
Decisions, Decisions, Decisions

Making Decisions the Right Way
VS.
Making the Right Decision

Presenters

- ❑ Denise Callahan, Director Strategic Planning and PMO, The Doe Run Company
- ❑ Holly Cook, Sr. Project Manager, Edward Jones
- ❑ Joe Eimer, Sr. Director IT, Charter Communications

Agenda

- Decision Making Overview
- WRAP
- Decision Making Process

Five Dysfunctions of Decision-Making



1. Mass Confusion

Five Dysfunctions of Decision-Making



2. Faction Fever

Five Dysfunctions of Decision-Making



3. Hail to the Gut

Five Dysfunctions of Decision-Making



4. Frozen by Anxiety

Five Dysfunctions of Decision-Making



5. Death by Consensus

5. Choice-supportive bias.

When you choose something, you tend to feel positive about it, even if that **choice has flaws**. Like how you think your dog is awesome — even if it bites people every once in a while.



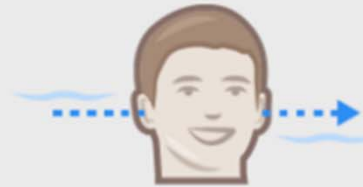
6. Clustering illusion.

This is the tendency to **see patterns in random events**. It is key to various gambling fallacies, like the idea that red is more or less likely to turn up on a roulette table after a string of reds.



7. Confirmation bias.

We tend to listen only to information that confirms our **preconceptions** — one of the many reasons it's so hard to have an intelligent conversation about climate change.



8. Conservatism bias.

Where people favor prior evidence over new evidence or information that has emerged. People were **slow to accept** that the Earth was round because they maintained their earlier understanding that the planet was flat.



9. Information bias.

The tendency to **seek information when it does not affect action**. More information is not always better. With less information, people can often make more accurate predictions.



10. Ostrich effect.

The decision to **ignore dangerous or negative information** by “burying” one’s head in the sand, like an ostrich. Research suggests that investors check the value of their holdings significantly less often during bad markets.



11. Outcome bias.

Judging a decision based on the **outcome** — rather than how exactly the decision was made in the moment. Just because you won a lot in Vegas doesn't mean gambling your money was a smart decision.

