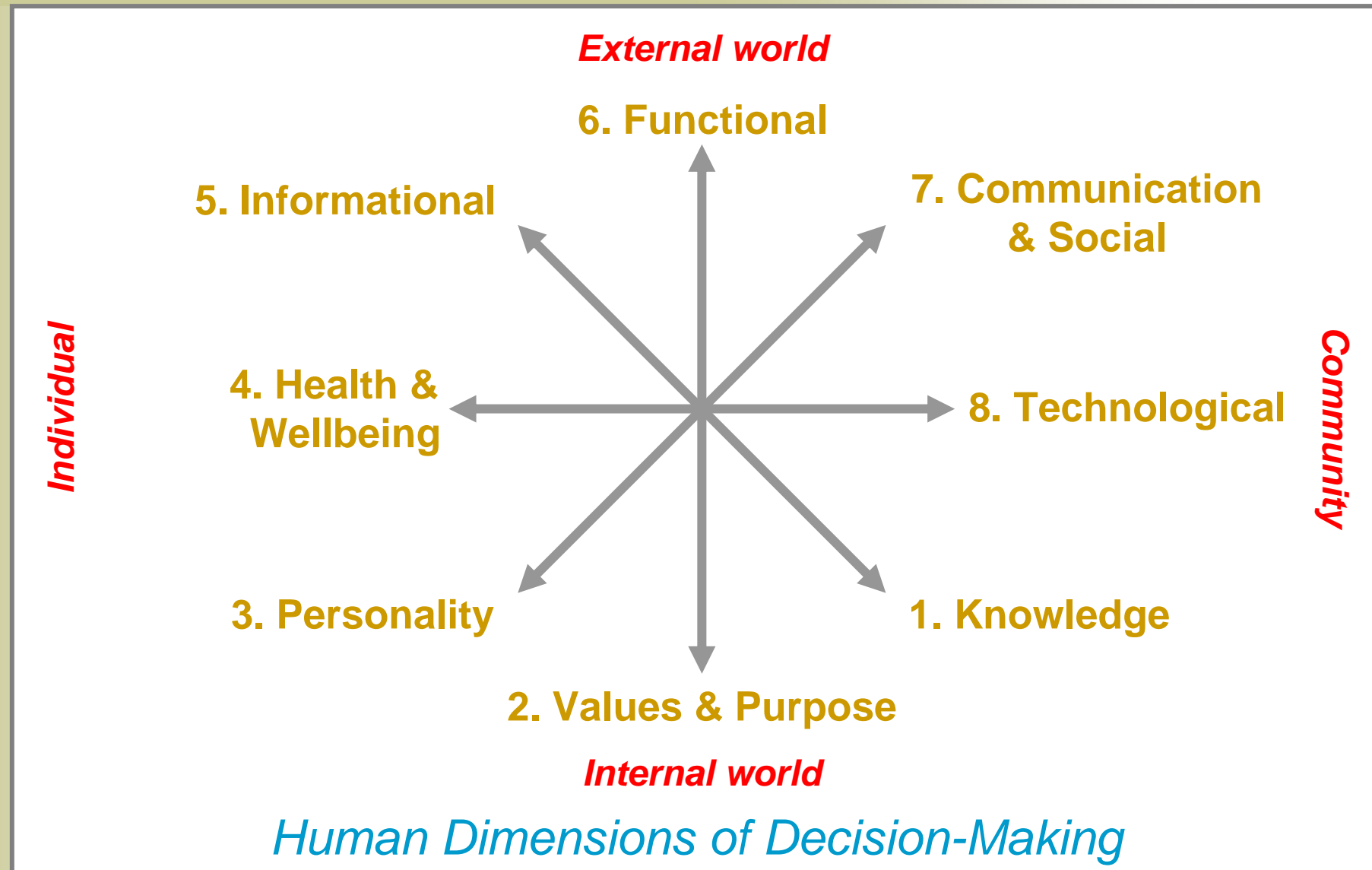
Great Decisions – Great Results



Great Decisions – Great Results

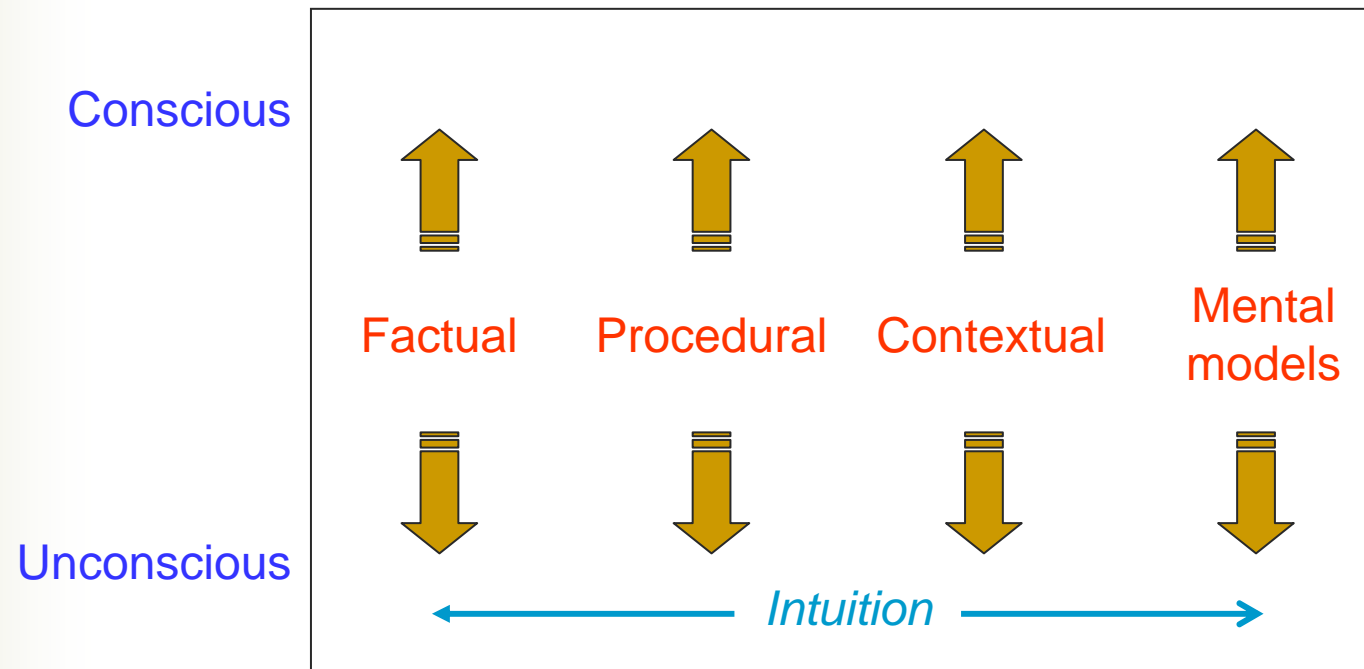


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1. Knowledge Dimension



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2. Values and Purpose Dimension

VALUES: what's important to us – the how
The Golden Rule

PURPOSE: what drives us – the why
Motivation – Passion - Commitment



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3. Personality Dimension

Myers-Briggs Type Indicator

EXTRAVERSION vs. **I**NTROVERSION how we are energized, and how we prefer to relate to the world and others

SENSING vs. **I**NTUITING how we prefer to attend, or take in information.

THINKING vs. **F**EELING describe how we like to make decisions

JUDGMENT vs. **P**ERCEPTION refer to our preferences in living, and how we organize our lives.

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4. Health and Wellbeing Dimension

About ways to promote and maintain health and emotional wellbeing in ourselves and others.

“Fit, healthy, stress-free workers are more productive than diseased, injured or stressed ones.”

- Lynda Macdonald, author of *Wellness at Work*

“One in 10 workers suffer from stress, anxiety, and depression on the job.”

- O'Driscoll and Brough (2003)

Alcohol and drugs cost employers in Australia
\$4.5 billion in absenteeism, low productivity and accidents.

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5. Informational Dimension

Ability to recognize when information is needed together with the ability to locate, evaluate, and use effectively the needed information.

- Australian and New Zealand Information Literacy Standards, 2004

“A major culprit behind failed decisions is a half-hearted search for alternatives during the decision-making process.”

