



SOCIETY OF DECISION
PROFESSIONALS
Clarity & Insight for Decisive Action

NEWSLETTER

Issue 2

April 2017

President's Message

by Larry Neal



Greetings everyone. Welcome to the second issue of the SDP newsletter.

I've just returned from DAAG 2017 in New Orleans, one of the best meetings ever if you ask me. Despite the weather conditions in the East, we had approximately 90 attendees, one of the largest crowds ever. Co-chairs Leslie Lippard and Jim Felli did a great job with the program. The mix of technical topics and case histories kept the sessions lively. We also had a lab session where attendees could move from place to place during lunch to participate in several different activities. During that session the Decision Education Foundation unveiled their newest video entitled "Rigs to Reefs, How Decision Analysis Resolved an Environmental Controversy". You can see the video here - <https://vimeo.com/204962500>.

To top it all off, we gained 4 new members during the event. We must be doing something right!

The keynote speaker at Thursday's dinner event, Beth Perdue Outland, was outstanding. She is the Vice President of Community Engagement and Strategic Innovation at the Indianapolis Symphony Orchestra. She covered a wide range of topics, but the one I found most intriguing was a discussion on how virtuoso musicians work to become a team called an orchestra - bright, talented individuals working collaboratively to create something better than simply the sum of its parts. Symbolically, the orchestra reminded me a lot of our Society. A large group of talented individuals working to create something bigger than just a group of people interested in a common topic. I had many conversations during DAAG with members about the Society, opportunities for growth and improving the value proposition we offer both members and sponsors. There was no lack of enthusiasm, that is for sure.

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Your Board of Directors traditionally meets face-to-face at DAAG during the workshop day and this year was no exception. What was different this year was an extended session to review the state of the Society and begin strategic deliberations. A volunteer strategic planning committee has been assembled from current board members and are charged with delivering a 5 year plan for board approval in May. Once the plan has been approved by the Board, it will be made available to all members via our web site.

In addition to the extended board meeting, the inaugural President's Breakfast was held on Friday morning, ahead of the main meeting. The event is coordinated by the current Past-President with invitations to all previous Presidents, the current President, and the Vice-President/President-elect. The purpose of this event is to discuss the state of the Society and to seek input from those that have held the office of President. As this was the inaugural event, I spent considerable time reviewing the history of the Society from a business perspective. Vice-President Ellen Coopersmith then led a discussion about potential strategic initiatives. Everyone in attendance provided comment and input. It was well worth the effort.

Three new SDP awards were announced at DAAG. The Pioneer Award for outstanding contributions to our profession, Volunteer of the Year Award for, you guessed it, the person making a significant impact on the Society through their efforts, and Recruiter of the Year Award for the individual responsible for bringing in the most new members. These will be given out at DAAG 2018. Stay tuned for more information in the coming months.

Lastly, we announced that DAAG 2018 will be in Vancouver, British Columbia. The dates are April 11-13, 2018. More information will be forthcoming.

Until next time,

Larry

Upcoming Events



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- [Webinar: Making Music: A Thousand Tiny Decisions](#)
Wednesday, 12 April, 8AM PT (US)
- DAAG 2018 – SAVE THE DATE
Vancouver Canada
April 11 - 13, 2018



[39th Annual North American
Meeting](#)
October 22-25, 2017
Pittsburgh, PA



The editors asked SDP member Chris Dalton to write about his impressions of the DAAG meeting held last month in New Orleans.

My Reflections on DAAG 2017

By Chris Dalton



Each one of us has a distinct set of identities. Personally, I consider myself to be (in no particular order) a husband, father, hiker, canoeist, decision analyst, Irish-American, geek and business owner. DAAG is, of course, about DA, so the decision analyst in me had plenty to listen to. More than any other meeting I know of, DAAG is the people who are really doing it, and the tone hits a sweet spot that manages to be pragmatic and normative without there being any tension between the two.