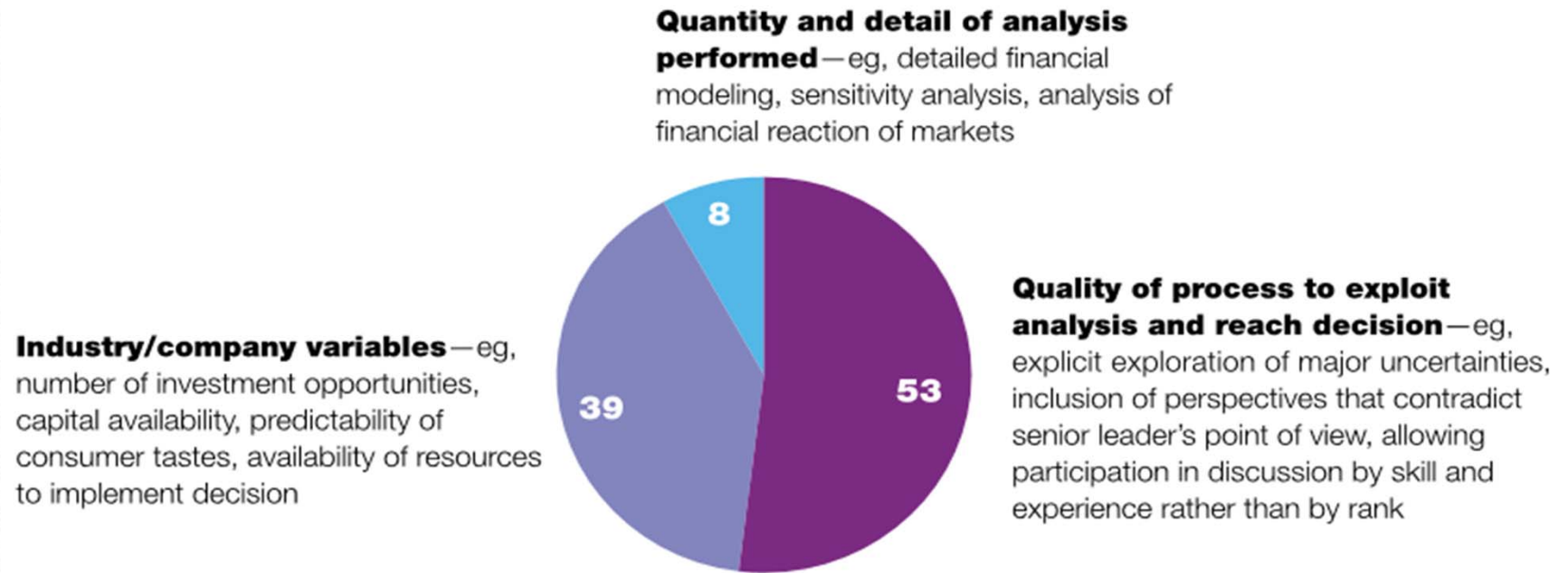


12. Overconfidence.

Some of us are **too confident about our abilities**, and this causes us to take greater risks in our daily lives. Experts are more prone to this bias than laypeople, since they are more convinced that they are right.



Primary Driver of Good Decision Making – Quality of Process



Difference in ROI between top- and bottom-quartile decision inputs, percentage points

Quality of process to exploit analysis and reach decision

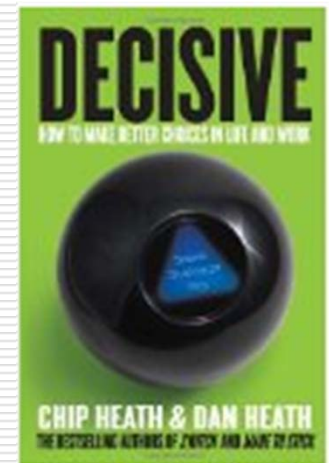


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WRAP Decision Making Process

- ❑ **Widen alternatives.** Fight the tendency to define a set of choices too narrowly, resulting in missed options.
- ❑ **Reality-test your assumptions.** Fight 'confirmation bias' where a quick belief is developed about a situation and information is sought to bolster that belief.
- ❑ **Attain distance before deciding.** Don't allow short-term emotion to govern decision-making
- ❑ **Prepare to be wrong.** Don't be overconfident

Chip Heath and Dan Heath, "Decisive: How to Make Better Choices in Life and Work", (Crown Publishing Group, 2013)



Widen Alternatives

- **Mission:** To break out of a narrow frame and expand the set of options you consider

- **Core Ideas:**
 - Leverage resources – look outside the core team
 - Require multiple alternatives in business proposals
 - Multi-track – think AND not OR
 - Use the ‘vanishing options’ test – what if the favorite option wasn’t available?

Reality-Test Assumptions

- ❑ **Mission:** To fight the confirmation bias and ensure that, when you are assessing your options, you are gathering information that you can trust.

- ❑ **Core Ideas:**
 - Spark constructive disagreement – use a devil’s advocate
 - Look at benchmarks and best practices.
 - Talk to others with the same issue.
 - Pilot/proof of concept

Attain Distance

- **Mission:** To resist the disrupting influence of short-term emotion and ensure that you make a decision based on your core priorities
- **Core Ideas:**
 - If you're agonizing, gather more options or information.
 - Try 10/10/10.
 - Establish requirements upfront, along with a scoring method.
 - Use a third party review
 - Evaluate alignment to core priorities.

Prepare to be Wrong

- **Mission:** To avoid being overconfident about the way our decisions will unfold and, instead, taking the opportunity to plan for both good and bad potential scenarios.