- Paul Nutt, author of *Why Decisions Fail*

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6. Functional Dimension

Refers to the function or role that an individual assumes within an organisation

- **Informal or formal**
- **Assigned roles or voluntary**

Eighty-one percent of managers and executives experiencing decision failures pushed their decisions through by persuasion or edict, that is, they used their position power.

- Paul Nutt, author of *Why Decisions Fail*.

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7. Communication & Social

Refers to our social and emotional competence to communicate effectively as individuals and work collaboratively in groups.

“A primary source of information used by knowledge workers in solving problems comes from our social network.”

- Cantrel et al. Accenture Institute for High Performance Business (May 2005).

93 percent of managers and executives experiencing decision failures made decisions in isolation without conferring with colleagues.

- Paul Nutt, author of *Why Decisions Fail*.

What about trust?

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8. Technological Dimension

Refers to our knowledge of the use of technology to accomplish various tasks. We need to be able to think critically about technological issues and act accordingly.

- Often – but not always – computer-based
- Helps us discover information – *Internet*
- Helps us develop information – *Visualization*
- Helps us deliver information – *Presentation s/w*

“The Board views the endemic use of PowerPoint briefing slides (by NASA) as problematic.”

- Columbia Accident Investigation Board

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Effective decision-making skills are vital for our personal success and the success of our organisations.

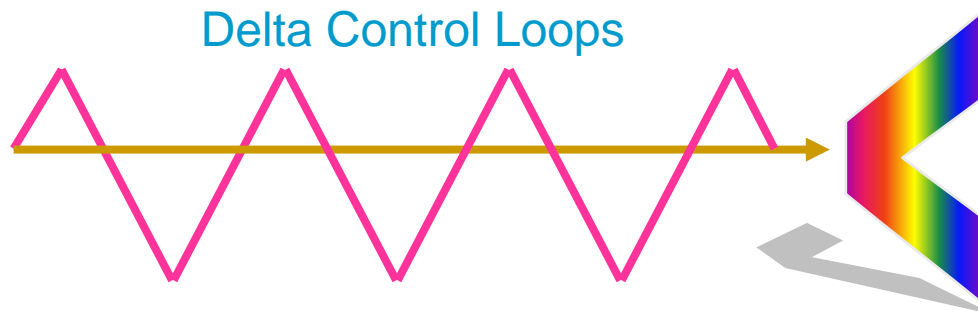
- Why is decision-making important?
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US Air Force Air Combat Fighter (ACF) Project



