



The Raiffa-Howard Award

FOR ORGANIZATIONAL DECISION QUALITY

Introduction



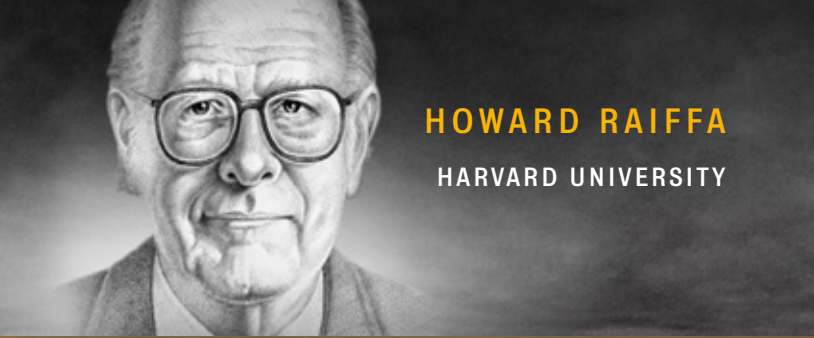
THE RAIFFA-HOWARD AWARD FOR
ORGANIZATIONAL DECISION QUALITY WAS CREATED BY
THE SOCIETY OF DECISION PROFESSIONALS
TO RECOGNIZE CONSISTENT AND SUSTAINED EXCELLENCE
IN DECISION MAKING THROUGHOUT AN ORGANIZATION.

THE FIRST
RAIFFA-HOWARD AWARD
FOR ORGANIZATIONAL
DECISION QUALITY

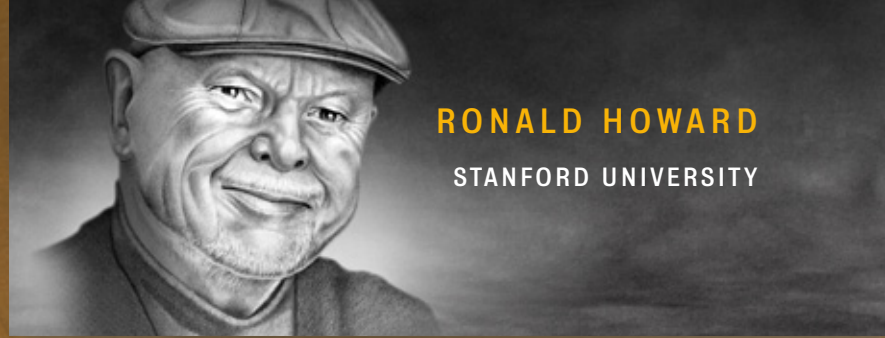
2014

The golden anniversary of Decision Analysis, 2014, will be the first year the Society of Decision Professionals will present the Organizational Decision Quality (ODQ) award. Corporate, private or governmental organizations are eligible.

This booklet contains background information on the innovations of Professors Raiffa and Howard, a description of the award's purpose, information on the application process, along with the selection process and criteria.



HOWARD RAIFFA
HARVARD UNIVERSITY



RONALD HOWARD
STANFORD UNIVERSITY

50 Years of Innovation History

“ DECISION ANALYSIS IS THE DISCIPLINE
INCORPORATING DECISION THEORY, METHODOLOGY,
AND PROFESSIONAL PRACTICE GUIDING
DECISION-MAKING UNDER UNCERTAINTY. ”



— R. HOWARD, 1983



WHILE THE THEORY UNDERLYING DECISION ANALYSIS HAS BEEN DEVELOPED OVER HUNDREDS OF YEARS, IT WAS THE WORK OF PROFESSOR HOWARD RAIFFA OF HARVARD UNIVERSITY AND PROFESSOR RONALD HOWARD OF STANFORD UNIVERSITY BEGINNING IN 1964 THAT BROUGHT IT INTO MAINSTREAM USE BY CORPORATIONS AND GOVERNMENT ENTITIES FOR MAKING COMPLEX AND IMPORTANT DECISIONS.

Decision analysis emerged as a distinct academic field in 1964, building on developments in statistical decision theory and game theory by Raiffa and systems engineering and dynamic probabilistic systems by Howard. In that year, Raiffa began teaching the first university course in decision analysis within the Department of Economics at Harvard and began preparing material for his 1968 book, *Decision Analysis*. Also in 1964, but independently, Howard conducted the first professional application of the field he called “decision analysis,” which he described in his 1966 paper, “Decision Analysis: Applied Decision Theory.”

