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Editors' Choice Article:

Dynamics of Decision Making Making Better and More Consistent Decisions



Don't leave decisions to chance

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As a valued team member in your organization, you probably make decisions every day. Some decisions are relatively straightforward and simple: Who should serve on the quality assurance committee? Others are quite complex: To improve quality, should we switch to a new manufacturing process?

The first decision will impact people's workloads, and some people might be disappointed when they aren't chosen. However, you know the strengths of individual members of your team, so you can put together a good committee.

On the other hand, changing a manufacturing process is a very complicated decision. You will have to consider what new processes are available. How much will the change cost? When will you see a return on your investment? How large will that return be? How long will it take to train people to use the new system? What impact will there be on our customers? And how will this affect our supplier relationships?

Simple decisions usually need a simple decision-making process. But difficult decisions typically involve issues like these:

- Uncertainty - Many facts may not be known.
- Complexity - You have to consider many interrelated factors.
- High-risk consequences - The impact of the decision may be significant.
- Alternatives - Each has its own set of uncertainties and consequences.
- Interpersonal issues - It can be difficult to predict how other people will react.

With these difficulties in mind, the best way to make a complex decision is to use an effective process. Clear processes usually lead to consistent, high-quality results, and they can improve the quality of almost everything we do. In this article, we outline a process that will help improve the quality of your decisions.

A Systematic Approach to Decision Making

A logical and systematic decision-making process helps you address the critical elements that result in a good decision. By taking an organized approach, you're less likely to miss important factors, and you can build on the approach to make your decisions better and better.

There are six steps to making an effective decision:

1. Create a constructive environment.
2. Generate good alternatives.
3. Explore these alternatives.
4. Choose the best alternative.
5. Check your decision.
6. Communicate your decision, and take action.

Here are the steps in detail:

Step 1: Create a constructive environment

To create a constructive environment for successful decision making, make sure you do the following:

- **Establish the objective** - Define what you want to achieve.
- **Agree on the process** - Know how the final decision will be made, including whether it will be an individual or a team-based decision. The [Vroom-Yetton-Jago Model](#) (member only) is a great tool for determining the most appropriate way of making the decision.
- **Involve the right people** - [Stakeholder Analysis](#) is important in making an effective decision, and you'll want to ensure that you've consulted stakeholders appropriately even if you're making an individual decision. Where a group process is appropriate, the decision-making group - typically a team of five to seven people - should have a good representation of stakeholders.
- **Allow opinions to be heard** - Encourage participants to contribute to the discussions, debates, and analysis without any fear of rejection from the group. This is one of the best ways to [avoid groupthink](#) (member only). The [Stepladder Technique](#) is a useful method for gradually introducing more and more people to the group discussion, and making sure everyone is heard. Also, recognize that the objective is to make the best decision under the circumstances: it's not a game in which people are competing to have their own preferred alternatives adopted.
- **Make sure you're asking the right question** - Ask yourself whether this is really the true issue. The [5 Whys](#) technique is a classic tool that helps you identify the real underlying problem that you face.
- **Use creativity tools from the start** - The basis of creativity is thinking from a different perspective. Do this when you first set out the problem, and then continue it while generating alternatives. Our article [Generating New Ideas](#) will help you create new connections in your mind, break old thought patterns, and consider new perspectives.

Step 2: Generate Good Alternatives

This step is still critical to making an effective decision. The more good options you consider, the more comprehensive your final decision will be.

When you generate alternatives, you force yourself to dig deeper, and look at the problem from different angles. If you use the mindset 'there must be other solutions out there,' you're more likely to make the best decision possible. If you don't have reasonable alternatives, then there's really not much of a decision to make!

Here's a summary of some of the key tools and techniques to help you and your team develop good alternatives.

- **Generating Ideas**
- [Brainstorming](#) is probably the most popular method of generating ideas.
 - Another approach, [Reverse Brainstorming](#), works similarly. However, it starts by asking people to brainstorm how to achieve the opposite outcome from the one wanted, and then reversing these actions.
 - The [Charette Procedure](#) is a systematic process for gathering and developing ideas from very many stakeholders.
 - Use the [Crawford Slip Writing Technique](#) (member only) to generate ideas from a large number of people. This is an extremely effective way to make sure that everyone's ideas are heard and given equal weight, irrespective of the person's position or power within the organization.
- **Considering Different Perspectives**
 - The [Reframing Matrix](#) uses 4 Ps (product, planning, potential, and people) as the basis for gathering different perspectives. You can also ask outsiders to join the discussion, or ask existing participants to adopt different functional perspectives (for example, have a marketing person speak from the viewpoint of a financial manager).
 - If you have very few options, or an unsatisfactory alternative, use a [Concept Fan](#) to take a step back from the problem, and approach it from a wider perspective. This often helps when the people involved in the decision are too close to the problem.
- [Appreciative Inquiry](#) forces you to look at the problem based on what's 'going right,' rather than what's 'going wrong.'
- **Organizing Ideas**

This is especially helpful when you have a large number of ideas. Sometimes separate ideas can be combined into one comprehensive alternative.

