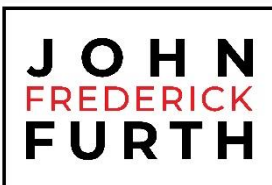


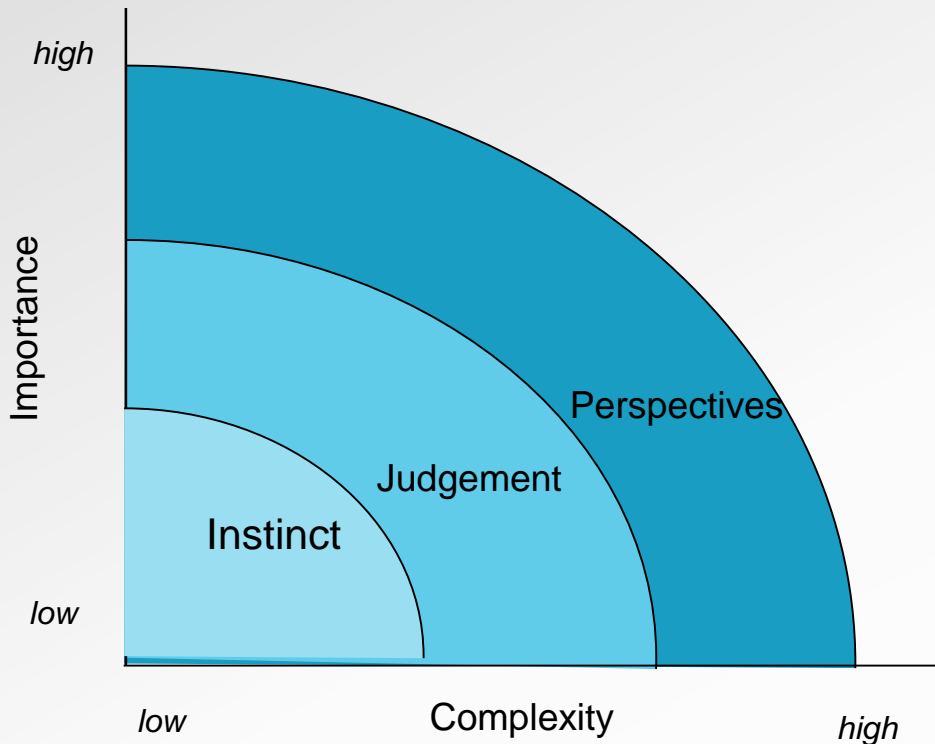


# Making Great Decisions in a Disruptive World™

SELF-ASSESSMENT



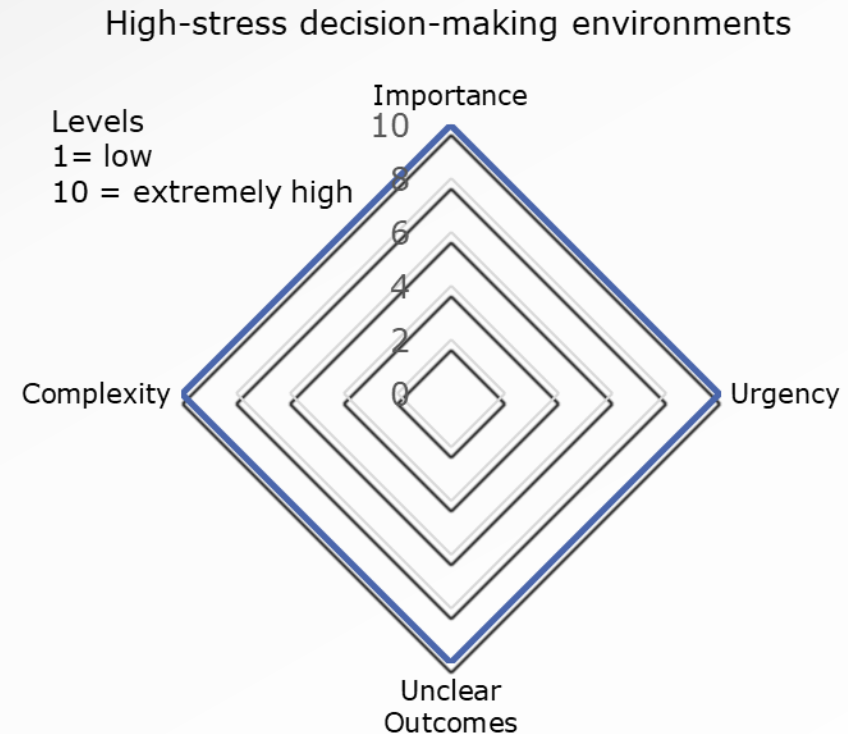
# The Basics of Decision-Making\*



- People generally use personal experience and **Instinct (I)** to make relatively simple and/or day-to-day decisions.
- Faced with more **important** and **complex** situations, good decision-makers rely increasingly on their **Judgement (J)**.
- But many leaders and their teams have to make major decisions that impact large numbers of people. In these kinds of situations, experienced CEOs and their leadership teams pour through information/insights and talk to a wide variety of experts, other leaders in their industry, and so on before coming to a conclusion. They access multiple **Perspectives (P)**.

# Decision-Making in a Disruptive World\*

- In disruptive environments, however, where new ground is forged every day, two additional factors impact how decisions are made: the level of **urgency** and **uncertainty** of the outcomes of major decisions.
- In disruption, a business leader's prior experience or executive judgment might be of little help when making big, important decisions. Even his or her usual cadre of trusted advisors and experts may not be of much help. In fact, reverting to past paradigms can be potentially harmful.



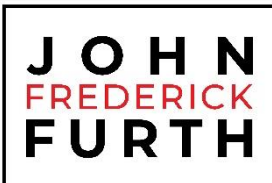
\* This worksheet is best used in conjunction with reading Part Three of "Owning Tomorrow."

# Instructions\*

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- Here are a few suggestions to help you get the most out of this exercise:
  - Format a spreadsheet similar to the one I use as an exhibit in this deck.
  - Each page corresponds to a step in the process. When you start a new step you should add the header to your spreadsheet and follow the instructions for completing that step.
  - Finish each step carefully before proceeding to the next one. Please don't look ahead until after you have completed a step. When you are on Step 5 you can go back and make changes. After that point any changes will be unproductive.
- To ensure objectivity, you might want to do the exercise with a coach, consultant or someone you trust who has experience with how you currently make decisions.
- When completed properly, this assessment will give you clarity as to your abilities to recognize what kind of decisions you had to make but whether or not you choose the correct process to make them.

\*One of my clients owns and runs a software company. He worked with me developing this worksheet. His answers serve as an example throughout this deck to help you understand how to build your own spreadsheet.



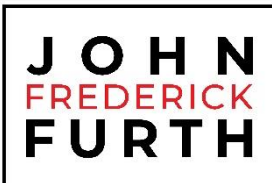
# Step 1: Rank the Importance of Business Decisions You've Made Recently

A. List as many decisions as you can think of that you were responsible for making over the last 12 to 18 months. The list should include not less than 5 and no more than 15 separate items.