The contributions of Raiffa and Howard allowed the field to grow and develop. Most early applications focused on major capital expenditures or societal investments. Then, with the advance of computing power, the field expanded to incorporate portfolio decisions.

Raiffa took the field into multiparty decisions— collaboration, negotiation, and competition. Howard defined the engineering approach to solving large complex decision problems. Behavioral Decision Science generated insight about how our human nature is likely to lead us astray and how to prevent “predictable irrationality.” The quality movement inspired the field to develop Decision Quality by including the organizational practices to achieve alignment and commitment to action.

Over the last two decades, the field has moved from focusing on specific decisions to achieving Organizational Decision Quality— the culture, governance models, processes, and competencies to allow an organization to achieve decision quality in all of its decisions.



The Raiffa-Howard Award
FOR ORGANIZATIONAL DECISION QUALITY

How is this award different from other DQ awards?

In the universe of Decision Quality, awards that recognize individuals and specific applications of decision analysis already exist. The Raiffa-Howard Award is different in that it recognizes organizations that have made Decision Quality a core competency across the organization—this is the organization that believes the principles of Decision Quality are at the core of its decision making processes. An organization with deep adoption of Decision Quality will continue its commitment to Decision Quality even as it undergoes successive changes in leadership.

Because this is an evaluation of achievement in the adoption of ODQ, it is possible that more than one organization could receive this award in any calendar year.

Who can apply?

Any corporate, private, or governmental organization that has demonstrated its commitment to Organizational Decision Quality can apply.

Who will decide?

A set of five examiners has been selected from the Board of Examiners of the Society of Decision Professionals to evaluate whether an organization applying meets the standards for the Raiffa-Howard Award.

The Society will engage certain committees within the Society to provide appropriate oversight and minimize any conflicts of interest in the decision process. See the Examination section for more information.

What is the schedule?

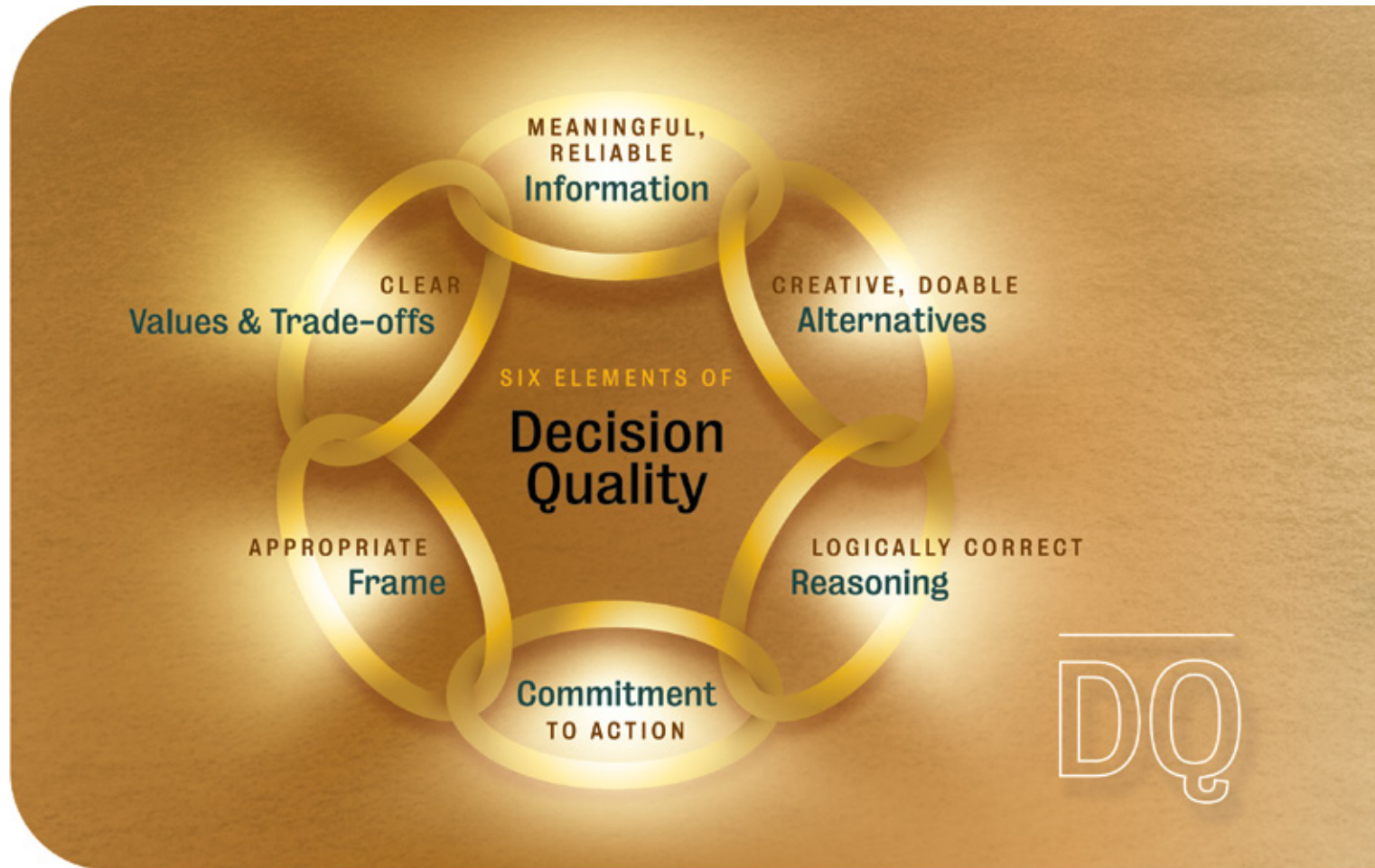
The nomination process for 2014 has been completed and the evaluation process is to be completed in August. The 2014 award recipient will be announced in September, 2014. The award cycle for 2015 will be announced after the first recipient is named.

