CHAPTER 1

The Key to Mastering Decisions

Wavering on a decision in critical times can be dangerous! Direct reports sense this state and do not make their decisions in turn, waiting for the decision of the leader. This can lead to a form of paralysis, and the impact on the business can be profound.

Larry Bossidy, Retired Chairman of Honeywell International and Former CEO of Allied Signal[1]

KNOWING HOW TO REACH CLARITY on a decision quickly, especially in critical times, is a differentiating mark of an accomplished leader. It also looks effortless and easy to an observer.

I was privileged to witness master decision makers perform. I sat across from Jack Welch, a former CEO of General Electric, and next to Larry Bossidy, former CEO of Allied Signal, when he was a vice-chairman at General Electric. They made strategic decisions for multimillion- and multibillion-dollar businesses outwardly effortlessly, based on the information that they just heard and their gut. The impression you get is similar as you watch a great athlete perform.

Michael Jordan's moves on the basketball court, for example, look easy, his shots effortless but stunningly effective.

Behind this mastery is a tremendous effort, a discipline, not visible to the naked eye. In the case of Michael Jordan, it's seven days a week at the gym. In the case of Jack Welch and Larry Bossidy, it is the continuous scrutiny of their decisions and continuous improvement of what they've done in the past—as becomes clear from their books.

In contrast, many of us never question how we make decisions. When we stop to look, we rarely find a method. We usually find a big mess that we inherited from our early years. We discover that sometimes we make random choices, or the decisions are made for us by outside circumstances, and we just comply. Sometimes we make decisions by abdicating our power to a set of rules built into some analytical method or by rebelling against what is expected of us. And sometimes, we decide because we just feel like it.

Key Point

The key to reaching mastery in decision-making is the ability to focus your physical, mental, and emotional resources on an issue like a laser beam. Such focus enables you to reach decision clarity faster and easier.

Focusing on an issue this way or "unleashing a laser beam" is analogous to having an insight or a clarity moment—when a problem that you were thinking about becomes clear in an instant.

This book's approach to decision-making combines traditional, rational ways that you usually use in making decisions with innovative mind-focusing techniques that enable you to access more brainpower than you normally do. The intent is to replicate an effect experienced by a person in a clarity moment.

Mind focusing is supported by the rigor and discipline of decision-making best practices utilized by experienced decision makers, such as decision definition and methods of overcoming decision difficulties. This combination enables deep insights and breakthrough ideas about a decision to surface, paving a faster and easier path to a clear decision.

Experienced executives are better at mind focusing and reaching clarity than novice business managers. Making decisions with clarity faster and easier is a skill, and it can be learned. Reaching mastery in decision-making, however, is the same as reaching mastery in any

discipline—it's a product of self-training and discipline that takes effort, understanding, and change.

This is a practical book. The intent is to help you reach a higher level of mastery in your decision-making.

Key Point
The key to mastering decisions is the ability to focus your mind effectively and the process you use to reach clarity.

This book provides you with both—specific methods to focus your mind on a decision and a step-by-step decision-making process to reach clarity. I encourage you to keep a notebook as you read along, do the exercises, think about your current and past decisions, and contemplate your own processes.

Before we get into the details of how to reach a mastery level in decision-making, let's define "clarity in decision-making."

Clarity in Decision Making—Definitions

Clearness is the ornament of profound thought.
Marquis de Vauvenargues[2]

Exercise

Define clarity in your decision-making. What characteristics of clarity come to mind?

Recollect your own clarity moments.

Where are you usually? What are you doing? It is interesting that in most cases, decision makers say that they are in the shower, driving, or doing something has nothing to do with work.

How are you feeling? When asked, decision makers say "Relaxed," "Enjoying the activity I am involved in," "Not thinking," "Happy," or "Content."

How does the solution arrive? When asked, decision makers say "It just pops into my mind," "I just know," "It's like lightning—things become clear, illuminated," "A lot of thoughts together," or "It's like a laser beam; unimportant things fall away."

How do you feel when the solution arrives? When asked, decision makers say "Excited," "Exhilarated," "Ready to go execute the plan," "Driven," "Determined," or "Very high."

How do you feel about the solution? When asked, decision makers say "I know that this is the right thing to do," "This is it!", or "It's so obvious, why haven't I seen it before? What have I been thinking about?"

One CEO gave me this analogy for how he felt in a clarity moment: "It's as if you are the captain of a ship lost in a fog. You are trying to see the shore and cannot. Then, lightning strikes and illuminates the shore. And then you know where to go, and you are clear on your path and certain that you will get there."

Conventionally, we define "being clear" as reaching a conclusion that is "evident to the mind," unclouded, and free from anything that dims, obscures, or darkens. We also define it as free from doubt or confusion; certain; sure.

