

# Doug Ringer

## How-To Make the Best Decision Every Time

A decision is a choice among the various ways possible of accomplishing a particular task or goal and making decisions is the most important task any manager will perform during her career. These decisions can be simple or complex impacting just a small part of the business or an entire multi-national corporation. Yet, even with the most rigorous decision-making process, a failure to follow-through with implementation can doom the entire project.

Contrary to the beliefs of many, decision making is NOT problem solving. Decision making is a component of the problems solving process. The two are complimentary but not synonymous.

Full disclosure, this article is based on the portion of *The Rational Manager* by Kepner and Tregoe that deals with making decisions in a business setting.

### **Types of Decisions**

There are at least 3 type of decisions that managers can make and they are based on the immediacy of the need and the ability to affect change in the situation. These are typically used in the problem solving arena.

#### 1. Interim Action

The interim action is a short term decision that immediately reduces stress on the system. This is normally the first action taken and will "buy some time" until a final solution is implemented.

#### 2. Adaptive Action

The adaptive action is used when the root cause cannot be determined or, once determined, cannot be altered. This type of action is also taken when the root cause is

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known but implementing a solution is either cost prohibitive or simply not possible in the current environment.

## 3. Corrective Action

This is the ultimate step in solving and eliminating the problem. This action meets all of the criteria to be successful:

- A. The cause is identified
- B. An effective and palatable solution is known
- C. It can be implemented

## **The Seven Steps in Making a Decision**

There are seven steps to making effective decisions in most situations:

1. Establish the objectives
2. Set the priorities of objectives
3. Develop alternatives
4. Evaluate these alternatives
5. Choose an interim solution
6. Assess the results
7. Implement controls

## STEP ONE - Establish the objectives

The first step in solving any problem, whether simple or very complex, is to list the objectives and state them clearly. The adage "A problem well-defined is half-solved" is one of the few that hold true.

The questions to ask during the definition phase are:

1. What are you trying to accomplish?
2. What is to be done?

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3. Be VERY Specific - ask:
  - a. What kind?
  - b. How much?
  - c. By When?
  - d. Where?

Every decision results in a transaction where a manager uses a portion of her resources to accomplish something. Since resources are finite, these choices require something else to be left undone. These are three of the variables in the decision making process:

1. The results expected or desired
2. The resources to be committed
3. What will not be accomplished as a result of this decision?

## STEP TWO - Classify the objectives

After you have completely defined the objectives of the decision, the next step is to classify or rank each of these objectives by their importance to the business.

These classifications are broken down into two categories - "must have" and "want to have." This system of ranking is not complicated but the multiple needs of the business situation makes this process critical and possibly contentious.

### 1. Musts

There are 2 parts to the "must have" items. The first is that they are items that cannot be eliminated from the project; they are truly non-negotiable issues. The second is to set maximum and minimum performance limits and resource requirements for each of these "must have" items. The maximum and minimum requirements increases the chances accomplishing the goal by permitting the manager to prune the goals that are too costly to implement early on in the project.

### 2. Wants

There are always options or "wants" included in any project or decision. The risk of

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these "wants" is that they become "musts" during the most insidious of all project killers, "feature creep." To help prevent this, list all "wants" and rank them in relation to all other "wants." This sets their priority in the development process.

Once these musts and wants are agreed-to and documented, do not change them without agreement from the same team that set them. Any changes to scope of the project will most likely delay the decision or project and cause cost overruns or lost profits.

Doug's Challenge:

Review your last 3 decisions, whether simple or complicated, and write down your objective, the "musts" and "wants" for each of these decisions. Did your decision reflect them?

## STEP 3 - Develop alternatives or options for action

Now that the objectives for the decision have been established and priorities set, it is time to develop alternatives for action.

The musts and wants we developed in step 2 are now the specifications for the decision. Use these specifications to develop multiple alternatives or options for action. The musts are easy because they are required. The final decision has to include them.

The wants are more difficult because even though they have been discussed and ranked, they are still optional. Ranking each of the wants helps focus the process and the result. Also, the manager's judgment, experience, and skills play a very important role in deciding the wants. To help with the process, ask these questions of each of Wants:

1. How else can we get this want?
2. How have others accomplished this?
3. What does the want imply about the situation?

Finding alternatives requires a patient, careful search for specific actions. A systematic approach creates efficiency.

