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big

deal about decision-making

IN 2005, A JAPANESE BUSINESSMAN WHO HAD ACCUMULATED AN IMPRESSIVE ART COLLECTION VALUED AT MORE THAN $US20 MILLION, COULDN'T DECIDE WHETHER SOTHEBY'S OR CHRISTIE'S SHOULD SELL THE COLLECTION, WHICH INCLUDED CEZANNE, VAN GOGH AND PICASSO. SO HE RESORTED TO THE ANCIENT METHOD OF DECISION-MAKING THAT HAS BEEN USED ON PLAYGROUNDS AROUND THE WORLD, AND REQUIRED THE TWO AUCTION HOUSES TO PLAY "ROCK, PAPER, SCISSORS" TO DECIDE BETWEEN THEMSELVES WHO WOULD GET TO SELL THE COLLECTION. CHRISTIE'S WON BY CHOOSING SCISSORS.

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T he effectiveness of an organization is inextricably linked to the quality of decisions its leaders make, and the speed at which they make them. There is sometimes a presumptive element in decision-making, i.e., the thought that "if it were up to me, this decision would not be so difficult." In many meetings, there's a sense that management is making matters much harder than they need to. What is not well understood in organizational life is that there are different decision-making models that fit certain decision types better than others. This lack of awareness can lead to using the wrong tool for the job, which in turn provokes endless debate, gives rise to ambiguity about action and accountability, and can damage creativity and innovation. This is the leadership challenge of decision-making.

Tactical and Strategic Decisions[1]   Decision-making is the process of choosing a course of action from several alternatives. Decisions fall into two broad categories; the first requires a "scientific" approach, and the second an "artful" approach. Tactical decisions, using the scientific method, lend themselves to authority or consensus-based models, while strategic or artful decisions are better made using an approach called "alignment." In both categories, decisions are intended to cause actions that lead to results that are consistent with objectives, and reaching objectives equals being effective. Tactical decisions are useful for matters that are very specific and detailed in nature, where what is known and unknown is quite clear and highly resolved. Tactical decisions are made "scientifically"; in other words, they are based on facts and on drawing supportable conclusions that lead to action. In this category of decisions, it is important for the action being proposed to be right the first time. In some cases, it must be right the first time because the cost of errors is unaffordable. This is the "ready, aim, fire" approach: a great deal of careful planning is completed, the decision is made, and then the team acts accordingly. The second kind of decision falls into the

"artful" category. These decisions deal with creative work, innovation, and one-time events or circumstances that occur infrequently. These are events that must be addressed in the context of strategy. The term strategy comes from the Greek "strategia", meaning "generalship." In this militarist context, it often referred to maneuvering troops into position before engaging the enemy. In an organizational context, the term strategy is used to denote a "directional decision" on deploying resources (maneuvering the troops) and effort to support the fulfillment of a vision and/or mission. Strategic decisions are usually high-level in terms of description (i.e. "global expansion"), and they create the context for a series of tactical plans and actions to be developed and deployed.

Most leaders will acknowledge that there is never enough facts or knowledge available to make strategic decisions using a scientific approach. There is simply too much ambiguity, too much white space, and too many unknowns in these situations to draw conclusions based on facts alone. In this type of decision, leaders must be willing to *not* get it right the first

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time. Rather, leaders must be prepared to make directional decisions that encourage early action, and then put in as many course corrections as needed as the game unfolds, in real-time, and on the field. This approach can be characterized as "ready, fire, aim, aim, aim …", in which the team gets into action quickly, and then uses incoming data, including interim successes and failures, to adjust the course.

Individual decisions, whether tactical or strategic, are not usually the source of mischief and ineffectiveness in organizations. After all, they involve only a single person. As such, arriving at a decision can be relatively straightforward.

The real challenge comes when a decision must be made at the scale of a group or team. This is when it can be especially tricky to distinguish what kind of decision is required (tactical or strategic), and what kind of decision-making model is best suited (authority, agreement or alignment).