I asked business leaders I worked with to define clarity in decision-making as well as to name characteristics that describe a clear decision. One characteristic stood out from these discussions—the inner knowingness, when you know for certain that this is the path you need to take, there are no "ifs" or "buts," you do not doubt, you do not question, you simply know.

Definitions

Clarity is a feeling of certainty and of internal alignment with the solution.

The objective of a decision-making process is to reach clarity.

A right decision is one when the decision maker is emotionally and mentally congruent with it.

Reaching clarity quickly is a differentiating mark of leaders—the trait that is visible to observers. For example, biographers of President Reagan stress again and again that he was always certain about his choices and was able to quickly reach clarity on decisions.

Exercise

Recollect a decision you made with certainty and internal alignment. How did it feel? Now recollect a decision you made without certainty. How did it feel? What was the difference between the two? Be specific.

Characteristics of a Clear Decision

The most common sort of lie is the one uttered to one's self.
Friedrich Nietzsche[3]

The trick, of course, is to know when you have reached certainty on your decision and to differentiate such situations from the times when you are fooling yourself. In our discussions about clarity in decision-making, many business executives stressed the following three characteristics of reaching a clear decision.

Positive Charge

Reaching clarity in a decision is a tremendously positive experience. A decision maker gets charged with the excitement, the energy, and the power of the vision behind the decision and the eventual business accomplishment that this choice will lead to.

Obviously, when a decision necessitates an action that would be detrimental to a party or parties involved, such as a layoff, you do not feel happy, but rather determined, confident in the need to take the action and in the ability to get it accomplished successfully. It is still a positive emotion that allows you to move forward with gusto, power, and confidence.

In other words, if you are making a major strategic decision and feel "blah" about it, try again, because you have not found the right solution.

Commitment to a Vision

After discussion, my immediate reports always knew whether or not I made the decision. And usually, when I did, they lined up and focused on execution.

Larry Bossidy, Retired Chairman of Honeywell International and Former CEO of Allied Signal[4]

Arriving at a clear decision after a potentially long and difficult process of looking for the right solution unleashes not only a feeling of excitement or determination in a decision maker, but also a feeling of commitment to a particular vision. This internal alignment and commitment cannot be faked and are visible to subordinates and other parties involved in the execution of a decision.

Minimal Post-Decision Doubts

One major characteristic of a decision reached with clarity is that post-decision doubts are minimized. The number of post-decision doubts during the solution implementation can serve as a verification of whether you reached the right decision.

Go back to your recollection of a decision you made through a clarity moment. How did you feel after the decision was made and you were in the process of executing it? Did you have many doubts? When asked, decision makers say "No doubts whatsoever!" or "We might have changed the path slightly because new information arrived, but no doubts, no…"

Now recollect a difficult decision you made without a feeling of certainty that it was right for you and the business. You might have been pressed for time, looked at all the options, and just picked the one that was the best in your judgment. Did you come back to it later with questions like "Should we have looked at it from another angle?" or "Have we miscalculated? Should we have gone with another option?"? It is common to feel doubtful if the decision was not reached with clarity.

Making *any* decision may increase your confidence in that decision due to a common cognitive phenomenon that researchers call a "post-decision dissonance reduction[5]." In most decisions, a selected alternative has some negative features, and the rejected alternatives have some positive features. This situation creates an inconsistency or dissonance in the

mind of the decision maker and a desire to create additional cognitive support for the chosen alternative after the decision is made. This phenomenon is also called "bolstering of the chosen alternative[6,7]."

Bolstering is not necessary when you reach a clear decision in the definition provided earlier in this chapter—when you are internally aligned with the solution emotionally and mentally. No question mark is left in your mind when the decision is made—the choice is certain and clear. When you have to lean on bolstering, it means that you have not reached the certainty level needed for a clear decision.

If you must continually convince yourself that your decision was right after you have made it, you are on the wrong path!

The Value of Decision Clarity

Through my executive experience, I have come to appreciate the value of clarity in decision-making. Not only does a clear decision save time, eliminate unnecessary actions, and release energy into acting, but it also enables a leader to project commitment to a vision and allows the whole team to focus on execution, which is paramount to a successful implementation.

Key Point

You cannot lead without reaching clarity first!

Clarity Enables the Leader to Project Commitment to a Chosen Path and Eliminates Confusion

When you know it's right, you'll make it right.

Keith Collins, CEO of PhyTrust, Inc.[8]

Most interviewed business leaders talked about the importance of getting to clarity or inner certainty about a decision as quickly as possible. It is critically important for the management team to see the leader's commitment to the chosen path. This commitment can come only when the leader unequivocally reaches a clear decision that is accompanied with an internal commitment to reaching a goal through a chosen path.

As I mentioned before, this inner certainty cannot be faked and is visible to the other people involved. What's happening on the inside shows on the outside. Seeing this commitment, the team usually puts extra effort into reaching the objective better and faster.

