



## DECISION MAKING

Dear Reader, this is my first monthly article for you (by the way: this and all other articles will also be published in the Slovenian Business Daily “FINANCE”) and the objective is it to share my experiences with you, especially those related to Leadership, Management and Organization. I assume that your question will now be: What is the difference in comparison to comparable business literature and books such as “100 Ways to Become a Successful Manager”? The answer is: I don’t want to tell you what you should do; **I would rather like to present you with poor examples and recommend to you “HOW NOT TO DO IT”.**

One of these examples is a very high-ranked manager, whom I know personally and who is not capable to make proper decisions. When, for instance, associates are coming up with proposals like “we would suggest to reduce the price of our product X by 3%” he usually postpones the decision by saying “this can wait, let’s talk about it next month again” or puts it off by answering “we have to think about it”.

But decision making and especially the procedure that leads to the point, where a decision can be made, is in most of the cases quite simple:

Although you can sometimes read or hear from famous business people that they already went for certain important issues on a gut level, I think that a proper analysis should be the fundamental basis. But this analysis should not just take into consideration data sheets and calculations, so called hard facts; it should also recognize opinions and impressions about the subject.

Another very important issue is the discussion with others during the phase of preparing the material for the final proposal to the one, who then finally has to make the decision, the so-called decision maker. Quite a good example are Consultants, who are usually discussing their findings and sharing their opinions and ideas among project teams until a common sense is reached, which can then be presented to their customer.

In many cases you have to consider and compare alternative choices. The tool for that is called decision tree and the tree’s branches should lead you to the optimum choice. In that respect you should look at the subject from different aspects: how would your customers react, what would your competitors do, what impact and effect would any kind of a decision have on your suppliers, etc.

And finally you have to make a proposal for the person who is supposed to say YES or NO.

Among different kinds of responsibilities there are some things that you as a Leader or Manager have to consider:

**“Your staff is always as good as you develop it”** is what one of my bosses told me once. How can you be sure, if your staff has the same goals or objectives like you do, if you don’t want to educate your colleagues?



How do you know that they deal with the decision making procedure in the same way you would do it, if you don't spend enough time for their development?

Managers who do not trust in their associates and employees, will always have a certain gut suspicion once they are asked to decide about something, and they cannot see the detailed analysis.

Did you already experience this kind of feeling: you received a proposal, for instance, as a banker a credit application? You agreed with the proposal and decided to grant the loan to the client. In the evening, when you were driving back home, a lot of thoughts and doubts were coming into your mind: did the loan officers consider this argument as well, did we investigate that issue carefully, did we take the seasonal development into consideration and so on. Fact is that sometimes Managers or Leading Staff do not raise enough or proper questions with those colleagues, who worked on the analysis and the proposal. And in that case they will never learn nor understand how their colleagues reached the proposal.

And finally you have to decide. Keep always in mind that **also a "NO" is a decision**. No one will punish you for that, on the contrary, if your NO is well grounded the person concerned will most likely understand and accept your standpoint.

Acting like the manager at the beginning of this article would – from my point of view – lead almost always to the same result:

- Processes come to a halt, because there is no decision made at the time when it would be needed.
- Trench warfare will be shifted to lower hierarchical levels. Consider that the Sales Department would like to sell a huge quantity of goods at a special price because of gaining additional market share and the Purchase Department that does not agree because of the low price margin ... and the Management above both of these departments is not capable to decide about making the deal or not.
- **And, in the end, everything leads to miserable results and performances, especially from the client's point of view.** Imagine, the Product Manager proposed an adjustment of certain products to make the handling more convenient for customers and the decision maker is not ready yet for saying YES or NO to the proposal...

So, now it's up to you to make your decision: Which do you think is the better approach, to act like our manager or the other way around?

If you have ever been in a situation like this or you have experienced something similar, please be so kind and do not hesitate to send me your feedback to [klaus@schuster.si](mailto:klaus@schuster.si).