One talk sticks in my mind as a high point because it caught two of my identities. In the value of information session, Emily Pindilli from the US Geological Survey talked about the VOI of streamflow information from USGS's many stream gauges. I live in Maine, and as an avid canoeist I paddle whenever the water isn't frozen (generally from late March to mid December). I have the USGS streamflow page for Maine as a pinned tab in my browser, and I review data from the various gauges frequently when deciding where to take a trip or which boat to bring to a canoe race (thumb rule: if the streamflow is below the P20 for the date, don't bring a pretty boat). While these weren't the highest stakes decisions affected by that data, the fact that I had personally experienced them made the value real.

Moving now to Irish-Americanism, imagine that you find yourself in New Orleans on a Friday night which happens to be St. Patrick's Day, and you have a 6am flight the next morning. Is that a nasty multi-attribute utility problem or what?

Note From the Editors

We hope that you enjoy this second issue of the SDP Newsletter. Please do not hesitate to send us constructive feedback.

A new feature that we are considering is a listing of recent publications by SDP members. If you have recently published a book or article that you would like to be listed, please send us a citation.

[Click here](#) to email the editors.

Matt Gorman and Steve Tani
SDP Newsletter Editors



SDP Council in Focus: Outreach Council by Terrence Karner and Laura Keating

The mission of the Outreach Council is to increase awareness of Decision Quality beyond the traditional borders of our profession and demonstrate its value proposition to both individuals and organizations that can benefit from its application.

To achieve our mission, the Outreach Council is identifying content and developing a web presence to support outreach in the following three areas: 1) [Societal Decisions](#), 2) Personal and Life Choices, and 3) Business Decisions. In addition, we are planning for a 'Speakers Bureau' that will help connect people and organizations interested in learning more about SDP and our profession, with members who are interested in talking about their work. We are also reaching out to potential partner organizations and identifying collaboration opportunities.

Moving forward, the Outreach Council plans to continue the current initiatives. Specific agenda items for the next year include:

- Continue to promote & support decision fairs (together with DEF)
- Put the speakers bureau in place (2017-2018)
- Solidify a plan and approach for outreach to potential partner societies
- Launch personal and life choices web page
- Update the "welcome decision-maker" pages to match the Outreach and SDP look and feel

Like other SDP councils, the Outreach Council consists of SDP members who volunteer their time and efforts. Consider joining us! We are always looking for energetic volunteers to contribute to these initiatives. If you are passionate about the potential of our profession to have an even larger impact in the future, then you are passionate about the mission of the Outreach Council. We ask you to please consider joining us in helping spread awareness about the profession that we love. For additional information or to join the Outreach Council, please contact Terrence Karner at tkarner@deloitte.com.

Current Outreach Council members are Terrence Karner (co-chair) and Laura Keating (co-chair), Amy Day, Amy Stranieri, Carl Spetzler, Chris Spetzler, Dan Hudson, Ellen Belitzky, Hilda Cherekdjian, Karen Jenni, Max Henrion, Pat Leach, and Tyler Ludlow.

Useful Links

The SDP Board has posted the Society's Bylaws and Policy and Procedure Manual, which can be found at: <http://www.decisionprofessionals.com/about/governance>

The SDP Knowledge Sharing Council maintains a Fellows Blog at:
<http://www.decisionprofessionals.com/?scrollTo=blog-news#blog-news>





Spotlight on SDP Member Harry Saunders

In every issue of this newsletter, we turn the spotlight on a randomly-selected member of the SDP to learn more about that member's life as a decision professional.

The editors



The career path to becoming a decision professional began for Harry Saunders in 1974 when he took a course in decision analysis from Professor Ron Howard at Stanford University. After completing his PhD at Stanford, Harry worked for a while in the oil industry and then joined Strategic Decisions Group. He left SDG after a few years to form a consulting firm called Decision and Risk Analysis, Inc. with Kenny Oppenheimer and Dan Owen. Then, in the early 1990's, Harry ventured out alone and created his current firm, Decision Processes, Inc., now based in Newbury Park, California.

