

Testing your decision making

Grant Purdy and Roger Estall
Sufficient Certainty Pty Ltd





Do you agree or disagree?

1. Every organisation exists for an explicit purpose?
2. The only way to pursue and achieve that purpose is to:
 - Recognise **opportunities** as they arise or emerge?
and then
 - Exploit those opportunities by making and and implementing **decisions**?
3. The **success** of each decision will depend on its **quality**?
4. The quality of decision-making is therefore *central* to **good governance**?

So...



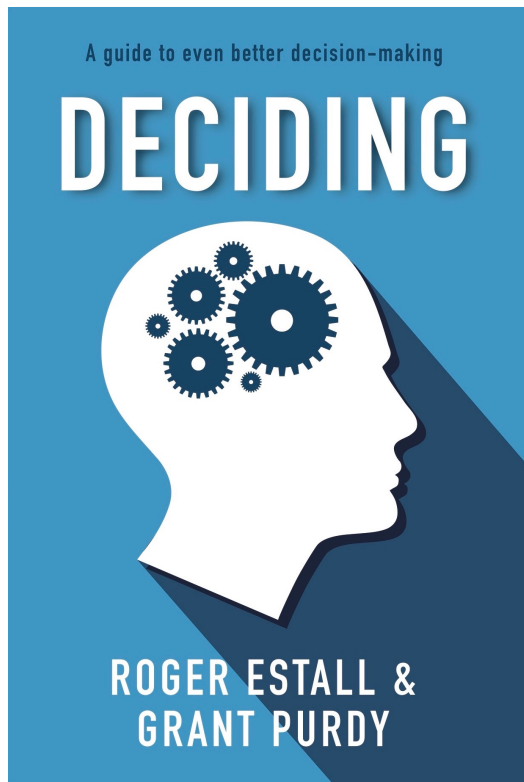
1. If achieving the organisation's purpose is dependent on the quality of decision-making:
 - Does your organisation explicitly and actively manage, test and monitor the success of decision-making?
 - At all levels?
 - In relation to all kinds of decisions (e.g. strategic to operational)?
2. Is there a shared understanding in your organisation of what 'successful' decision-making looks like?

Features of 'successful' decision-making ...



- A. The actual outcomes advance – rather than detract from the organisation's **purpose**
- B. The decision taken **optimises the opportunity** being exploited (e.g. is the most cost-beneficial option)
- C. The decision is **durable** (i.e. anticipates the possibility of change throughout the life of the decision)
- D. All the elements of the decision act to provide **sufficient certainty** that the actual outcomes will be as intended

Much more detail here



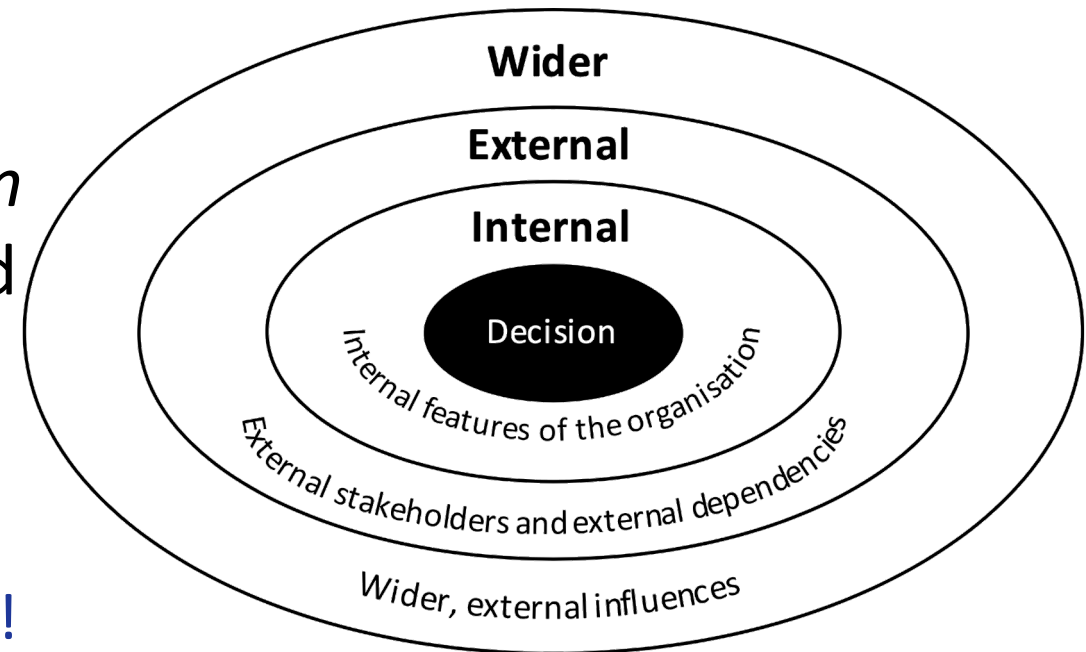
- *Deciding* is about making even better decisions - consistently
- Written for 'Deciders' on the basis of what we have learned in similar but separate careers over 40 years each
- Analysis of many successful and unsuccessful decisions

