Leaders and the decision-making process

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Abstract

Purpose – The author has the objective of demonstrating how decision-making conversations that are not guided by a process can lead to misunderstandings, wasted time, and a lack of results. These undisciplined exchanges will be contrasted with communications between and among people who use a common language and follow an agreed-on, step-by-step approach to the decision at hand.

Design/methodology approach – The author uses a partially hypothetical example of a leader who failed to involve her team in a major decision as a starting point for discussion of who should be involved in decisions, why, how, and when.

Findings – Decision making happens through conversations that people have, either one-on-one, with teams, or in cross-functional groups. Unfortunately, many decision-making conversations end up as free-for-alls, with people talking at cross-purposes, sharing information haphazardly, and covering the same ground over and over without coming to any conclusions. Decision makers are far more successful when they are focused and equipped with a process to guide them through their conversations than if they let these conversations just “happen”. Two of the most important roles leaders can play are those of role model and coach, to individuals and groups, to ensure that their decision-making conversations proceed in a rational, organized manner.

Originality/value – Practical ideas will be offered to help leaders transform their organization’s decision-making conversations from undisciplined exchanges to results-oriented encounters.

Keywords Decision making, Information research, Leadership development

Paper type Viewpoint

“Well, what do you think?”

Hoping to increase market share, a major food producer had appointed a director of new-channel sales to come up with creative ways to merchandise its products. She had just presented her ideas for a holiday product offering, in which she planned to include two of the company’s best-selling products in a specially designed package to her team. Her plans also included distributing coupons to consumers, which could be redeemed at major retail stores that carried the company’s products.

As the director awaited her team’s response, she looked around the room. Some people seemed bewildered, one looked angry, and two of her senior managers were clearly avoiding her gaze. Feeling quite uneasy, she encouraged them to give her some feedback on the decision she had made. Dead silence.

Finally, the team member who liaised with the packaging group weighed in with a bad-news opinion: the elaborate packaging that the director was thinking to make up could not be ready for the holidays. More bad news came from the marketing liaison manager, who emphatically stated that coupons could never be developed and approved by retailers without scheduling meetings to secure their buy-in. The liaison to finance and administration delivered the coup de grâce: if it were possible to include
the two key products in the holiday offering, it would undermine the sales needed to
make each one’s individual revenue target.

The director suddenly realized what a mistake she had made. By not seeking input
from her team before selecting an alternative, she had missed vital information. She
had also presumed that when she presented what she considered to be a
well-thought-out decision it would be accepted and executed by the team, even
though they had not been involved in the choice.

Sound familiar? Our research has shown that one of the most critical – and most
frequently overlooked – aspects of decision making is identifying, as early as possible
in the decision process, who needs to be involved. The show-and-tell style of decision
making just does not work, as the director of new-channel sales found out.

Some things have changed
In terms of methodology, the elements that go into superior decision making never
vary. The best decision makers look, as they always have, at three critical aspects of
the decision:

(1) objectives;
(2) alternatives; and
(3) risks.

And they always approach them in the same sequence. You have probably attended
decision-making sessions where each individual had his or her “pet alternative” and
fought tooth and nail to push it through. A good decision process never begins with
alternatives. It starts with objectives, with the group asking itself: What are we trying
to accomplish? What are the results we are trying to achieve? This paves the way for
honest, open discussion and eliminates jumping to alternatives. Only after a clear,
specific set of objectives has been agreed upon are alternatives discussed. At this point,
each alternative can be evaluated against the objectives, and the most suitable ones can
be explored further. These possible choices are then evaluated in terms of risk. The
final choice is made only after all three elements have been considered, in the right
order.

This type of rational, step-by-step approach to decision-making works just as well
in today’s horizontal, matrixed, and asynchronous organizations as in did in the old
hierarchical business model. What does not work today, even though it was once the
norm, is unilateral decision-making: where the leader makes the choices and those
below simply implement them.

In today’s world, projects and project teams are the way most work gets done. And
many of these teams are cross-functional, made up of team members who do not
normally report to the team leader and are not willing to take orders from him or her. It
is an environment where command-and-control decision making is not only
inappropriate – it also is ineffective.