- **Core Ideas:**
 - Bookend the future. Look at multiple possible future scenarios.
 - Run a pre-mortem. It's a year from now and the decision failed. Why?
 - Use a safety factor. Contingency
 - Set a tripwire – trigger for making or reconsidering a decision

Lead to Better Decisions

- ❑ Examining how decisions are made
- ❑ Don't focus on decision themselves



Decision By Consensus - Cons

- ❑ Uncomfortable expressing dissent with powerful and popular
- ❑ Defer to technical experts
- ❑ Pressures of conformity
- ❑ Avoid Conflict
- ❑ Conflict absence leads to faulty decisions



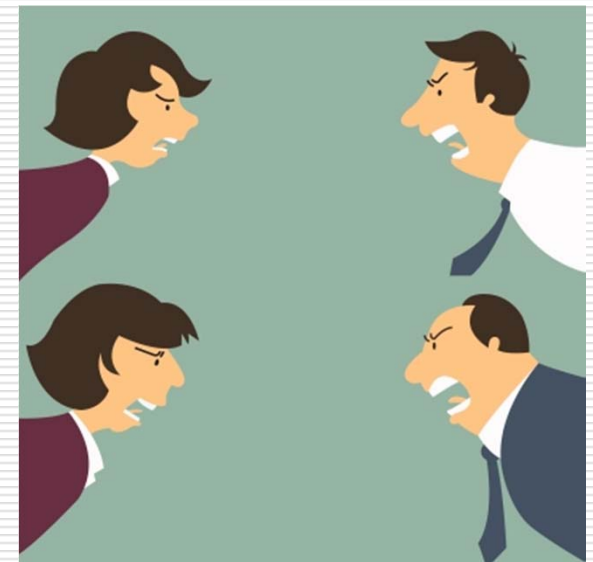
Decision By Consensus - Pros

- ❑ Co-operate in implementation of decision
- ❑ Outcome
 - High commitment to decision
 - Shared understanding for rationale
 - Fosters team work with obstacles



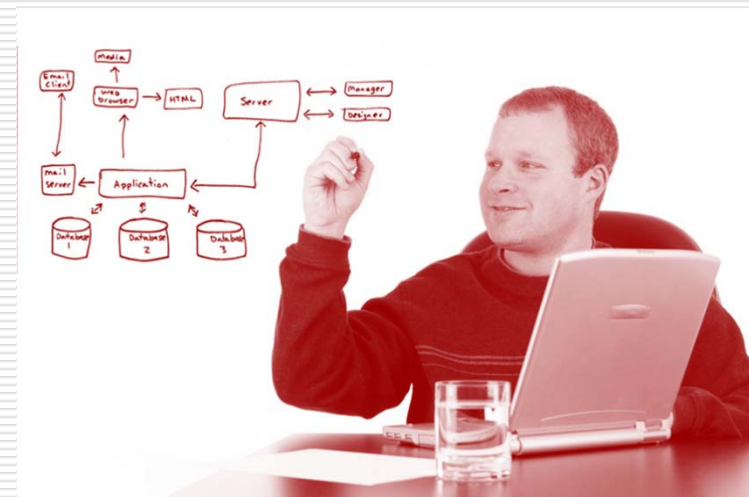
Decision By Debate/Conflict

- Dissatisfied with outcome
- Disgruntled with colleagues
- Not committed to implementation



Best of Both Worlds?

- ❑ Don't fixate on "What decision should I make"
- ❑ Focus on right process



Process	Situation 1	Situation 2
Leader's Role	• At all critical meetings	• Deliberately absent

Bay of Pigs Invasion



- ❑ Complete failure
- ❑ Experts advocated for invasion
- ❑ Filtered information
- ❑ Excluded officials who would dissent;
Deferred to CIA who downplayed reservations
- ❑ Kennedy didn't seek unbiased experts
- ❑ Atmosphere of assumed consensus
- ❑ Assumptions were unchallenged