Exercise

Think of an objective (political, business, or personal) that you do not morally support or do not believe is achievable. Imagine that you need to lead a team to implement it. How would you do it? What would you need to do in order to be successful? Rate your probability of success.

Clarity Saves Time and Eliminates Unnecessary Actions

Reaching the right decision quickly can save weeks or months of frustrating indecision and uncertainty. The time spent on achieving clarity pays back in solutions that reach your objective through the fastest route, eliminating unnecessary diversions. In fact, you might be surprised when you find yourself taking actions that are entirely different from what you would have done without reaching clarity first. You eliminate perhaps 80 percent or more of the unnecessary actions you would have taken.

The following case demonstrates how one half hour spent in considering a decision and reaching clarity can eliminate unnecessary actions and keep you from spending months on a slower path.

EXAMPLE 1-1: DOUG—SHOW SYNDICATION DECISION

Doug is the CEO of a marketing company. He is also a well-known persona on radio and TV. He has been running a radio show for the last four years and has developed a brand in a particular market. However, financially, the show has not performed to his expectations. It has been around break-even from its inception, not making much money. Currently, Doug sees an opportunity to syndicate the show across the country with a potential to make a return on the time and effort that have been invested in the show.

In order for the show to become a major force in the U.S. market, however, Doug has to invest his personal time and other resources

to develop the show further—a major concern for him, given his current efforts.

Disregarding this concern, he pushes ahead with his normal attitude: "We'll get it done somehow." His calendar is busy with meetings related to the show expansion and potential syndication.

Doug decides to consider this situation using the clarity state decision-making process described later in the book. During the exercise, Doug realizes that there is no pressing need to expand the show now; nothing dramatic will change if he does not act on it at this time. Rather, he can focus on the current critical business efforts and get them to a successful resolution faster, and only then take on the show syndication. "Besides," he decides, "if we wait with the syndication, the opportunity to leverage the radio show across various other efforts will be much higher and might produce a much bigger impact."

Doug is a very successful, active person who, similar to many of us, likes to act on an opportunity that presents itself and becomes frustrated when he cannot do so because of time commitment to other efforts.

Spending just half an hour in contemplation of the situation, he reaches a clear decision to postpone the show syndication for six months. This decision clarity is beneficial to him in three ways: a) it enables him to cross off several time-intensive action items from his to-do list, thus freeing his time; b) it enables him to focus on other efforts; and c) it allows other marketing efforts within the company to mature to a point where a syndicated radio show can leverage them and, as a result, produce a much bigger impact on Doug's overall business. Was it worth reaching this clarity?

Clarity Releases Energy into Acting

Achieving clarity in a decision focuses your energy as well as the energy of your team on moving forward in executing the decision and achieving results rather than in being in a "deciding mode"—a state that many decision makers find frustrating and energy-draining. Another problem with the state of indecision that can be avoided when

clarity is reached is wasting the company's resources by allowing different teams to pursue different courses of action until a clear decision is made and communicated.

Exercise

Recollect your past three major decisions that you had to "wrestle" with. How long were you in the "deciding mode"? Why?

Clarity Allows Flexibility in Tactics and Implementation

When interviewed, decision makers stressed that reaching clarity usually means alignment with the *vision* behind the decision and not with the specifics of the implementation plan. Often, additional information becomes available after the decision is made that might require a change in the implementation tactics. The alignment with the broad objective rather than implementation details makes it easier to alter the tactics if necessary—provided, of course, that the overall implementation plan still leads to the target. As a result, a clear decision enables much more flexibility in the implementation, as opposed to cases when a decision maker just settles on a course of action without clarity.

Right Decision and Decision Quality

Everything we do has a result. But that which is right and prudent does not always lead to good, nor the contrary to what is bad.

Goethe[9]

Earlier in this chapter, I defined a decision as clear or right when it is aligned with the decision maker at the time of the decision. Notice that *arriving at a right decision in this definition does not guarantee good consequences of a post-decision state of affairs.*

Exercise

How do you judge your and other people's decisions?

If you are a conventionalist, you judge a decision by its consequences. Because you cannot fully foresee the consequences at the moment of making the decision, you will be under the spell of fear of not making the right choice. If you are a revolutionary leader, like Walt Disney, you judge your decision by the degree of its alignment with your vision.

As leaders, we are paid to select strategies that "increase value to shareholders," "increase sales," and "improve effectiveness"—strategies that will deliver the best consequences to the business. All our decisions are made with these major objectives in mind. Given the higher-than-average competitiveness of this group, we are always on the lookout for strategies that will place our businesses ahead of competition and enable them to reach the status of "industry leader."

Therefore, as leaders, when we make a decision, we select a solution that will lead to the best consequences in our judgment. We also *take responsibility* for the consequences, independent of whether they turn out to be good or bad. Only those who are prepared to bear the consequences of a decision have the right to make it.

