

# “Cheat Sheet” for Better Decision Making

Make sure you are very familiar with the distinctions between the components of a decision and are aware of which one you are discussing at any given point.

The decision maker (DM) owns (has accountability for) the quality of the decision, good or bad, and will have to live with it's outcome(s), good or bad. The only way the DM can influence outcomes is through the decision and its implementation – so seek high Decision Quality (DQ) using structured reasoning. What constitutes “high quality” is decision-context dependent, fit-for-purpose:

For high-consequence decisions (outcomes could shape the future of the DM's organization) that are complex in themselves, or have organizational complexity (typically, multiple functions / divisions / units involved): use an overarching decision dialogue process between decision-maker(s) and the evaluation team, which embeds a structured evaluation approach, supported by relevant/appropriate “tools” from the Decision Analysis “toolkit”. Assess the DQ periodically to target where more clarity / thinking / data / modelling / evaluation is going to improve the quality of the decision the most.

For decisions that are important but not complex, or complex but not so important: use the 6 dimensions of DQ to drive the evaluation (even if only mental), critically assessing and discussing the performance on each. This may also require use of some DA tools relevant to the situation.

For “smaller”, frequent, not-so-important decisions, or emergencies: use the three elements of the decision basis (objectives, choices, information - in that order) to structure the discussion, or, if a bit more time, use all 6 DQ dimensions as a check list. Use Standard Operating Procedures if they exist.

In all cases, make sure to query potential biases

## An abbreviated DQ checklist

Some questions to prompt thought about how to improve on each dimension / link:

### Frame

Has the decision-maker been identified? Is the decision clearly identified and stated? Have all prior decisions, assumptions and constraints (including policies) been identified and tested for validity? Have we simplified as much as reasonable by excluding decisions that can be made later?

### Values / Objectives

What are we really trying to achieve from the decision? Are the objectives and preferences those of the DM(s) (not of others involved in the evaluation!) and unambiguously stated? Are all objectives aligned with the stated purpose of the decision and

organizational goals? Are they “honest”? Any unsurfaced “hidden agendas”? Ensure no mix up between fundamental objectives versus “means” of achieving them. Have relative priorities, and trade-offs between conflicting objectives, been identified early, and negotiated if multiple DMs?

### Alternatives / Choices

Do you have a creative (or new to you), doable set of quite different options/choices? Avoid small variations on a theme, and “do”/“don't”, as the only alternatives. For ideas, look at “means” objectives - ways of achieving the fundamental objectives.

### Information

Is our information representative of reality – sufficient quantity and collected in an unbiased fashion? Or are we just using what is at hand (or in memory)? Is it driven by ranking rather than trying to make best predictions? Is it relevant (impacts predicted outcome of at least one objective), material (it could change which option is best) and economic (value greater than the cost)? Have we assessed its uncertainty? Do we have inaccurate (degrees of) beliefs? Are we and it free from biases such as optimism, overconfidence, intuition, anchoring, confirmation? Have we sought disconfirming evidence?

**The above 3 dimensions assess the “Decision Basis”. Use, in the order they appear (iterating as needed), to structure quick decision conversations, even with people unfamiliar with how to make good decisions**

