Decision Analysis Without Jargon or Models
or
DA as a Natural Act

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What's wrong with DA "jargon" and models?

Technical language and methods that have been very useful in many circumstances and industries

Will continue to be useful

But…

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Minor problems:

Language is graceless

Graphics are distressing

Code for membership, not communication

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More serious problems:

One step forward, one step back

Not as widespread as we think it should be

Seldom used for highest level decisions

Confused form for essence

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A quick trip to corporate responsibility strategy development

Real case

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The questions we answered

- Does anyone care?

- Who cares?

- How much do they care?

- What could we build that would be great?

- How much would it cost?

- Would it be profitable?

- What should we do with our current brands?

- What should we do that is new?

How we did it

- Took 3-4 years

- Four rounds of research

- Several BoD meetings

- Regular contact with the CEO and management committee

- One round of financial modeling

- Fighting off the sharks (ongoing)

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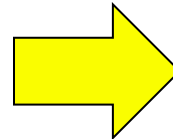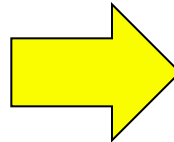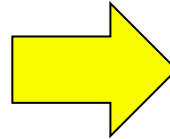
Very big change in frame

Old Frame

- Corporate responsibility is
    - Philanthropy
    - Employee engagement
    - NGO engagement
    - PR
    - A tangent
    - Of no business consequence

New Frame

- Corporate responsibility is
    - Meaningful to customer
    - Supports license to operate
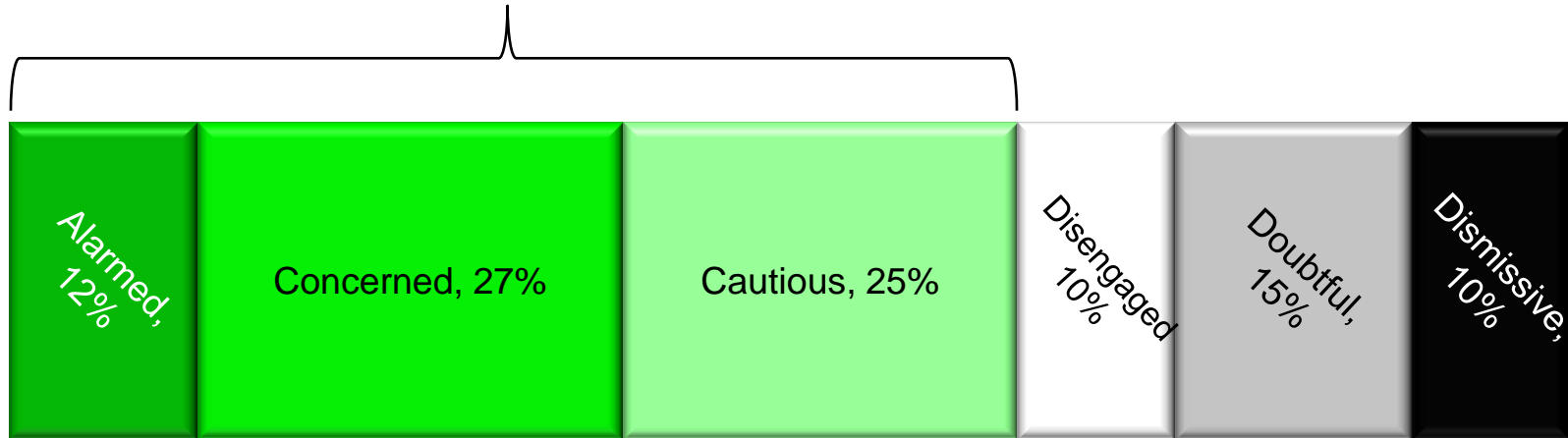   - Aligned with the company's core purpose
    - A profit driver

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Ambitious business goals

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Looked at target customers in new ways

Segmentation Results 2011

~ 2/3 of the US Public

| Alarmed, 12% | Concerned, 27% | Cautious, 25% | Disengaged 10% | Doubtful, 15% | Dismissive, 10% |

