AWARD

AWARD

ORGANIZATIONAL
DECISION
QUALITY

RAIFFA

SDP

SOCIETY OF DECISION
PROFESSIONALS

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.

RAIFFA-HOWARD AWARD
FOR ORGANIZATIONAL
DECISION QUALITY

GOLDEN ANNIVERSARY
50
DECISION ANALYSIS
1964 - 2014

The golden anniversary of Decision Analysis, 2014,
marked the inaugural year of the Organizational Decision Quality
(ODQ) award, created by the Society of Decision Professionals.

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. Corporate,
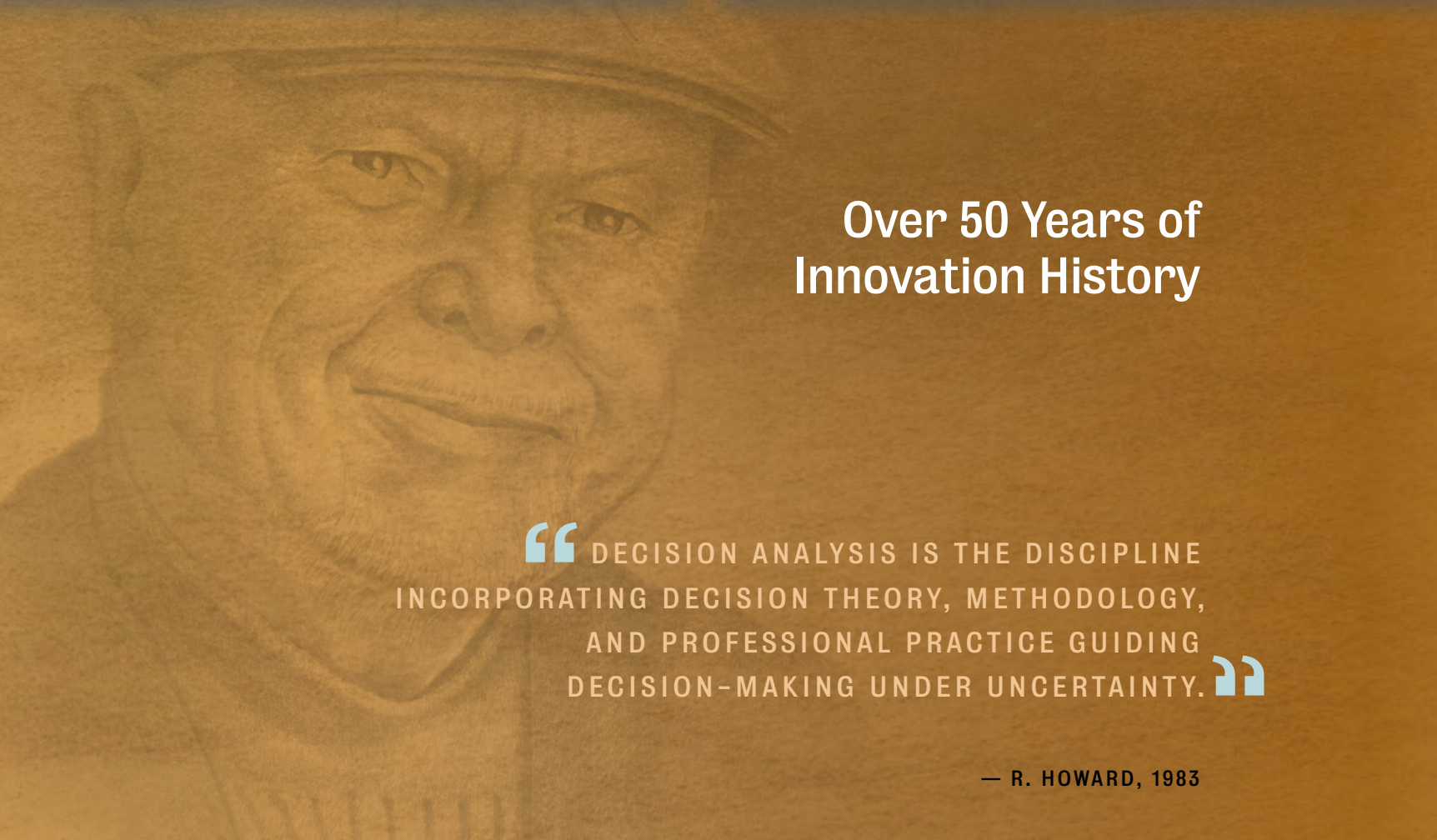private or governmental organizations are eligible.
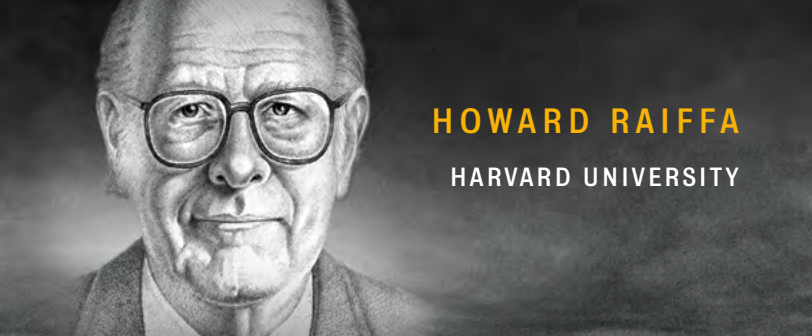
HOWARD RAIFFA
HARVARD UNIVERSITY
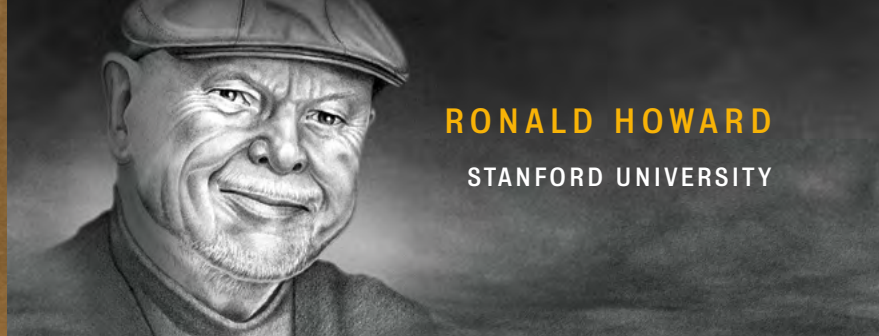
RONALD HOWARD
STANFORD UNIVERSITY

