Six Winning Strategies
to Make Successful
and Timely Decisions

## Decision-Making and Leadership Effectiveness

A foundational practice of excellent leadership is guiding your organization in the development of and adherence to an effective decision-making process. Especially when that process is tailored to each level of the enterprise and consistent with your company's culture. C-Suite leaders are often surprised to learn that implementing the right decision-making process is often far more critical to a company's long-term success than making any single decision. And with the speed at which data, insights, and market dynamics are impacting business today, the resiliency of your company's decision-making process becomes even more paramount.

> **With a well-designed process, supported by collaboration structures and clear authority levels, companies that rigorously align decisions at the point of execution will consistently make more effective and timely decisions, from the front lines to the boardroom.**

Before retooling your company's decision-making process, executive leaders must establish and promote a clear frame of reference for pursuing the company's vision. The most successful and vibrant businesses operate from the upright pyramid of leadership responsibility and purpose — prioritizing first what's best for the enterprise as a whole, followed by the team, and lastly, self. An executive team that operates with an enterprise-first mindset, has greater levels of accountability, transparency, and shared responsibility for the good of the entire organization.

When C-Suite leaders authentically and consistently practice a holistic enterprise-first mindset, the organization thrives, and power imbalances are minimized so that all stakeholders in a decision-making process can participate effectively. Although there are many different techniques to improve decision-making that can be applied to specific levels of leadership, there are six fundamental strategies that should be integrated organization-wide for optimum efficiency, accuracy, and efficacy.
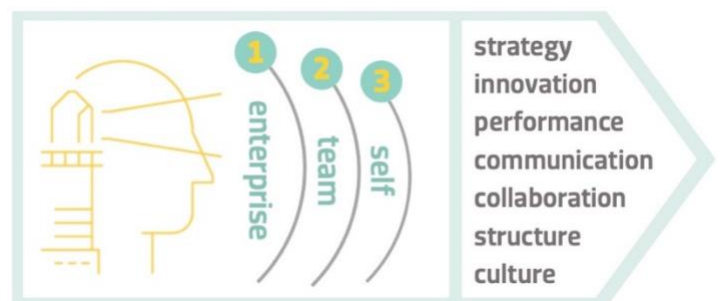
For further reading about viewing the organization through the enterprise lens, see this <u>resource</u>.

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1 Adopt a classification model suited to your culture and business

Many decision-makers are drowning in ambiguity given the relentless intensity of rapid-fire communication, inundation of data lacking in actionable insights, and post-pandemic economic and industry dynamics. To combat the urgent yet vastly unimportant daily tidal wave of tasks overwhelming your leaders, develop a list of criteria that will help your decision-makers define and understand the problem, opportunity, or change.

Classifying, or categorizing, decisions into specific buckets helps to neutralize emotions and allows managers to objectively identify all the ramifications of choosing one direction over another. As Peter Drucker famously said, "The most common source of mistakes in management decisions is the emphasis on finding the right answer rather than the right question. Once the facts are clear, decisions jump out at you."

The classic model of decision classification includes examining issues from the following facets to determine the overall scope and level of impact. Whether you choose to evaluate each of these variables on a sliding scale or point system, the most important aspect of decision classification is gathering enough information to proceed to the next step with the right people as a part of the process.

- Strategic Impact — How much will the outcome of this decision change or enhance your organization's vision, goals, customers, markets, brand, and operations?
- Complexity and Costs — On a scale of low, medium, and high, how difficult will this decision be to implement and maximize to its fullest potential in terms of time, delivery, resources, staffing, collaboration, cultural fit, training, implementation, and communication?
- Capabilities and Capacity — How closely does this decision align with the company's current skills, competencies, expertise, and markets? Does the organization have the capacity to change or complete the work required?
- Familiarity — How common is this type of decision for your company and how many employees have experience in making similar decisions with successful outcomes? What structures do you already have in place for making similar decisions?
- Level of Confidentiality and Stakeholder Impact — Would the process of evaluating and gathering input cause disruption among the business, employees, or other stakeholders? How sensitive will the affected people be when the decision is announced?

Reflection Question:
- Where could you increase the use of a classification process to speed up decision-making?

2 Empower decision-making authority to those as close to the execution level as possible

Once you align decision-making power and collaboration structures to the classification model of choice, developing protocols to handle routine decisions and granting authority to appropriate leaders becomes easier and will lead to higher levels of engagement among your team. By imparting clear decision-making practices that fall to the right people (or groups of people) who are closest to the problem or opportunity, team members are more likely to feel a sense of ownership in the determined direction and can move as one unit toward the goal.

Even if your leaders understand how to classify a problem, they may not know the promptest method for working through it or have the confidence to address it. Helping them understand the best approach and empowering them to act on their given authority will not only improve the quality and speed of organizational decisions but will motivate your leaders and strengthen company culture. Too often, leaders default to collective engagement when making decisions, but true transparency in an organization begins with choosing and then implementing the best decision-making process. By declaring the process type and needed participant input, leaders are empowered to maximize the decision process and outcome.