In his current role as Managing Director of Decision Processes, Inc., Harry has worked in a wide variety of industries, including oil and gas, high tech, aerospace, and even theme parks (Disneyland has been a client). He has helped to guide client companies in making good strategic decisions by using a process involving a structured dialogue between decision-makers on one hand and a working team on the other. He wants his clients to know that they are the ones creating their strategies and that he is only there as their quality guide. One novel approach he employs is to use spreadsheet models as user-friendly interactive learning tools. He provides client team members with the day's latest version of the model and challenges them to "break" the model by playing with it to explore the full strategy space element by element, including all decision options and uncertainties. He finds that doing this has three kinds of benefits – it can reveal bugs in the model that need to be fixed, it can produce counterintuitive results that give the team deeper insights into the decision space, and, most importantly, by giving the team ownership of the model, it builds credibility of the analysis. Once the analysis of each "test" strategy is finished, he challenges the team to use the analytic results to create a hybrid strategy that is better than any of the original alternatives, a device he learned from Dan Owen.

As a decision professional, Harry says that a particularly tough challenge is to get client decision makers to be hands-on participants in the process, creatively expanding the strategy frame offered them by the working team, using their wisdom and experience to judge and shape the analysis, and certifying the inputs so that they fully own the resulting strategy. There are two big sources of satisfaction in his professional life – having a large network of friends with whom he has worked in many different companies around the world and having the opportunity to learn how many different kinds of businesses operate. Harry highly values his membership in the SDP, saying that it enables him to show his clients that he represents a well-established body of professionals helping organizations make better decisions.



Dear SDP Fellows: What is the right language to use when discussing “risk” in your company? I have heard risk used in many different ways, “uncertainty” gets a glazed look, “upside and downside” seems to be too simple, probability works with geeks but not with most managers.

The discussion of ‘Risk’ and ‘Uncertainty’ has long vexed the Decision Science professional. By and large, most people outside the field feel comfortable using these terms interchangeably. Moreover, the definitions used to describe them are quite varied. In the field of Decision Science, we tend to have our go-to definitions for each term separately and still we find ourselves coming up short in sufficiently bridging the commination gap these terms engender.

Among other things, it comes down to context and word choice. Sam Savage explains uncertainty and risk pretty clearly in “Flaw of Averages” and cautions about using words that can cause people’s eyes to glaze over, such as “variance”, “percentiles”, or “probability”, etc.

The following has shown to be helpful when trying to describe these terms in plain English:

- Uncertainty - a range of outcomes that could happen, independent of the impact on a decision-maker.
- Risk - the potential impact an uncertainty could have on a decision-maker directly or indirectly via other stakeholders of concern to the decision-maker.

A good example is the price of a company’s stock a month from now. There is a range of possible outcomes, so it is an uncertainty. For non-shareholders, there is minimal risk whether it goes up or down. But for shareholders, the risk may be quite significant, especially if the stock is a major part of their investment portfolio. For executives, the risk could be their job or their bonus compensation.

This distinction helps in decision-making by assessing uncertainty ranges independent of the biases you may have as a stakeholder, or at least attempting to do that. For the most significant uncertainties, it is then useful to think about whether they are a risk (or opportunity) for the decision-maker and consider the value of learning more before making a decision, or creating options as part of the path forward to mitigate the risk.

Here is a ‘straight to the point’ way to view this: You have a box and know that there is some money in it, any amount between \$1 and \$1000. You don't know how much, that's uncertainty. Now I sell you the box for \$100. Now you have risk!

Let’s turn to communicating in a way that C-level folks can appreciate. We need to speak in their language. Oddly, an important question is whether you are in a publicly-traded or privately/closely held company. Presuming a publicly-traded one, and presuming you are doing a full decision analysis, you can communicate risk using a familiar-to-them CAPM-based weighted average cost of capital for the discount rate. You then can describe an S-curve as depicting “the likelihood of destroying shareholder value” given this investment (probability of 0 NPV or less). Managers are alert to such language when thinking about risk.

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If you have a question for the SDP Fellows about good practice among decision professionals, please send it to us at [SDP Newsletter: Ask The Fellows](#).