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.

Over 50 Years of Innovation History

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.

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

— R. HOWARD, 1983

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?

After the current nomination process has been completed, the evaluation process takes place. The award recipient(s) is scheduled to be announced before April of the current award cycle. The next award cycle will be announced after the naming the current recipient(s).

How will recipients be recognized?

The Society of Decision Professionals recognize the award recipient(s) with an elegant trophy during the Society's Annual Meeting—the DAAG Conference, **traditionally** held in April of each calendar year.

Attaining Organizational Decision Quality (ODQ)

MEANINGFUL, RELIABLE
Information

CLEAR
Values & Trade-offs

CREATIVE, DOABLE
Alternatives

SIX ELEMENTS OF
Decision Quality

APPROPRIATE
Frame

LOGICALLY CORRECT
Reasoning

Commitment TO ACTION

DQ

ODQ

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.

> " 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

4 Sustained Enterprise ODQ

3 Full ODQ

2 Islands ODQ

1 Project DQ
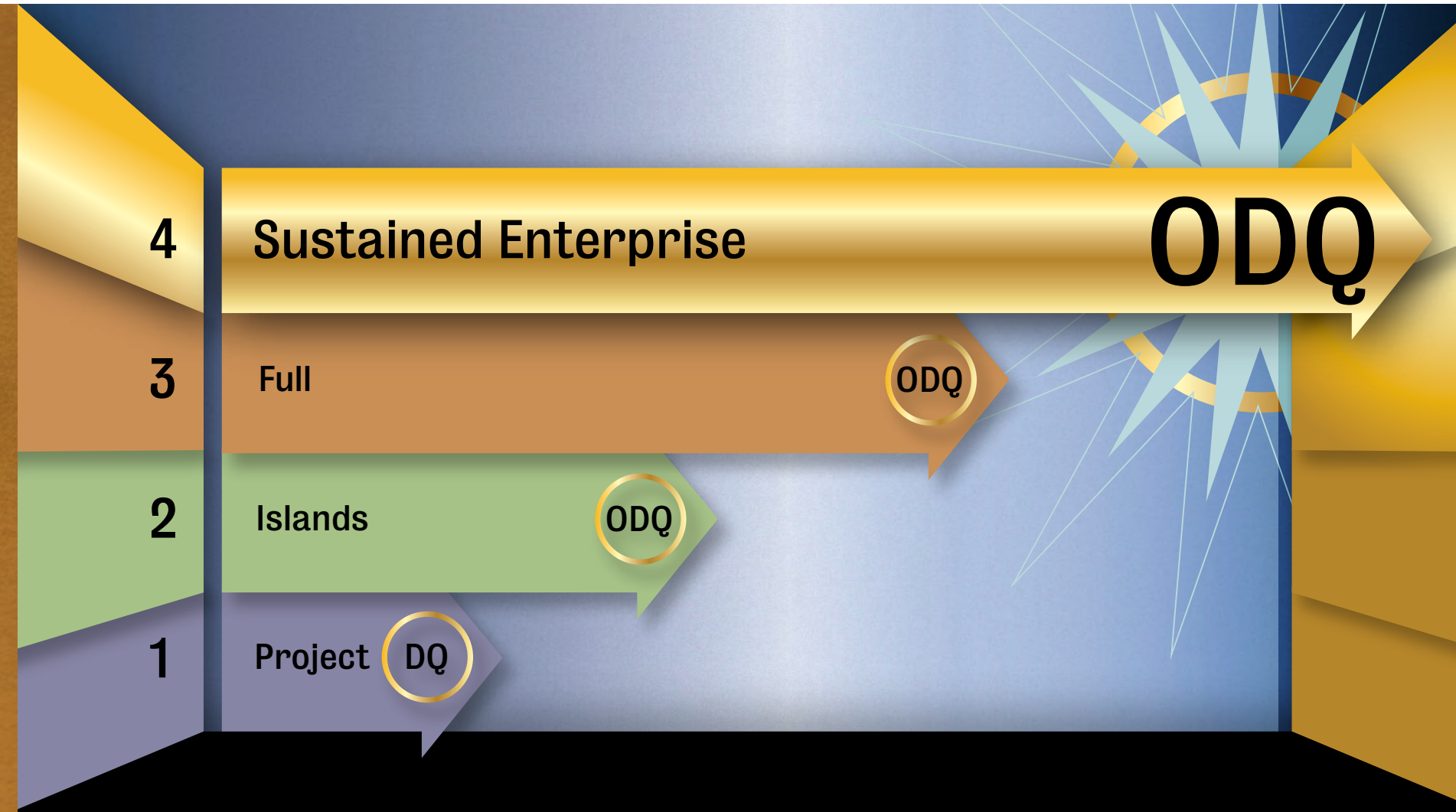
4 Sustained Enterprise ODQ

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.
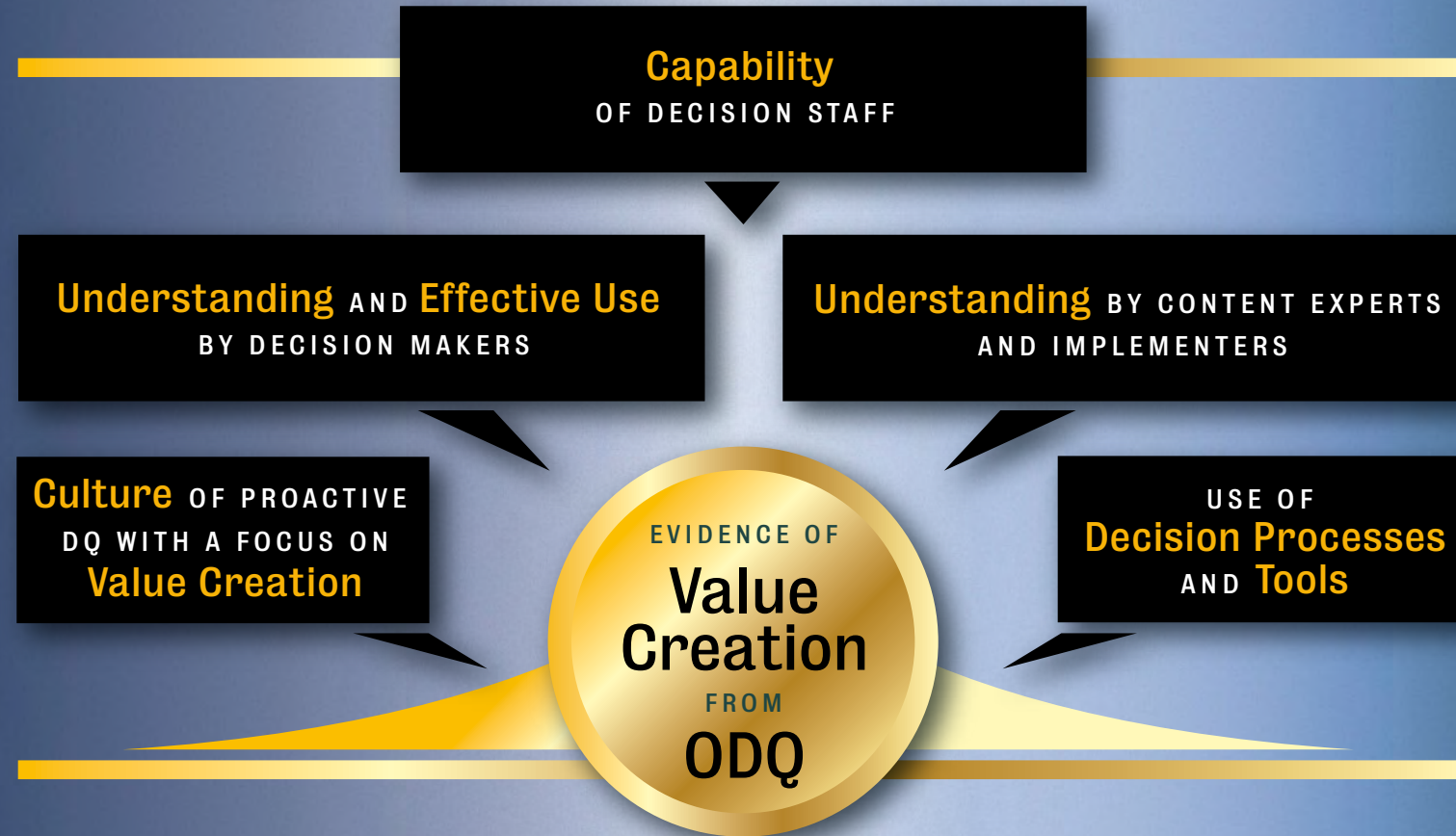
1 Project DQ

Periodic application of DQ to specific opportunities and decision problems.

Capability
OF DECISION STAFF

Understanding AND **Effective Use**
BY DECISION MAKERS

Understanding BY CONTENT EXPERTS
AND IMPLEMENTERS

Culture OF PROACTIVE
DQ WITH A FOCUS ON
Value Creation

USE OF
Decision Processes
AND **Tools**

EVIDENCE OF
Value Creation
FROM
ODQ

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.

Award Criteria

THE BOARD OF EXAMINERS WILL BE USING THE FOLLOWING CRITERIA TO EVALUATE CANDIDATES

DQ CULTURE

AWARD CRITERIA

- 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.

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

AWARD CRITERIA

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AWARD CRITERIA

AWARD CRITERIA

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

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

AWARD CRITERIA

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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?

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