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Here are the three most common approaches for tackling decisions. It is critical to work together as an executive leadership team to create parameters around each of these practices so that every decision-maker in the organization knows how and when to apply them.

Definitive — This method is typically used when situations necessitate a leader to make a decision alone or with a very small group of stakeholders for the sake of expediency, confidentiality, maintaining corporate policy, or based on a previous company directive for strategic reasons.

Collective — In this approach, a problem or opportunity is presented to a team to evaluate and determine a direction. The pros and cons of different options are weighed before coming to a near-collective decision. This style is best applied when the expertise of multiple people is required to understand the full scope or impact of the decision. If a leader lacks the confidence to make decisions alone, every decision can become a collective decision, which requires more time, resources, and energy, burdening the team with endless meetings and productivity stalls. So, while collective decision-making can be the right choice, be aware that it can easily become the default process if not carefully managed.

Informed — When additional insights would be helpful, but specific expertise or alignment is not required, team members or stakeholders might be asked to serve in an advisory role or contribute data-driven insights to help the leader make a final decision. Informed decision-making is the most effective approach since it minimizes blind spots but places decision ownership with a single individual.

Reflection Questions:
- What decisions could be handled outside of the executive level utilizing a different decision-making process?
- Where are you utilizing collective decision-making processes effectively?
- Where are you over-utilizing collective decision-making processes?

3 Engage the right stakeholders to diminish blind spots and increase adoption

Before a decision is finalized, especially one with cross-divisional or strategic impact, it is important to consider the groups of people most impacted by it. While it may not be feasible or appropriate to involve stakeholders in the evaluation and analysis of a specific decision, engaging them before implementation will influence adoption and execution success.

- **Make clarity a top priority and over-communicate.** There are times when a definitive decision needs to be made, but before putting the decision into effect, it is critical to communicate the reasons behind the decision to those who were not a part of the process. Be sure to explain why it needed to happen in isolation, the strategy that it supports, and how they will be expected to help execute it.

- **Be transparent upfront about any limitations on stakeholders' participation in the decision process.** If a decision is being made collectively, ensure that each team member has equal accountability for the process and outcome. If shared responsibility is not possible, then it is best to opt for an informed decision process, telling the team you only need feedback and information from them before ultimately making the decision yourself. Depending on the situation, it can also be effective to empower the group to speak freely and provide input within stated guidelines, limits, or non-negotiables that must be present in the solution. Whatever route you choose, it's most important to be clear and upfront with your intentions at the beginning of the process.

- **Give every participant equal access to data and decision parameters.** When collective decision-making is the best approach, everyone must have the same access to important information and data. These decisions take extra time and require more curiosity and collaboration than other forms of

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decision-making, so the meeting process matters. Only with the right data and process can teams properly weigh the pros and cons of collective decisions and create a great solution that benefits the business strategy.

Reflection Questions:
- Where do you effectively leverage data to make decisions?
- How can you improve your use of data to better inform decision-making processes?

4 Empower your team to make decisions with speed, agility, and accountability

Delayed decisions almost always equal lost opportunities, talent, customers, or profit. One of the toughest challenges leaders face is overcoming accountability gaps that slow down the critical decisions needed to move the needle forward in their businesses.

Elite performance happens when teams intentionally align their thinking and approach, empower each other to own their contribution and role, collaborate cross-functionally to ensure they have the right pieces of information, and set expectations and norms to hold each other accountable. When an organization creates decision-making structures that follow these four dimensions of performance, it will see more effective and efficient decisions being made for a collective benefit.

ALIGNMENT   EMPOWERMENT   COLLABORATION   ACCOUNTABILITY
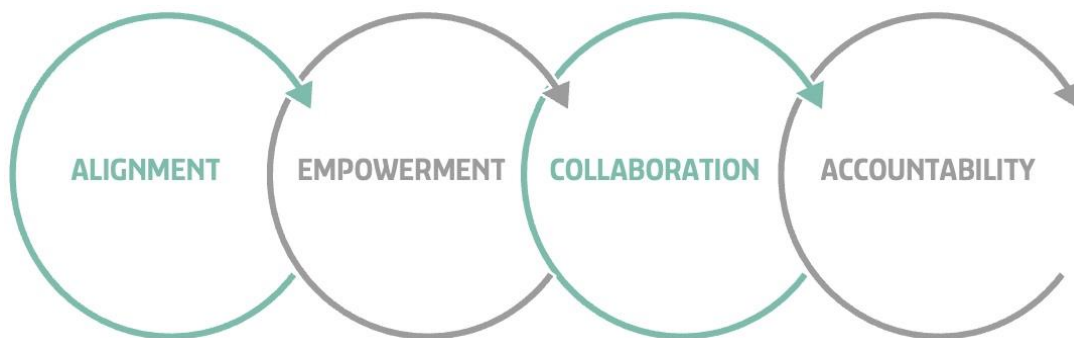
FOUR DIMENSIONS OF PERFORMANCE

ALIGNMENT — Fostering accountability and strong decision-making begins by tightly aligning with the mission, values, vision, and strategy of the business. If executives understand how their performance is connected to these cornerstones, they will develop the intrinsic desire to push themselves for the sake of a higher goal. Collective organizational alignment toward a clear strategic vision with defined priorities is key to productivity, purpose, and execution.

