

CREATING EXTRAORDINARY ORGANIZATIONS

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Issues to Consider When Creating an EO: Decision Making

I write this letter for those pioneers who want to move beyond the ordinary to the Extraordinary in creating business organizations.

Welcome to Letter 3-12 of Creating Extraordinary Organizations. In the last letter, I finished reporting on my visit to SVS. In this issue, I return to looking at issues we must deal with when creating and operating an EO. The issue I want to consider is decision-making. I dealt with this topic in Letter 1-5 [<http://www.extraordinaryorganizations.com/Eletter/eletter%20PDFs/V1No5.pdf>]. However, that time I went into more detail about types of decisions and methods for determining who makes what decisions. In this letter, I want to look more at the question of what we need to consider in creating an EO. In doing this, I am not going to look at the mechanics of making a high quality decision. I am only concerned here with the human side—who makes a decision and how they go about it as a community of individuals.

The importance of decision-making

There is no question that decision-making is an issue of primary importance in any organization, C&C or EO. However, it takes on added significance in an EO because the old beliefs and rules about who makes the decisions and how they go about it no longer hold.

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.

In contrast to this, in an EO everyone in the organization is 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.

Usually, when I voice this position I hear the same answer. There is not enough time for everyone to be involved in every decision. No, there is not. That is why we need to have a way to decide who is going to decide.

Three part issue

The decision-making question has three parts. First, who is the best person or group to make the decision? Second, if it is a decision that a group will make, how do they make the decision together? Third, who is involved in the decision and implementing it and in what way?

Who makes the decision?

I went into this in some detail in Letter 2-5. In this letter, the main point to remember is that a decision must meet two criteria. We want any decision to be right. That is it achieves the desired consequences with the least amount of negative consequences. This leads to the question, “Who in the organization has the knowledge and skills to make the best decision?”

Of equal, if not more importance, is whether those affected by the decision will accept and support it. No decision is complete unless someone carries out whatever actions are necessary. Therefore, we now have the question, “Who in the organization can make the decision that involved members will fully support?” This question brings up a related point. The total time for making a decision is the time to make the decision plus the time to implement it. Too many people think that it is only the first part that counts.

There are three possible answers to these questions. One is a single person makes the decision completely on her own. Another is that one person makes it but only after consulting with certain designated others. Finally, a defined group must make it because no single person can do so. This group needs to include those people who can make a decision meeting both criteria. It may be that this group is the whole organization. A simple flow chart process can help you decide among the three options. I explained this in more detail in Letter 2-5. The PDF of that letter also includes the flow chart itself.

How do groups decide?

The main disagreement about this is whether a group decides by majority vote or by consensus. Basically, they are the same. In one, you ask how many are for it. In the other, you ask how many are against it. For either one of them the group can only come to a valid and successful answer if all points of view are thoroughly explored and debated. If you do that, the decision in both cases is actually whether to move forward. No one knows the whole truth about the decision. In either case, the future is to a large extent unknown.

One reason there is opposition to consensus is that many people think it means unanimous. It does not. Not everyone has to agree with the outcome for a group to decide to move forward. One stance a person can take is that he does not agree to the answer but agrees to move forward with it. It is true that the group may choose not to move forward unless no one is against doing so.

However, there are a number of ways to handle this. These range from having those against find a solution that will work for all to having some kind of larger majority, say two-thirds, if the group is stuck. One advantage of the consensus method is that you can more easily test for various levels of willingness to move forward. This gives a more accurate sense of the group.

To me, the question of which method to use is not the most important point. I believe that it is more important to pay attention to the minority than the majority. They may see something the others do not. They may have ways to increase the quality of the decision. These are important reasons, but there is one that I see as the most important.

It is essential that after the group makes the decision that those in the minority feel the process was fair and they received a full hearing of their position. They need to feel this was just not their day. The minority must feel they are full, valued members of the group and that the majority values their opinions. Unless this is true, they may not support the decision. Furthermore, the integrity of the group is in danger because they may not participate fully in further decisions.

How do you decide who is involved and in what way?

For any decision, there are several possible roles people can play. The first, of course is the decider. The second is anyone who the decider must consult. The third is who is responsible for carrying out the decision. A fourth is a person who needs to know about the decision because it affects what they are doing.

When a group does not seem to work effectively, it is often because they have not identified who plays which role for various activities. In cases like this, I use a form and process that allows the group to identify these roles. It is usually helpful for the group to list ongoing activities requiring decisions all the time. This enables them to set a pattern for effective operations.

Conclusion

Making decisions is possibly the most important activity in any organization. Within this, the most important issue is who makes the decision. This brings up the ultimate question, "How do we decide who decides?" Every organization needs to address this. Standard hierarchical ones think they do not have to do this. The right and responsibility to decide starts at the top and passes down the organization chart.

In an EO, this approach is not available. Everyone is a potential decider and everyone carries responsibility for seeing that the right people make decisions in the best way possible. This is not so difficult if you address the questions I have raised in ways I have suggested or in ones organization members think are better. However, address them you must.

Until next time

The next letter begins a new year and the start of Volume 4 of this CEO Eletter. As I have done in the past, I will devote the first letter to a review of the previous Volume. I do this to get a picture of the previous year as a whole to set the stage for the next one.

Until then, I wish you all a Merry Christmas, Happy Hanukkah, or whatever form you give to this holiday season. I also wish for you a New Year that is the best ever.

Be Well, and
Be Extraordinary!

Don Yates
Extraordinary Organizations

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Control – To exercise authoritative or dominating influence over; direct

Manipulate – To influence or manage shrewdly or deviously

Dominates – To control, govern, or rule by superior authority or power: