

Bailouts, Swine Flu, and Other Decisions Gone Awry

The Art and Science of Making Better and Faster Decisions

By ANN LATHAM

Should the government bail out the automakers or let them go under? Should schools close in response to a single swine flu case or not? Should we discount prices to boost sales during the recession or hold firm? These are common debates and perfect examples of decision-making gone awry. If you find yourself having similar debates, you may already be down the path to a bad decision.

Most people can dramatically improve and speed their decisions by answering four questions:

- What decision are we trying to make?
- What criteria, priorities, and limitations are important to that decision?
- What alternatives do we have?
- What are the risks of the favored alternative?

Most decision-making, including each of the examples above, begin and end somewhere between questions 3 and 4. People tend to latch on to a couple of alternatives and start arguing the pros and cons of each. Bailout or not? Close schools or not? Discount or not? These debates often grow deep roots that become increasingly difficult to overcome. Withdraw or not? Victory or defeat? Pro-choice or pro-life? But all of these represent false choices. And false choices lead to either bad decisions or endless debate.

Don't Make the Wrong Decision

Begin with question 1 to improve your decisions. What decision are we trying to make? Are we deciding whether these particular automakers deserve to be saved, or are we deciding how best to minimize the disruption caused by their current failed state? Or are we looking for the best approach to spur entrepreneurs to quickly fill the void — with affordable, profitable, fuel-efficient cars — they have created? These are very different decisions which should lead to very different alternatives and outcomes compared to the original bailout-or-not debate.

Always ask, “what decision are we trying to make?” You will be amazed at how often just asking this question reframes the entire discussion.

Discuss Priorities First

Once you are clear about the decision



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ahead, you are still not ready to debate the alternatives. First, you need to consider the second question. What criteria, priorities, and limitations are important to the decision? On what basis will you make your decision? Suppose the decision is, “how can we best increase revenue during the recession?” (Notice how different this decision is from the debate to discount or not in the original example.) How will you evaluate your options? While your priorities will depend on your situation, you need to discuss the relative importance of factors such as:

- Positioning yourself for the recovery;
- Rewarding customer loyalty;
- Avoiding precedents that may be difficult to reverse;
- Short-term profitability; and
- What is easy and fast to implement.

It is only after identifying the criteria and limitations important to your decision that you are ready to think about alternatives.

Don't Limit Your Options

There are more alternatives than you think. Before you start debating the obvious ones, you need to brainstorm as many options as you can. Make a list. Include ‘do nothing — the status quo’ on your list. This is your opportunity to get creative and to tap as many informed sources as you can. Even if some of the ideas are clear losers, you will come out ahead if you make the list as long as you can before you begin discussing how each measures up to the criteria you established with question 2.

For example, if you are looking for ways to reduce unwanted pregnancies (an outcome of reframing the pro-choice, pro-life debate), you ought to be able to come up with far more

alternatives than abstinence-only education even if you firmly believe that is the best alternative.

Don't Terrorize New York City

Every alternative has risks. If you don't think about the risks, you are just deluding yourself. But people tend to get excited about their favorite alternative and leap to action without first considering the downside. The risks may be trivial, in which case you confirm that the benefits outweigh the risks and move on.

However, the risks may be show-stoppers. When Air Force One and an F-16 terrorized New York City to get a promotional photo, someone clearly neglected to consider the potential risks of such a plan. In many cases, the risks are manageable, assuming you identify them. Think of how much terror and embarrassment, never mind wasted money, would have been prevented had they just Photoshopped that plane into a picture of the Statue of Liberty.

Action is the only way to get results, but a short pause to consider the potential risks will save you time and time again.

It may sound too good to be true, but it takes only four questions to improve your decisions. Save these questions and ask them religiously when faced with decisions, and you will not only make better decisions, you will do it more quickly and with greater confidence. ■

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