



6 Key Guidelines for Structured Decision-Making



For centuries, debates have taken place surrounding the best way to make decisions and set priorities. Science and experience are finally converging to help us craft refined approaches to decision-making. Adopting the following decision-making guidelines will help your business determine strategic direction, grow revenue, improve the customer experience, and differentiate your organization for a clear competitive advantage.

Big Decisions Are Made Better with Structured Decision-Making

Start by ensuring organizational and personal readiness:

- 1 Clarify terminology
- 2 Plan to avoid common decision traps
- 3 Harness decision-making software to solve internal facilitation needs

Then, treat decision-making and priority setting as a process, just as you probably do for budget reviews and financial forecasting:

- 4 Take time to physically structure or “frame” the decision
- 5 Clarify roles of the participants and embrace collaboration
- 6 Leave time to iterate



**Process is not the
opposite of creativity; it
is the opposite of chaos.**

Michael Hammer



Treat Decision-Making and Priority Setting as a Formal Process

Decision-making and priority setting have all the elements of other important business processes. A business process is defined as “an organized group of related activities that together create value”.

Most of us are familiar with manufacturing processes, sales processes, and invoicing processes. However, organizations need to start embracing decision-making as a process that’s integral to the success of the organization at large.

Business Process Decisions

PROJECT PORTFOLIO MANAGEMENT

- IT Portfolio Management
- Resource Allocation
- Capital Budgeting
- New Product Development

STRATEGIC PLANNING

- Strategy Brainstorming and Formulation
- Strategic Prioritization
- Strategic Resource Allocation
- Strategy Gap Analysis

STRATEGIC SOURCING

- Vendor Selection
- Source Selection
- Vendor Performance Management
- Site and Facility Selection

RISK MANAGEMENT

- Risk Analysis
- Risk Assessment
- Risk Management
- Risk Forecasting

HUMAN RESOURCE MANAGEMENT

- Employee Selection
- Employee Performance Measurement
- 360 Analysis

METHODOLOGY SUPPORT

- Six Sigma
- Quality Function Deployment
- Knowledge Management
- Balanced Scorecards

Clarify decision terminology to make sure everyone on your team is reading from the same ‘playbook’.

Terminology is important for us to communicate well in any situation, but the science of decision-making is particularly prone to commonly used but misunderstood terms. It is well worth your team’s time and effort to clearly establish the terminology that will be used during the decision-making process. Participants should be reminded of agreed-upon terminology at the beginning of each and every decision meeting.

Let’s take a look at some of the most commonly used terms that you’ll likely be using within your organization. The goal is a brief statement describing the overall purpose of the decision to be made. Goals come in all shapes and sizes, but some examples include:

- **Deciding the best ‘go to market’ strategy**
- **Choosing the most appropriate treatment for a disease**
- **Hiring the best candidate**
- **Optimizing a portfolio of projects**
- **Purchasing the best car for the police squad**

For every decision, there is **one overarching goal**.

The goal of a decision is to find the best alternative (or, in the case of a portfolio project, group of alternatives) that satisfies the decision-maker(s) wants. We will refer to these wants as objectives. Objectives are the key to making good decisions. For example, when buying a new car, we want it to be reliable, stylish, comfortable, and inexpensive, among other things. When there are many objectives at play, we can organize them into (more manageable) clusters that ease the decision process. This is referred to as an **objectives hierarchy**. In the car purchase example, the “perform well” cluster may include such objectives as acceleration, braking, cornering, traction in rain, traction in snow, etc.

Keep your eyes on the prize. Use terminology that focuses on outcomes. People often use the words ‘criteria’ and ‘attributes’ interchangeably with objectives. While the meanings can be similar, you will find that most decision-making processes go more smoothly when the word ‘objectives’ is used rather than criteria and attributes.

The reason?

The word ‘objectives’ has been shown to help people **better focus** on what they are trying to achieve, and thus improve their ability to drive actual results. An attribute is a characteristic of an alternative. For example, ‘Size’ is an attribute of a car. Attributes may lead us to think of ‘pros’ and ‘cons’ of alternatives. For example, the ‘pros’ of a large car might include passenger carrying capacity, luggage capacity, safety, and comfort. The ‘cons’ of a large car might include fuel efficiency, difficulty parking, and maneuverability.

A pro of one alternative might be a con of another alternative.

Key Decision Definitions

Goal: To find the best alternative (or group of alternatives in a portfolio scenario).

Objectives: Wants. The outcomes we are trying to achieve, which can be qualitative as well as quantitative.

Objectives Hierarchy: Clusters of objectives, organized by shared theme.

Attribute: A characteristic of an alternative.

Pros & Cons: A pro is a positive attribute of an alternative. A con is a negative attribute.

Alternative: An optional choice or course of action.

Musts: Conditions that preclude an alternative from being included in the consideration set.

DEEP DIVE

What is a ‘must’?

‘Musts’ are conditions that preclude considering an alternative from being selected.

When evaluating alternative vendors for an RFP, for example, we might eliminate some vendors because they don’t have one or more of the required ‘musts’.

Dealing with ‘musts’ is usually rather straightforward.

