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Making Decisions
October 23, 2014

We've all been there. We have done our homework. We have sought advice. We have done our best to eliminate blind spots. We have everything we need, or at least everything we can get our hands on, in order to make a decision, and yet we cannot quite pull the trigger. And this difficulty we have in making decisions can creep up for the most mundane of decisions, like deciding whether to change cell phone service providers as well as for multi-million dollars decisions that may impact our very livelihood. And since that is the case, I'd like to spend some time today talking about decision-making. I will not be talking about the whole process—the process of data gathering, gauging support, projecting short and long term risks and rewards, and so on. Rather what I am going to be talking about today is taking the last step, the step of actual decision.

I had the privilege of playing Division 1 college sports, and to coach players professionally in the years that followed. I worked with some excellent players and yet on many occasions as the competition heated up their level of play backed down. Given a slight lead they were competent, effective competitors, but when the match went deep and could go either way, too often it went the way of diminished performance. They began to doubt their abilities and competence. And it's this very dynamic of decreased performance at critical junctures which brings me to my first point about decision making.

If we don't want to shrink back at the moment of decision, **we must dance with the one who brought us**. In the case, of the tennis players I coached if it was a big, crushing forehand that had put them in position to win, and the split decision needed to be made whether to play conservative or rip the ball, they needed to crush the ball. And in your case if you are needing to hire someone and you have gone through all the proper interview steps and have also proven in your career to be a good read of people, don't doubt that ability. Make the decision to hire someone or not. Likewise, if you are great at reading data, and have a track record of seeing what data is most pertinent in the decision-making process, don't freeze because you might possibly have gotten this one wrong. This is not to say you can't make a wrong decision by

standing on your strengths, but if you can't make a decision based on what you are best at, what are you going to make a decision based on? So go ahead, whether it is hitting a tennis ball or giving the go ahead on a multi-million exploration project, dance with the one who brought you, and make the call.

So often when we languish in making decisions, we do so because we do not consider **that unnecessarily delaying a decision may very well have its own costs**. Two weeks ago I shared the story of United 173 – the plane that went down outside of Portland, Oregon in 1978. The plane went down after it spent an hour circling Portland International Airport. The concern of the captain was that the landing gear had not fully engaged, but in trying to discern if that was really the case, the plane ran out of fuel and crashed, killing 10 and seriously injuring 23. The captain could not decide what to do, but what he forgot to calculate was the cost of doing nothing. And because he forgot that cost, the flight went down even though it was later discovered that there was nothing at all wrong with the landing gear. Now, it is true, the stakes are generally not as great for most of our decisions, but there are costs nonetheless. There is the cost of unused capital. There is the cost of competitive edge. There is the cost to corporate morale when due diligence has been completed, but the green light is never given. You might even say that for every unnecessary delay in making a decision, there is an increased likelihood that any anticipated benefits of going ahead will be partly eroded. Now, please don't conclude that I am calling for hasty decisions, I am not. We do need to do our homework, but once the homework has been done, we need to be willing to fill in bubble A, B, or C because more often than not there is a cost in not doing so.

One of the reasons we have trouble making decisions is that we have simply too many objectives. Think about the planning of a vacation. You might have as the objective a beautiful beach, great restaurants, a place your kids can have fun, a great value, super recreational opportunities, a place you can go with friends, world class museums and shopping, gluten free menus, a golf course with a green fee under such and such, a bustling night life, and on and on and on. Now, you can easily see that if you have all of these as objectives, it can make it very difficult to make a decision. A few years back, researchers with The Wharton School of Business, did a massive study on nearly 800,000 employees and their

engagement with their company's 401(k) plan.¹ What they found was that when a company increased the number of mutual fund options, participation did not go up, it went down. You see, despite our often pre-occupation with choice there is a good bit of research that suggests that the more options we are given the less likely we are to make any decision at all. And I believe this is true not just for financial or consumer products, it is true when it comes to objectives. The more objectives we try to satisfy, the more likely we will find ourselves stymied in making a choice. If your company is trying to live up to ten values, instead of just a couple my guess is those values are pretty much worthless in helping you make decisions. Think of it this way, if you have two main values and one of them is employee safety and as you examine a potential project something comes along in which there are questions about securing employee safety, then the decision is simple. You don't go ahead with it. There is no reason to lose sleepless nights and pay for more feasibility studies if you know there are questions of safety. Make the decision and move on. In other words, if you want to make decisions quicker, **keep it simple. Identify the most important objectives and let them speak** loudly in making your decision.² At BridgePoint, we believe that we must embrace truth and love. We won't sacrifice what we see to be truth for the sake of love and we won't sacrifice love for the sake of truth. That keeps things pretty simple. And it helps us make decisions.

Finally, and this is my last point, **if we are going to make decisions in a more timely fashion, we have to embrace uncertainty.** If we think that a near endless mining and analysis of data and a repetitive line up of team meeting after team meeting will bring more *real* certainty, we fool ourselves. It may make us feel psychologically better, but they will do nothing to make sure that things will turn out exactly as we hope they will. Rather than operate under the delusion of achieving certainty in our decisions, we need to recognize that even if we make the best decision with all the hard data and professional input available, there is still going to be a need for some mid-stream adjustments once the initial decision is made. Sometimes, they will be small; sometimes they will be big. Sometimes they will be needed to salvage a project; other times they will allow us to see even greater ways of success than we envisioned in the first place. And you know this to be true. I would venture to say that not one major decision that you have made in your life, whether personally or professionally, whether it has to do with

where you send your kids to school or where you drill the next well turned out exactly like you thought it would. In fact, in many instances it is accurate to say that success does not come about from making the initial right decision but on making sure that the decisions we make turn out right. You see, if we embrace uncertainty, we do not require impossible clarity in order to make a decision; instead we can go ahead and make the decision we need to make, with the sober expectation of making more along the way.

¹ Sheena S. Iyengar, Wei Jiang, and Gur Huberman: “How Much Choice is Too Much?: Contributions to 401(k) Retirement Plans,”

<http://www.archetype-advisors.com/Images/Archetype/Participation/how%20much%20is%20too%20much.pdf>

² For more on this idea, see Dan Heath and Chip Heath, “Analysis of Paralysis,” *Fast Company*,

<http://www.fastcompany.com/60934/analysis-paralysis>