CHAPTER 3:
A SYSTEMATIC APPROACH TO DECISION MAKING
INTRODUCTION

A logical and systematic decision-making process helps the decision makers address the critical elements that result in a good decision. By taking an organized approach, the decision makers are less likely to miss important factors, and the decision makers can build on the approach to make your decisions better and better.

There are six steps to making an effective decision:

1. Create a constructive environment.
2. Generate good alternatives.
3. Explore these alternatives.
4. Choose the best alternative.
5. Check your decision.
6. Communicate your decision, and take action.

Here are the steps in detail:

1. CREATE A CONSTRUCTIVE ENVIRONMENT

To create a constructive environment for successful decision making, make sure the decision makers do the following:

Establish the objective - Define what the decision makers want to achieve.
Agree on the process - Know how the final decision will be made, including whether it will be an individual or a team-based decision. The Vroom-Yetton-Jago Model is a great tool for determining the most appropriate way of making the decision.

Involve the right people - Stakeholder Analysis is important in making an effective decision, and the decision makers will want to ensure that the decision makers have consulted stakeholders appropriately even if the decision makers are making an individual decision. Where a group process is appropriate, the decision-making group - typically a team of five to seven people - should have a good representation of stakeholders.

Allow opinions to be heard - Encourage participants to contribute to the discussions, debates, and analysis without any fear of rejection from the group. This is one of the best ways to avoid groupthink (member only). The Stepladder Technique is a useful method for gradually introducing more and more people to the group discussion, and making sure everyone is heard. Also, recognize that the objective is to make the best decision under the circumstances; it’s not a
game in which people are competing to have their own preferred alternatives adopted.

**Make sure the decision makers are asking the right question** - Ask yourself whether this is really the true issue. The ‘5 Whys’ technique is a classic tool, that helps the decision makers identify the real underlying problem that the decision makers face.

**Use creativity tools from the start** - The basis of creativity is thinking from a different perspective. Do this when the decision makers first set out the problem, and then continue it while generating alternatives. Our article Generating New Ideas will help the decision makers create new connections in your mind, break old thought patterns, and consider new perspectives.

### 2. GENERATE GOOD ALTERNATIVES

This step is still critical to making an effective decision. The better options the decision makers consider the more comprehensive your final decision will be.

When the decision makers generate alternatives, the decision makers force them to dig deeper, and look at the problem from different angles. If the decision
makers use the mindset - 'there must be other solutions out there,' the decision makers are more likely to make the best decision possible. If the decision makers don't have reasonable alternatives, then there's really not much of a decision to make!

Here's a summary of some of the key tools and techniques to help the decision makers and your team develop good alternatives.

Generating Ideas

Brainstorming is probably the most popular method of generating ideas.

Another approach, Reverse Brainstorming, works similarly. However, it starts by asking people to brainstorm how to achieve the opposite outcome from the one wanted, and then reversing these actions.

The Charette Procedure is a systematic process for gathering and developing ideas from very many stakeholders.

Use the Crawford Slip Writing Technique (member only) to generate ideas from a large number of people. This is an extremely effective way to make sure that everyone's ideas are heard and given equal
weight, irrespective of the person's position or power within the organization.

**Considering Different Perspectives**

The Reframing Matrix uses 4 Ps (product, planning, potential, and people) as the basis for gathering different perspectives. You can also ask outsiders to join the discussion, or ask existing participants to adopt different functional perspectives (for example, have marketing people to speak from the viewpoint of a financial manager).

If the decision makers have very few options, or an unsatisfactory alternative, use a Concept Fan to take a step back from the problem, and approach it from a wider perspective. This often helps when the people involved in the decision are too close to the problem.

Appreciative Inquiry forces the decision makers to look at the problem based on what's 'going right,' rather than what's 'going wrong.'
Organizing Ideas

This is especially helpful when the decision makers have a large number of ideas. Sometimes separate ideas can be combined into one comprehensive alternative.