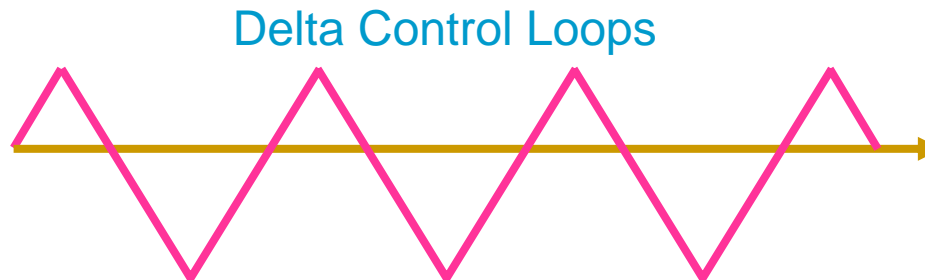
GD YF-16 Prototype



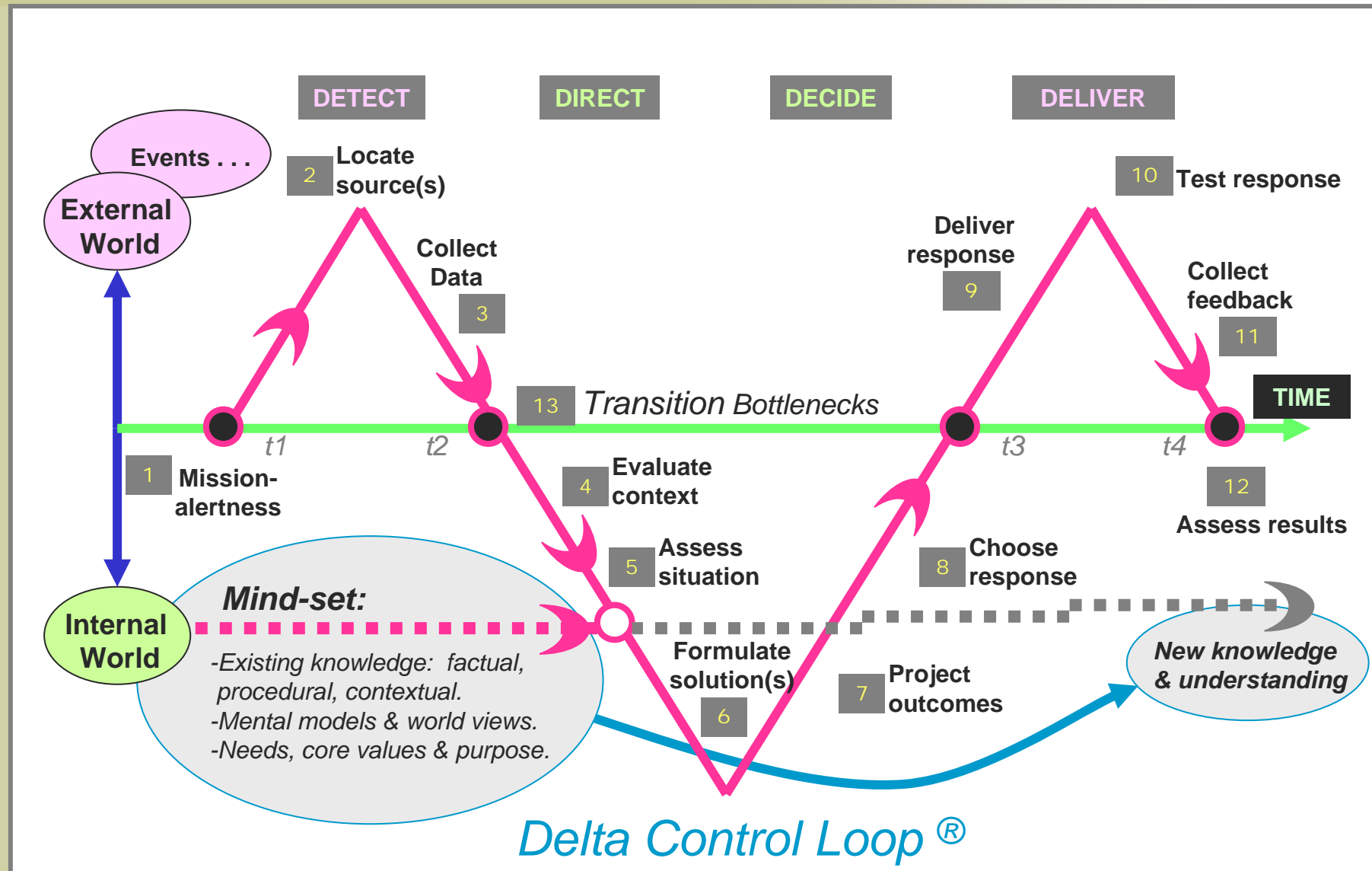
To win, repeat loops at a faster rate than your adversary!