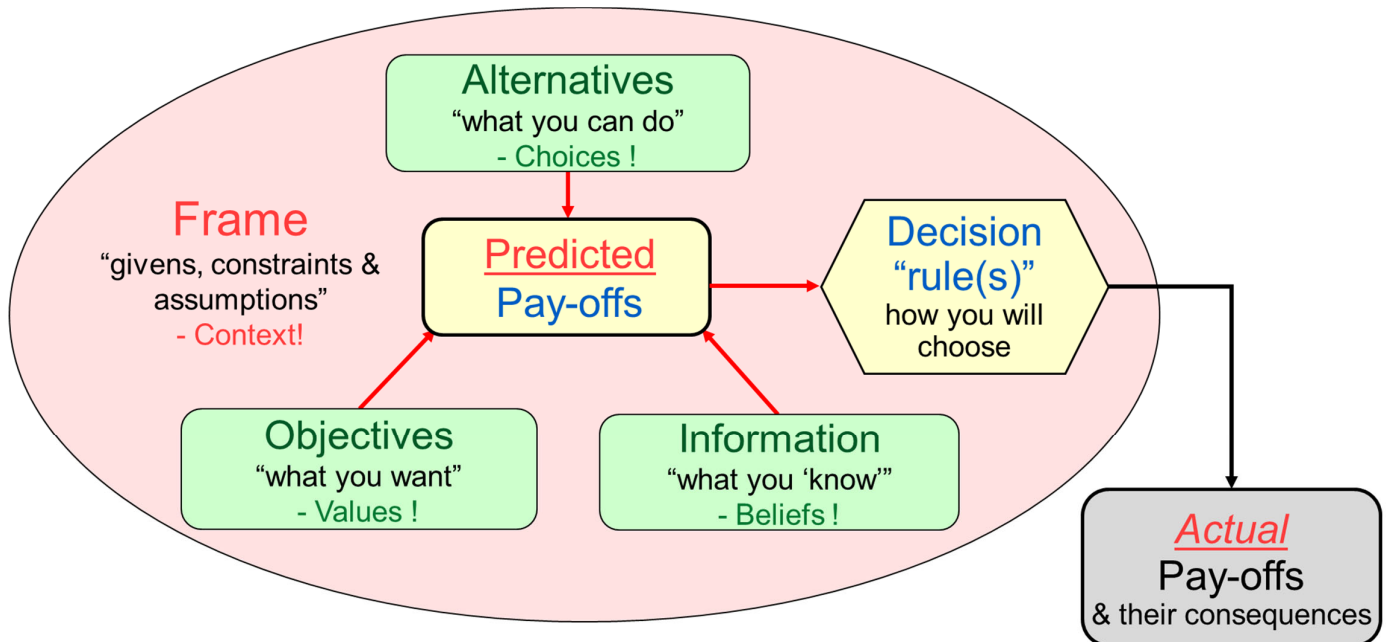
### Sound Reasoning

When combining uncertain inputs to assess/infer the uncertainty in a decision objective, have we used “tools” to help us keep our reasoning straight (probability, Monte Carlo simulation)? Can we articulate our reasoning - ie is it conscious? Are we free from cognitive biases (subconscious systematic errors in thought/belief) and motivational biases (conscious or subconscious incentives that are not aligned with the real objectives of the decision)? Are DM's risk attitudes aligned with corporate attitude? Are the consequences of risk attitude understood? Do the implicit and tacit incentive systems encourage undesired risk attitudes?

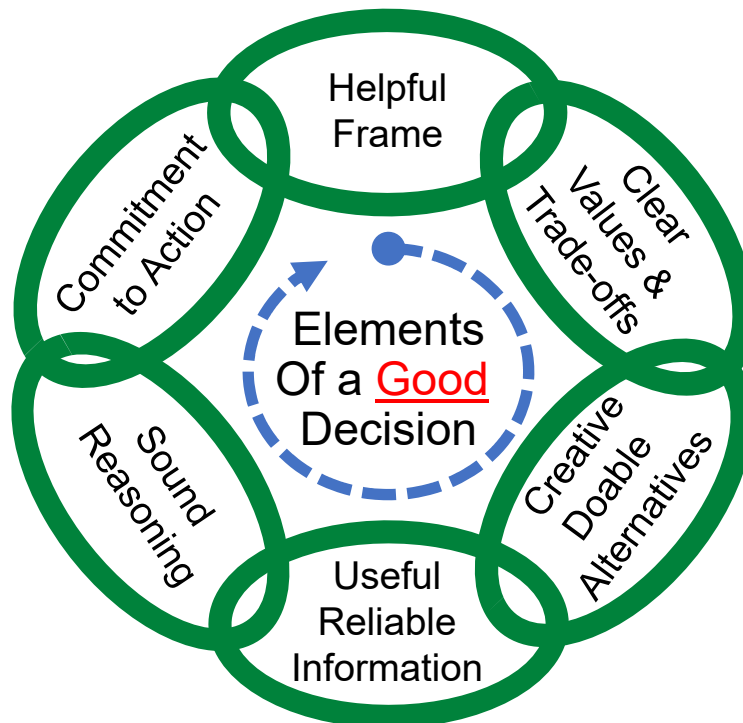
### Commitment to Action

Is the choice compelling – or when everyone leaves the room will there be nagging doubts that cause the decision to be re-visited? Have the full resources that are needed to enact the decision been allocated / budgeted? Will the true objectives be communicated to the organization to enhance buy-in to implementation?

## Decision Components / Model



## Decision Quality Chain



A decision is only as strong as the weakest link!

A link is strong enough when doing more is a waste of time/money (cost or effort is more than value added), or the best option would be unlikely to change.