Use Affinity Diagrams to organize ideas into common themes and groupings.

EXPLORE THE ALTERNATIVES

When the decision makers are satisfied that the decision makers have a good selection of realistic alternatives, then the decision makers will need to evaluate the feasibility, risks, and implications of each choice. Here, we discuss some of the most popular and effective analytical tools.

Risk

In decision making, there's usually some degree of uncertainty, which inevitably leads to risk. By evaluating the risk involved with various options, the decision makers can determine whether the risk is manageable.

Risk Analysis helps the decision makers look at risks objectively. It uses a structured approach for
assessing threats, and for evaluating the probability of events occurring - and what they might cost to manage.

Implications

Another way to look at your options is by considering the potential consequences of each.

Six Thinking Hats helps the decision makers evaluate the consequences of a decision by looking at the alternatives from six different perspectives.

Impact Analysis (member only) is a useful technique for brainstorming the ‘unexpected’ consequences that may arise from a decision.

Validation

Determine if resources are adequate, if the solution matches your objectives, and if the decision is likely to work in the long term.

Star bursting helps the decision makers think about the questions the decision makers should ask to evaluate an alternative properly.

To assess pros and cons of each option, use Force Field Analysis, or use the Plus-Minus-Interesting approach.
Cost-Benefit Analysis looks at the financial feasibility of an alternative.

Our Bite-Sized Training session on Project Evaluation and Financial Forecasting (member only) helps the decision makers evaluate each alternative using the most popular financial evaluation techniques.

**CHOOSE THE BEST ALTERNATIVE**

After the decision makers have evaluated the alternatives, the next step is to choose between them. The choice may be obvious. However, if it isn't, these tools will help:

Grid Analysis, also known as a decision matrix, is a key tool for this type of evaluation. It's invaluable because it helps the decision makers bring disparate factors into your decision-making process in a reliable and rigorous way.

Use Paired Comparison Analysis to determine the relative importance of various factors. This helps the decision makers compare unlike factors, and decide which ones should carry the most weight in your decision.

Decision Trees are also useful in choosing between options. These help the decision makers lay out the
different options open to the decision makers, and bring the likelihood of project success or failure into the decision making process.

CHECK YOUR DECISION

With all of the effort and hard work that goes into evaluating alternatives, and deciding the best way forward, it's easy to forget to 'sense check' your decisions. This is where the decision makers look at the decision the decision makers are about to make dispassionately, to make sure that your process has been thorough, and to ensure that common errors haven't crept into the decision-making process. After all, we can all now see the catastrophic consequences that over-confidence, groupthink, and other decision-making errors have wrought on the world economy.

The first part of this is an intuitive step, which involves quietly and methodically testing the assumptions and the decisions the decision makers have made against your own experience, and thoroughly reviewing and exploring any doubts the decision makers might have.

A second part involves using a technique like Blind spot Analysis (member only) to review whether
common decision-making problems like over-confidence, escalating commitment, or groupthink (member only) may have undermined the decision-making process.

A third part involves using a technique like the Ladder of Inference (member only) to check through the logical structure of the decision with a view to ensuring that a well-founded and consistent decision emerges at the end of the decision-making process.

AFFIRMATIVE ACTION PROCESS

Once the decision makers have made your decision, it's important to explain it to those affected by it, and involved in implementing it. Talk about why the decision makers chose the alternative the decision makers did. The more information the decision makers provide about risks and projected benefits, the more likely people are to support the decision.

And with respect to implementation of your decision, our articles on Project Management and Change Management (member only) will help the decision makers get this implementation off to a good start!

Key Points
An organized and systematic decision-making process usually leads to better decisions. Without a well-defined process, the decision makers risk making decisions that are based on insufficient information and analysis. Many variables affect the final impact of your decision. However, if the decision makers establish strong foundations for decision making, generate good alternatives, evaluate these alternatives rigorously, and then check your decision-making process, the decision makers will improve the quality of your decisions.