SMART CHOICES

COMPELLING DECISIONS

Have you ever wondered why some decisions get implemented and others do not? Usually the common cause is that the recommended course of action was not compelling enough to cause either the decision maker to approve it or the organization to support it.

Developing compelling decisions is what decision analysis is all about!

There are three factions involved in large corporate decisions:

1 Those who analyze the decision

2 Those who make the decision

3 Those who implement the decision

Developing a compelling course of action is critical to gain commitment from all parties and ensure the decision is implemented as intended.

LECTURE NOTES

Chapter 4

Making Compelling Decisions

How does the team do this?

Decision Process for Business Continuity and Disaster Recovery

- Develop creative alternatives and evaluate them using the decision maker's preferences and unbiased information
- Involve implementation personnel in the decision making process and develop a course of action that is understandable and supported by all
- Make the decision defensible as well as compelling

  Defensible means that the analysis is well grounded in facts and good judgment – not opinions and personal agendas.

  Ask yourself these questions:

  - How defensible is your recommendation?
  - Are the facts representative of your situation?
  - Are your conclusions logical and well documented?
  - Are your analysis results technically competent? And interpreted correctly…
  - Does your recommendation pass a reasonableness test?
  - Would you invest your own money in this project based on the information presented?
  - Can you respond to "Did you consider_____?" Or "I don't see how you arrived at this conclusion" type questions.

As we have discussed previously…

The Decision Elements are

- What you want – **Objectives**
- What you know – **Facts and known uncertainties**
- What you can do – **Alternatives**

> Decision analysis provides the means to integrate your alternatives (what you can do) with your information (what you know) and your preferences and values (what you want) into a logical, defensible, and compelling course of action. This is known as a Decision Model.

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DECISION MODEL

1 **Influence Diagram**
covered previously

2 **Decision Tree**
covered previously

3 **Strategy Table**

Strategy table: a two dimensional table which places strategic decisions to be made at the top of the columns in a table, then the team brainstorms possible decision options for each column. You can see an example in chapter 6 figure 6.3.

In situations when only one decision is involved, the option Bar is effective to help develop more alternatives as it shows a continuum of options from minimum to maximum risk. As you can see, to the left is more conservative options and on the right less conservative. Determine what information could verify less risk and what information could clarify or resolve the risk. Try to find alternatives that are twice as risky and then less than that but more than the least conservative to discover less conservative alternative – moving to the right on the continuum. Likewise look for alternatives that are two times safer and then something
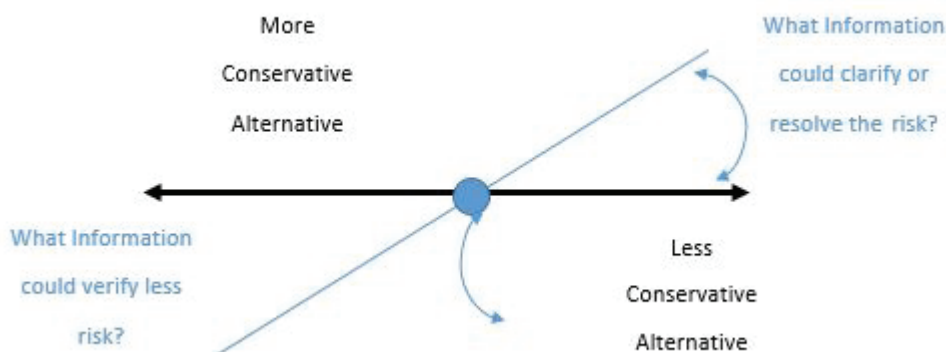
half that safe as you move left on the continuum. You have now added 4 new alternatives to consider.

Beyond compelling and defensible, decisions need to be high quality.

Decision quality: using a logical, systematic process that provides identification and improvement of attributes of a decision which leads to clear action by the decision maker.

We should be able to test for quality before the decision is made rather than inspecting the outcome **after** the decision is made.

Poor Quality Decisions

Seven frequent actions leading to poor quality decisions:

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1. Lack of creative and significantly different alternatives.
2. Refinement of unimportant details – good data is important but it is easy to fall into the trap of "analysis paralysis" or over-analyzing alternatives. We may feel more comfortable when information has been refined. But believing the information is of higher quality and the uncertainty has either been eliminated or reduced is almost always an incorrect assumption.
3. Inability to deal with competing objectives.
4. Solving the wrong problem.
5. Not involving the real decision maker – a real decision

More
Conservative
Alternative

What Information
could clarify or
resolve the risk?

What Information
could verify less
risk?

Less
Conservative
Alternative

maker should have the authority to allocate resources. If you can't involve the real decision maker, wait until he or she can be involved. If the decision maker is not willing to be involved, this indicates that the analysis is not important and any recommendation has a low probability of being implemented.

6. Wrong level of detail in the analysis – only do the level of analysis necessary to achieve clarity of action. Be careful not to allow the problem to grow and expand to a level that it is too large to manage. This expansion is known as "scope creep."

7. Lack of credibility in the information content – beware of GIGO "Garbage In Garbage Out". Information must be reliable and credible. If you do you analysis with "Garbage" or inaccurate data your results will not be credible resulting in "Garbage Out".

3 Discover and frame the real problem

4 Understand the business situations

5 Develop creative and unique alternatives

6 Identify experts and gather meaningful and reliable information

7 Embrace uncertainty as the catalyst for future performance

8 Avoid "analysis paralysis" situations

9 Use systemic thinking to connect current future situations

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10 Use dialog to foster learning and clarity of action

In addition to these recommendations it is vital to maintain lines of communication and interaction between the team and the decision maker.

Decision Quality

So how do you achieve decision quality?

Use the following 10 principles to help you make good decisions:

1 Use a value creation lens for developing and evaluating opportunities

2 Clearly establish objectives and tradeoffs

RACI

A good tool for setting expectations and responsibilities is the RACI chart below.

Activity	Responsibility	Accountability	Consultation	Information
Define Opportunity	DM	DM	ORG	ORG
Frame the Opporunity	PT	LRB	ORG	ORG
Assess the Business Situtation	TM	PT	ORG	ORG
Develop Alternatives	PT	LRB	LRB, ORG	ORG
Select Alternatives to Evaluate	LRB	LRB	IMP	ORG
Evaluate Alternatives	PT	LRB	ORG	ORG
Choose Preferred Alternative	DM	LRB	IMP	ORG
Implement Alternative	IMP	DM	PT	ORG

Key:

DM= Decision Maker   ORG= Organization

PT= Project Team   IMP= Implementation

TM= Team Member   LRB= Leadership Review Board

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RACI stands for
Responsibility, Accountability, Consulted and Informed.

With this chart, it is clear the tasks or activities that are to be accomplished and who is responsible and accountable, as well as who must provide input or resources, and who must be informed.

Using these tools and techniques will not only ensure that you make smart decisions but give you the means to convey and communicate those decisions in a compelling way.