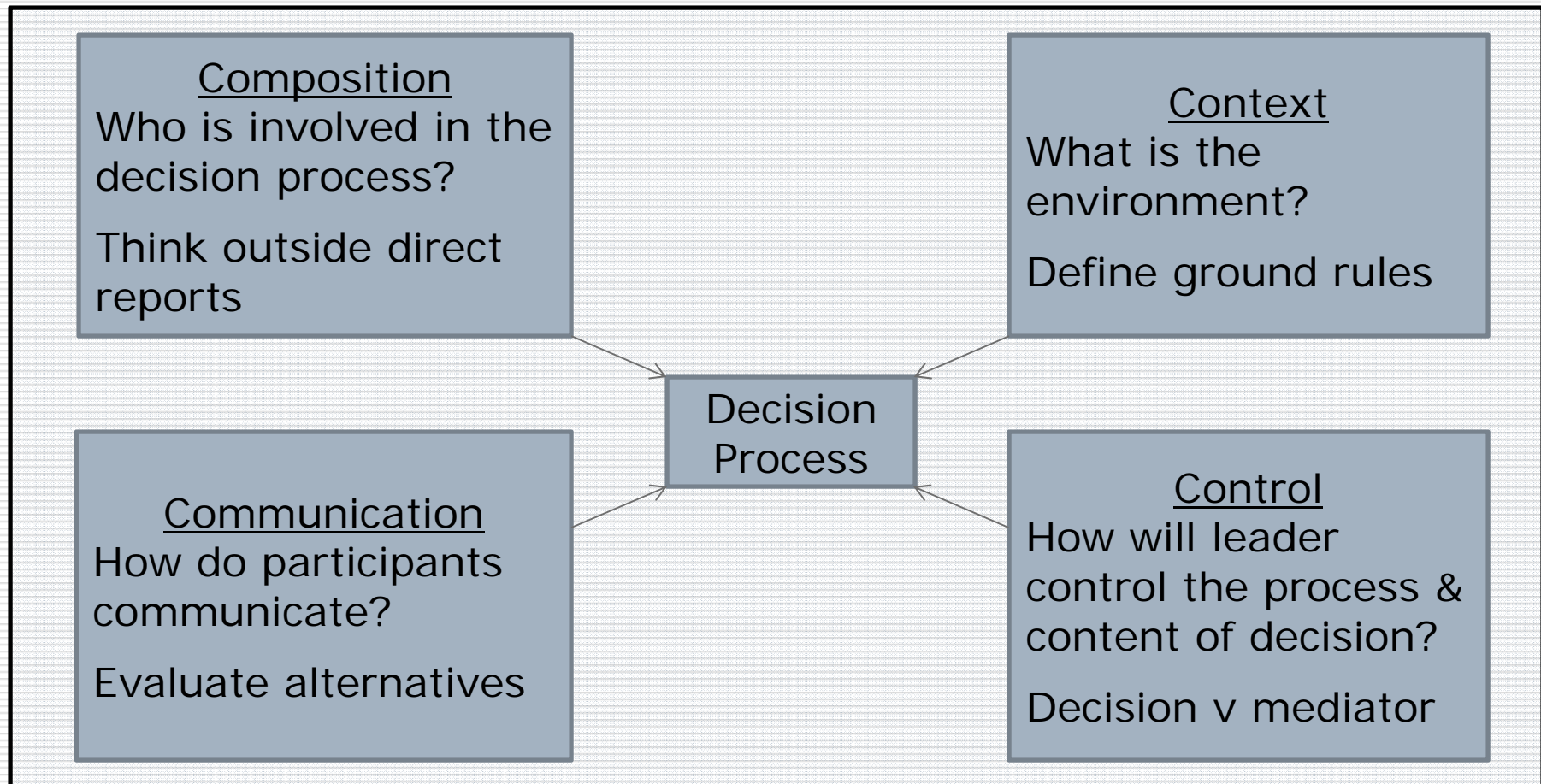
Cuban Missile Crisis



- ❑ Abandoned rules of protocol and rank deference
- ❑ Skeptical generalists
- ❑ Invited lower-level & outside experts
- ❑ Sub groups to argue two alternatives
- ❑ Confidantes played devil's advocate
- ❑ Skipped meetings to allow openness and honesty
- ❑ Presented arguments
- ❑ Assumed responsibility for decision



Decide How to Decide



Lead to Better Decisions

- ❑ Examining how decisions are made
- ❑ Don't focus on decision themselves



WRAP in Practice

- ❑ Importance of quality decisions
- ❑ Get others engaged, early and often
- ❑ Friction will get the blood flowing
- ❑ Process Improvements
 - Pre-mortem
 - Role of Devil's Advocate vs "Yes Man" or Woman
 - Timebox decisions especially when raising them up

My Personal Bay of Pigs



- PM Delivered the Project
- Quantitative Framework
- Personal Capital Expended
- Process Improvements

Questions for Discussion

- Does your organization have a standard approach to decision making?
- What are some things that interfere with good decision making?
- How can you improve decision making for your project team?