How will recipients be recognized?

The Society of Decision Professionals will recognize the first recipient with an elegant trophy at the 50th Anniversary of Decision Analysis Gala on November 8, 2014 in San Francisco, California. We expect to have Howard Raiffa and Ron Howard present when the first award is given.

Attaining Organizational Decision Quality (ODQ)

ODQ IS THE ADOPTION OF DQ AS A DEEP ORGANIZATIONAL COMPETENCE



**AN ORGANIZATION HAS ODQ WHEN MOST OF THE PARTICIPANTS IN
DECISION MAKING CAN SAY THAT IT ...**

**Consistently makes high quality decisions;
it is second nature.**

Frames these decisions appropriately.

Makes its decisions with clear “line of sight” to value.

Understands its decision roles and has the right skills.

Uses efficient decision processes routinely.

Appropriately addresses each decision situation with the right balance of content, analytic rigor, and facilitation to reach a timely quality decision.

Is aligned around Decision Quality.

Has a common language for and understanding of Decision Quality—including clarity of value and value metrics.

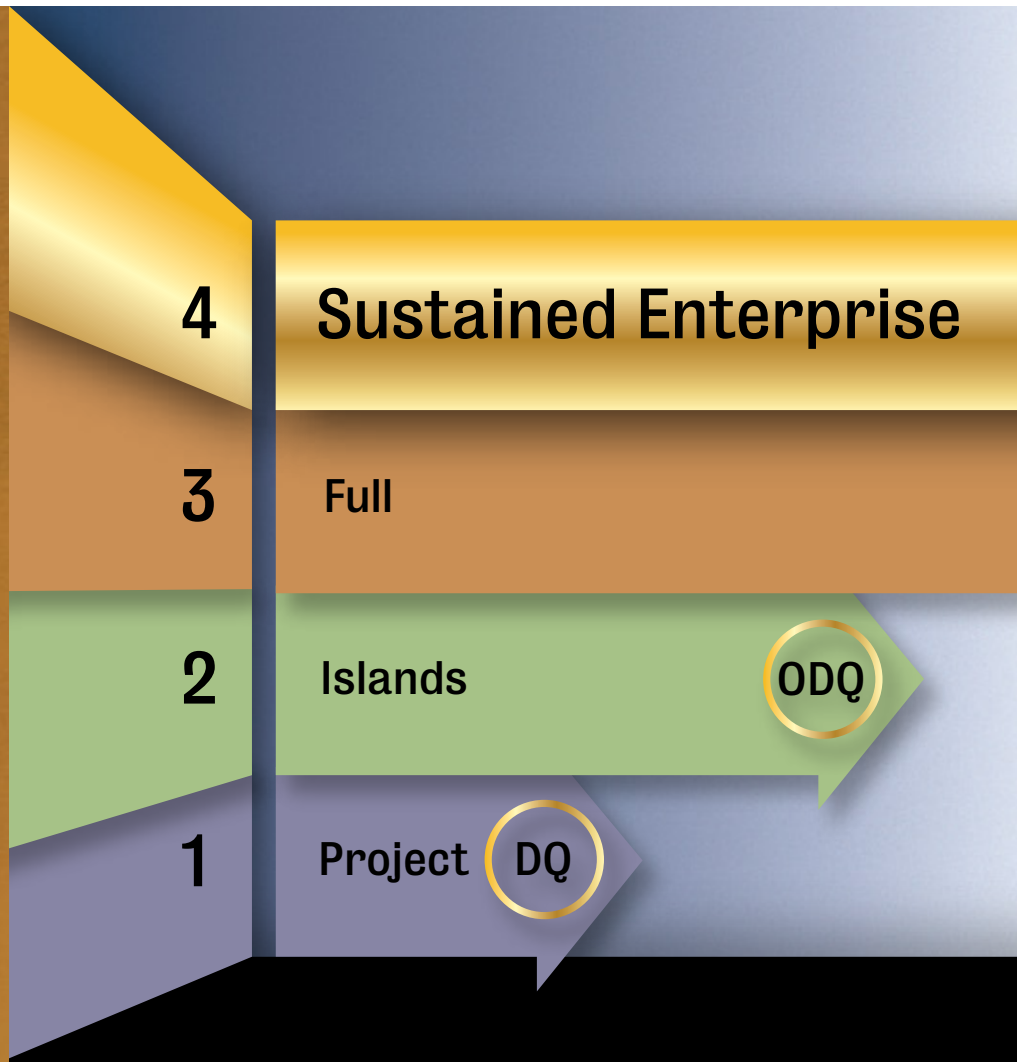
Has a shared desire for Decision Quality and walks the talk.

