

A quarterly publication service
produced by
LIVE Consultants Inc.

July 1996
Number 81



Decisions

From the Editor

Here's a phrase you tend to hear a lot: "*Been there, done that, bought the t-shirt.*"

It started a few years ago. The fads determined where you had been, what you had done, and where you bought the t-shirt.

In management, people have been there and done quality circles; they have been there and done continuous improvement; they have been there and done teams; and they have been there and done re-engineering. They just seem to have stopped long enough to pick-up a souvenir t-shirt on the way through.

Maybe we need to slow down and stop gathering t-shirts. It's time to "*Go there and get that.*"

At LIVE Consultants, we are not driven by t-shirt slogans. Our programs stress solid fundamentals in what matters in the long-term.

Marilyn Baetz, editor

About the Author and the Article

With the amount of management education and development going on in organizations today, there's a pretty good chance that if you walk into somebody's office, you will find a decision-making process flow chart hanging on the wall. You might even think that if the process were followed, better decisions would be the result.

Not so, says Stephen Baetz. "It's not that we don't know *how* to make a good decision, but it's that we don't know *what* makes a good decision."

In this article, Stephen describes five tests that can help determine whether a decision is good or not.

Stephen Baetz is a principal of LIVE Consultants Inc. He was assisted in the development of the article by Joel Baetz.



Stephen Baetz

Knowing What Makes A Decision Good

Success in business — or in anything else, for that matter — doesn't happen by accident. It's not luck or serendipitous consequence nor is it wishful thinking or a grand lottery; rather, it's know-how coupled with impeccable timing.

When you get right down to it, success is not a matter of *chance*, but a matter of *choice*. We all decide — whether we know it or not — about success.

The successful *decide* when to buy and when to sell; they *decide* to acquire the know-how they need; they *decide* to serve the interests of their customers; and they *decide* to dedicate themselves to building and sustaining relationships. It's their decisions that make them successful and separate them from the mediocre and the also-rans.

So why don't we, as either individuals or as organizations, always make *successful decisions*? After all, we've all got the same formulae, decision process flow charts, recipes — call it what you like — to follow: define your goal, determine the problems and the opportunities, establish decision criteria, generate solutions, and evaluate each in terms of costs and benefits. The recipe itself seems to assure us that each decision ought to bring us success ... yet, in some cases, nothing can be farther from the truth.

Good formulae, decision processes, or recipes can't guarantee a decision that leads to success. It's a lot like baking a pie. We've got the recipes for making the perfect apple pie, but as we all know, no matter how carefully we follow the recipe, sometimes the pie just doesn't turn out.

What's different about pie making and decision making though is that we all know what makes a good pie — the filling's not too runny, the crust is flaky, the taste is flavourful — but it seems that with decisions, we rarely know what makes a good decision.

Here's the problem I often see: it's not that we don't know *how* to make a good decision, but it's that we don't know *what* makes a decision good.

In an effort to respond to that problem, I have established five tests that can help us determine whether a decision is good or not.

The Test of Experience

This test obliges us to ask whether a similar decision *in a similar circumstance* has been successful. Checking a decision's track record gives us a chance to discover the consequences of a decision without actually making it. If it was successful in a similar circumstance, then it has a good chance of being successful now.

Here's a caution: while previous experience can be an ideal predictor of future success, there is a dangerous seduction that can lead us astray. If we continually do what has already been done, we will never venture to do what hasn't been done. We will cease to innovate, create, and change. We will get boxed into past achievements and past successes and never travel beyond already explored territory.

And that is why the test of experience is tempered with the qualifier ... *in a similar circumstance*.

But if the circumstances are the same, then testing the track record of the past is worthwhile and wise.

The Test of Purpose

Stemming from the old adage, "don't do it if it don't help," a good decision must always be guided by purpose. Ask, "Does this decision help us accomplish what we have set out to do?" If a decision moves us to our purpose, it is a good decision. If it detracts or distracts us from our purpose, then it is a poor decision to make.

An example of how good decisions support purpose can be seen in the world of professional sports. The successful teams — those who consistently win more than they lose — make decisions that will help them win games. Notice what their focus is not on: drawing bigger crowds. Instead they focus their energies on putting a better team together that will help them win.

