

THE DECISION-MAKING POCKETBOOK

By Neil Russell-Jones

Drawings by Phil Hailstone

“In an internet start-up, speed of decision and risk reduction are critical. I found this comprehensive yet clear and simple book a great help in structuring and prioritising decisions.”

Michel Sabatier, Director, OpticalServe.com

“An excellent insight into the decision-making process. A pragmatic approach, showing how to ensure management by design rather than chance.”

Belinda Moore, General Manager, Thomson Travel

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A FRAMEWORK FOR DECISION-MAKING

SEVEN KEY STEPS



There are seven key steps to decision-making:

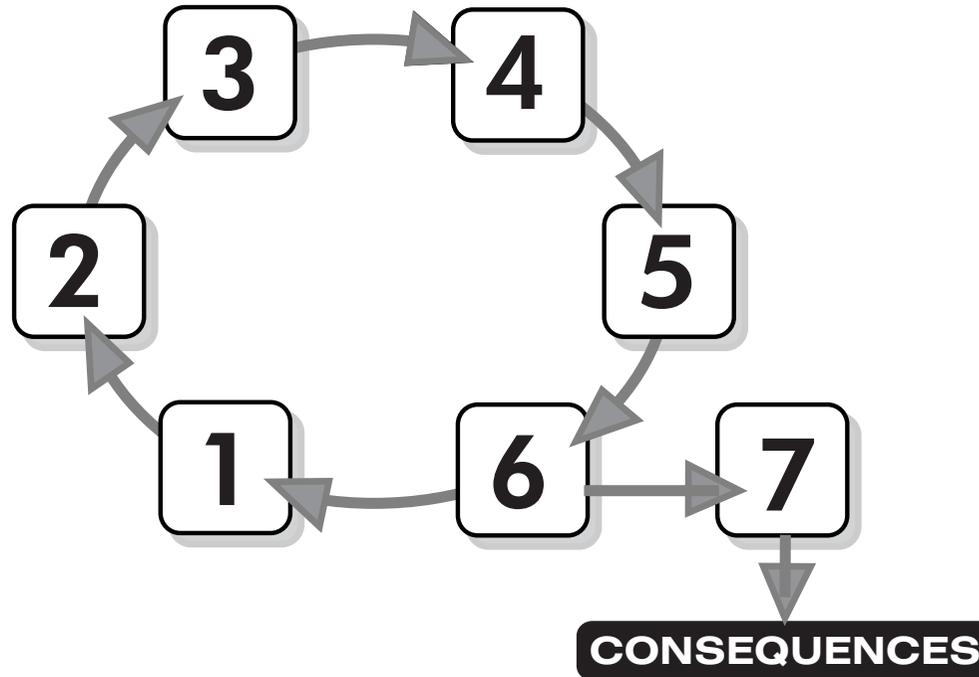
- 1 **Define** correctly the real decision to be made
- 2 **Understand** the context in which the decision needs to be made
- 3 **Identify** the options
- 4 **Evaluate** the consequences of each option
- 5 **Prioritise** the options and choose one
- 6 **Review** the decision taken (possible re-work)
- 7 **Take action** to effect the decision

Unless step 7 is taken then no real decision has been made and it has been an exercise in futility.

You must, of course, live with the consequences of the decision. If, however, you have followed a logical process, as outlined above, then you would expect these to be within your tolerances.

A FRAMEWORK FOR DECISION-MAKING

SEVEN KEY STEPS



A FRAMEWORK FOR DECISION-MAKING

PROTO-DECISION-MAKING QUESTIONS



Before starting to make a decision it is necessary to think through a few points to place the decision in context and frame the process:

- How should this decision be made - what is the most appropriate forum or mechanism:
 - Solely?
 - In groups?
 - Who should be involved?
- Has it been made before - if so, what were the outcomes or lessons?
- Does it affect other decisions - if so, how?
- Does it need to be taken at all - is it redundant?
- What is the urgency/timing - when does it need to be made?
- To get a different perspective, consider how someone else would handle it. For example, in a business context how would your main competitor handle the issue?
- Where should the greater emphasis be placed in the process (data gathering, analysis, consultation, communication, etc)?