Continuously learns and improves Decision Quality.

The logo consists of the letters 'ODQ' in a white, outlined, sans-serif font. A horizontal line is positioned above the 'O' and 'D'. The 'Q' has a small tail at the bottom right. The logo is set against a dark green background with a light green triangle pointing right on the left side.

“ DECISION ANALYSIS HAS BY NOW HELPED MANY THOUSANDS OF DECISION-MAKERS, AND HAS CREATED MANY BILLIONS OF DOLLARS OF VALUE FOR THE ECONOMY THROUGH BETTER BUSINESS DECISIONS AND BETTER GOVERNMENT POLICIES. ”

— JEFF KEISLER, PRESIDENT OF THE DECISION ANALYSIS SOCIETY



Organizational Decision Quality

MATURITY MODEL



ODQ

ODQ

4 Sustained Enterprise ODQ

In our DNA—survives leadership changes.

3 Full ODQ

The full DM community understands and uses DQ and has adopted the language and culture of DQ in collaborative value creation. Strong support from Decision Professionals is widely valued.

2 Islands of ODQ

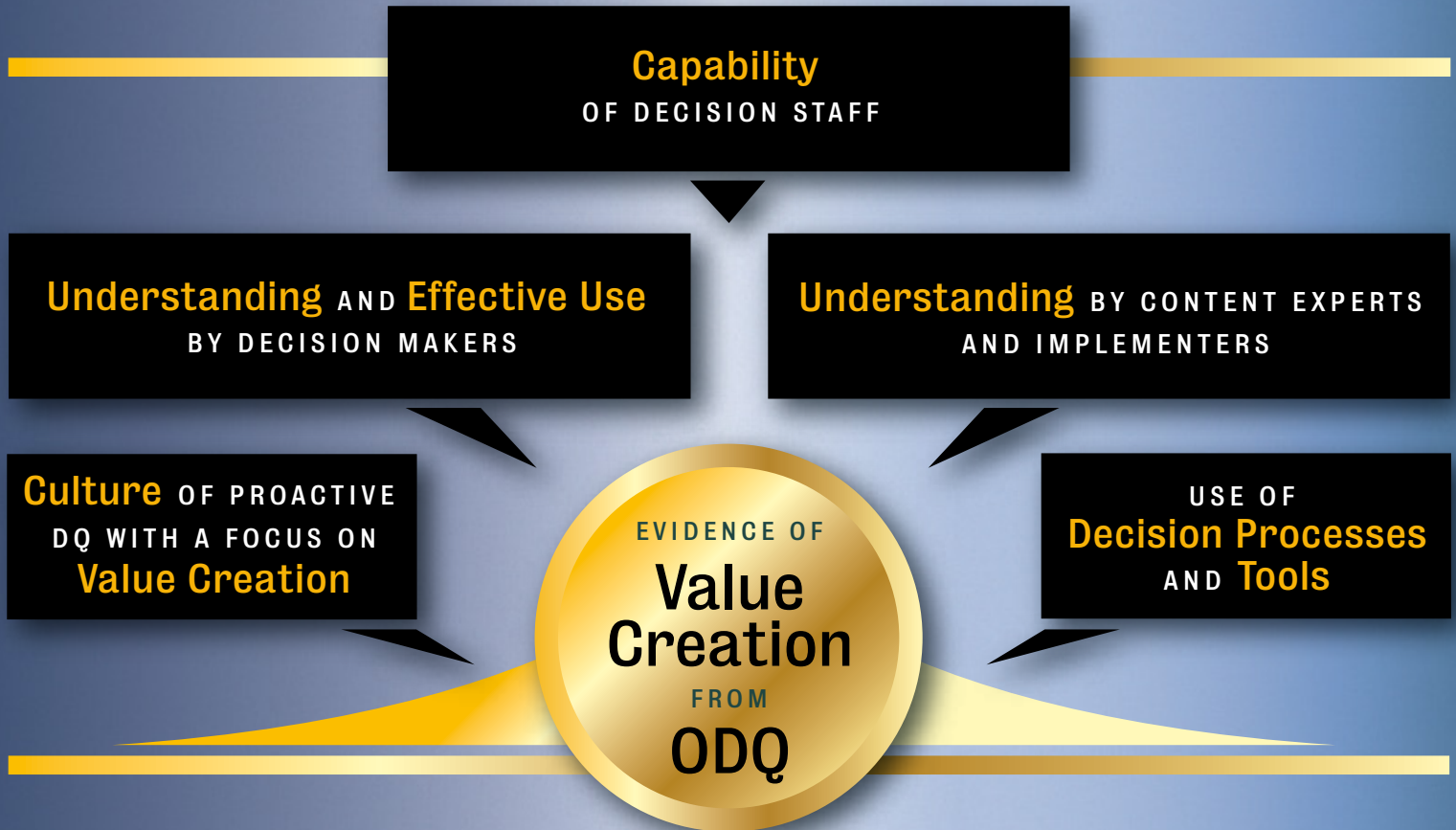
Regular application of DQ for key Decision Makers (DMs) in specific domains, e.g., drug development and project stage gate reviews. Strong support from Decision Professionals is valued by a few key DMs.

1 Project DQ

Periodic application of DQ to specific opportunities and decision problems.

Award Process

ASSESSMENT BASED ON SIX MAJOR CATEGORIES



Award Process

ELIGIBILITY, APPLICATION, AND EXAMINATION

Eligibility, Application

- › Examiners will evaluate applicants on the Six Elements of Decision Quality to determine if they meet the guidelines for demonstrating Organizational Decision Quality.
- › The award criteria are stated in the following pages for organizations to get a sense of whether they are ready to apply.
- › All organizations that apply and meet the criteria will receive the award. It may be awarded more or less frequently than annually. All recipients are invited to speak at the annual celebration of the Society of Decision Professionals (SDP).