Family gives us another example. If the purpose of a family is *to ensure that all members grow to their potential* then every decision ... if it is going to be a good

decision ... has to pass the test: Will this decision ensure that all members grow to their potential? If the answer is “no” then the decision may not be a good one — unless it supports some other purposes that the family holds.

The Test of Values

Good decisions must support values.

This is the test that can be the most uncomfortable. The test of purpose often overrides the test of values.

“Sure it contributes to bottom-line ... drives costs down ... improves customer services, so let’s go with it!” But the test of values obliges us to ask other tough questions that have to do with integrity, responsibility, compassion, honesty, decency, fairness, trust, or truth.

And there are times in our real worlds in which purpose does clash with values.

A good decision — or a decision that does good — must meet both tests and, if it doesn’t, a better decision must be found.

The Test of Communication

If a decision can’t be clearly communicated or the reasons behind the decision can’t be communicated, it’s not a good decision. A decision may have a good track record, may mesh with the goals and values, but if it can’t be clearly and reasonably communicated, it is a poor decision to make.

Why?

Because all decisions have to be implemented and you can’t do what you can’t understand.

It goes even a step further: if the decision can be communicated but it won’t be believed, it is not a good decision.

For example, if a company is going through a series of cutbacks or a period of downsizing, and the senior executive team rewards itself with excessive bonuses, and the decision becomes a difficult one to communicate and have believed, then the decision is a poor one.

There has to be sufficient and explainable justification to every decision.

The Test of Knowledge

Good decisions must be based on what we know. Sounds simple enough on the surface; but here’s the point. Basing decisions on knowledge means that we must go beyond data and beyond information.

Data are bits and pieces of facts which can be formed into patterns: this is information. Knowledge happens when we use information, insight, and experience to define a truth.

Good decisions must be rooted in knowledge. This implies that decisions that are based on what is easiest, what is popular, or what is conventional are out.

Five To Go

A decision — in order to be considered a *good decision* — must pass all five tests or the decision is not worth implementing. That’s no different than the criteria we would have for a pie. A flaky crust — a single criteria — does not make a good pie. All the factors have to be in place ... crust, filling, flavour. Likewise, meeting only one of the five tests does not make a good decision.

If we choose at some point to ignore any one of the tests — to devise a rock-paper-scissor order to the tests — then, we end up making decisions of convenience.

But does this mean that every decision will be better? Will we always make a good decision because we know one when we see one?

Unfortunately, no. There are factors that will affect the outcome of the decision that can’t be controlled — our worlds change, our parades get rained on, and ants come to our picnics. But as we strive to evaluate every decision using these five test areas, the amount of damage that the uncontrollables can do will be limited.

So decisions may not be as *easy as pie* ... but testing for a good one is.

Down-To-Earth And Practical

Adult learners know they don't have all the time in the world to learn everything they would like to learn. So they use a fundamental test to evaluate whether or not they should spend their time:

Is this learning practical? If it isn't, they go on to something that is.

That same test of practicality is used on everything we do. That way we don't bother you with approaches that don't work and can't stand the tough tests the real world gives. That means we ensure that each technique or model is theoretically strong but we won't bore you with the theory ... we're too down-to-earth and practical for that. Ample doses of fun go into the learning process — fun that is created both by the challenge of learning new and relevant material and fun that is created by experienced program leaders.

In seminars and workshops, participants learn new attitudes, skills, and knowledge or refresh what they already know.

Our in-house programs vary in length from one to five days and can cover a host of topics, depending on the learning needs of your organization. We have programs in areas such as:

- team building,
- leadership,
- listening,
- interpersonal communication,
- change management,
- continuous improvement,
- managing for commitment,
- front-line supervision,
- meeting management,
- business writing,
- interviewing skills,
- performance management, and
- coaching and counselling.

The situations we talk about in the classroom are specific to your organization. We use your problems, your situations, your needs. The result is that the participants relate to the material more quickly, develop a keener interest, and use the ideas more readily.

Or you may wish to attend one of our three public programs at our Training Centre:

- Facilitation Skills and
- So You Want To Be A Program Developer.

Our seminar leaders deliver a delightful mix of common sense, wit, and enthusiastic energy.

For more information about our services, contact us at (519) 664-2213.