

Formal Methods For High-Risk Business Decisions

You are faced with high-risk business decisions and are unsure how to handle them. Tools and techniques are available to enhance your normal meeting processes and deliver a markedly better result. Drawing on years of experience, Martin Tate shows the way to find the option suitable for your company.

Tired of projects that run for too long, occupying large committees of senior management, without conclusive decisions or delivering results? Does your organisation use the *draw-shoot-aim* approach? Ever made a decision and realised something important was overlooked? Do you feel your organisation may suffer from Adam Smith's *principal-agent problem*?

Situations we address

You need us if you hear this within your company.

- “In this place, it’s all politics.”
- “We wait for a decision and it never returns, or arrives far too late.”
- “It’s like elephants mating.”

Who we are

A management consultancy specialising in decision-making, which delivers workshops and custom-built selection methods for organisational and strategic decision-making.

- In short, we help steering committees, boards and senior managers make good decisions to time.

We have applied our unique combination of methods to projects including:

- IT procurement (supplier evaluation & system selection);
- strategic decision-making workshops (post-M&A, new product development, industrial location);
- investment assessment methods (venture & corporate capitalism);
- life crossroads.

Where we operate

On commercial projects, provided our unique method can help organise all the significant factors.

This is usually at the ‘intersection’ of multiple options, multiple criteria and multiple decision-makers.

Moreover, these high-risk decisions will cut across boundaries and provide few opportunities for trial-and-error.

- See Figure 1.

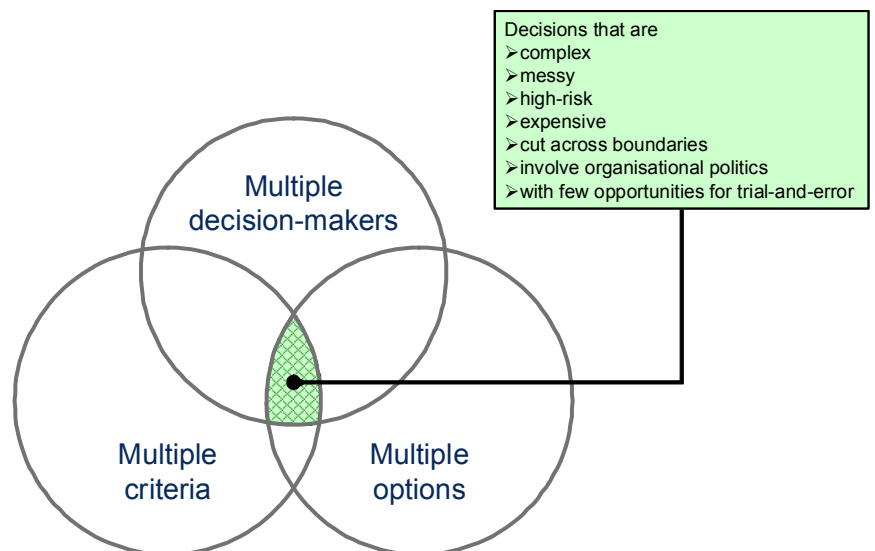


Figure 1: The environment for enlisting our expertise

What we bring

We bring formality and rigour to the decision-making process.

By joining your project to help you organise your thoughts, data, financials, projections and people, we apply the relevant set of proven techniques that help senior managers make the right decision – every time.

What we provide

Our contribution is four-fold.

1. Process / method

A large, complementary set of problem analysis and decision-making techniques.

- This yields speed, impartiality, audit, reliability and reduced risk.

2. Content

We provide start-up content relevant to the workshop and method – for instance, crystallised knowledge, templates and research.

We usually help by presenting the client with a knowledge base from which to select. We call this ‘clarification by provocation’ and it reflects established psychology about how people retrieve knowledge.

- This yields reduced risk and saved time.

3. Project technology

Work automation through modelling, analysis and workshop technology ensure constructed methods or decision products are effective. We usually work on a shared set of models during a workshop, projecting it so people all have the same/latest version. Effectively, the group collaborate by working on the ‘balsa wood model’ *of the decision*.

- This yields clarity and savings of both time and money.

4. Facilitation / leadership

Our facilitation (dare we say leadership) of projects and meetings, for instance credible presentations at Board level, ensure the people with information have a voice. This avoids extremism, sycophancy, management by rank, factionalism or ‘decibel management’

- This yields a collaborative decision informed by deep understanding of the business, circumstances, proposed changes and new technologies.

Our use of tools

We use a variety of techniques and tools – by the end of 2007, there were 387 of them. Most are adopted techniques, but some are proprietary.

- Because we need to apply the relevant technique to the circumstances, we have created an in-house ‘tool to select tools’.
- Because we regularly create customised decision-making methods for clients, we have also built a ‘meta-method’ – a method for building methods. This tool for creating tools means we are the toolmakers for the knowledge economy.

See Figure 2 for our lifecycle for a decision-making project.

Why work with us

Timely decision-making can make the difference between success and failure, and sometimes not making a decision can be the most costly decision of all – we won’t let that happen.

When a multi-departmental committee is asked to make a decision it often faces known difficulties: problems of politics, empire building and a fear of the unknown.