Underlying considerations



Decisions are always made and implemented against a **background** (or 'context') - *within* and *beyond* the organisation, and particular to each decision

- NB – aspects of the context might change over the life of the decision and result in unintended outcomes!



Underlying considerations



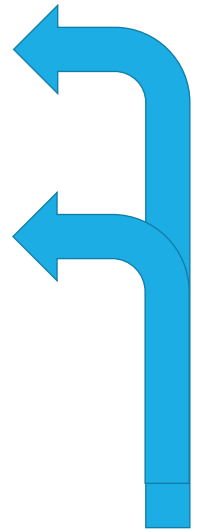
Decision-making (and implementing) is a **human activity** and therefore invariably involves:

- conversations with other people which can be more or less successful
- individual biases and values
- variability of knowledge, skill and experience of those involved

Every decision follows the same steps



1. Perception of purpose
↓
2. Recognition of an opportunity
↓
3. Developing options & considering related assumptions
(against background)
↓
4. Adding certainty (as needed)
↓
5. Implementation
↓
6. Monitoring progress



What are the major causes of unsuccessful decisions



1. The ‘decider’ didn’t understand the organisation’s *purpose* (or substituted his/her own view)
2. There was not *sufficient certainty* about the outcomes due to:
 - unawareness of the nature or *significance* of assumptions
 - unknowns, errors, biases – that were not appreciated or dealt with
 - subsequent change – that was not *detected* or not *allowed for* (e.g. no ‘plan B’ contingency arrangements)

Two ways of testing decision-making quality



Predictively – examining the general quality of the decision-maker's *methods*

or

Retrospectively – i.e. by reviewing in detail how a decision was made and the adequacy of the *outcomes* that resulted from implementation

Full diagnostic tools



Download diagnostic tools at
*'What does good decision making
look like?'*

at

<https://sufficientcertainty.com>

The *Predictive* diagnostic (uses tell-tale indicators)



- Questionnaire format, plain language
- Creates awareness of decision steps
- Focuses on selected indicators to evaluate overall practices
- Applicable via either observation or as a self-evaluation by ‘deciders’
- Scalable – useable for either broad-brush sampling or comprehensive evaluation of individuals, groups (e.g. managers) or decision-categories
- Identifies decision-making strengths and weaknesses
- Flags areas for improvement – not a scoring system
- Can be used both before and after decision-making training to evaluate progress

The decision-specific (*Retrospective*) diagnostic



- Applies a template (From Appendix D of *Deciding*) to undertake a detailed review
- Applicable to review a past (successful or unsuccessful) decision or validate a pending decision
- Suited to major decisions (e.g. the strategic plan) and to more operational decisions
- Useful for both decision-making training/improvement and for failure analysis



Evaluating and improving decision making

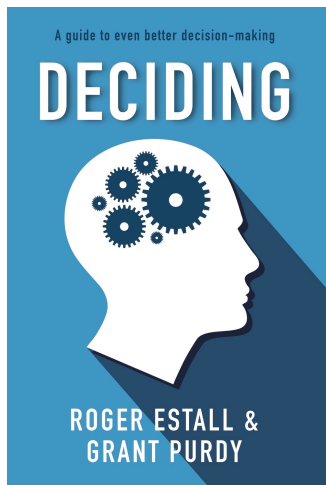
*Although most decisions are reasonably good,
to ensure consistent quality and even better decisions...*

