Clarifying Governance and Decision-Making

Article

Introduction

One of the most damaging things that executives do in leading transformation is to make change-related decisions in ways that run counter to the desired culture they are trying to build. Unfortunately, most executives are not aware of the negative impact of their decision-making style, nor are they aware of just how visible and far-reaching the damage goes—throughout every level of their organization.

On the other hand, decision-making can be a powerful tool for modeling a new culture, and for catalyzing tremendous employee commitment to your organization's change effort…if it is done effectively. In this article, we will reveal the keys to effective decision-making, identify why decision-making has such widespread impact on the success of transformational change initiatives, and provide tips and a simple yet effective decision-making tool to increase the positive impact of your decision-making.

## The Content vs. The Process of Making Decisions

Good decision-making increases the speed of change, lowers its costs, reduces employee resistance, promotes alignment across initiatives and organizational boundaries, and promotes a sustainable high performance culture. In order to achieve these benefits, you must attend to three distinct areas of effective decision-making: (1) the content of the decision, (2) the process used to make it, and (3) the human and cultural impacts the content and the process produce (content, process, and people).

When most leaders think of decision-making, they focus only on the "content." Was the decision "right?" Did it produce the desired outcome? Was there another option that we should have pursued instead?

However, bad content is seldom the problem with change-related decisions because leaders often get their smartest people involved, or they hire outside experts to ensure that the right decision is made. The problem lies instead in how the decisions are made. And bad decision-making processes inevitably lead to people and cultural problems. Let us explain.

The Decision-Making Continuum

Change leaders can use a multitude of decision-making processes, from the traditional command and control approach where the leader makes the decision and informs others who must then follow, to a collaborative and participatory approach where stakeholders are involved and the decision is made jointly. The graph below outlines and defines six options along such a continuum.
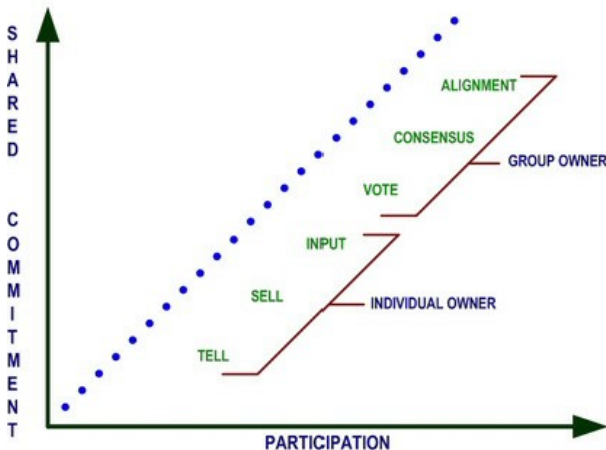
Individual Owner

Tell: I make the decision without input.

Sell: I have a position, and try to get others to agree before making the decision.

Input: I make the decision after hearing you.

Group Owner

Vote: Group vote, designated percentage wins.

Consensus: We all agree about how to proceed, even though some of us think a different decision might be better.

Alignment: We all agree this is the very best decision.

The Impact of Decision-Making on Transformational Change

By definition, transformational change means that people's mindsets and behavior, and the organization's culture, must change along with the business' structure, systems, or processes. The culture change sought most often these days pertains in some way to moving beyond command and control to some sort of

"empowered, collaborative, team-oriented, participatory norm" (a co-creative culture by our definition).

Employees watch closely how change is led (planned, designed, and implemented) to see if the espoused culture change is real and believable. If leaders talk about the organization becoming more "service oriented and participatory," yet lead the transformation in a command and control way with no attention to serving those involved, then the incongruence between their walk and talk causes employees to lose faith and resist the transformation, or at least not positively contribute to it.

How change-related decisions are made blatantly identifies how your change efforts are being led, and tells employees whether your espoused culture change is real or not. If your leaders are unaware of the options for decision-making, and habitually default to leader controlled "tell" decisions, then your transformational efforts are likely doomed to fail. Your leaders may make the "right" content decisions, but will not be able to motivate or engage employees to implement them successfully because their decision-making style precludes positive employee participation and trust.

The Impact of Decision-Making on Change Leader Performance

Transformational change efforts are often fraught with conflicts and political clashes among leaders. Executives and managers vie for larger pieces of the organizational pie, each trying to ensure that their turf "wins" through the change. Leaders of individual change initiatives compete for resources for their efforts, often withhold critical information from each other, and do not adequately cooperate across boundaries to ensure the success of one another's projects.

In most cases, this is a power and control game where the battle wages over who owns what decisions and how they will be made, especially regarding decisions whose impacts cut across organizational boundaries. The single most pragmatic and effective way to minimize these battles is to get the leaders to agree to identify who owns each major decision and what decision-making process and style will be used. When the decision-making process is unknown, people tend to fight for their way more vigorously. Old patterns of conflict occur, and habitual struggles replay themselves, slowing the change effort, building even thicker turf walls, and exacerbating negative feelings. Without a doubt, change efforts collectively run more smoothly when the leaders driving them are aligned and cooperating. Here are five tips for using decision-making to create such leadership and organization alignment.

