

CREATING EXTRAORDINARY ORGANIZATIONS

from: Don Yates of Extraordinary Organizations
<mailto:eletter@extraordinaryorganizations.com>
<http://www.extraordinaryorganizations.com>

Volume 1, Letter 5
August 29, 2003

This letter is written for those pioneers who want to move beyond the ordinary to the Extraordinary in creating business organizations.

Please feel free to pass this letter on to anyone you think would like to join this journey to Extraordinary.

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THIS ISSUE:

**ARE YOUR DECISIONS LESS THAN THEY COULD BE BECAUSE
YOU AREN'T "DECIDING WHO DECIDES" THIS WAY?**

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Welcome to Letter 5 of Creating Extraordinary Organizations. It is devoted to one of the most important issues in any organization -- making decisions. Obviously, the consequences of our decisions can make us or break us. Less obvious, but perhaps more important, authority to make decisions defines power in an organization. For both reasons we are constantly faced with the essential question, "How do we decide who decides?"

I contend that if you consciously consider this question and think about its answer using a simple yet powerful thinking framework, you will obtain two important benefits. You will make better decisions more efficiently. You will improve the human side of your enterprise. When people have the chance to be part of the decision making process, they both want to and are able to contribute more.

However, to reap these benefits you need to change one of the beliefs generally held in the business world about who makes decisions. You also have to incorporate some possibly new ideas about decisions into your thinking. Finally, you need to consciously use these ideas through a thinking framework.

New Belief

Most business people currently believe you decide who decides by looking at the organization chart. Some have been advocating moving decisions closer to the front lines. However, even when this happens, there is no question that "authority" to decide comes from above.

Contrary to hierarchy, I propose that everyone in the organization is an equally potential decider. In any particular situation you decide who decides based on efficiency and who can make the best decision. Location on the organization chart does not matter.

Ideas

Ways decisions are made

There are three ways people make a decision:

1. Individual-Alone (IA) — A single individual decides without input from anyone else.
2. Individual-Consulting (IC) — A single individual decides but only after consulting with others.
3. Group (G) — Two or more individuals decide together.

Decision Categories

Decisions can be roughly categorized based on two factors:

1. The importance of the “quality” of the decision. We can rate quality by assessing four criteria:
 - 1.1. The difference between positive and negative consequences.
 - 1.2. The time from starting to decide to the point when the decision has been completely carried out.
 - 1.3. The long term dollar cost for making the decision and carrying it out.
 - 1.4. The long term impact on operations and culture.

If you need very high ratings on these criteria you need a High Quality decision. If the consequences of the decision are not great and the ratings are not truly important you can do with a Low Quality decision. Some issues are complex, technical, and of great impact. Others are simple, easy, or of no real consequence.

2. The importance of “acceptance” of the decision by those who must in carry it out or who are affected by it.

No decision will be successful unless it is fully accepted by those who must carry it out and those who are affected by it. In a high acceptance situation people really care about the decision. If they don't like it, they may not support it and may even resist it. In a low acceptance case any decision will work because people aren't really affected by it or don't care about the answer.

Four Decision Categories

Combining the two factors gives us four categories:

1. Low Quality/Low Acceptance – simple decisions like buying pencils – any will do and no one cares.
2. High Quality/Low Acceptance – technical decisions like what type of computer server system to use –it must work very well, but no one really cares what kind it is.
3. Low Quality/High Acceptance – Generally non technical issues that directly affect people’s lives. An example is allocating a scarce resource among members of a group. The amount to allocate is fixed, but how it is split matters greatly.
4. High Quality/High Acceptance – What kind of personal computers do we buy? They need to do the job, and people also have strong preferences in what they want.

Except for the first of these, you need to think carefully about the best way to make a decision that will meet the requirements of both factors.

Framework for Thinking about Who Decides

We now have enough information to build a framework for thinking about who decides in any particular situation. We can actually build a number of rather simple flow diagrams from various Yes/No questions. Unfortunately, I don’t have enough room to present a whole diagram in this letter; but one starts this way:

1. Is this a high Acceptance decision? If no, go to 2. If yes, go to 5.
2. Is this a high Quality decision? If yes, go to 3. If no, anyone can make it so it is an IA decision.
3. Is there someone who can make a high Quality decision alone? If no, go to 4. If yes, you have someone who meets Quality requirements and Acceptance does not matter so it is another IA decision.
4. Is there someone who can make a high Quality decision with consulting? And so on.

The whole diagram is attached to the PDF version of this letter on the EO website. To see it just click on this link:

<http://www.extraordinaryorganizations.com/eletter/N5pdf.html>

If you follow through the diagram it will guide your thinking to the best of the three ways to make the decision -- IA, IC, or G. To answer the questions you are also led to think about the actual individuals who might be involved. Who is the “I” in IA or IC? Who is the “C” in IC? Who will make up the Group?

Conclusion

This topic once again highlights the importance of upgrading your thinking to upgrade results. Here you become conscious of the people side of decision making, test your underlying belief, increase the ideas you bring to it, and use a thinking framework to think about it. Improved results are sure to follow.

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COMMENTS AND INFORMATION

On Line Interview On Creating Extraordinary Organizations -- On Monday, August 18, I was interviewed by Jim Warren of JD Warren Associates LLC on VoiceAmerica.com. The subject was, of course, "Creating Extraordinary Organizations. You can hear the broadcast by using this link and clicking on the 8/18 link:

http://www.jdwa.biz/media_voiceamerica.html

Building an Interactive E-letter — Please help me make this E- letter more and more interactive and useful. To do this please send your comments, questions, or suggestions to:

<mailto:eletter@extraordinaryorganizations.com>

Enlarging the EO Community — I believe that the larger the community of readers we have the more ideas we will have to exchange and build on. You can help add readers by passing this letter on to others you think would like to receive it.

HTML Version — EZMailPro, who delivers this letter for me, says they are coming out with a new version in early September. It will send HTML with a Text version for those who cannot receive HTML. As soon as it is available, I will be using it.

E-Letter Archive — You can view PDF versions of all published Creating Extraordinary Organizations e-letters at:

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I had a wonderful time in Europe and am almost back on track. Working with this letter has helped to get me going again so I thank you for joining me on this leg of our journey to Extraordinary.

Be Well and,
Be Extraordinary!

Don Yates
Extraordinary Organizations

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<http://www.extraordinaryorganizations.com>
<mailto:dyates@extraordinaryorganizations.com>

170 Mapache Drive
Portola Valley, CA 94028
650.851.2690

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FLOW CHART TO DETERMINE DECISION MAKING METHOD TO MEET BOTH QUALITY AND ACCEPTANCE REQUIREMENTS

Q A