Sometimes there is an *incentive* for a committee not to make a decision (in fear of making a bad one), so committees need tools to help them make decisions – good decisions, and promptly.

By using an approach that is independent, and provably and manifestly fair, we can bring big improvements in just a few days.

“It’s just as well you are here, Martin, because if not we would have another twenty pages of flip-pad on the walls... and be no further forward.” Managing Director, during workshop to evaluate strategies.

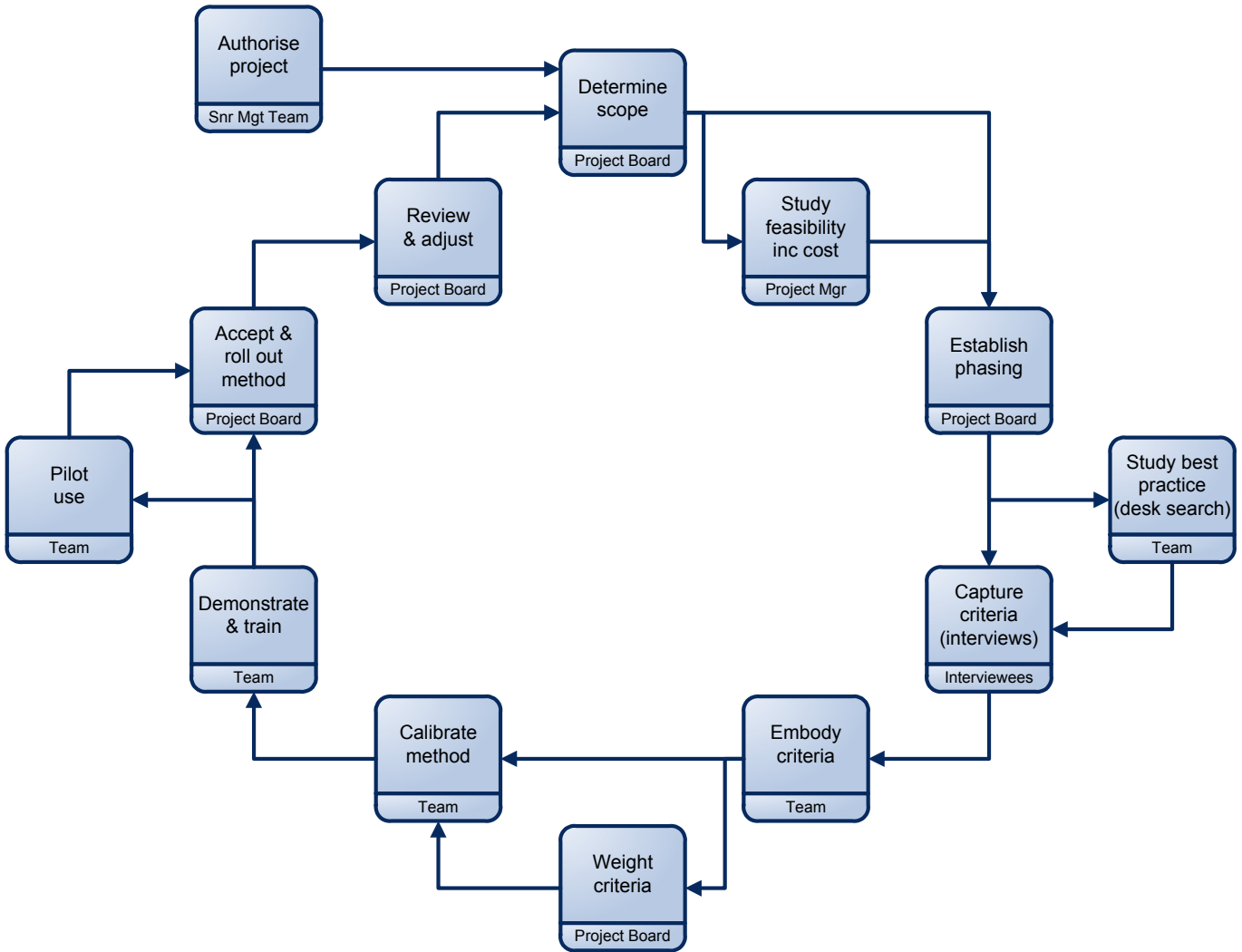


Figure 2: Our decision-making method to create decision-making methods

Decision Evaluation offers a safe pair of hands to guide the decision-making processes without the client losing ownership of the decisions.

Moreover, higher authorities such as capital approval groups are more likely to accept the decision if the working material shows a strong decision-making method. Your decisions will be auditable and provably rational.

The human dimension

Finally, although it is easy to concentrate on the ‘mechanical’ aspects of a method, don’t lose sight of the benefits to people inside the decision-making body and your wider team.

The formal approach is empowering because operations people are consulted by decision makers.

- Active listening means aspirations at all levels are captured.
- The approaches collect the ‘invisible’ knowledge that helps the company function.

Formal scoring is intolerant of mis-matched options, so people are not lumbered with an impractical choice

Decision-makers gain peace-of-mind because they show a well-researched and auditable choice.

Specialists, such as financial or IT technicians, gain buy-in. ♦



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