Ask the Fellows, continued from page 6

This appears a departure from the standard Decision Analysis principle that risk preference and time preference are to be treated separately, the latter using a risk-free discount rate (lower than weighted average costs of capital). But it is really not. This claim is supported technically, along with some other risk communication tricks that use everyday language. For a privately/closely held company, the decision analyst must revert to encoding owner-manager risk-aversions to allow them to look at the proposed investment, each in their own way, risk-preference/aversion-wise, using the risk-free rate. Often open discussion among them can lead to consensus decisions if the decision analysis is done properly and communicated well. For more information on this explanation, please contact Harry Saunders at hsaunders@decisionprocessesinc.com.

The following SDP Fellows contributed to answering this question: Gerald Bush, Frank Koch, and Harry Saunders.

Congratulations to Ralph Keeney

The correct answer to the brain teaser posed in the February issue is that it is three times more likely that the coin tossing will end on the sequence THH than on HHT. A full explanation of the answer can be found by [clicking here](#). Congratulations go to Ralph Keeney for being the first reader to submit the correct answer.

A BRAIN TEASER

Instructions: You can win "bragging rights" by being the first to submit the correct answer of this brain teaser to the newsletter editors ([SDP Newsletter: Brain Teaser](#)). We will announce the winner in the next issue.



Five Robbers



Five robbers meet to share out 100 gold coins they have stolen. Their process for determining the share each robber gets is as follows: They draw numbers 1 through 5. Robber No. 1 proposes a sharing scheme and all of the robbers vote whether or not to accept it. If the proposal is accepted by an absolute majority (i.e., > 50%) of those voting, the coins are shared accordingly. If not, the robber proposing the scheme is booted out of the gang and Robber No. 2 proposes a different scheme. This process continues until a scheme is accepted. Each robber is completely rational and acts totally in self-interest. How will the coins be shared among the five robbers? (Assume that each coin remains whole.)

A Word From an SDP Sponsor

In every issue of this newsletter, we include a message from one of the SDP sponsors, whose support contributes significantly to the on-going success of the Society.



Decision Frameworks is a renowned and unique Decision Quality enablement firm providing consulting, practical case-based DQ training, and software to build sustainable Decision Quality cultures within client organizations. Our company champions Decision Quality through engagements ranging from full implementations to targeted support of in-house teams. Skill development is fostered through hands-on practicums and real-world workshops supported by state of the art Decision Quality software. Founded in 1999, Decision Frameworks has offices in Houston, Calgary, London, Hamburg and Adelaide and services clients worldwide.

At Decision Frameworks, we liken sustainable Decision Quality implementation to launching a successful technology. For technologies to be successful, they must “cross the chasm” - take the use of the technology out of the hands of the early adopters who believe in it, and spread its use to the larger market of pragmatic users. To do this, the technology and the use of Decision Quality mindset and principles must be made easy...to culturally become the way of thinking, and the way of working. The purpose of Decision Frameworks toolset is to make the practical application of DQ easy for both the expert and the everyday professional. The design of Decision Frameworks training is founded on: Relevance, Repetition and Ease of Use. Courses always include working relevant case examples, going around the race track numerous times applying DQ principles and making the application of DQ easy through guiding software.

As a founding member of SDP, Decision Frameworks shares the Society’s overall goal of increasing DQ awareness, application and accreditation. We have very much enjoyed contributing to the drive, energy and vision of SDP as it builds its professional reputation, for which all members can feel proud. We are very exciting about the opportunities and challenges ahead as SDP addresses the needs of the next generation of practitioners.

As current practitioners, it is our hope that you and members of your organization will join us in one of our open enrollment courses or free webinars, reach out to us when you have a project team in need, or have questions about how to move your implementation to the next level. Consider licensing our time-saving and easy-to-use Decision Quality software tools: DTrio – for Decision Framing, DTrio XL - for Value of Information and TreeTop - for Uncertainty Analysis, so that you can democratize and broaden the use of critically important, yet uncommon DQ skills in your organization.

Find out more at www.DecisionFrameworks.com or contact Jeremy Walker, Vice President, Decision Frameworks, jeremywalker@decisionframeworks.com or Ellen Coopersmith, President & Founder, Decision Frameworks, ellencoopersmith@decisionframeworks.com , ph: 713-647-9736.