

## The Write Touch Inc. Decision Making Rules

Decision-making is a key component to being an effective manager and a good leader. There are plenty of good, common sense approaches and processes to decision-making. One process, for example, might include defining the problem, gathering the facts, reviewing options and outcomes, brainstorming and proper follow up. Anyone in a decision-making role can develop a reasonable process that fits their situation and is appropriate for the nature of their business.

This article is not about the detail activities that take place in setting a business course of action or resolving a problem. Rather, it's about the often overlooked - certainly under-addressed - facets of decision-making. How many organizations have actually thought about, much less formally defined, *how and to whom* decisions are **assigned** -and- what happens **after** a decision is made? Let's explore those strategies further.

Here are three simple rules I've used that can work whether you're running a division, department or an entire company.

1. Clearly define the hierarchy of decision-making.
2. Establish a discussion forum for major decisions.
3. Create a decision support culture.

These rules should be more than just casually discussed or generalized. They should be written and formally presented to all employees. Include them in an employee manual or as part of new employee documents. In a company where they have *not* been previously implemented, a formal document should be distributed and explained in company, division or department meetings.

Let's take a closer look at each of these rules.

**1 - Clearly define the hierarchy of decision-making** - how is the **final** decision made - or who makes it - in each functional area.

This may seem obvious - that is, people "just know" who makes what decisions. However, everyone's experienced indecision and uncertainty in their jobs or businesses. Even in small businesses, the decision process can be misinterpreted or mismanaged. For example, what if a policy is broken or just not working well? A manager may be waiting for his or her boss to address it, when the decision should be the managers - or possibly a joint one. No one is taking any action - i.e. making a decision. As a leader or manager, you *must* make sure everyone understands who makes what decisions.

Don't just assume everyone knows. Decisions can be classified as operational (day-to-day), strategic or policy decisions. A Marketing Director may have the responsibility for placing and measuring advertising (operational), but if he or she wants to embark on a new campaign, that's a strategic decision which should, at least, require input from other people. Rule number two below addresses the involvement of others in more depth.

For rule number one, define and communicate where the responsibility lies and how the final decision is made for each of the levels applicable to your company situation. Strategic or policy decisions are, by their nature, classified as major and will involve managers, executives and/or owners. The classification of major versus routine will, of course, depend on the type and size of the business. Day-to-day operational decisions should be delegated as much as possible to supervisors, project leads or even line staff. A sole proprietor with three or four employees may leave daily operational decisions to the employees (with predefined policies or guidelines) and make strategic or policy decisions with the help of trusted advisors.

Regardless of the size of your organization, *clearly defining the hierarchy of decision-making* should never be left to assumption. It's less complicated, but just as important for sole proprietors and it's critical for a small businesses where there are two or more owners.

## **2- Establish a discussion forum for major (policy, strategic) decisions.**

The forum should have the following components: who will be involved, time elements, process format and how the final decision is reached.

The who part should be obvious, especially for smaller companies. One caution - don't include too many people in the forum. Some companies, for example, want to have a manager from every functional area (administration, financial, marketing, sales, operations, customer service) involved in every major decision.

I think a better approach is to limit a forum to those who must carry out (implement) the decision. Those indirectly affected will, of course be informed of decisions, but they need not participate in the forum. Executive management and working owners will, of course, participate in most policy and strategic decisions. A forum could also be comprised of the Board of Directors. Again, fewer is usually better and size of business, number of managers and executives will directly influence who participates in each forum.

Time elements address how much time will be spent on the discussion and when a final decision will be made. This may even involve specified time parameters for each person's input. Use common sense here. It's of little value to drag out most policy or even strategic decisions. One meeting of the forum should resolve most issues. A strategic decision involving ownership, such as merger, acquisition, going public, etc. is the most major of decisions. It's much more complicated and involves outside experts, so will necessarily take longer.

The process format is an outline of the steps involved in conducting the forum. The steps might be: open discussion, presentations, documentation, outcome review and who presides over the forum. Again, I'm not trying to cover the details here, so just create the format structure first, then fill in the details.

The final decision process should also be clearly defined. It's either some sort of voting procedure or leaving the final say to the person directly responsible. Typically, the decision will be obvious once the discussion and presentation process has been completed and an informal vote can confirm that. When it's not clear or the decision involves some latitude, I prefer the person who has been assigned primary responsibility (relative to the issue) make the final decision.

Let's take the example of a marketing campaign. The Director of Marketing has the final say. A budget was established (perhaps by a forum made up of financial and marketing management) and now the decision has to be made as to how to spend the funds (strategic decision). This forum (of marketing executives and sales managers, e.g.) might have several options as to mediums, involvement of outside support (designers, copywriters, printers, etc.) and rollout timetable. This is what I mean by "latitude". Letting the Director of Marketing make the call gives him or her flexibility to adjust to market conditions and both internal and external resources.

## **3 - Establish a decision support culture - a philosophy - a mindset.**

Whatever you want to call it, make it formal and make it part of the culture of the organization. **This is not easy, but it's the most important rule of the three.** The other two rules can be massaged, revised, adjusted and formed around the business as it evolves. There's no 'give' on

this rule. A company has certain values it stands for (around teamwork or customer support, for example) and those values cannot be compromised. This rule fits in the same category.

The decision support philosophy goes something like this - **Every team member must support decisions made whether in agreement with them or not.** Support means acting as if they *were* in agreement; no second-guessing, no *"well, it wasn't my decision"*. Lets face it - decisions by their nature can turn out good or bad - we don't know which when the decision is made - we find out how it turns out *after* the decision is implemented.

There is seldom unanimous agreement on major decisions and even the day-to-day operational decisions will uncover someone who disagrees. Doesn't matter - when the decision is final, get behind it, promote it, do your best to make it work. If results turn negative, adjust, problem-solve and move ahead. **Never, ever belabor the decision.**

Now, this is not to imply that decisions cannot be reversed or revised. But, that's accomplished through these same three rules. Simply make it a separate decision process. After all, the original decision was the best one under the circumstances in place at that time. *"That was a bad decision"* is really a misstatement. The *results* may turn out badly, but no one *"makes a bad decision"*. Well, maybe one can argue about criminal activity or malicious behavior, but we're talking business decisions here. You can learn from and even analyze the facts behind a decision that "goes bad". But, undermining the process by second-guessing or criticizing the decision is self-defeating and leads to an unhealthy organization.

There you have it. Three simple (I didn't say easy) rules that will reduce conflict, speed-up decision-making and have a positive impact on any business. This has worked well for yours truly, especially in small business situations. It gets everyone involved in the communication process which is the lifeblood of any healthy organization. It eliminates misunderstandings and inaction. It strengthens teamwork, promotes loyalty and creates unity within and a favorable image outside the company.

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