Decisions made during preceding year
1. Discontinue developing products and focus on business services
2. Fire internal recruiter
3. Hire expert to upgrade financial systems (project)
3. Move offices to an equally desirable location to save \$3000/month in rent
4. Buy back outstanding shares departed co-founder still owns
5. Agree to settlement of company funds stolen by former controller
6. Hold off on 2018 financial planning until new controller is hired

B. Rank them according to their importance or long-term impact on you or your company.

Decisions made during preceding year in order of importance	Importance
Buy back outstanding shares departed co-founder still owns	1
Agree to settlement of company funds stolen by former controller	2
Hold off on 2018 financial planning until new controller is hired	3
Move offices to an equally desirable location to save \$3000/month in rent	4
Fire internal recruiter	5
Hire expert to upgrade financial systems (project)	6
Discontinue developing products and focus on business services	7



# Step 2: Determine What the Level of Complexity Was for Each Decision

Decisions made during preceding year in order of importance	Importance	Complexity
Buy back outstanding shares departed co-founder still owns	1	4
Agree to settlement of company funds stolen by former controller	2	4
Hold off on 2018 financial planning until new controller is hired	3	3
Move offices to an equally desirable location to save \$3000/month in rent	4	1
Fire internal recruiter	5	5
Hire expert to upgrade financial systems (project)	6	6
Discontinue developing products and focus on business services	7	10

1 = extremely simple and straight-forward    10 = extremely complex

You'll notice in this example that there was a relatively high correlation between the importance and the complexity of most of the decisions he made. This is not uncommon.

# Step 3: Evaluate the Amount of Time You Had Before Each Decision Was Due

Decisions made during preceding year in order of importance	Importance	Complexity	Available Time
Buy back outstanding shares departed co-founder still owns	1	4	8
Agree to settlement of company funds stolen by former controller	2	4	1
Hold off on 2018 financial planning until new controller is hired	3	3	8
Move offices to an equally desirable location to save \$3000/month in rent	4	1	7
Fire internal recruiter	5	5	4
Hire expert to upgrade financial systems (project)	6	6	2
Discontinue developing products and focus on business services	7	10	8

1 = High degree of urgency      10 = Virtually no time limits

Ideally, business leaders faced with important decisions that are less “urgent” can take the time for extensive thought and discussion to ensure they make the right move. But that’s often not the case. In the example above you can see that my client had one important and complex decision – e.g. hiring an expert in financial systems - for which there wasn’t much time to do a lot of research and discussion.

# Step 4: Recall How Much Uncertainty Was Involved in Making Each Decision

Decisions made during preceding year in order of importance	Importance	Complexity	Available Time	Degree of Uncertainty
Buy back outstanding shares departed co-founder still owns	1	4	8	1
Agree to settlement of company funds stolen by former controller	2	4	1	1
Hold off on 2018 financial planning until new controller is hired	3	3	8	5
Move offices to an equally desirable location to save \$3000/month in rent	4	1	7	5
Fire internal recruiter	5	5	4	1
Hire expert to upgrade financial systems (project)	6	6	2	9
Discontinue developing products and focus on business services	7	10	8	10

1 = very certain                      10 = extremely uncertain

- Because my client’s business at this time was not particularly disruptive, the outcomes of most of his decisions were relative easy to predict.
- However, the most important decision – whether or not to focus on business services – was not only complex but there was very little clarity of the outcome, regardless of the final decision. Fortunately, with a strong and profitable core business, he and his leadership team had considerable amount of time to debate the various options before coming to a conclusion.



# Step 5: Calculate How Much Effort Was (Theoretically) Required for Each Decision

Decisions made during preceding year in order of importance	Importance	Complexity	Available Time	Degree of Uncertainty	Amount of Effort
Buy back outstanding shares departed co-founder still owns	1	4	8	1	38%
Agree to settlement of company funds stolen by former controller	2	4	1	1	22%
Hold off on 2018 financial planning until new controller is hired	3	3	8	5	51%
Move offices to an equally desirable location to save \$3000/month in rent	4	1	7	5	46%
Fire internal recruiter	5	5	4	1	41%
Hire expert to upgrade financial systems (project)	6	6	2	9	62%
Discontinue developing products and focus on business services	7	10	8	10	95%

Now that you have evaluated the four factors for each decision, please add them together. Next, take the highest ranking possible – in this case it was 37\* – and divide the first set of numbers by 37 to arrive at a percentage.