IN THIS TYPE OF DECISION, LEADERS MUST BE WILLING TO NOT GET IT RIGHT THE FIRST TIME. THIS APPROACH CAN BE CHARACTERIZED AS "READY, FIRE, AIM, AIM, AIM…"

The Importance of Decisions What is the point of making decisions? Why is there so much angst associated with the decision-making process? People in organizations spend weeks—months, even—strategizing and preparing for a decision to be made by the right people, at the right level, in the right forum. Why is it such a source of concern and why does it cause so much frustration when decisions are not made? Decisions are important because they cause action. Debate can go on endlessly, but a decision brings the debate to an end and implies the beginning of action. The decision itself is not the point, of course—a good decision does not guarantee a good outcome. But without a decision, there is no action and no outcome at all. Most people come to work committed to making a difference, and it's hard to make much of a difference if no action is caused. One of the most critical skills a leader and manager can develop is the ability to make, or cause, decisions. Decisions commit resources, in time, money and attention, to projects and initiatives. Making good decisions in a timely manner is a determining factor in the quality of outcomes that are produced.

Perhaps because decision-making is such a fundamental human activity, and because our skill with making decisions helps to determine success or failure, there has been a great deal of investigation into the topic. Researchers have examined the social, psychological, cultural, neurological and mathematical parameters of decision-making. A search for material on the Harvard Business Publishing site returns close to 600 articles, case studies and books. Still, when asked, "How are decisions made in your organization?" one of the more common responses, especially in the public sector, is "We don't make them." There seems to be a view that inertia is in control, and no one is stepping up to take the lead. Nevertheless, things are getting done. So we are already practiced at making decisions, in spite of the view that we are not. What's missing is becoming aware of the decisions being made, and how we are making them.

Three Types of Decision-Making It's rarely realized that there are different ways to make decisions. There is a tendency to think that there must be unanimity before moving forward, or that someone else has to make the decision and delegate responsibility to everyone else. But that is not necessarily the case. There is more than one way to make a decision. The key is to know what kind of decision-making suits the particular situation. There are only three different methods of decision-making used by groups. The three decision-making methods are *authority*, *agreement* and *alignment*. Even though authority and agreement are the more common and familiar methods, these approaches suffer from some serious limitations. In reality, no more than two of those methods are usually practiced in organizations. The third type is less obvious and therefore less common, yet can make a remarkable difference in fostering creativity and speed-to-action, particularly for decisions that are strategic in nature. The applicability of each of these decision-making methods will depend on the situation at hand. Just as a screwdriver will not hammer a nail, these decision-making methods will not work for every situation.

AUTHORITY → "I'M THE BOSS AND I'M MAKING THE CALL." Authori**t**y is likely to be the method with which most people are familiar. It might be the most longed-for way to make a decision, and it certainly seems to be the simplest, although it has significant downsides. This leads to the revelation of a rather poorly kept secret: Many leaders are highly reluctant to use their authority. In today's leaner, flatter organizations, managers do not have as much authority in their position as they would like, or realistically need, to accomplish everything they want to have done. Everyone has to learn to work through influence, motivation and relationship to achieve his or her objectives. Therefore, using authority is a dangerous move. If it is questioned or challenged, it can easily

unravel to reveal that the authority used was insufficient. In addition, people usually like to be seen as inclusive and participatory, and sending down a mandate is contradictory to those traits. So, leaders are exceedingly cautious about using their authority, and most would prefer not to wield it except in highly particular circumstances.

Even when one's span of control is sufficient to use authority as the decision method, it often engenders resistance, questioning, and at best, compliance. This can result in good "soldiers" who do as they are told, but whose heart and mind are not in the process, whose commitment to the outcome is not assured, and there is a real danger that their creativity and enthusiasm will be suppressed. This can constrict innovation, "out of the box thinking", and new ways of approaching problems and situations. Of course, for some situations, authority is the right way to go. It is useful for making one-time critical decisions such as hiring, firing and promoting. It is also effective in dealing with emergencies, as it interrupts indecisiveness and establishes a clear path.