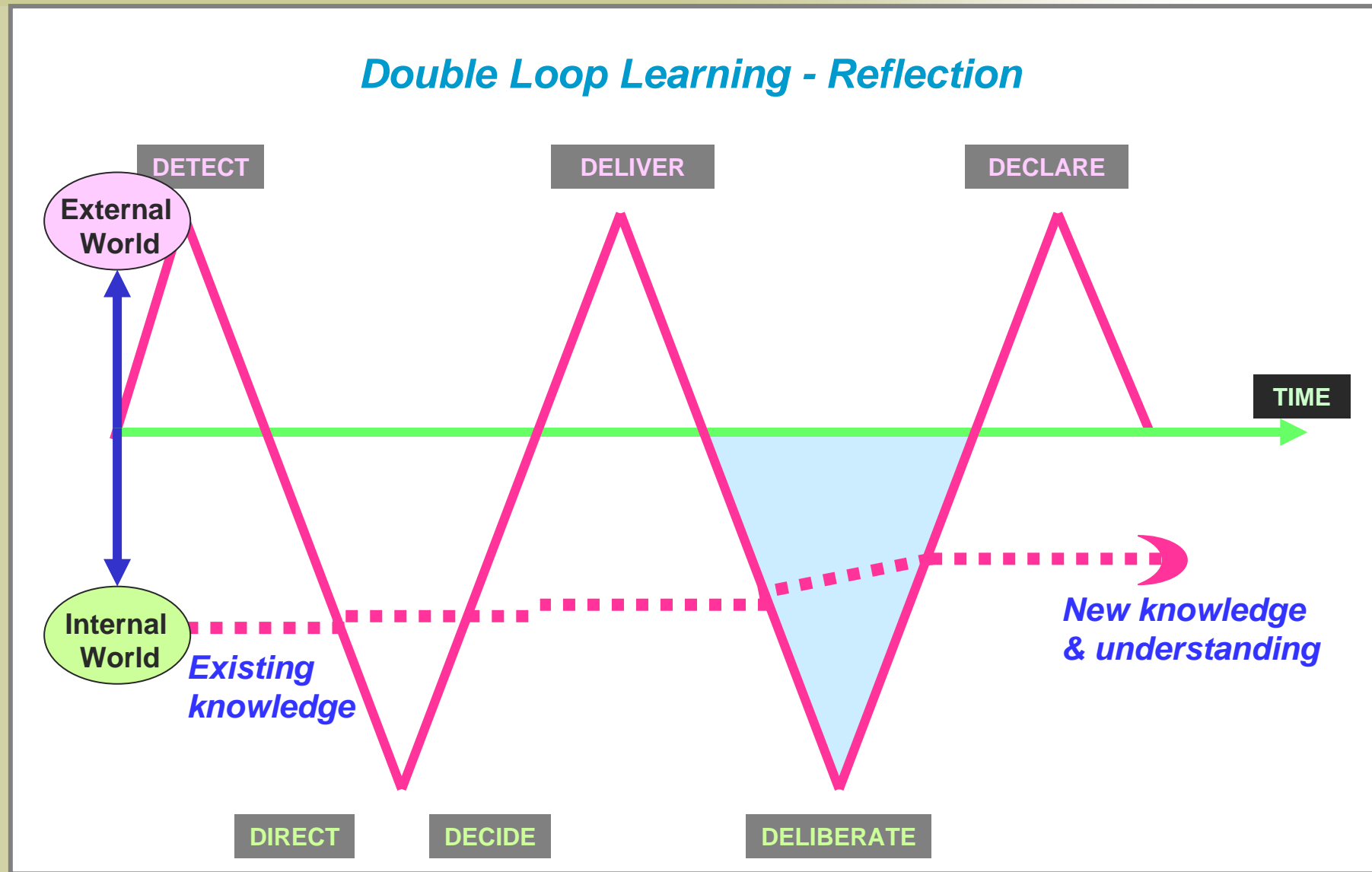
Northrop YF-17 Prototype



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Great Decisions – Great Results



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Conclusion

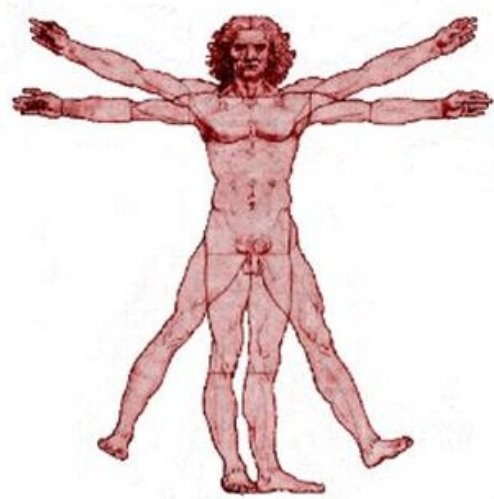
Increased understanding leads us to realize how we have misunderstood the way people handle situations and make decisions by believing that decision-making is a rational and often conscious deliberation.

These generally held misconceptions have misled – and still mislead – development of many KM-related management practices with results that lead to disappointments.

- Karl Wiig, *Journal of Knowledge Management*, 2003

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*Question
Time!*



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