- Use [Affinity Diagrams](#) to organize ideas into common themes and groupings.

Step 3: Explore the Alternatives

When you're satisfied that you have a good selection of realistic alternatives, then you'll need to evaluate the feasibility, risks, and implications of each choice. Here, we discuss some of the most popular and effective analytical tools.

- **Risk**

In decision making, there's usually some degree of uncertainty, which inevitably leads to risk. By evaluating the risk involved with various options, you can determine whether the risk is manageable.

 - [Risk Analysis](#) helps you look at risks objectively. It uses a structured approach for assessing threats, and for evaluating the probability of events occurring - and what they might cost to manage.
- **Implications**

Another way to look at your options is by considering the potential consequences of each.

- [Six Thinking Hats](#) helps you evaluate the consequences of a decision by looking at the alternatives from six different perspectives.
- [Impact Analysis](#) (member only) is a useful technique for brainstorming the 'unexpected' consequences that may arise from a decision.
- **Validation**
Determine if resources are adequate, if the solution matches your objectives, and if the decision is likely to work in the long term.
- [Starbursting](#) helps you think about the questions you should ask to evaluate an alternative properly.
 - To assess pros and cons of each option, use [Force Field Analysis](#), or use the [Plus-Minus-Interesting](#) approach.
- [Cost-Benefit Analysis](#) looks at the financial feasibility of an alternative.
 - Our [Bite-Sized Training session on Project Evaluation and Financial Forecasting](#) (member only) helps you evaluate each alternative using the most popular financial evaluation techniques.

Step 4: Choose the Best Alternative

After you have evaluated the alternatives, the next step is to choose between them. The choice may be obvious. However, if it isn't, these tools will help:

- [Grid Analysis](#), also known as a decision matrix, is a key tool for this type of evaluation. It's invaluable because it helps you bring disparate factors into your decision-making process in a reliable and rigorous way.
- Use [Paired Comparison Analysis](#) to determine the relative importance of various factors. This helps you compare unlike factors, and decide which ones should carry the most weight in your decision.
- [Decision Trees](#) are also useful in choosing between options. These help you lay out the different options open to you, and bring the likelihood of project success or failure into the decision making process.

For group decisions, there are some excellent evaluation methods available.

When decision criteria are subjective and it's critical that you gain consensus, you can use techniques like [Nominal Group Technique](#) (member only) and [Multi-Voting](#) (member only). These methods help a group agree on priorities, for example, so that they can assign resources and funds.

The [Delphi Technique](#) (member only) uses multiple cycles of anonymous written discussion and argument, managed by a facilitator. Participants in the process do not meet, and sometimes they don't even know who else is involved. The facilitator controls the process, and manages the flow and organization of information. This is useful where you need to bring the opinions of many different experts into the decision-making process. It's particularly useful where some of these experts don't get on!

Step 5: Check Your Decision

With all of the effort and hard work that goes into evaluating alternatives, and deciding the best way forward, it's easy to forget to 'sense check' your decisions. This is where you look at the decision you're about to make dispassionately, to make sure that your process has been thorough, and to ensure that

common errors haven't crept into the decision-making process. After all, we can all now see the catastrophic consequences that over-confidence, groupthink, and other decision-making errors have wrought on the world economy.

The first part of this is an intuitive step, which involves quietly and methodically testing the assumptions and the decisions you've made against your own experience, and thoroughly reviewing and exploring any doubts you might have.

A second part involves using a technique like [Blindspot Analysis](#) (member only) to review whether common decision-making problems like over-confidence, escalating commitment, or [groupthink](#) (member only) may have undermined the decision-making process.

A third part involves using a technique like the [Ladder of Inference](#) (member only) to check through the logical structure of the decision with a view to ensuring that a well-founded and consistent decision emerges at the end of the decision-making process.

Step 6: Communicate Your Decision, and Move to Action!

Once you've made your decision, it's important to explain it to those affected by it, and involved in implementing it. Talk about why you chose the alternative you did. The more information you provide about risks and projected benefits, the more likely people are to support the decision.

And with respect to implementation of your decision, our articles on [Project Management](#) and [Change Management](#) (member only) will help you get this implementation off to a good start!

Key Points

An organized and systematic decision-making process usually leads to better decisions. Without a well-defined process, you risk making decisions that are based on insufficient information and analysis. Many variables affect the final impact of your decision. However, if you establish strong foundations for decision making, generate good alternatives, evaluate these alternatives rigorously, and then check your decision-making process, you will improve the quality of your decisions.

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