Tip #1: Make the Decision-Making Process Overt to All Participants and Stakeholders

The most important aspect of your decision-making process—always—is to make your decision-making process OVERT to those participating in it, having a stake in its success, and those impacted by it. People relax and trust more when they know who "owns" the decision and how it will be made. For example, you might announce, "The design team owns this decision about the rollout strategy and which region we will implement first. They will decide by consensus, with input from each region's change project team."

When people know who owns a decision and how it will be made, they are more inclined to abide by the decision even if they do not agree fully with it. Always announce the owner and the process to all stakeholders and targets of the change for all significant decisions.

Tip #2: Determine Your Decision-Making Process and Style Before You Have to Use It for Tough Decisions

Transformation is fraught with tough decisions, emotional choices with far-reaching consequences. Often, such decisions create winners and losers, people or groups who gain, and those who lose something important (budget, staff, authority). The higher the stakes, the worse peoples "bad" interpersonal habits play out. All too often, conflict reigns.

As soon as you have identified the need for such a tough decision, and BEFORE you begin the debate on it, consciously decide the decision-making process you will use (tell, sell, input, vote, consensus, or alignment). Get agreement from everyone involved that the process will be as defined. Then, when it is decision time, use that process. You will likely still find that some people are disgruntled about the content of the decision, but far less so than they might have been because they knew the process in advance.

Tip #3: Fit Your Decision-Making Process to the Situation

Notice in the Decision-Making Continuum that as leaders increase employee participation in decisions, they also increase the level of shared commitment. This is the primary benefit of involving more people in decisions. But be forewarned: increased involvement also means increased time to get the decision made, and this is not always ideal. Decisions in emergency situations, or those that call for short response times, or those whose scope of impact is small, are often better made by individuals. There is no one best decision-making process. The key is to make yours conscious and OVERT, and to fit it to the situation.

Sometimes it is very appropriate for a leader to retain a decision as his or her own, even without any input from others (which is blasphemous to participation evangelists). In other situations, the slow process of getting to group consensus or alignment is more fitting (blasphemous to command and control, speed-is-king types). In deciding which process is the proper fit, keep in mind that even though decision-making through consensus or alignment is usually slower, the subsequent implementation of the decision to achieve its intended results is usually much faster. We always suggest that you measure speed in terms of results achievement, not in terms of decision-making.

Another key point about speed is that consensus and alignment decision-making processes always move faster when those participating ALL possess similar information about the decision. Often, these processes get stuck because participants only understand their side of the story, or what benefits them. Make sure everyone knows the risks, rewards, and benefits for each constituent, and most importantly, for the entire enterprise. Then consensus or alignment will be easier to achieve.

Tip #4: Always Assess the Culture-Building Price Your Decision-Making Process Will Pay

Identifying which decision-making process to use requires you to factor in such diverse variables as the level of urgency, scope, impact, need for cultural modeling, morale of employees, and credibility of leadership.

Perhaps the most important variable in transformational change-related decisions is cultural modeling. When you are trying to build a more co-creative or

participative culture, you must always consider the cultural price—and potential loss of leadership credibility—that you might pay for using "telling" as your decision-making mode. That is not to say that you cannot or should not use the "tell" approach at times, but rather that you should ensure that the situation calls for it, and that you make your reasons overtly known to others. That way they won't automatically assume that you have fallen back into the "old" command and control mode you are espousing that you are changing.

Most of the time people understand and accept an autocratic decision-making process when the leader overtly owns it and announces it in advance. But they resent it greatly when they have been told that "we are moving toward a participative culture," then decisions are consistently made without input.

Tip #5: Be Conscious of Your Habitual Decision-Making Style and What Prevents You From Changing It

The "tell" mode is by far the default decision-making style in today's organizations. It simply fits how most traditional leaders think, especially when reinforced by the command and control cultures that prevail in organizations. If you find yourself using the "tell" mode often, then realize that your style will likely keep your transformation from succeeding because your people will see the gap between your "walk and talk" as significant, and will stop believing and positively participating in the change.

The key is to become consciously aware of your habitual style so you can catch yourself whenever you fall unconsciously into a tell or sell mode, without first assessing its effectiveness and impacts. Being consciously aware, you will be better able to consciously choose the best process for the situation. You will even be able to step outside your comfort zone and use decision-making options that might seem awkward. If you are habitually a "tell" decision maker, when considering a more participatory approach, you might hear your mind saying things such as: (1) "Involving others will take too much time," (2) "They don't have enough information…experience…skill to make this decision," or (3) "If I involve them in this decision, then they will expect to participate in all decisions." While any one of these might be true, it is critical to realize that these notions may be nothing more than your own rationale for retaining decisions close to your vest.

Summary

Since there is no uniform "right" decision-making process, you must have the ability in yourself to comfortably employ all options, as the situation requires. For most of us, this means letting go of our habitual need to control, and allowing others to participate more. So, share the power. Your people will participate more heartily if you do, and your change will produce significantly better and faster results.