

Three Traits Needed for Better Decision Making

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In terms of the previous search, our mandate was to replace an incumbent that among other failures was unable to take decisive action when both consequences and the very survival of our client's organization were on the line. Our client's search team placed our candidates under intense scrutiny to determine their ability to make tough calls under pressure when needed. A year later in a visit with our client, it was rewarding to see that our successfully placed VP of Operations had assured the financial recovery of our client but not without having to make what he said were some of the toughest decisions of his career.



World-renowned adviser to CEOs and Boards, Ram Charan states that managers and leaders need to develop three traits in order to assure their ability to make and execute better decisions:

#1 – PERCEPTUAL ACUITY

This provides people with the ability to see change before it happens. Ram says that the best CEOs are compulsively attuned to the external environment and have a sixth sense that picks up anomalies and detects early warning signals and opportunities.

Some of the elements of perceptual acuity include:

- searching the external environment for anomalies and opportunities,
- cutting through complexity to identify the handful of variables that your decision will be based on, and
- imagining how these variables might combine to create different scenarios, which will generate new options for you to consider.

You can't improve perceptual acuity by staying holed up in your office. High performing managers and executives are known to be always meeting with people and seeking out information and opinions of others.

#2 – QUALITATIVE JUDGEMENT

This allows you to formulate and select the right options to make a decision.

Qualitative judgement develops as you:

- build trustworthy, diverse social networks in and outside the company, and factor in their quality and biases,
- move from the big picture down to the concrete specifics,
- think through the second — and third — order consequences, and
- focus on the decisions you must make and decide who should make the others.

#3 – CREDIBILITY

If you don't have credibility, you will never be able to develop consensus or get your decisions accepted.

Credibility comes from:

- listening to diverse and contradictory views,

- building support among the board, employees, and relevant external constituencies through performance and transparency, and
- having the courage to make the best decision, even if it is unpopular.



As a business owner and leader within my firm, the size and scope of decisions that I make pale in comparison to those made by the clients we serve and the candidates we seek out and as a practice we stay vigilant to the successes of others. We have found that high performing leaders instinctively know which decisions they need to focus on and which ones they can delegate. They also understand the timing of a decision and can debate the risk of either not making the decision on time or making the wrong call.

The failure to set goals is another facilitator of either bad decisions or leadership by happen stance. Ram Charan sums this up in the following quote: ***“The greatest mistake that executives make is to look in the rearview mirror at what they did last year or at what their competition did. The brilliant decision makers look at the runway ahead.”***