AGREEMENT → "WE ARE OF ONE MIND ABOUT THIS ISSUE—EVEN IF I HAVE TO COMPROMISE TO GET THERE." A second method of making decisions is agreement. This is both the most popular and the most habitual form of decision-making found in organizations. It is often referred to as "consensus." Sometimes, the search for agreement is couched in questions about everyone's comfort with the decision. The definition of "agree" is to be of the same mind or opinion; to see eye to eye; to be as one. Agreement is the shared perspective that an action or decision is "right", and will produce the intended results, usually based on past evidence. Movement toward the decision is made by convincing, dominating and justifying one's position. The entire process is ultimately contingent on compromise.

Agreement is designed to resolve issues and map out the subsequent activities through negotiation, before taking action. It is useful for tactical decisions, in situations for which certainty and predictability are required from the start. For example, a team preparing a municipal budget must be certain that, in all foreseeable circumstances, revenue and spending levels must remain sufficient to support municipal services. There is little room for probabilistic outcomes with this kind of decision; the outcome of the team's decision must be as close to certainty as possible. In municipal decision-making, vital services such as water, sanitation, police and fire often depend on this very certainty.

The truth about agreement as a decision method is that it may

RETHINKING AGREEMENT

Say this pink circle represents your thoughts, ideas, hopes and fears about a project or an initiative. This is how the project should be done, and what the outcomes should be.

Along comes another person. While there is some overlap in your ideas and thoughts, it's not comprehensive. There is agreement on some things, but not on others.

Add in a third person, and the area of overlap, shown in blue, is even smaller. As more people are added, the area of commonality becomes progressively smaller. This small area of commonality is the opportunity for agreement. If the basis for a decision and thus taking action is agreement, the "playing field" upon which action can be taken is the overlapping area.
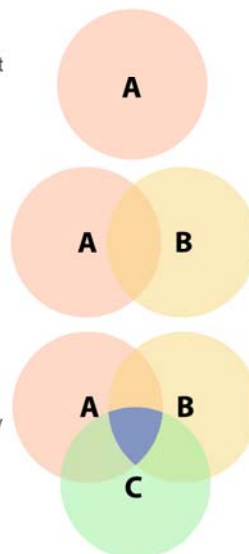
actually be counterproductive, because driving for agreement will stifle possibility and creative thinking. Innovation and creativity mean doing different things, or in different ways. They disobey accepted norms. But a dissenting view by definition undermines the possibility of agreement. Agreement reduces the scope of the playing field to the narrowest area where people's ideas and opinions overlap or are in agreement. The only way to increase this area is if someone compromises and gives up his or her own ideas in favor of someone else's. Even when going for a "win-win" situation, the emphasis is often on the larger good over individual gain, or it means making a compromise so that both parties give something up to get something in return. Driving for agreement limits the room for action, and for good reason. Agreement-based decision-making is best used when decisions must be "right"; they must produce predictable outcomes that maintain certainty. Therefore, when a decision has to be right the first time, this reduction of all possibility and probability into the realm of predictability is exactly the kind of decision-making process that should be employed.

ALIGNMENT → "IS THIS GOOD ENOUGH TO GET US INTO ACTION—EVEN IF IT'S NOT WHAT I WOULD SUGGEST MYSELF?" The third option, alignment, is less obvious and not common as a decision-making practice. Alignment is designed to cause action quickly. Unlike agreement, the premium on this kind of decision-making is not "getting it right"; it's "getting it into play." Issues are resolved *in* action, not *before* taking action. This means accepting that learning will happen throughout the process. Rather than trying to avoid or prevent all mistakes initially, they are made and in fact welcomed as the source of new information, and then corrected as they arise.[2] Unlike agreement, in which all participants are comfortable, alignment implies accepting a certain degree of discomfort. This type of decision-making is much better suited to strategic situations, in which there is usually a degree of discomfort due to the inherent ambiguity of moving in a general "direction" as opposed to having a

finely detailed plan.

