

Clever Decision Making

Tuesday 27th October 2009



How aware are you about your decision making habits?

I am happy
about most of
my former
decisions



I'm rubbish
–
I so often
get it
wrong



		frequently	rarely
1	I prefer ultra-rational decision making, like using pro/contra lists, cost-benefits / probability-urgency analyses		
2	I prefer intuitive decision making		
3	I take my time to make decisions (NOT quickly and spontaneously)		
4	I consult a lot of experts / trusted advisers		
5	I am aware of how much my mood effects my decision making		
6	I consider the big picture, long-term view (NOT short-term success)		
7	I want to get other people's approval for my decision making		
8	I am aware and communicate my conflicts of interests		
9	The company culture forces me to make decisions against my conscience, ethics and common sense		
10	I prefer tried and tested methods to be safe (NOT favouring innovation and new ideas)		
11	I judge my decisions by the results achieved		
12	I judge my decisions on the feedback received		
13	Colleagues and managers ask me for advice for their decision making		
14	I rethink my decision-making-habits regularly to learn for the future		
15	I understand the decision making priorities of my line managers and the company		
16	My staff / team knows my decision making preferences and are able to influence me		
17	I blame circumstances, third parties or pressure for bad decisions		

Learning from my history
in decision making

Making an
honest and detached evaluation

vice versa

Self serving and fundamental
attribution bias

Some influences...

- Assumptions vs facts
- Attachments
- Beliefs
- Common sense
- Emotions
- Ethics
- Experience
- Facts (proven)
- Fears
- Habits
- Hope
- Horoscope
- Intuition
- KPIs
- Long-term view
- Meaning of life
- (misleading?) Memories
- Mood
- Motivation
- Need for approval
- Outside influences
- Pattern recognition
- Power plays
- Pressure
- Rational reasoning
- (avoiding) Regret
- Relationship to risk-taking/-management
- Reputation
- Role model
- Self-interest
- Short-term view
- Situation I am in
- Support
- Time pressure
- Values
- Wording of the options
-
-

Intuition

Internal Gift given to us by God, Universe, Nature?

OR

**Clever Usage of Experience, Knowledge, Wisdom
gained over years?**

How to do ... ?



**1. Rising
AWARENESS
of things
influencing
you and the
situation
you are in!**



**2. Find YOUR
tools, methods
and processes
YOU find
helpful!**

**3. Get into the
habit of
contemplation**

AWARENESS

Questions to ask yourself:

1. What is **influencing** me?
2. Will I be happy to be **responsible** for this decision?
3. Have I really understood the problem?
4. If I had more time to decide, who would I ask for **support / help / advice**?
5. Did I **research** the facts to make a better informed decision or am I relying on assumptions?
6. What would be the **alternative**?
7. What would my favourite role-model decide?
8. What **purpose** does this decision serve?
9. What purpose does your hesitation serve?
10. What would I **regret** more? This solution failing or not having tried to make it happen?
11. _____ ?

some tools

Risk Management

Role Exercises

The Dinner Table exercise / Heart-Brain-Discussion / The Boardroom / etc.

Re-framing tools

The Rating/Scaling technique

How committed am I to this solution / option?

How does the solution has to look like / has to be different to gain a higher commitment rating?

Focus on **Purpose and Long-term aims**
Meditation / etc

Win-Win Approach

Analysing Techniques

Richard N. Bolles © 1989
What colour is your parachute?

Priorities Chart

Large Group Methods

Use facilitation techniques enabling successful decision making in large groups

Coaching

Ask good questions

Improve creative solution finding techniques

**One
more**

Personal Cost Benefit Analysis

developed after the inspiration of Jan Scott

Your question / problem:

Advantages of

Disadvantages of

Advantages of NOT

Disadvantages of NOT

How to learn more / Research Tips:

Pedler, M., Burgoyne, J., Boydell, T. (2007 – Fifth edition)
A Manager's Guide to Self Development, UK: McGraw-Hill Companies

Honey, P. (2008) *A Guide to Enhancing your Self-Management Skills*
Peter Honey Publications

Stephen R. Covey (1989) *The 7 Habits of Highly Effective People* Free Press

Sadler-Smith, E. (2007) *Inside Intuition* UK: Abingdon Routledge
and (13.08.2007) *When you just know...* The Times2 page 4

Campbell, A., Whitehead, J., Finkelstein, S. (2009) *Why good leaders make bad decisions*
US: Harvard Business Review

Pascal, B. (1670) and Bernoulli, D. (1738)
for expected utility theory = rational approach to decision making

Simon, Herbert (Nobel prize 1978) writings and speeches about *Bounded Rationality*

http://www.open2.net/healtheducation/body_mind/psychology.html
The Psychology of Decision Making

Babcock, L. Loewenstein, G. (1997) *Explaining Bargaining Impasse: The Role of Self-Serving Bias*
Journal of Economic Perspectives 11, no. 1 109-26.

Kahneman, Tversky, *Re-Framing* e.g. Asian Disease Problem example

De Bono, E (2000) *Six Thinking Hats* Penguin

Ariely, D. *Predictably Irrational: The Hidden Forces That Shape Our Decisions*



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