- Most concerned
- Beliefs translate into behaviors in the market place

- Believe it is important
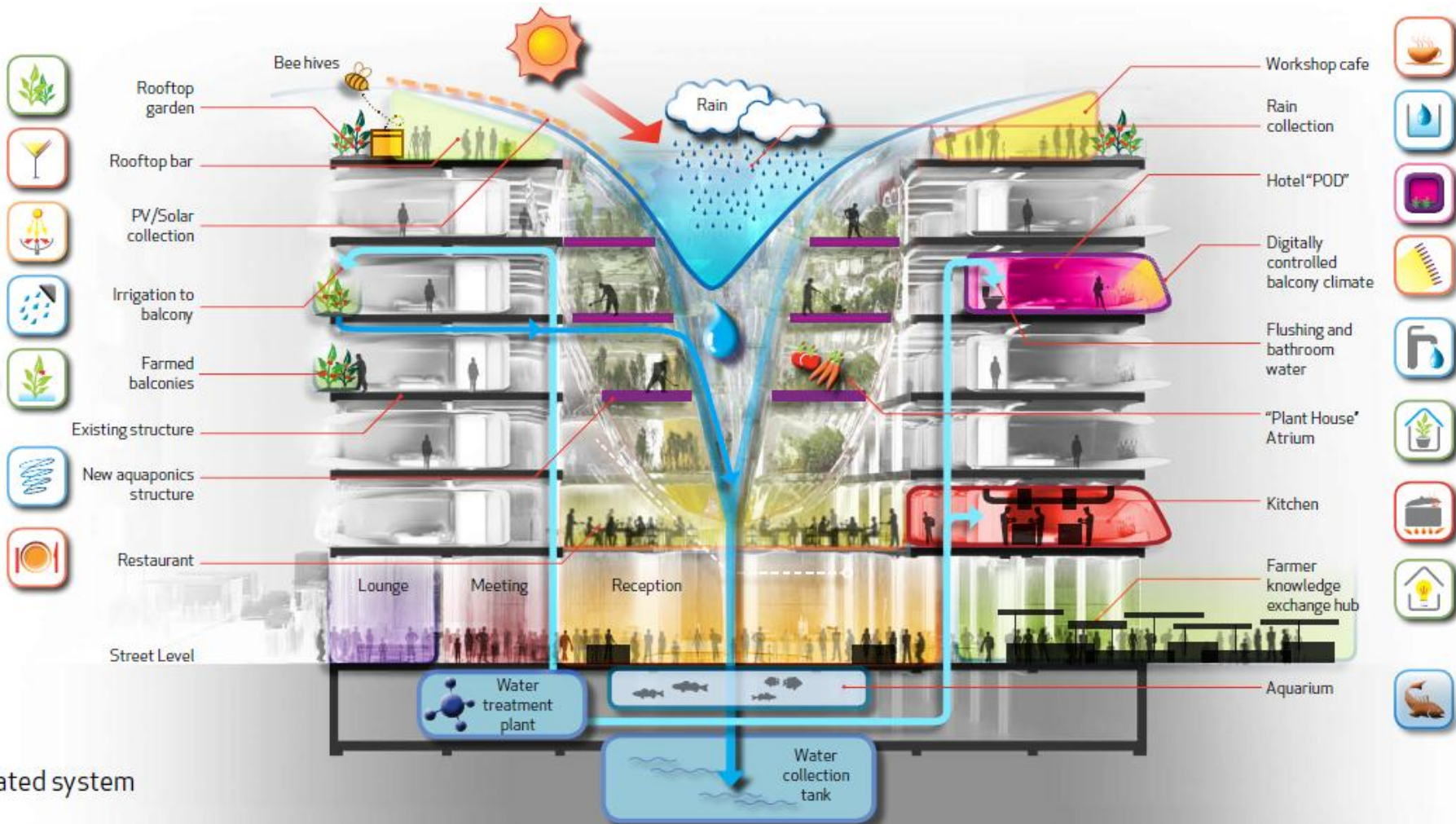- Time, resources and uncertainty barriers to action

- Actively hostile to global warming
- "Global Warming is a Crock of S**t"

Source: Yale's Six Americas 2011

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Generating Design Alternatives

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One of the Options

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Analysis

Asked leading engineering firm to cost out design

Tested design with customers

Confession: Integrated results into a cash flow model

But simple logic: buildable at affordable price point, customers really liked it

Discussed with CFO and CEO

Strategy for other brands guided by customer profile, brand intent, capital availability, size of footprint + creativity – No modeling

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Portfolio Summary

Elements common to all brands
- Meaningful to guests
- Profitable to owners
- Easy to implement

Visible symbol to guests
- Leverages footprint
- Everyday Hero

Partnerships are foundation
- Light touch to UGE
- Guilt free luxury

CR deeply woven into hotel experience

Targets the CR turbo advocate

| Brand 1 | Brand 2 | Brand 3 | Brand 4 | Brand 5 |

Sources of Resistance

"Global Warming is a Crock of S**T" middle managers

New way of looking at needs (not about location and price)

Did not have an organizational home

No real precedent

No existing marketing or financial models

Not in existing budgets

Franchise model – Have to convince owners

…

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None of the DA forms

No core team

No review board

No committees

No regularly scheduled meetings

No process discussion

No decision hierarchy, strategy table, influence diagram, probability distributions

No time schedule

No facilitation

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All of the DA essence

Framing was very important and explicit

Looked at meaningful alternatives

Included uncertainty

Did real analysis

Timing driven first by learning then budget cycle

Meaningful dialogue horizontally and vertically

Reached a decision

Implemented

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Was this DA?

One POV:

DA is set of tools and processes to get good decisions

Not use tools or processes => not DA

Never claimed a monopoly on clear thinking

My POV:

DA as a natural act

What we need to evolve to

Focus on philosophy and core purpose

Processes and tools are only tactics, not core

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What *enables* good decisions?
When is it "natural"?

An external perspective ➡ Sees the world as it is

Internal trust ➡ Information flows

Sound leadership ➡ Dead without it

Proper sense of time ➡ Heritage and Future

Value investment & frugality ➡ Proper financials

A healthy culture
We need to figure out how to create healthy companies

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Why were most of us attracted to this stuff in the first place?

Power to affect world for the better

The problems have changed, so should tools

Sustainability, big data, new technology, globalization, …

The philosophy and goals should remain unchanged

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Lost focus on what is most important?

Origins:

Make, design, and create the world you want
How to lead

Evolved:

Analyzing and optimizing decisions
How to manage

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Suggested Path forward

1) Continue to strengthen core through community of practice

2) Aggressively reach out to other areas, test them for useful ideas and tools, and "assimilate" the good ideas into our work

3) Focus on creating great companies, not great decisions

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