What is not as straightforward — and what will be the essence of making the **best choice** or rational decision — is choosing a vendor that’s able to cater their solutions to the personal needs of your organization more so than other vendors.

Plan ahead to avoid common decision traps

“Best practices” are well-intentioned, but some commonly used practices waste time and lead to poor decisions.”

There are many ‘decision traps’ that people commonly fall into. Being aware of decision traps before your team starts working will help you avoid them. Developing a sound decision-making process, especially for important decisions, can help you eliminate decision traps entirely.

Excluding perspectives of multiple stakeholders is a serious issue. If you think gathering input from all relevant stakeholders will take too much time and generate unnecessary confusion, your decision-making process is likely in need of a tune-up.

The good news is that, today, group decision-making software and hardware can easily accommodate many decision-makers in a timely manner.

Group failure can occur by assuming that a good decision will happen merely by having the ‘right people’ involved in the decision. Without a strong decision-making process in place to collect and synthesize inputs, even the best teams will fall short in generating strong ideas.

Some decision-makers have great intuition, but when they dive right in and try to quickly jump to conclusions **before clearly stating the problem**, they almost always overlook important objectives or other viable alternatives.

Additionally, they miss the opportunity to communicate their reasoning to others in the organization. Then, there are those who are overconfident and trick themselves into being certain.

Being certain means you aren't worried about being wrong. This results in failing to collect or ignoring key information and placing too much confidence in your own assumptions and opinions.

Anchoring bias is a common tendency to rely too heavily on one trait or piece of information which introduces a bias toward that value.

Compounding that is relying too much on information conveniently on hand or on rules of thumb that often don't have any merit. Another common tendency is to incorrectly justify a decision by using more "available" quantitative numbers — when, typically, **qualitative factors are equally or more important to outcomes.**

"Going by the numbers" can give decision-makers a false sense of security — and points to the need for a decision-making process that can also "quantify and synthesize" qualitative variables which may not have been previously considered.

Lastly, filtering is a tendency to exclude information that doesn't agree with preconceived notions, or preferred outcomes.



Without a strong decision-making process in place to collect and synthesize inputs, even the best teams will fall short in generating strong ideas.

Use Decision-Making Software to Solve Facilitation Needs

“Using widely available decision-making software, organizations can structure participation to leverage creativity, alignment and buy-in.”

Trust must be developed in order for relevant stakeholders to contribute and work productively together. A skilled decision-maker will always ensure that the groundwork has been laid to make sure that:

- **The objectives are clear**
- **The group is focused on the decision, rather than the process**
- **Participants are listening to one another**
- **New concerns are captured without de-railing progress**

When handled properly, a key stakeholder, with the support of senior management, takes on a neutral role in the decision-making journey and facilitates the process by developing and contributing to the team’s synergy.

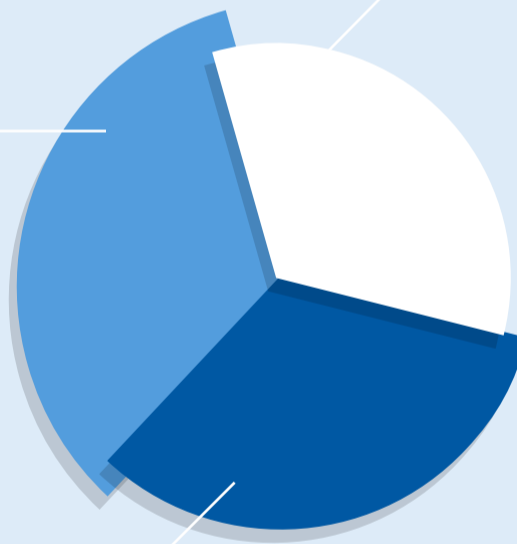
But gone are the days when most organizations have the time or resources to get an “external facilitator” up to speed. Developing a standard process for decision-making, and agreeing upon the use of decision-making technology, allows the group to place its energy and creativity on the content – regardless of whether the group is meeting in-person or virtually.

In today’s technological age, software and the internet are commonly used in group decision-making. Someone on the team should become proficient and take the lead in using decision technology tools to move decision meetings forward in a manner that **ensures forward momentum**. The best decision-makers routinely test connections, audio, and team access to online tools beforehand to ensure smooth and productive meetings.

Key Team-Leader Needs

Have the backing of management. Being championed by senior management helps participants focus on the importance of the decision at hand.

Be prepared to embrace technology that can deliver strong organization and communication skills for both “real-time” and virtual meeting settings.



Be prepared to lead the team in questioning, listening, clarifying, paraphrasing, and summarizing exercises. Make sure these efforts are captured and communicated.

Take Time to ‘Frame the Decision’ with a Physical Structure

Structure the decision model in a hierarchal fashion, with a single clear goal or purpose of the decision and with no more than five to nine objectives at any level in the hierarchy. Then, list the alternatives of choice. Ensure that each item in the model is clearly defined.

A well-structured decision model will include all relevant objectives. It will provide clarity to the group and will serve as a strong foundation to keep the group on the same page throughout the process.