There are many situations in organizational life in which the decision being made cannot be right or wrong because it is a statement about the future, which almost by definition is as-yet unknown. Yet, an inordinate amount of time is often spent debating whether a future state is right or wrong, while disregarding the possibility that it may never happen, or that the amount of information on hand is simply insufficient to predict the future. The key is to start moving, with the goal of creating that future state and innovating along the way to bring it into reality.

An example of this kind of "as-yet-not-real" future state is a team or organizational vision. Vision statements are declarative. In other words, they are created by declaring an aspiration that may or may not be achieved. Often, there is insufficient evidence from the past that they will be achieved in the future. But like a decision, a vision statement with no action is pointless. As Joel Barker said, "Vision without action
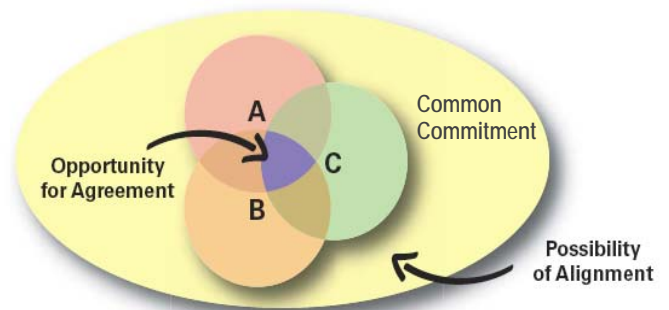
is a dream. Action without vision merely passes the time."[3] To be effective, vision statements require a commitment to action. The only thing that brings them into reality and out of the realm of an academic exercise is putting resources against the fulfillment of the possibility. Rather than sit and debate endlessly over whether the vision is right, it is much more useful to obtain a general sense of support and alignment on the direction indicated in the vision, and then to begin to work on building the strategies, systems, and initiatives that will move the organization in the direction of the new future.

When the end result cannot be proven right in the beginning, when there is no obvious pathway to the outcome, when the scope of the future and its realization is beyond clear comprehension, or when there is a need to create something completely new with which the organization has no experience, alignment is a much more useful decision-making method than either agreement or authority. Alignment requires a common, communicated commitment shared by the people involved. Being in alignment means that the people involved share a commitment to a future state. Therefore, the question becomes whether a proposed action will take the group forward towards that committed future state. It is not group agreement with the proposed action that is important, but whether the group can align itself with the action plan if it is clear that the decision made

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will forward the group's commitment.

Alignment also requires a level playing field. For all ideas to be heard and considered equally, position and authority have to take a back seat to accomplishing the objective. In an alignment conversation, the ideas of the lowest person in the hierarchy have equal weight to that of the highest. This might be tough for some bosses—and it might also be tough for those who are used to working in a hierarchy and deferring to the people up the ladder. But the surest way to kill possibility is to wait for the boss to speak up and then do what he or she says. In this way, alignment is the opposite of authority; here, everyone's ideas have value and are given the same consideration. If the organization is practicing only agreement or authority decision-making, there is usually no room or opportunity to have these diverse viewpoints expressed until it is too late. Alignment, unlike agreement, actually invites dissent. It looks for the contrary view, the unique perspective. It is in these conflicting viewpoints that innovation and discovery emerge.

In addition to moving into action quickly and encouraging discovery and experimentation, the other real benefit to alignment is that it enhances the engagement of the people working on the project or initiative. Since everyone's ideas are valid and the premium is on action, people can see how their thinking and work make a difference in accomplishing the goals. When people are connected to the value of their work and have the opportunity to use their talents, their engagement increases. And when engagement increases, so does job satisfaction, retention, creativity, innovation and organizational success.[4] Using alignment when it is appropriate can also break down silos between groups or departments. Conflict is fundamentally nothing more than dissenting viewpoints. Alignment as a decision-making process gives dissension an "honourable home" and makes it acceptable to explore diverse viewpoints for the value that can be discovered. This is done instead of treating the situation as a conflict, which, in almost all organizations, is avoided at all costs.

