

managing in the new millennium

How to make the right decision to succeed in the new millennium

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Decision-making has been a critical component of management since Fayol identified the major functions of management in the early 1900s. Nearly a century later, decision-making continues to be an integral part of the success (or failure) of managers. The nature of the choices and the way decisions are being made, however, has undergone some significant changes.

Decision-making is crucial at all organizational levels. While the type of decisions to be made may vary with the position occupied within the organization, the basic principles remain the same. Top managers generally make more strategic decisions (with longer time horizons) and middle managers tend to make more tactical and operational decisions (with shorter time horizons).

Decision-making is the choice that is made among different courses of action. Part of the decision-making process for the manager is to also decide who should

make the decision and how it should be made.

Programmed And Non-programmed Decisions

There are two major categories of decisions. Both are made by the hundreds each day by everyone. Some are not even thought about.

Programmed decisions are those that are routine in nature. These are the decisions that are not always thought about. There are generally "canned" responses to these situations that are used. Since the problem was encountered before, a decision was made. When the problem recurs, the same decision is made – without really even thinking about it.

Non-programmed decisions are those that are new. They are unique and have not been encountered before. These unique problems need new solutions. Creative problem solving is required more with non-programmed decisions to arrive at these new solutions.

The Rational Decision-Making Model

The rational decision-making model is perhaps the most common framework used for making decisions. While it is appropriate for some decisions, it is not appropriate for every decision.

The first step in rational decision-making is to identify very clearly what the problem is. Too often the problem is misdiagnosed. The decision-making that follows will then be faulty if the wrong problem is identified. Problems today must be framed in a new perspective. Framing problems in terms of what is already known can predispose the decision-maker to "old" solutions.

The biggest issue is identifying symptoms as problems (instead of root causes). When the issue is emotional or needs a quick resolution, there is a tendency to short-change the problem identification stage. This will, however, bias the entire process. At this stage the criteria to be met are also identi-

fied. That is, the objectives of the solution are outlined.

The second stage is developing a list of the alternative courses of action. A good solution can only be ultimately selected if the list of choices has been carefully generated. The key is to develop a list with as many choices as possible. Keeping in mind people will not have perfect information, others should be solicited for their input to improve the quality of the alternatives generated.

The quality of the information used in this stage will impact the quality of the alternatives selected — and ultimately, the quality of the final decision. Information is readily available today. Decision-makers need to use the availability of information to their advantage.

Once a list of the alternatives has been developed, a solution must be chosen from this list. This stage has erroneously been identified as “decision-making.” This, however, is only one stage in a lengthier process. The actual choice of the alternative can only be successful when the other stages have been effectively utilized. The selection stage requires a matching of the alternative choices with the criteria identified in the problem identification stage.

Sometimes there is no one alternative that meets all of the criteria outlined in the problem identification stage. This means there is no optimal solution — no one right answer to the problem. Instead, it is more common that decision-makers engage in satisficing. In this process, the alternative that minimally meets the most criteria is

selected as the best choice available.

While some believe the process of decision-making is ended once the choice is made, this is not accurate when using the rational decision-making model. The next stage is implementation. Until the decision is implemented, its effectiveness is not really known. This is a serious stage that is not always given the time and attention it deserves. Poor implementation can doom a good decision to failure.

To successfully implement the chosen course of action, it is important to envision what this future state looks like. Those who have clear visions of this future state are able to more effectively communicate to others what needs to be done to reach it. Care must be taken to identify each task that must be completed to reach the objective, what resources are required (in terms of people, time and money), and who is accountable for the tasks that were identified.

The final stage is the evaluation of the choice. Even after implementation, the process is not completed until it is monitored to ensure it has indeed achieved what it was supposed to. Once again, the criteria developed in the first stage are used to measure the success of the chosen course of action.

Creativity And Innovation

Organizations today are facing new challenges. While some problems may be solved using the rational decision-making model, managers need alternative models. To

better make non-programmed decisions and to generate unique solutions to old problems, creative problem solving is needed. And there are a number of steps that managers can take to encourage creativity in the organization.

Each organization has the potential to be more creative. It can begin on the individual level. Each person can learn to be more creative. It is not a question of being born creative. Training can enhance everyone's creativity. And there are a number of steps managers can take to encourage creativity in the organization.

Encouraging Creativity

Creativity requires managers not only become more creative themselves, but they create an environment that encourages creativity. The biggest difference can be made with the people that are hired. Watson, founder of IBM, took great pride in hiring what he called “wild ducks.” These were creative individuals. Each manager should seek out some creative individuals to hire. This provides an infusion of creative blood in the organization and helps others to learn to be more creative as they work with these individuals.

Managers should also hire a heterogeneous workforce. Hiring all the same types of people results in the same types of thinking. A creative workforce is heterogeneous versus homogenous. There is also a need to hire more generalists instead of specialists when trying to improve the creative level in the organization.

A serious breach occurs if the organizational climate says one thing and does another. The biggest hurdle is often in the organization's response to mistakes. For creativity to thrive, mistakes will be made. Only by encouraging employees to try new things without fear of the consequences of mistakes can they be successful. This means the organization must have a high tolerance for risk and encourage employees to take risks – to be creative.

Creativity requires flexibility. A manager cannot dictate every detail to employees using rigid procedures and then expect creative output. Employees must be given room to be creative. Part of this flexibility also includes an opportunity to interact with others. Creativity needs input. People must bounce ideas off others and exchange thoughts.

They also need time to be creative. If every minute of every day is scheduled for employees, they have no time to reflect and to be creative. Creativity doesn't just happen in flashes of insight — as is often thought. Instead, there is a process of creativity that takes time.

Technological Advances In Decision-making

Computer-mediated decision-making methods have grown in popularity recently. They have improved the quality of decisions in many situations. These methods include MIS, expert systems and decision support systems.

Management information systems (referred to as MIS) integrate

subsystems of information throughout the organization. Information can then be accessed by various managers on personal computers to make better decisions.

Expert systems computerize the knowledge base of expert individuals. Users are guided through the decision-making process by the system. Decision-makers, then, can actually handle more complex problems without having the actual knowledge.

Decision support systems provide additional help to decision-makers by supporting the process by which the decisions are made. These systems can even be customized for individual decision-makers.

Expert systems and decision support systems have provided aids in making decisions today.

Improving The Quality Of Decisions

Decision-makers must do their homework. Decisions require research. Seldom can effective decisions be made off the top of one's head. Decision-making is a process requiring reliable, timely information as the input. The decision-maker is responsible for gathering that information.

Good decision-makers also know when to make the decision themselves and when to delegate that decision to others. Sometimes another individual is the best choice and sometimes a group is the best choice for making the decision.

Most importantly, the astute decision-maker knows the options to be used. Some problems can be solved with the rational decision

making model, some with creative problem solving and some with new computer models. The decision-maker needs to know their options and when each is the most appropriate choice.

