How to Make Sound Decisions

With increasing authority and autonomy in organisations comes the responsibility to make sound decisions; often with incomplete information. In addition, there is usually a degree of pressure to make quite complex decisions in a very limited time frame.

Unfortunately, there is no magic solution to this dilemma. We have to learn to trust ourselves to make good quality, timely decisions where often there are several unknowns. We build this trust in our ability over time, as we are challenged to think, and decide upon, more and more complex issues.

We make hundreds of decisions every day, a process that happens completely unconsciously. In fact, every action you take is preceded by a decision. 99% of these decisions we have also made the day before, they’re repetitive; and there is really no need to think about any of them. So given that we naturally make decisions all the time, why is decision making in organisations such an issue?

We routinely ask leaders in our coaching and workshops what the main roles of a senior leader or a senior leadership team are. 8 times out of 10 decision making doesn’t rate a mention. This is clearly at odds with the reality of their position. Once we point out that it is missing from their list they are shocked that it wasn’t more front of mind. This often becomes the trigger for the team to acknowledge that their decision making skills, individually and collectively, are not what they could be. So what happened here?

It comes back to the fact that your brain is naturally good at making decisions and most of us wouldn’t consider this something we might actually need to learn. Whilst this is broadly correct, even in a business context, there are a number of caveats.

The first caveat is avoidance. This is the most common pattern we see in Australia and there are many different ways to do avoidance. One example is when decisions that could be made at a lower level are passed up the line. The motivation for this behaviour is usually fear - either fear of failure or fear of rejection. This may occur because the business or individual leaders don’t know how to assess risk and often every risk is considered catastrophic.

Another avoidance strategy is overusing democratic or consensus decision making. Decisions that are avoided usually cause some level of pain to some or all of the people impacted. By waiting and trying to get the evidence to get everyone ‘on board’ the pain can be delayed. Often in such a case the team members are avoiding having to negotiate with each other as they know they don’t have the influencing and negotiation skill required.

So what is the cure for avoidance? No matter if avoidance is encouraged by the organisational culture or if it is an individual issue, it can be solved. When we are talking about an individual the solution requires negotiation between the person avoiding the decisions and their manager.

The objective is a coaching or mentoring scenario - the manager gives permission for the person to ‘bloody their own nose’ in making the decision as they see fit, but will act as an upfront adviser if requested and also provide feedback once the outcome has materialised. This means the person is actually exposed to the consequences of making the decision, but with a safety net.

When it’s a team there has to be up front agreement on how decisions will be made. The best way to do this is to accept that the leader will break the deadlock if the team as a whole can’t reach a decision in an agreed time frame. There are many reason teams struggle with making decisions. One that we often observe is we allow sunk costs to impact decisions about the future (sunk costs are about the past, but people who had emotional involvement tend to be influenced by them).

These examples leads us to the main insight on sound decision making - we learn how to make good decisions by making bad decisions. We have to build our emotional resilience and risk tolerance to making more complex decision.

This is by no means a new insight, but that doesn’t make it any less true. In fact, the way the brain learns it can only
learn new behaviours from (analysing) mistakes.

The best way of conducting the analysis, after a decision didn’t work out as anticipated, is through a process of reflection. Whilst making decisions works best unconsciously (we will come back to that in a minute), learning from mistakes requires setting time aside for reflection and ideally talking through what happened.

The second caveat is to mistake ‘going with your gut feeling’ for sound decision making. Whilst ultimately you will learn to make sound decisions by trusting your gut, this has to be built on a foundation of learning non-natural and non-preferred thinking styles and behaviours. Given that how we think affects how we behave, first we must think about ‘how we think’!

Let’s look at a simple example to illustrate this. If you score high on conscientiousness (either high C in DISC or in a Big-5 personality profile) you will naturally prefer to look at facts, figures and detail to make decisions. Hence you will find it difficult to make a call using incomplete information in a timely manner. If in addition you score low on empathy (low S in DISC, low Agreeableness in Big-5) you will not take the impact on individuals sufficiently into account and will underestimate the level of resistance to your decision that could materialise.

So simply as a result of your personality and thinking preferences you will likely spend too much time chasing additional information and neglect the potential impact on people whose resistance could undo your decision afterwards. Self-awareness is the starting point for overcoming these biases.

This is exactly the same for a team. By taking a snapshot of the team’s behavioural preferences you can get a sense of how comfortable the team is with decision making.

In addition to the personality bias, you need to understand and learn a number of key Leadership Thinking processes:

1. Critical Thinking - broader than ‘logical thinking’, ability to ask non-obvious questions and requires acceptance of uncertainty.
2. Complex Thinking - also known as systems thinking, relies on the person’s ability to differentiate between the separate elements of a problem and then look at the relationships between those elements. Goes beyond simple cause-effect relationships
3. Creative Thinking - based on both conscious or unconscious insight, needs ability to let go of finding a solution through conscious/logical thought only
4. Resilience Thinking - emerging way of looking at complex systems and the interplay of seemingly unrelated actions
5. Pragmatic Thinking - action-oriented part of the thinking process, balancing the need for a good solution with the need for timely implementation, considers the opportunity cost of delayed action

The third caveat is that complex decisions are best made unconsciously. Research around this topic indicates that we get better at this as we age, with our capacity not peaking until the late fifties or early sixties! If a decision involves more than 4-5 factors, we should leave the final decision to our unconscious mind after we have processed all the information through the different thinking styles and sought input from others. So learning to make good decisions unconsciously takes conscious effort - something to think about!

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Lynn Johnson, Managing Director
Lynn originates from the UK and immigrated to Australia in 1996. She holds a PhD in particle physics and worked as a research physicist for ICI in the UK before embarking on a journey that led her from a career in management consulting to becoming the CEO of a charity and setting up her own consulting business in 2001.

Lynn has extensive experience in designing and implementing programs that help people make better choices and open their mind to new possibilities. Her focus in recent years has been to coach business leaders in gaining self-awareness, developing emotional intelligence, leadership flexibility and self-regulation. This extensive background in coaching has allowed her to develop the coaching tools and interventions for Leadership Mastery. Lynn is qualified in NLP, Human Synergistics LSI and DISC and a number of other coaching tools and techniques.

She has delivered in excess of 2,500 hours of individual coaching and over 1,500 hours of group coaching to business leaders and managers over the past 10 years.

Peter Lanius, Director
Peter originates from Berlin, Germany and immigrated to Australia in 1996. He holds a PhD in particle physics. Peter spent the first ten years of his career as a consultant and project manager in the IT&T industry. He held senior project management and line management positions in blue-chip companies including Hewlett-Packard, Telstra and Texas Instruments. Throughout this time Peter placed great emphasis on coaching his staff and creating successful teams.

Peter has a keen interest in human development, psychology, coaching, change management and business success. These interests have led him to attend a broad range of trainings and seminars; he puts these learnings into practice in his coaching work and in developing models and tools for Leadership Mastery.

Peter has attained qualifications in Human Synergistics LSI, DISC, NLP and a number of other coaching tools and techniques.

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