A FRAMEWORK FOR DECISION-MAKING

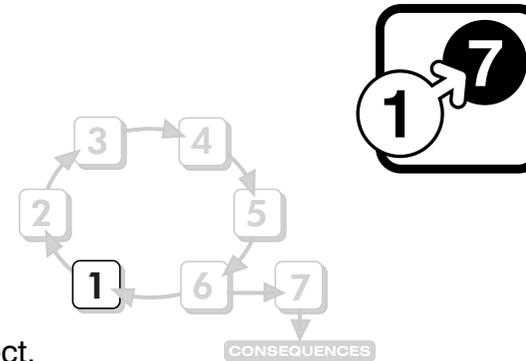
1. DEFINE THE DECISION

This is the first step and also the most critical.

Whereas some decisions undoubtedly turn out incorrect, because they are based on poor analysis, most decisions 'go wrong' because the wrong issue requiring a decision is identified - the symptoms rather than the true causes are addressed.

Thus, the first step involves analysis of the real drivers of the situation and identification of the true issues that the decision must address. The key questions here are:

- Why am I making this decision - what is my aim or objective in making it?
- What has led to the situation that now demands a decision and what does it really require?



A FRAMEWORK FOR DECISION-MAKING



1. DEFINE THE DECISION

EXAMPLE

In visiting a company and seeing piles of files stacked up high and people overworked, it would be easy to assume from a *superficial initial analysis* that filing was an issue and to decide to purchase more filing cupboards and, perhaps, take on extra filing staff.

A better and deeper understanding based on *causal analysis* would indicate that there is a problem with the process itself, which is fragmented and very inefficient. The result is slow throughput times and long delays.

Detailed analysis of the real cause, possibly by process re-engineering, would obviate the need to buy filing cabinets and, more importantly, benefit both staff and customers.

Superficial question

‘How do I improve my filing?’

Real question

‘What must I do to improve the management of paper?’
(ie: the process)

A FRAMEWORK FOR DECISION-MAKING



1. DEFINE THE DECISION

OBJECTIVES: FUNDAMENTAL vs MEANS

It is important to understand the difference between **fundamental** objectives and **subsidiary** objectives (often called **means** objectives) - things you must achieve on the way to your fundamental objectives.

For example, a personal objective might be to enjoy a very good lifestyle later on in life. This could be supported by subsidiary objectives:

- obtain adequate qualifications
- find a well-paid job
- buy a ski chalet
- build a good pension fund
- retire at 55
- etc.



It is vital that fundamental objectives be used to drive the decision-making process. Subsidiary objectives should only be considered when they enhance achievement of the fundamental objective.

A FRAMEWORK FOR DECISION-MAKING



1. DEFINE THE DECISION

QUESTIONS TO CLARIFY YOUR MOTIVES

Ask yourself:

- Is the objective clear?
- Have all options been identified?
- Has data been gathered to support the analysis?
- Has the analysis been carried out and a brief prepared? The brief should explain:
 - the impact from each option
 - the risk of the option
 - the likelihood of the risk occurring
 - the cost of doing it
 - the implications of not doing it
 - timing

Unless you have the answers to these questions then you will not be clear as to why you are making the decision. Therefore, you cannot hope to make the right one, nor to understand the real drivers of the need to make the decision.

About the Author

Neil Russell-Jones

Neil, an MBA, is a management consultant. He is a chartered banker and a member of the Strategic Planning Society. He has worked internationally with many organisations, particularly in the areas of strategy, BPR, change management and shareholder value. He is a guest lecturer on the City University Business School's Evening MBA Programme and has lectured and spoken in many countries. He is also an advisor for The Prince's Trust. The numerous articles and books written by him include three other pocketbooks (on marketing, business planning and managing change), 'Financial Services – 1992' (Eurostudy) and 'Marketing for Success' and 'Value Pricing', both published by Kogan Page and, as with 'The Marketing Pocketbook', written in conjunction with Dr Tony Fletcher.



A handwritten signature in black ink that reads "Neil Russell-Jones". The signature is written in a cursive, flowing style with a long horizontal line extending from the end of the name.

Contact

You can reach the author on this e-mail: neiljones@neilsweb.fsnet.co.uk