

Checklist on Effective Decision Making

*Whenever you see a successful business,
someone once made a courageous decision.
Peter F. Drucker*

The thought process that enables great leaders to make effective decisions in a crisis situation might be beyond the ability of most people. However, there are at least 10 consistent decision-making traits that successful leaders demonstrate during crisis situations.

1. Ego-Neutrality

Possibly the most important effective decision-making trait is ego-neutrality. The most successful decisions are made by those who do not allow their egos to impede their judgment. Poor decision-makers are typically controlled by their ego and make myopic choices bent on bolstering their self-worth, not the situation's outcome.

2. Presence of Mind

Good decision-makers, especially when faced with a crisis, demonstrate logical, rational thinking and controlled emotions. Weak decision makers act illogically, irrationally, and emotionally. Most crisis situations can be addressed with disciplined, logical thought processes. They ask themselves, what is the situation? What outcome do I want to achieve? What are the logical choices?

3. Elevated Perspective

Good decision-makers consider the big picture and context, as well as all potentially far-reaching consequences. When making a difficult decision, view the situation like an assistant football coach, watching the game unfold from the highest stadium position. Although much can be said for having your finger on the pulse of your business, step back for moment and look at the situation as if you were a disinterested party.

4. Outcome Focus

Decisions should be made with a clear focus on the desired overall objective and outcome, not on narrowly focused short-term gain. If the main goal is saving a company's prosperity, don't worry about matters that don't affect this outcome.

5. Realism

Effective decision-makers recognize that if you don't face up to the realities of the situation, little can or will alter the outcome. Though it may be unpleasant, accept the reality of the situation and act accordingly. Don't be deluded by wishful thinking.

6. Forward Thinking

Effective decision-makers focus on the situation as it is today and not as it was yesterday. They continually adjust their strategies, tactics, and decisions based on the existing circumstances and, as in a battle or a game of chess, they plan several moves ahead.

7. Action Orientation

Good decision-makers formulate a timely resolution. They never let situations fester, avoiding paralysis and taking action even with incomplete information.

8. Willingness to Not Act

Decisions and corresponding actions should be suppressed when they are unnecessary. Effective decision-makers know when it's best to let the situation unfold naturally and don't make rash decisions when no decision might be necessary.

9. Drive Based on Sound Assumptions

In a distressed or crisis situation, the circumstances and landscape continually unfold. A good assumption yesterday or hours ago may not be accurate at this moment. Let the past go as soon as new information is available. Make sure your platform assumptions are sound.

10. Willingness to Learn from Past Mistakes

An old proverb says that experience is a great teacher because it teaches us to identify the same mistakes when we make them again. Effective decision-makers learn from their mistakes and try to avoid making the same ones again. One of Dwight Eisenhower's notable traits was his ability to examine the results of his decisions, even the successful ones, and determine what could have been done better. He took a dramatically different approach than many business executives do, who vigorously defend an obviously poor decision to the very end and make the same mistakes in attempt to prove that they are ultimately right.

Source: Naglewski (2006): Are You Ready To Make Effective Decisions When Disaster Strikes? Strategies for Crisis Decision-Making. In: Journal of Private Equity, p.45-51.