Experts in decision-making and negotiation techniques John Hammond, Ralph Keeney, and Howard Raiffa agree: "Although many people judge the quality of their own and others' decisions by the quality of the consequences—by how things turn out—this is an erroneous view[10]."

Why?

Most strategic decisions involve uncertainty. When uncertainty is involved, a decision maker must foresee how things will evolve in the future when a proposed action is taken. Because you cannot predict the future, there can be no guarantees of how a decision will turn out—whether it will have good or bad consequences. The market, along with other forces, can interfere and change the environment. As a result, a good decision can turn out badly, and a bad decision can turn out well.

Consider the following example, in which a decision that was not thoroughly evaluated turns out well.

EXAMPLE 1-2: ELLEN—A POOR DECISION TURNS OUT WELL

Ellen is the CEO of a public software company. She took the role two years ago with an objective to find and execute strategies to dramatically grow the company. The strategy that the company embarked on under her leadership is a combination of organic growth in certain market segments where the company's products are highly differentiated and acquisitions in others.

Her team looks for a good acquisition for 12 months. After the initial discussions with three selected targets, only one company remains under consideration. The due diligence highlights several issues, but the team recommends going ahead and completing the transaction. Ellen agrees.

Six months after the acquisition, concerns that were highlighted during the due diligence (related to product integration) have been assessed to be more serious than was initially estimated. A much larger investment than initially estimated is now required in order to bring acquired products in line with the other products in the company's portfolio. Privately, Ellen starts thinking that this acquisition has been a mistake.

The acquisition adds five software products to the company's portfolio. Suddenly, the demand for one of them, a simple web application, starts to grow. In the case of this application, there are no issues related to integration with other products. The higher sales of this new application "pull through" the company's other products. As a result, Ellen's company is about to report higher-than-projected quarterly revenue numbers.

Did Ellen make a good decision to go through with the acquisition? She admits that the answer is no. However, if you did not know the details of the story, your outside assessment would have been that this acquisition was a success. But the success was unexpected and unforeseen.

Next, let's consider an example when a perfectly good undertaking goes badly.

EXAMPLE 1-3: MARK—A GOOD DECISION TURNS OUT BADLY

Mark is the CEO of a company. The company's security product is based on a mathematical cryptography algorithm developed by four expert mathematicians who are professors at different universities. Mark was brought in by these founders to run the company. Mark is successful in raising $40 million and signing contracts with a number of Fortune 50 customers. The company is doing well, expanding and on the path to go public.

Six years into the company's life, one of the customers discovers a "bug" in the product, which, after investigation, turns out to be a flaw in the main algorithm on which the product is based. Several months of intensive work looking for a fix turn out no promising results. The company's main operations are now being closed. Only a small consulting unit will remain in business. Most of the money will be returned to investors.

Did the founders make a good decision to open a company based on their research? The answer is a resounding yes. Were they justified in taking money from investors and signing contracts with customers? This answer is also yes.

It is common in the security software industry, however, to find problems with an algorithm during the first 10 years after the algorithm starts being used. Were the founders aware of this risk? Yes. Were they willing to take this risk? Yes. Unfortunately, in their case, this risk materialized. As a result, the consequences to those involved, such as founders, employees, investors, and customers, were not good.

Exercise

How would you evaluate the quality of your or your subordinate's major decision? What parameters would you use?

Experts advise that "decisions under uncertainty should be judged by the quality of decision-making, not by the quality of the consequences[10]."

There are two major sets of decision quality parameters. One set is related to the quality of the decision-making *process* (such as its organization and rigor), and another set is related to the quality of the decision-making *content* (such as the depth and breadth of considered decision parameters and specific information related to the decision)[11].

Inherent in the decision-making process presented in this book are standard parameters of decision quality included in these sets. For example, a good decision-making process requires that a business objective and an outstanding business need be addressed. It requires selecting an option that is better than others in satisfying the main objective and is projected to bring the best outcome to the business.

My definition adds a third evaluation factor—the level of internal alignment with the decision that brings extra clarity to the decision maker and, with it, the benefits I discussed before—commitment, flexibility, and a positive drive to execute the decision.

Here are the decision quality evaluation factors:

- Quality of the decision-making process
- Quality of the decision-making content
- Quality of internal alignment with your vision

We should judge a decision by the quality of the decision-making process, the quality of the data utilized in making the decision, and the degree of internal alignment with the decision maker.

Assignment

I encourage you to select a current situation that you need to resolve that you can use throughout the book as a sample decision.

Select a decision that is nontrivial, one you have been thinking about. It can be a personal decision or a business decision. Make sure that it is an important decision that you do not want to make lightly. You might or might not be ready to decide how to resolve the situation. Write down the decision question in your notebook. You will be working with this decision in each chapter of the book.