Does this mean that every decision needs to be approved by a Cecil B. DeMille-like
“cast of thousands?” Certainly not. It means that there is no one best way of decision
making: leaders must learn how to involve the right people in the right way at the right
time.
This is certainly not a new insight: in 1958 and in 1973 Tannenbaum and Schmidt discussed a continuum of appropriate participation (Tannenbaum and Schmidt, 1958). In 1974 and in 1988 Vroom with Jago and/or Yetton built a decision-making model on the continuum and recognized the “situational” variables that affect how to involve staff members in decision-making (Vroom and Jago, 1988; Vroom et al., 1974). In 1970, Maier added the concept of a group “acceptance of decision” variable that pointed out the importance of satisfying the needs of the group or individuals while attempting to achieve organizational goals (Maier, 1970). Unfortunately, like our director of new-channel sales, many of today’s leaders have forgotten, or choose to ignore, these time-tested insights into successful decision making.

How different the outcome of the decision would have been if, before beginning her decision process, the director of new-channel sales had just stopped to ask herself: Whom should I involve, how, and when? She would not have made the decision in a vacuum; she would have had the information – and the perspectives – she needed to make a more considered, well-balanced choice.

Who should be involved, why, how, and when?
Leaders, whether full-time managers or temporary team leaders, need to involve others in decision making for a number of reasons:

- to obtain needed information;
- to come up with creative alternatives;
- to gain commitment;
- to train future generations of decision makers in a sound process.

In each case, the individuals whom the leader decides to involve, the degree to which they are involved, and the timing of the involvement will vary.

Soliciting needed information
Before engaging others in the decision-making process, the leader should consider what information is needed and should ask: “Will the input of others be needed in order to set clear, specific, comprehensive objectives? Are there individuals who have the information needed to evaluate alternatives against objectives?” “Who can be called on to identify and assess risk?” The answers to these questions will dictate not only who should be involved, but at what stage or stages of the decision-making process they should be called in to share their knowledge.

If the director of new-channel sales had asked herself what information she needed to make a sound decision, she would have realized that she did not have enough facts to properly evaluate her chosen alternative. Had she consulted the packaging group liaison, she would have known that five weeks was too short a timeframe to create the look she wanted. The marketing liaison could have told her that, in the past, coupons had been a significant issue with the company’s largest retail customer; the retailer would not honor the program this time unless its people were involved, upfront, in the design. And, if she had asked for the branding liaison’s input, the director would have learned that her product choices were in conflict with that department’s objectives.
Generating creative alternatives

Leaders, like everyone else, often make the mistake of thinking that because they are so close to the issues, they have the best answers. They fail to realize that distance can be a good thing. Less myopic eyes, such as those from other functions or levels in the organization, are likely to spot innovative alternatives that might not enter into the leader’s range of vision. And the more sets of fresh eyes looking at the issue, the greater the chances one of them will come up with a previously unthought-of alternative that meets the objectives perfectly.

If, instead of going off to the mountaintop by herself, the director of new-channel sales had gathered her team around her and said, “We have been challenged to increase revenue by 2 percent during the holiday season,” she might have realized that she was planning to make the wrong decision. Instead of limiting the decision to the contents and presentation of a holiday package, which is just one alternative for increasing revenue, the team might have come up with other, more effective alternatives.

From their varied perspectives, any number of ideas would probably have surfaced: marketing campaigns; point-of-purchase store displays; discount coupons included in various publications (newspapers, coupon booklets, etc.); alliances with major events (basketball, football, movies, etc.). Instead, possibly feeling slighted by the director’s failure to consult them, or out of other concerns, the team members were hesitant to contribute to the discussion.

Gaining commitment

Even if the director of new-channel sales had been in possession of all the necessary information related to objectives, alternatives, and risks, should she have gone ahead and made the decision, then presented it as a fait accompli to her team?

Only if she did not care how the program would be implemented or if, in the future, when she needed the team’s input, they would be willing to give it.

There are many decisions that a leader can make alone. A leader may be tempted to save time: to just “cut to the chase” and get on with other business. Sometimes it makes sense. But before doing so, it is always best to ask: Will my team commit to my decision if I have not included them in the process?

The bewilderment, possibly anger, and reluctance to respond, exhibited by the director of new-channel sales’ team are typical reactions when people are informed, rather than involved in, decisions that have a significant impact on them. With all the emphasis that has been put on empowerment, too many employees still find themselves in this position – and are still often resentful of leaders who control rather than consult.