- › Recipients of the award will be able to use the award for promotional purposes. Organizations will need to be recertified every five years.
- › Organizations that apply and are not recognized in the current year may opt to receive ODQ feedback.

Examination

- › The Board of Examiners is comprised of leading practitioners in the Society of Decision Professionals.
- › The specific panel for the examination of an organization will consist of five examiners who are selected to be objective with no conflicts of interest.

- › They cannot be current or recent employees, direct competitors, or suppliers, nor can they have a significant financial interest in the potential recipient.
- › Examiners commit to spending a minimum of three days evaluating each applicant prior to submitting a recommendation.
- › Final determination for the award is made by the Board of Directors of the SDP.

THE BOARD OF EXAMINERS

WILL BE USING THE FOLLOWING CRITERIA TO EVALUATE CANDIDATES

Award Criteria

DQ CULTURE

- Our people, the processes, and the culture are aligned and mutually reinforce organizational DQ.
- We recognize and encourage DQ. We do not reward in a way that discourages good decisions—e.g., we share the financial outcomes and reinforce the quality of decision making by promoting good decision makers within the organization.
- We avoid losing value creation opportunities as much as avoid losing real money.
- We link DQ to excellence in execution to create value.
- DQ has become a language and a lens for looking at problems and opportunities.
- We take a whole system perspective. We realize the system is limited by its weakest part.
- We constantly evaluate our organizational DQ to identify gaps and improve our organizational DQ.
- Our leadership sees DQ as one of the lowest cost investments with a tremendous ROI.
- DQ skills are a central part of our leadership development program.