1. Apply the diagnostic(s)
2. Discover what is being done well
3. Discover what is being done not so well
4. Use *Deciding* to develop and implement a plan to improve
5. Redo the diagnostics periodically and check progress

Example 1 – assumptions

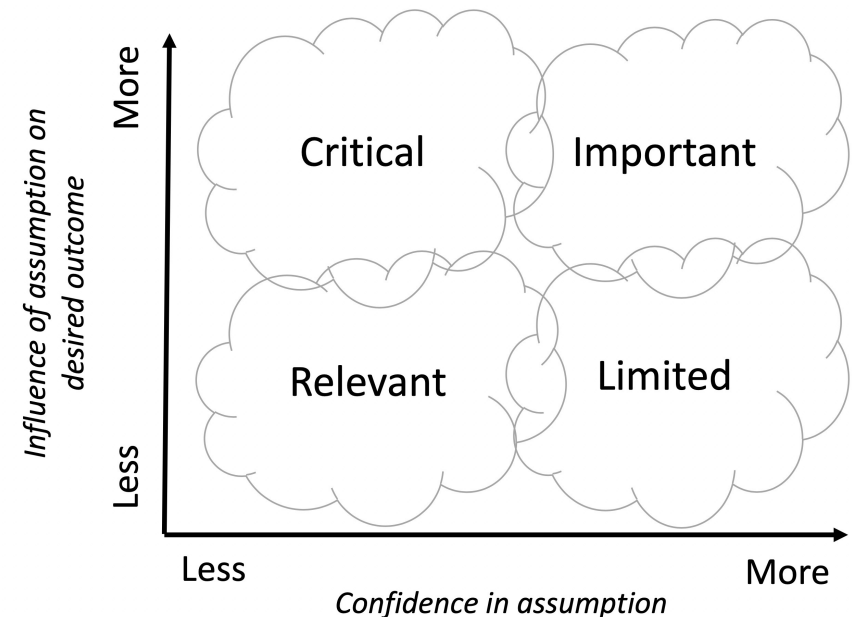


Deciders are found to have a low awareness of the fact, nature and significance of assumptions that underpin their every decision



Chapter 5 on 'Assumptions' includes

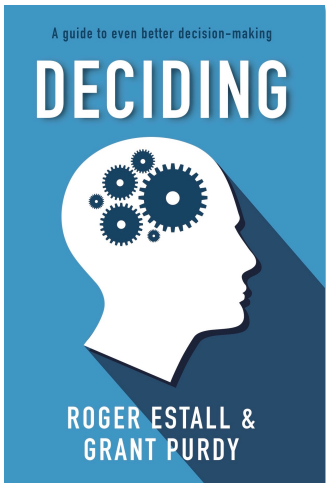
- lists of 'plain speak' questions for use during decision-making to create awareness of assumptions
- practical ways to reduce the significance of particular assumptions where desirable
- a simple graphic to estimate the relative **significance** of each assumption





Example 2 – need for monitoring

The diagnostic reveals a need for greater awareness by Deciders of the potential for (post-decision) changes to the Context that adversely affect the decision outcomes



- Chapter 7 on ‘Monitoring’ plus an Appendix on techniques including:
- examples to illustrate the range of things that could change and options for detecting change
 - consideration of ‘efficiency’ in selecting both what is to be monitored and how it is to be done
 - when designing the monitoring method and tools, allowing for the way the results will be used

Summary



1. Every thing an organisation achieves (or fails to achieve) is the consequence of a decision
2. The quality of decision-making matters – and yet tends not to get enough attention
3. Even though all Deciders actually use the same method to make decisions,
 - Their awareness and understanding of how they are making decisions varies, and
 - Individual skills also vary
4. Bringing about improvement requires objective assessment of current practices
5. Relatively simple diagnostics can highlight where improvement is needed
6. *Deciding* provides plain language practical guidance (readily customised to the diagnosed individual needs) to make those improvements



Thank you!