This will give you an understanding of the relative amount of effort that could might been required to make each decision. You'll see in this example that there was a high correlation between the amount of required effort of each decision and the importance of that decision.

*\* In the example used, there were 7 decisions ranked by importance and the highest rankings in the other three categories was 10. If there were 15 decisions, for example, the highest score would have been 45.*

# Step 6: Remember How You Made Each Decision

Decisions made during preceding year in order of importance	Amount of Effort	How decision was made
Buy back outstanding shares departed co-founder still owns	38%	I
Agree to settlement of company funds stolen by former controller	22%	I
Hold off on 2018 financial planning until new controller is hired	51%	I
Move offices to an equally desirable location to save \$3000/month in rent	46%	J
Fire internal recruiter	41%	J
Hire expert to upgrade financial systems (project)	62%	J
Discontinue developing products and focus on business services	95%	P

I = Intuition (comfortable enough to make decision with little or no input from others)

J = Judgement (some discussion with others required)

P= Perspectives (extensive discussion and use of internal and external data required to make decision)

Go back and remember the way you (and your leadership team) made each decision. Did you make it using experience and Instinct, then write a “I” in the box. Put a “J” for any decisions that you relied on your Judgement for. A “P” should be inserted when the process of coming to a decision included many different Perspectives.

# Step 7: Correlate “How Decisions Were Made” with the “Potential Amount of Effort”

Decisions made during preceding year in order of importance	Amount of Effort	How decision was made	Correlation
Buy back outstanding shares departed co-founder still owns	38%	I	High
Agree to settlement of company funds stolen by former controller	22%	I	High
Hold off on 2018 financial planning until new controller is hired	51%	I	Medium
Move offices to an equally desirable location to save \$3000/month in rent	46%	J	High
Fire internal recruiter	41%	J	High
Hire expert to upgrade financial systems (project)	62%	J	High
Discontinue developing products and focus on business services	95%	P	High

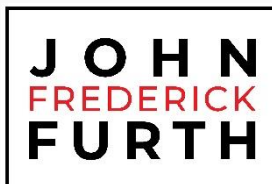
Low = Any “Amount of Effort” percentage deviates by more than 10 basis points from the bands defined below

Medium = Any “Amount of Effort” percentage deviates by 1 to 9 basis points from the bands defined below

High = Any “Amount of Effort” percentage that is within the bands defined below

The ranges for each decision-making type are:

Decision-Making Type	Range
Instinct (I)	0% to 40%
Judgement (J)	41% to 70%
Perspectives (P)	71% to 100%



# Step 8: The data and the outcomes help you understand how well you make decisions

Decisions made during preceding year in order of importance	Amount of Effort	How decision was made	Correlation	Outcome	Did your process align with the outcomes?
Buy back outstanding shares departed co-founder still owns	38%	I	High	10	yes
Agree to settlement of company funds stolen by former controller	22%	I	High	8	yes
Hold off on 2018 financial planning until new controller is hired	51%	I	Medium	6	yes
Move offices to an equally desirable location to save \$3000/month in rent	46%	J	High	10	yes
Fire internal recruiter	41%	J	High	9	yes
Hire expert to upgrade financial systems (project)	62%	J	High	9	yes
Discontinue developing products and focus on business services	95%	P	High	9	yes

1 = disastrous outcome 10 = excellent outcome

- Give yourself a “YES” under “Did your process align with the outcomes?” if your level of correlation lies within the “outcome ranges” in the chart to the right.
- **Lessons learned: The more YESes you have, the more skilled you are at achieving excellent outcomes because you know when to use the right process. (Remember that a “YES” is also possible when your outcome wasn’t high because you didn’t use the right process per the third decision in the chart above.)**
- I was very pleased that after a lot of hard work on his decision-making skills, my client’s decisions are largely in line with amount of effort required.

Correlation	Outcome Ranges
Low	1-3
Medium	4-7
High	8-10