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## STEP 4 - Evaluating options vs. objectives

You now have defined the problem, specified it thoroughly, and developed alternatives and options. It is now time to test these options against the objectives.

To do this:

1. Test each alternative against each specification
2. Use a simple GO/NO GO test with the musts
3. The wants require the use of judgment and experience

It is counter intuitive that the Musts are simpler to evaluate than the Wants. The Musts tend to be the minimum requirements for success and Wants seen as the options. However, since the wants are optional and resources limited, the decisions affecting the Wants have to be evaluated with more rigor.

Making the best decisions with these optional items usually require the experience and skill from a seasoned decision-maker or a diverse team with a good working knowledge of these matters.

### Doug's Challenge:

Review your last few decisions and write down the objective, the "musts," the "wants," and two options for their objective other than the one you chose. Would these unselected options have met the specifications?

## STEP 5 – Choosing the best option as an interim or trial solution

Now that the objectives have been established, their priorities set, and alternatives have been evaluated, it is time to choose the best alternative and implement it as a trial solution.

The alternative that received the highest ranking in Step #4 is typically the best course of action to pursue, or at least initially. This is a tentative decision that should provide the best outcome for the fewest resources based on the best evidence available. However, it may not be the perfect solution or choice and could only be the least of all "evils." Regardless, it will represent the best balance of positives and negatives based on the

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defined objectives and identified alternatives.

A key in this process is to remember that the option chosen is an INTERIM solution. It may end up being the final solution but it may not work as well as desired. It is important to remember that this does not have to be the final solution and this gives you the freedom to modify your decision when new information is available. This interim solution is based on the best evidence so far and indicates it:

- \* will yield the best returns and results for the least inputs
- \* may not be a perfect choice
- \* may be the best of a set of poor choices
- \* is probably a compromise

The last point here is that any decision, once placed into action, will create other “effects” similar to the “Hummingbird Effect.” These follow-on effects may dictate implementation of an alternate solution.

## STEP 6 – Assess the consequences of the chosen alternative

Each alternative should be considered independently and visualized or simulated as if it were in operation. As you assess the outcome of each option, record the intended results, the secondary, and the unintended results. Question how the secondary effects may impact the primary outcome and whether these secondary effects will negatively impact the project as a whole.

It helps to ask yourself: “If we do this, then what?” Here are common areas to review for trouble:

- \* People – attitudes, skills, productivity, development, safety
- \* Organization – relationships among various groups, communications, responsibility and delegation, coordination
- \* External influences – economy, competition, government and NGO
- \* Facilities – space, flexibility, location
- \* Processes – security of proprietary knowledge, adaptability

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- \* Material availability
- \* Money – capital or fixed, expenses, ROI
- \* Output – quality, quantity, rate
- \* Personal – career, family, strengths & weaknesses

Making the best decisions with these optional items usually require the experience and skill from a more seasoned decision-maker or a diverse team with a good working relationship.

Doug's Challenge:

Which of these common areas did you consider in your last few major decisions? If you had considered all of these, would you have changed your decision?

STEP 7 – Implement and Follow Through

I do not golf and was never much of a baseball player, but coaches always told me to “follow through” when swinging the bat or throwing the ball. This concept of follow-through is as critical in effective decision making as in sports. Without it, no one knows where the ball, or project, will land.

## **Follow-up Plan**

There are a few steps that must be followed to ensure proper implementation of the decision. They are simple to understand and perform, but the difficulty lies in the consistent application of the steps day-in and day-out. This is where outstanding managers really shine.

The steps to successful implementation and follow-through are:

1. Establish controls and reporting procedures to monitor progress
2. Follow-up on orders to know they have been understood
3. Determine who implements these orders and verify she understands them
4. Establish a specific reporting date and time

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## 5. Establish a warning system

The key to any follow-up plan is communication, both from the manager to the implementer and then back up to the manager. The manager must be crystal clear in the language of her directions to the organization that the warning system is for guiding the operation and not a tool for shooting the messenger.

## Conclusion

A decision is a choice among multiple methods of accomplishing an objective and making decisions is the singular task that can make or break a career. A thorough and comprehensive process for analyzing the situation that provides options to test will provide these managers with options for improving their business. Just as important as the process for developing the options is a method to ensure proper implementation because a failure to follow-through with implementation can doom the entire project.

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