Formally structuring a decision helps to bring order to the unstructured chaos of the usual decision-making journey. A model is a visual representation of an idea that helps a group better understand complexity. By going through a modeling process, you can clarify the important driving forces in the decision and available alternative courses of action.

Physical Decision Models Help to:

- **Communicate clearly**
- **Reduce the likelihood of overlooking crucial factors**
- **Inspire identification of new alternative solutions**
- **Document and provide transparency for crucial factors**

By working from a proven decision-making model, your team will decrease the likelihood of **overlooking crucial elements** of a decision. The simple step of specifying the alternative course of action will often inspire the group to look for other alternatives that may not have been initially obvious.

The model itself will remain as a record of the decision, which can be revisited later so the group can use it as a template or improve on it.

Clarify roles of decision participants and synthesize judgments

“Involving the right people at the right time in the process is critical to successful buy-in and to ensure a high-quality decision outcome.”

Most people are comfortable with some form of analysis, but the process of reaching an overall conclusion or a synthesis that everyone understands can not only be difficult, but can generate some incorrect results if not handled properly.

Complex decisions have multiple objectives and require input from multiple perspectives that are then synthesized into a decision. However, **not all participants need to be involved in all phases of the decision**, as decision roles can be assigned to distribute the workload and save time.

For example, executives may determine the overall objectives of the organization, and the relative importance thereof, whereas subject matter experts (SMEs) may be brought in to evaluate only certain aspects of the alternatives.

After all voices have been heard, you need to synthesize them to reach results. Synthesis is the process of weighting and combining priorities throughout the decision-making process after judgments are made in order to yield overall priorities.

The most preferred alternative is the one with the highest priority.

Synthesis is easy to do, but it is often done poorly. Counting and voting are typically ‘wrong’ ways to synthesize judgments – as it has been scientifically proven that results based on such heuristics are mathematically meaningless unless the measures have what is known as ‘ratio scale properties.’

Luckily, decision-making software that relies on The Analytic Hierarchy Process (AHP) enables you to ensure that the final, critical step in decision-making is taken.

By utilizing a proven methodology for translating many different analyses into a single, final decision, your team will be better equipped to handle changes in priorities and navigate the decision-making process. AHP software has evolved to let us prioritize and compile all our analytic data by visually **breaking apart complex problems and putting the pieces together** in related ways.

After you have your answer from performing an AHP synthesis- you then have the option to perform sensitivity analyses to determine how sensitive the results are to changes in the priorities of the objectives.

Decision-making software that relies on The Analytic Hierarchy Process (AHP) enables you to ensure that the final, critical step in decision-making is taken.

Leave time to iterate, iterate, iterate.

“Rational-iteration is the most critical aspect of our natural decision-making processes.”

The time required for iteration should be included when planning the decision-making process, and never as an afterthought.

Group decisions are almost always complex. Important decisions deserve and should require iteration. There is no fixed sequence for iteration, but one pass through a series of steps is hardly ever enough. There are many reasons for iteration, including:

NEW LEARNING

The single largest benefit of a structured decision-making process is the sharing of facts, experiences, and values amongst decision-makers for specific objectives. Towards the end of the decision-making process, allow your decision-making team the opportunity to review their earlier judgments with the perspectives of any new insights they’ve gained from colleagues during the decision-making process. Insights are often gained that cause discussion and re-examination of participant roles and judgments.

IDENTIFICATION OF A NEW OBJECTIVE

Someone in the group feels that Alternative Y is really more preferred than Alternative X because of its style, and you realize that style was not included as an objective. Or, there is concern that the most preferred alternative is likely to cause political problems with another part of the organization, resulting in delays in getting approval. Adding an objective of time to get approval should be added as an objective in the decision-making process.

IDENTIFICATION OF A NEW ALTERNATIVE

The combination of the two most preferred alternatives suggests another alternative that was not considered, and should now be added to the model.

COMMUNICATION

Perhaps the most important reason for iteration is when your intuition does not agree with the results. A strong decision-making process should incorporate any and all considerations -- qualitative as well as quantitative, subjective as well as objective. With adequate iteration, the results obtained should always make sense. Iterations may cause changes in the priorities of alternatives to match intuition. In other cases, intuition will change due to insights gained from the decision-making process.

FORMAL JUSTIFICATION

Formal justification of how a decision was reached is sometimes desired by an organization. At times this is required to justify the decision to others who might object or delay implementation, or wish to conduct their own sensitivity analysis for key factors. Other times, this type of documentation provides value in tracking the success of the decision-making process over time, and weight given to organizational objectives.

Leaving time for iteration gives:

- Valuable new learning
- Identification of new objectives
- Identification of new alternative solutions
- Communication
- Ability to justify decisions
- Successful tracking of the decision-making process



Everything you need for improved decision-making is right here.

At Expert Choice, we make your decisions easier so you can get back to the things that matter in your business.

Our real-time decision-making software combines cutting-edge technology with time-tested mathematics to allow you to collaborate with great minds around the globe for a unified and well-informed decision. Through an unparalleled methodology, your business is able to bring together the right stakeholders to collaborate, set priorities, and move forward with the confidence that your decision is the most valuable one for the company.

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