Having an Alignment Conversation An alignment conversation must be rigorously managed. It starts with designing the common commitment; this might be the desired outcome of a project or initiative, or a vision for the future. Then someone makes a proposal for action. A proposal is as simple as saying, "I propose that we do x…" There does not have to be a detailed explanation or rationalization of the project, unless someone needs immediate clarification. The proposer then asks, "Is anyone not aligned with this proposal?" It may be helpful to remind people that they can be aligned with the proposal even if they can think of a better way to do it. The point is that the proposal will compel the game in to play and produce the results. If someone is not aligned, that person and the proposer have a conversation until either the person is aligned or the proposer withdraws the proposal.

In the end, the declaration of alignment by everyone involved must be complete and explicit. In this conversation, unlike ordinary conversations, silence constitutes alignment, without

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the right to object later or withhold participation. When people are aligned, they give up the right to take themselves out of the game or to "wait and see." This can inadvertently sabotage the decision, and therefore every participant needs to be authentic in the conversation. It is acceptable to not be aligned, and those are the conversations worth having, rather than ones of "violent agreement." Unlike agreement, which leads to certainty, using alignment to make decisions can lead to originality, ingenuity and inventiveness. There are some simple questions to determine whether there is individual alignment with a proposal or suggestion. For example:

1. Is what's being proposed consistent with the declared commitment or vision of the organization?
2. Does the proposal move the game forward?
3. Is the proposal good enough to get the game in play?
4. Can I play the game as it has been proposed—even if the action is not what I might have proposed myself?

If the answer to all four is "yes", there is individual alignment. Alignment, however, is not the answer to everything. Like all tools, it must be used for the specific purpose for which it was

individually; it takes a much greater level of skill to cause effective decisions among groups. Effectively facilitating and guiding group decision-making is the key to producing results

DECISION METHOD	PURPOSE	USEFUL FOR	NOT USEFUL FOR	MEANS	ESTABLISHES	INTERRUPTS
Authority	Set direction Make critical decisions	Setting strategies Dealing with emergencies Hiring, firing, promoting, etc	Co-creating Breakthrough results	Position	Clear direction Field of play	Indecisiveness
Agreement	Resolve differing points of view in compromise	Bringing about resolution through problem-solving	Generating futures based in co-creation, partnership, and ownership	Negotiation and voting	Lowest common denominator as basis for decision making Future based in history and argument	Confusion and misdirection
Alignment	Create futures that go beyond what the past indicates is possible	Co-creating Generating freedom to take action Others contributing	Decisions requiring Authority and/or Agreement	Listening for possibility	Partnership Buy in Ownership Committed relationships	Compromise Experience of force or domination by authority

designed. It is not effective for simple decisions, in which case agreement is preferable. It's not feasible for situations that require predictability, reliability and certainty from the outset. Alignment is also not applicable in emergencies. In that case, someone needs to take charge (authority) and delegate. It is important to remember that not every tool is right for every job. Certain large projects or initiatives may require different type of decision-making to be used at different times in the process. For example, authority may be needed to declare a new project or initiative into existence, even at a time when there is no technology, method, system or equipment available to complete the task. Alignment may be useful next, to generate action toward a new future. Then, as the team is able to resolve issues and gain more clarity on the way forward, agreement might be helpful to bring more certainty and predictability to the outcomes.

Decision-making is a critical skill for all leaders. Most leaders will not be remembered for the specific decisions they made; what is remembered is whether they made them or caused them to be made effectively. Decision-making is so critical because of its direct relationship to producing results. The only thing that produces results is action, and most actions are taken based on decisions. It is one thing to make decisions

at the broadest scale, and most organizations operate with only two modes: authority and agreement. In today's environment, in which innovation and speed-to-action are critical at the strategic level, the addition of alignment as a decision-making tool can make the difference between ordinary results and extraordinary ones. All it takes is a willingness to "get the game in play" and to give up the need to "get it right" the first time. PSD

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