EMPOWERMENT — The term "empowerment" refers to the process of self-ownership and supporting others in their professional growth. With both in play, individuals can overcome ambiguity in the business and fully maximize their effectiveness and impact. When people feel empowered, they exhibit determination and responsibility toward making decisions that will advance the strategic vision and priorities of the organization.

COLLABORATION — Collaboration is the utilization of varied and meaningful expertise to achieve a greater outcome than any one entity could reach in isolation. This includes adding the necessary tools and processes to encourage effective collaboration practices, in turn elevating personnel, as well as innovation. The quality of your

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collaboration structures is dependent on the level at which your people can consistently make the right decisions quickly and independently without continual reliance on the executive team.

ACCOUNTABILITY — Only after the first three dimensions of performance are thriving can leaders adopt a "this is an accountability gap" mindset. Otherwise, we can expect execution failures and natural resistance to large-scale initiatives. Effective leaders place the mechanics of fostering accountability squarely on their shoulders. They invest resources to ensure effective alignment, empowerment, and collaboration systems are enabled throughout the organization. When done well, the result is people volunteering to lead the next iteration of the business with a future-focused mindset. This culminates in a business with ample collective leadership, effective execution, and thriving performance culture.

For further reading about the four dimensions of performance, see this resource: How to unlock the next level of performance

Reflection Questions:
- How does the level of alignment across critical leaders positively or negatively impact your decision-making processes?
- Where does your company experience natural resistance to initiatives?

5 Fully resource and measure decisions

Good leadership produces good decision-makers who learn to become good leaders themselves. When your company fully commits to every decision, you will resource its implementation and measure its outcome for continuous improvement and refinement. A great decision that is poorly resourced quickly becomes a liability instead of an opportunity.

> "Whatever you do, do it well. Do it so well when people see you do it, they will want to come back and see you do it again and they will want to bring others and show them how well you do what you do."
>
> — Walt Disney

This principle applies to the decision-making process as much as it does to building solid leaders equipped and excited to carry the organization into the future.

With a commitment to see every decision through – both in terms of excellence in implementation, as well as measuring long-term impact and improvement – the ripple effect of that commitment is felt throughout the organization. It inspires a sustainable level of confidence, trust, and innovation.

Reflection Questions:
- What are your organization's leadership tendencies when repositioning resources to ensure the execution of new decisions?
- What are your leadership tendencies when evaluating and measuring the outcomes of decisions?

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6 Foster leadership at every level of the organization

Cultivating leadership skills from the boardroom to the front lines is the fuel that drives strong decision-making. This cultivation is vital to the long-term success of your company.

The most successful and inspirational leaders are those who are open, transparent, and respectful. They challenge their teams and peers in a way that is honest, but supportive. They know when to utilize their strengths and when to let go and rely on the talent around them rather than trying to do everything themselves.

A truly effective leader is someone who inspires others to follow them on their own accord. They champion the mission of their organization and take the lead in modeling what it means to drive towards it. They work to develop the competencies of others and develop a deep mutual trust between themselves and their team. It is through this trust that they know when it's okay to let go of their grip on the reins and empower agile decision-making within their team structures.

> A simple yet powerful concept is to encourage every employee to be the CEO of their role within the company.

This means providing them with the tools, knowledge, skills, resources, support, and decision-making power to fully manage, innovate, and act to achieve enterprise goals with excellence. With this mindset instilled at every level of the organization, employees are encouraged to think more strategically about their roles and their impact on the company and its customers. This dynamic learning environment helps employees believe in their potential as leaders and gives them opportunities to practice vital leadership skills, like best-in-class decision-making.

The decision-making process is an incredible opportunity to encourage leadership growth and identify emerging leaders within your company. It can also be a great tool for teaching basic leadership skills at every level, motivating employees to make a positive impact within their team. You'll notice the difference, and most importantly, so will your customers.

For further reading about leadership effectiveness, see these resources:
- *The Importance of Being the CEO of Your Role*
- *Fostering Executive Leadership*

Reflection Questions:
- How do you intentionally empower and teach decision-making in your company?
- How do you encourage ownership across the enterprise?