

# Managing in reality

Lesson

Decision making

# Agenda

- Decision making
  - Important Factors
  - Who/how should decide
  - Steps
  - Techniques
- Experience
- Case study

# Decision making - Important factors

Factor	Description	Notes
<b>Quality</b>	How good the decision needs to be in order to be effective. Some decisions only need to be generally correct, while others will not succeed unless they are precise.	You may need to consult either an expert or proven business precedent before you can judge how finely a decision must be tuned.
<b>Analysis</b>	How well you've identified the problem that must be solved. Some decisions may seem to suit a general range of problems and yet not fit a specific problem within that range. To understand a solution you must first understand the problem.	Move past the known objective of a decision to identify the underlying need. Doing so can open up a range of decisions that were blocked from view by the original objective.
<b>Information</b>	The facts you need to make a decision. Some decisions can be made on high-level information, while others require an understanding of the details.	Gather a sample of specific facts before deciding that general information will suffice. If there is a difference between the general and the specific, dig deeper before making the decision.
<b>Timing</b>	The speed at which the decision must be made. Rushing a decision that could have benefited from more time can lead to unacceptable risks, as can lingering over a decision that must be made quickly.	Individual decision making is generally faster than group decision making. Within a group, majority and consensus decision making is faster than concordance.
<b>Buy-In</b>	The extent to which team members or stakeholders commit to a decision. Involving others usually improves their acceptance of a decision, increasing both their sense of ownership and the extent to which they feel responsible for its implementation.	Decide how important employee ownership and responsibility are to the decision's success. If neither will affect its outcome, buy-in might not be worth the time it requires.

# Decision making -

When and how should I involve others when making a decision

Level	Teaming	When	How	Who	Example
<b>Individual</b>	Very low	Timing is urgent.	One person makes the decision and the rest of the team abides by it.	Someone close to the action who has the appropriate skill and interest.	At Federal Express, a snowbound customer needed a shipment of medical supplies. A local customer service representative rapidly made the decision to commit company resources to the shipment.
<b>Minority</b>	Low	Timing is expedient.	A sub-team makes the decision and the rest of the team abides by it.	A sub-group that is close to the action and has the appropriate skill and interest.	A 12-person team delegates a sub-group of 3 electronics experts to choose audio/visual equipment for the team.
<del><b>Majority</b></del>	Moderate	<del>Timing is expedient but the issue does not merit much deliberation.</del>	<del>An entire team considers a decision and abides by a majority vote.</del>	<del>A group too large to reach consensus or concordance.</del>	<del>A 20-person software team votes to choose which of 2 backup schedules will be employed to ensure client coverage.</del>
<b>Consensus</b>	High	Timing is expedient but risk is low or moderate.	An entire team considers a decision, not coming to an agreement until all members feel that they can live with the agreed-on outcome.	A group that must share responsibility.	A sales team looks for ways to meet quarterly goals. Although some team members express reservations, all agree that they can live with a decision to increase the advertising budget.
<b>Concordance</b>	Very High	Risk is high, and information and time are available.	An entire team comes to 100% commitment, fully subscribing to a decision and taking responsibility	A group that must share responsibility.	When an oxygen supply malfunctioned on an Apollo space mission in the 1970s, the executive team gathered facts and deliberated

Mgmt tip: Be careful with voting.

# Decision Making - Steps

- Six steps guide you through the decision making process. Individuals or groups can use this proven approach to insure the best possible decision.
  1. Plan the extent to which you'll involve your team in making the decision.
  2. Establish needs and objectives.
  3. Search for alternatives and ideas.
  4. Compare alternatives.
  5. Assess adverse consequences.
  6. Choose the best alternative.

# Decision Making - Techniques

- SWOT
  - Strengths, Weaknesses, Opportunities, Threats
- Brainstorming
  - Collect as many ideas as possible
- Concept fan
  - Problem -> Solutions ... not working ?
  - Get back and broaden the problem scope, propose various solutions, look for the combination that will work.
- ...

# Decision Making - Experience

- Usually no alternative is ideal, dont wait for one.
- Usually not all information is available, dont wait too long.
- No decision or late decision is decision as such. But rarely good one. Why ? People cannot follow you if you dont decide. You lose traction and leadership. You are not transparent.
- My preferred approach: Frog Leap Approach. Make a „big“ direction, but reasonably sized jumps to get there. Why ? You can react on new reality and adjust your steps.

Ready for case study



# Case Study

- **IT Services provider**
- Organization serving 5 large and 20 small clients
- Major segments - banking, automotive, pharmacy, government
- Serviced scope:
  - 5 000 servers (unix, wintel)
  - Databases, Middleware, ERP/SAP, Groupware, proprietary applications with limited service scope
  - 70 000 desktops
- 2 data centers in CZ with 2500 servers and strong SAN, other servers at client premises with good remote access
- Resources
  - Plus 300 employees
  - 200 IT specialists
  - 50 end user support
  - 30 client facing
  - 30 overhead, incl. upper mgmt, supporting functions like HR, Finance, RESO, internal IT, etc.

# Case Study

- **Situation and business context**
- Modern data centers with state of the art infrastructure
- Good and talented resources, but some are demotivated because they feel unsecured future
- Low level of standardization across services provided to different clients
- Tough cost pressure from clients results in decreasing profit of the company
- Some clients indicate low satisfaction, decrease of quality and possibility to move to a competitor
- Weak pipe line of new business

# Case Study

- **Your opportunity**

- You have opportunity to get a new deal:

- Client:

- Successful civil engineering company with 20 000 employes,
- Good revenue and stable profit
- Major focus on state funded constructions (motorways)
- Operates in 3 countries CZ, PL and HU
- HQ in CZ, but PL and HU operate to large extent independently and relationship between countries is problematic
- IT
  - Modern IT, some 400 servers, 4000 users.
  - Solid investments in IT done recently,
  - Quite costly operation and no consolidated data centre
  - Different applications/solutions used country by country

- Opportunities

- As subcontractor take only CZ operation, with appr, 150 mil revenue
- As overall integrator go for overall deal, with appr. 600 mil revenue
- Bids are expected in one month, decision in 3 months.

# Case Study

- **Task**
- **Make a decision how to proceed**
  - For which opportunity you decide ?
  - May be you find a better one (?)
  - Explain, why have you decided so and what steps have you made to be confident, that your decision is the best one in given conditions.