

For those too busy:

The latest research, thinking
& news on growth pace and delivery
from around the world

Decide & deliver: a book from a Bain team

Strong research shows how an effective approach decision-making is key to improved performance

This book from Blenko, Mankins and Rogers is about how to organise a business to make effective decisions. It is informed by a survey of 700 businesses, leading to a formula: *Decision Effectiveness = (Quality x Speed x Yield) – Effort*. Analysis shows a multiplier effect where high performance companies combine the quality, speed and yield of decision effectiveness, and show a tight correlation with financial results and the extent people recommend their company to a friend or relative. Decision effectiveness does not appear to be a trade-off but a combination of all three traits. Companies that make fast decisions are about four times as likely to make high-quality decisions as companies with lower speed scores.

The authors argue that decision-making is not an isolated process. Success requires looking at the whole organisation as a system and ensuring everything encourages decision-making and execution - and where decisions are pushed out to people who can make the best choices and execute them fast.

Five steps to better decision-making and improved performance

1. **Assess your decision effectiveness – and how your organisation impacts upon it.** One business can make good decisions, but takes too long to do so. For another, the issue is translating decisions into action. A “decision scorecard” can be constructed to show your score against best practice elsewhere.
2. **Identify your critical decisions.** Over 80% of most companies’ value is tied to less than 20 percent of its decisions. The authors provide a “decision architecture” to identify decisions that carry most value.
3. **Redesign individual critical decisions for success.** With critical decisions having been identified, the decisions themselves can be improved by comparing with best practice which includes:
 - a. *Adopting a structured approach:* set criteria, consider relevant facts, develop options, and make a clear decision weighing all of these.
 - b. *Putting in place clear steps and sequencing:* including clear guidance on how and when to escalate a decision and when not to.
 - c. *Convening the right meetings with the right people:* each meeting with a clear purpose up front.
 - d. *Ensuring closure and commitment:* final decisions are communicated to key parties, resources allocated (people, money) and an execution plan put in place (actions, accountabilities, milestones).
 - e. *Design feedback loops:* so there is an ongoing review of progress, fast corrective action and therefore the opportunity to copy for success.
4. **Ensure that the organisation enables and reinforces effective decision-making.** Wider issues, including role descriptions, governance, performance management, reward and development must support effective decision-making and execution. Effective execution should be the “plumbing and wiring” of the company.
5. **Embed good decision-making in the culture.** Align the top team and engage influential leaders early by creating the improvement plan for decision-making together. Celebrate decision and execution success and encourage people to expect and demand it. Then build new capabilities and skills: develop a repeatable model and use a train-the-trainer approach. To secure rapid adoption by line managers. Finally, be a role model leader - when communicating a big decision, explain how it was made and how it is being implemented.