When the people whose input has been ignored are those who will be implementing the decision, the stakes are even higher. The key to decision success is flawless implementation. People who are resentful, who do not agree with the proposed course of action, or who do not understand the thinking that went into it, are unlikely to carry out the implementation process with much enthusiasm or attention to detail – and may even be inclined to sabotage it.
Gaining commitment may be as simple as holding one meeting to share the objectives the leader has set out for the decision – both desired outcomes and constraints – and asking the team a few questions:

- Are these objectives clear? Are they specific enough?
- Can you think of any others that I have omitted?
- Which objectives do you consider critical? Which are less important? How would you rate their relative importance?

Next, the leader might present the alternatives he or she has developed and conduct a brief brainstorming session in which team members can comment on the suggestions and surface any additional choices that occur to them.

The leader might then adjourn the meeting, evaluate the alternatives on his or her own, then reconvene to explain the rationale behind the choice and develop a plan for dealing with any associated risks.

Obviously, not everyone in the organization who will be affected by the decision can or should be involved in the process to this extent. Thoughtful leaders, however, make an effort to at least communicate to those on the periphery, after the fact, the major elements that went into their choice: the objectives that guided the team, the various alternatives it considered, the relative merits of the chosen alternative, and the ways in which it will deal with any risks attached to the final choice.

**Developing future decision makers**

Some people are born with good decision-making skills. Their minds naturally go from objectives to alternatives to risks, gathering and processing the relevant information in the right order. Many leaders achieve their position because they have excellent critical-thinking skills, and they have trouble understanding that not everyone starts out with the same innate talent. Impatient with colleagues whose skills are not as finely honed, they insist on making many important decision themselves or second-guess those to whom they have supposedly given decision-making authority.

Perhaps the most important role of a leader, the one that is most critical to the organization's continued success, is to train his or her successors. That means coaching and mentoring subordinates in every essential management skill, including decision making. Every leader needs to ask these questions periodically:

- What level of decision-making authority does each of my team members have?
- What am I doing to transfer decision-making skills to my team?
- Do we utilize an agreed-on, rational process for decision making?
- Do I consistently model this process for my team?
- What opportunities am I currently giving my team to be involved in this process? Are there any additional opportunities I can take advantage of?
- Is my team encouraged to use this process in its day-to-day operations? Are they aware of the positive consequences for doing so and discouraging ones for failing to?
• Do I provide my team members with timely, useful feedback on their decision process and skills?

One of the best opportunities to coach a team member in decision making occurs when the leader asks for a recommendation. Unfortunately, many leaders miss out on the chance to probe the quality of another’s thinking by getting caught in the content trap. They ask questions such as “How much lead time do we need to produce the coupons?” or “Did you ask Joe in packaging how much the cardboard boxes will cost?” or “Wouldn’t it be cheaper to go with the paper bag?” The answers to these “content” questions only tell you whether or not the decision maker has considered a specific piece of information, not how that information has been utilized.

The focused leader limits his or her inquiries to “process” questions: questions that probe whether or not the person has followed the agreed-on process, in its entirety and in the correct order. Asking “What were the three most important objectives you identified?”; “How well does the cardboard box meet those objectives as compared to the paper bag?”; and “What problems could arise from using the bag?” enables the leader to judge, immediately, the quality of the thinking that went into the recommendation.

Conclusion
Leaders need to:
• Involve the right people in the decision, at the right time, in the right way.
• Use a process that keeps people engaged and on track.
• Recognize the power of shared decision-making.

They need to ask:
• Who has the information we need to make the best decision?
• Who will bring a new perspective and creative ideas?
• Who needs to be committed to this decision?
• Who will be responsible for implementation?
• Who needs to be trained in effective decision making?
• What opportunities can I use to transfer decision-making skills to my team?

Effective leaders recognize that shared decision making is about conversation. It is about sitting down with others and talking, not as a superior to subordinates, but as individuals who each bring valuable information and ideas to the table.

When faced with a decision, the leader needs to let his or her team members know, at the outset, that they are going to play a vital role in coming up with the best possible solution:

I need you to tell me what you think we can accomplish, what kind of results you think we can achieve, what kinds of resources we need to commit to this challenge, and what kind of constraints we are going to face as we move forward with this challenge.
True, they will use an agreed-on process, and, true again, the leader may be more directive at some points, but in the end, effective decision making involves sharing ideas. Therein lies its power.

References