DECISION MAKERS' CAPABILITY AND COMMITMENT

Our Decision Makers:

- Proactively search for opportunities and set the decision agenda
- Demand insights and DQ support
- Understand DQ concepts and decision traps
- Use the language and concepts of DQ effectively
- Triage decision situations and select the appropriate process and decision staff
- Are personally skilled in applying DQ to decisions that are worth a couple of meetings and deliberation, but do not require professional decision staff
- Challenge poor decision practices
- Are committed to retaining and enhancing the organization's DQ capability
- Continuously strive to improve their decision making skills
- Are clear about their DQ roles and responsibilities



DECISION SUPPORT STAFF



Our Decision Support Staff:

- Have expertise
 - » Have the know-how and tools to deal with uncertainty and dynamics
 - » Elicit domain expertise authentically and tractably
- Are trusted
 - » Can interact effectively with C-level decision makers
 - » Have the confidence of the decision makers when supporting difficult strategic decisions
 - » Add significant value to framing and alternative generation
- Can support decisions in an efficient and timely fashion
 - » Structure analyses effectively to build project team learning about the decision during the decision making process
 - » Provide discipline to the decision making process, while leaving business judgments to project team leadership and decision makers
 - » Strike the right balance between speed of process and depth of insight
- Continue to learn and enhance their DQ skills

DECISION PROCESSES AND TOOLS

Our Decision Processes:

- Are designed to create value by achieving DQ
- Involve the right people in the right way to gain alignment around the most value creating decision
- Meet the needs—timely, fast, and as simple as possible—but no simpler
- Are accepted as the way we meet decision challenges

Our Tools:

- Are selected for the specific need—we are not tool focused, we are decision focused
- Are many—e.g., multi-attribute approaches to societal decisions, optimal resource allocation, extensive models for complex socio-tech decision problems, etc.
- We access tools from internal and/or external sources



RESULTS FROM ORGANIZATIONAL DQ



We Can Demonstrate the Benefits of DQ:

- We have evidence—both anecdotal and statistically sound evidence—of the benefit from DQ
- We have an effective look-back process for reviewing DQ and learning from results
- We ask ourselves: Did we...
 - » focus on the right decisions (or issues, opportunities or challenges)?
 - » frame decisions appropriately?
 - » generate creative, compelling, actionable alternatives?
 - » find relevant and trustworthy sources of factual, reliable information?
 - » elicit the judgment of knowledgeable experts?
 - » avoid decision traps and distortions that are natural to human behavior?
 - » address the decision situation with the right balance of content, analytic rigor, and facilitation?
 - » apply the appropriate analytic methodology—portfolio analysis, dynamic trees, etc.?
 - » reach timely and durable commitments to the most value creating actions?
 - » make a compelling case for the decisions we make in clear and simple language?

BOARD OF EXAMINERS

Jay Andersen

Vincent Barabba

Phil Beccue

Warwick Blyth

Reidar Bratvold

Terry Bresnick

Jim Driscoll

Len Falsone

James Felli

Eric Johnson

Terrence Karner

Ralph Keeney

Jeffrey Keisler

William Klimack

Jack Kloeber

Frank Koch

William Leaf-Herrmann

David Leonhardi

James Matheson

Paul McNutt

Michael Menke

Larry Neal

Warner North

Daniel Owen

Gregory Parnell

Harry Saunders

Mark Seidler

David Skinner

Carl Spetzler

Robert Stibolt

Jeffrey Stonebraker

Stephen Uhl

Jan Paul van Driel

Sandra Wrobel

“RON HOWARD AND HOWARD RAIFFA GAVE US A LOGICAL AND SYSTEMATIC SET OF PRINCIPLES TO ENHANCE OUR CLARITY OF THOUGHT AND ENABLE US TO ACT WITH CONFIDENCE IN THE FACE OF UNCERTAINTY.”

— JIM FELLI, PRESIDENT OF THE SOCIETY OF DECISION PROFESSIONALS



THE SOCIETY OF DECISION PROFESSIONALS

www.decisionprofessionals.com

