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Don't Fail At Decision Making Like 98% Of Managers Do

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Leadership Strategy

I am the founder and CEO of Cloverpop, the easiest way to keep track of decisions in Slack. I write about how the decision revolution is changing leadership.

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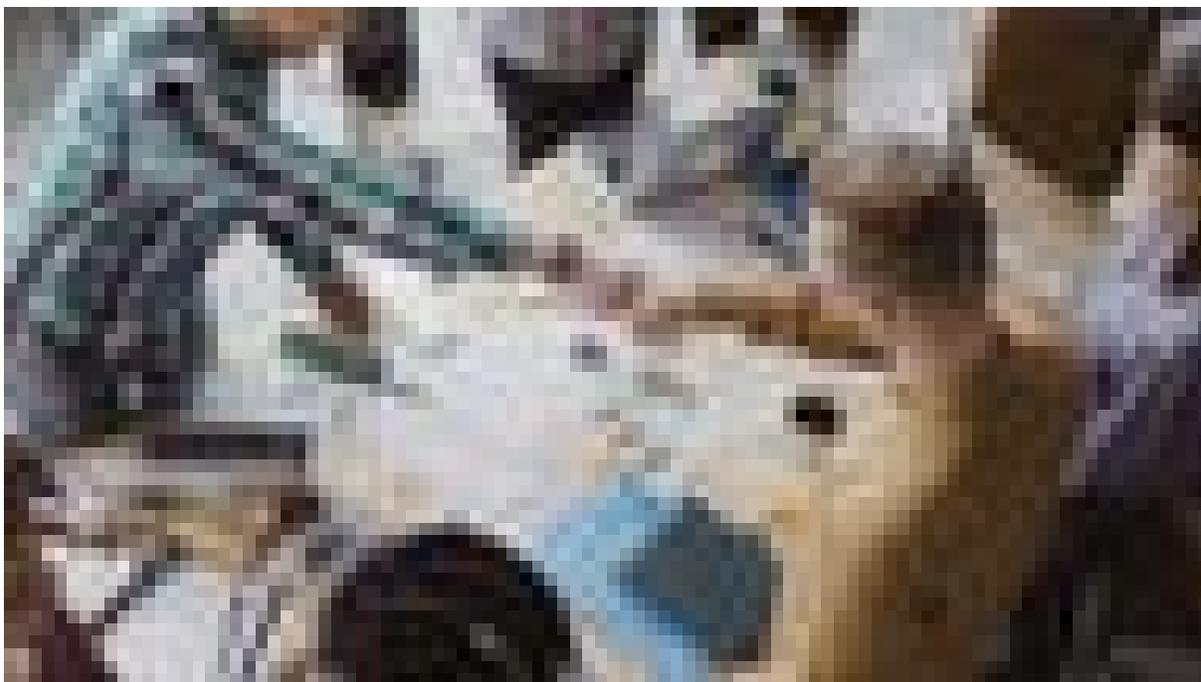
Check off these steps, start measuring decision making, and start making it better. (Shutterstock)

Decision making. It's the bread and butter of managers and executives, who make about three billion decisions each year. Indeed, Bain researches found that decision effectiveness is 95% correlated with financial performance.

Despite this, very few of us keep track of the decisions we make and how they turn out. Think of it: you track sales, you track web clicks, you track your Starbucks receipts. But you don't track the most important thing you do at work - the decisions you make.

As a result, most organizations are not very good at decision making. It's no surprise that our study of 500 managers and executives found 98% fail to apply best practices when making decisions.

If decision making is so important, why are we so in the dark?

The Lie At The Heart Of Business

It's because we're lying to ourselves. As renowned futurist Stowe Boyd writes in his free white paper, "How to Untell the Lie at the Heart of Business":

> There is an enormous lie underlying business, the lie that decisions are made rationally, applying logic and expertise, sifting evidence, and carefully weighing alternatives. However, the science is clear: in general, we don't really make decisions that way - we fake it, instead.

The combination of cognitive biases, limited attention spans, and our tendency to overestimate our abilities in areas we know little about add up to a insidious tendency towards bad judgment. We think we are great decision makers. And since we rarely write our decisions down and check them later, it's easy to keep convincing ourselves that we're right.

We're wrong. But we can change.

Using Best Practices To Defeat Bad Judgements

We can get to better, faster decision making by using best practices and technologies based on behavioral economics.

Consider this: In a three-month study of 100 managers, managers who made decisions using best practices achieved expectations 90% of the time, and 40% of them exceeded expectations. Meanwhile, managers following best practices for setting goals achieved expected results only 30% of the time. Other research showed that decision-making best practices increase the number of good business decisions sixfold and cut failure rates in half.

In the course of this research, we discovered that the most successful decision-making approach can be summed up in a simple checklist. The result? Research shows that businesses using this checklist make 75% better decisions twice as fast with half as many meetings and 20% better performance. 🐦

Seven Steps To Faster, Better Business Decision Making

The methodology is described in detail in our *Harvard Business Review* checklist for decision making. Spending a few minutes to follow these steps each time you face a business decision will save 10 hours of discussion and drive better decisions 10 days faster. Here's what to do:

1. Write down five business goals that will be impacted by the decision. Avoid the trap of rationalizing your decision after the fact.

2. Write down at least four realistic alternatives. No other practice improves decisions more than expanding your choices.

3. Write down the most important information you are missing. Don't let what you know distract you from what you *don't* know.

4. Write down what's likely to happen in the future, good and bad. Telling the story of what you expect will help identify similar scenarios.

5. Involve a team of at least two but no more than six stakeholders. More perspectives reduce bias and increase buy-in...up to a point.

6. Write down what was decided, why, and how much the team supports the decision to increase buy-in and set a basis to measure results.

7. Schedule a follow-up in a couple months. We tend to forget decisions after we make them, missing the opportunity make corrections and learn from what happens.

Change The Game By Keeping Score

If you follow this approach, not only will your decision effectiveness improve, but as an added bonus, you will have a clear record to track your results.

When it comes to improving decision execution across your organization, that really changes the game. Once decisions are tracked, they become data to be measured. What gets measured gets managed, because when leaders are measured, their competitive instincts motivate them to improve and win.

Check off these steps, start measuring decision making, and you'll start making it better!

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Erik Larson   Follow

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