



April 2009

## DECISION TIME!

### Framing the decision you face

(from UGM 8 Step Process)

1. What's the history and background of this issue?
2. What's the current situation exactly?
3. What are the facts and what's being assumed?
4. What further data will you need and how will you get it?
5. What other issues or problems does this issue link to?
6. Do you hold any assumptions, biases or attachments that might interfere with sound decision making? Ask trusted others.
7. Whose interests are involved?
8. What organisational or personal values are relevant?
9. Sum up the decision you face. Then generate some alternative frames to deliberately challenge yourself and expose potential biases.
10. Now select the most appropriate way of framing the decision you face.

#### *'I was sure I could do it'*

On January 15, Captain Chesley Sullenburger safely guided all 155 passengers and crew aboard US Airways Flight 1549 to an emergency landing on the icy waters of the Hudson River. Cockpit voice recordings now reveal Sullenburger's thinking during those critical minutes. They provide a powerful lesson for those of us who earn our living from a stream of decisions that we hope will guide our organisation to a safe landing, on the other side of this GFC.

A flock of birds had collided with Sullenburger's Airbus A320 and caused both engines to fail. He knew immediately the situation was critical. In fact, he had just three and a half minutes to make some of the most important decisions of his career. He declared an emergency at once and called 'Mayday', requesting clearance to turn back. But within seconds, he had to abandon this plan - he couldn't make it in time. He then asked to land at an airfield nearby. But again in seconds, he had to let go of this decision too. He announced bluntly, "We can't make it. We're going in the Hudson".

Later, he described what went through his mind, "My focus was intense. I was sure I could do it." He was right. He successfully drew on his 19,000 flying hours and 46 years' experience to make the precise sequence of decisions that averted disaster. Afterwards, he summed up his achievement, "My entire life up to that moment was a preparation for how to handle that moment."

#### *What can we learn about decision making from this example of calm under pressure?*

The latest neuro-science studies show our brain's unconscious decision making processes can be quite remarkable, when we're in the zone of our own expertise and experience. We draw on everything we know to assess the situation, select our decision, make a plan, imagine how it will work out and commit to action. All this goes on swiftly and unconsciously, involving more than 30 areas of the brain operating in concert. It seems, like Sullenburger, we only consider another plan if we spot a flaw with the first plan. This rapid-fire pattern recognition gave us an evolutionary advantage that helped our ancestors to survive.

All this sounds great but what happens when we're dealing with a situation which we THINK is familiar - but, in some critical way, it isn't? For ten years, we've been recording how problems are solved and decisions made in senior teams. This UGM filmed research, alongside findings from a recent US and UK analysis of flawed decisions, illuminates how we can end up making serious mistakes.

#### *Out of our comfort zone, thinking can be distorted*

The trouble is our super-efficient pattern recognition system can let us down when we find ourselves in new territory. We filter out data which doesn't resonate with our memory and emotional bias. In 82% of poor decisions studied, leaders were misled by assuming the new situation was just like one they'd already experienced. In 69%, self interest blinkered their vision and in 43% there was evidence of an emotional attachment that undermined sound reasoning. Leaders rejected the very data and options that could have saved them!

#### *From hubris to nemesis*

Take the case of Fred Goodwin, the disgraced former CEO, Royal Bank of Scotland. He developed a culture where the biggest sin was 'analysis paralysis' and rewarded aggressive, high risk behaviour. It paid off, enabling him to make a string of lucrative acquisitions. But in 2007, Goodwin ignored the signals that financial circumstances had now altered and, against cautionary advice, he insisted on pushing through his purchase of Dutch competitor ABN Amro. He drained the bank's assets and took on enormous bad debts. The rest, as they say, is history. Last week, Goodwin offered a "profound and unqualified apology" for his poor decisions. Too little, too late, according to furious shareholders.

#### *What can be done to reduce the risk of flawed decisions?*

The answer is to institute a more robust decision process whenever the stakes are high and so are the risks. Typically, such situations are complex, uncertain and unfamiliar. False assumptions can delude us into thinking a previous game plan applies when it doesn't.

To help UGM clients, we've designed a robust process in 8 steps, supported by a detailed question framework to be worked through. Email us, if you'd like a copy.

The process helps to order your thinking by challenging the steps in your logic, pushing you to explore options and weigh alternatives before arriving at a decision.

The very first step is often critical because it establishes your overall approach. This is where you frame or define the decision facing you. How you do this will influence your analysis, taking you down one line of inquiry and closing off others. The box at the side shows what you should consider.

It isn't possible to eradicate *all* risk from your decision making! No matter what process you follow, you'll still make mistakes at times. But wouldn't you like to improve the odds in your favour?