

Decision Making

Written by Carol McGowan – see full attribution at the end of this document

Decision-making is something we do everyday. This however does not necessarily make us good at it. Studies indicated that most people actually inflate their personal decision making ability and may be surprised if they realised how potentially unskilled they actually are.

So What Is Decision Making?

Two definitions are provided for your consideration. These are:

1. It entails identifying and choosing alternatives based on values, preferences and criteria of importance to the decision maker.
2. It is the process whereby uncertainty and doubt about alternatives is reduced so that a reasonable and informed choice can be made in relation to the available alternatives.

Some key words to take into account from these definitions are:

- Identification of alternatives
- Choosing alternatives
- Reducing doubt and uncertainty relative to alternatives
- Making informed choices

It should be noted that uncertainty can never be completely eliminated when making a decision. All decisions involve a certain amount of risk.

Are All Decisions The Same?

There are a number of different types of decisions that can be made. These are outlined below.

	Decisions Whether	Decisions Which	Contingent Decisions
Description	These are decisions that only have a yes/no or either/or outcome	These decisions require a choice to be made from a number of available alternatives	This is where a decision has been made but has been put on hold for one reason or another
Example	Should I go to the movies tonight?	Where should I go for my holiday? <ul style="list-style-type: none"> ○ USA/Canada ○ Europe ○ Asia 	I will buy that new car I want if it is within my price range and it is still there when I go back to the dealer in two weeks
Implications	Not all decisions have a number of alternatives	These decisions usually require criteria to be evaluated for the best option to be determined in a given situation	These are decisions where a number of factors need to be taken into account before any action is taken; e.g. timing, availability, weather conditions etc.

Decision-making can appear straightforward and linear but in reality it is not. It is actually a repeating process that means we can move backwards and forwards in relation to our decision based on the criteria and alternatives we are taking into account at a particular point in time.

Key Components of Decision Making

Environment

All decisions are made within a 'unique' decision environment. What this means is that the information, alternatives, values and preferences available are specific to that particular situation. They are unlikely to be identical at another point in time. Time can significantly influence the amount of information available or options considered when making a decision.

The major challenge in any decision-making situation is uncertainty. A goal of the analysis we apply to decision-making is to reduce the degree of uncertainty experienced. This is often why hindsight is so enlightening as the amount of information and alternatives available has expanded compared to what it was at the time the decision was made. As a consequence, putting off a decision until as close as possible to the deadline can reduce the level of uncertainty experienced in that instance. Delaying the timing of a decision can also mean some options become unavailable as a result.

The benefits of delaying decisions until close to the deadline are:

- The decision environment and degree of choice is larger
- There is more time for thoughtful analysis to be applied to the decision being made
- New alternatives may appear or be recognised
- The decision maker's preferences may change due to a variety of reasons such as changing tastes, increased maturity, further insight and understanding obtained etc.

Quantity

Quantity can be a significant influencer on decision-making. Issues associated with the quantity of information to make a decision are as follows (on the next page):

Too Much Information	Not Enough Information
<p>The decision is delayed due to the time required to process the information available</p>	<p>Decisions are made hastily as insufficient time has been applied to obtaining pertinent information to make an informed decision</p>
<p>Information overload may occur. This adversely affects decision making because the decision maker becomes overwhelmed in trying to comprehend the information available for consideration.</p> <p>Sometimes this can result in forgetfulness.</p>	<p>Not all factors or options are taken into account when the decision is being made so the decision maker is ill informed.</p>
<p>Selective use of the information occurs. There is a tendency to only see information as it relates to a preconceived idea or position.</p>	<p>There is insufficient information to formulate a well-reasoned position to apply to the decision that needs to be made.</p>
<p>Mental fatigue can occur.</p>	<p>Lack of mental acumen is applied to the decision-making situation.</p>
<p>Decision fatigue can occur because too many decisions have had to be made. As a consequence decisions can be made hastily or carelessly in order to just get the decision done rather than considering all the relevant factors</p>	<p>Decision-making competency is not developed due to insufficient resources etc. being able to assist the process.</p>

The human mind can only process a certain amount of information. After that it will only remember what it read in the beginning (and ignore information that may follow on) or only the most recent information encountered can be remembered and retained.

Are Decisions Made In Isolation?

It can be a misconception that decisions are made in isolation. This is rarely the case. Most decisions are made in context and are often associated with other decisions being made concurrently or decisions that have been made previously. The options and criteria used to make a decision can often be the outcome of decisions that have been made previously. So what can we learn about the sequencing of decisions:

1. They usually follow on from previous decisions
2. They will lay the foundation for future decisions
3. They may prevent some future decisions

Making decisions can be an enabling and limiting experience simultaneously. For example, if you make a decision to marry Peter you are also making a limiting decision that says you cannot marry Simon. Decisions can be made by omission as well as commission. What this means is not making a decision is making a decision. You have made a decision not to make a decision. In some instances where we choose not to make a decision someone else may end up making the decision for us.

What Are the Key Concepts Associated With Decision Making

Concept	Definition
Information	This is knowledge acquired in order to assist with making a decision. Quantity of information is a key consideration. It is information that helps determine potential alternatives
Alternatives	These are the options available for someone to choose from. Alternatives can be identified, searched and developed.
Criteria	These are characteristics or requirements that alternatives need to possess in some respect, as determined by the decision maker, in order to help make the decision.
Goals	<p>This is where what you desire to accomplish is specified. Decision making without having a goal to assess it against can be unproductive and potentially dangerous as it could take you in a direction you do not really desire.</p> <p>Whenever a decision needs to be made it is good to ask, "what are my goals in relation to this particular decision?"</p>

Concept	Definition
Value	This relates to the relative worth a particular outcome has for the decision maker. This can be monetary, satisfaction provided or some other benefit.
Preferences	This relates to the 'personal values' the decision maker associates with the decision needing to be made. This often relates to their personal philosophy and moral hierarchy; For example, excitement to calmness, certainty to risk, quality to quantity etc.
Decision Quality	This is where a judgement or rating is applied to a decision; For example, is it a good or bad decision? It is important to realise at this point that the quality of a decision is not the same as its outcome. A bad decision can still have a good outcome just as a good decision can have a bad outcome.
Acceptance	This relates to the merit associated with a decision by those required to implement it. It needs to be accepted both emotionally and intellectually. It can actually be a key quality criterion for the relative value of a particular decision.

Approaches to Decision Making Involving More Than One Person

There are two key approaches that have been identified in relation to decision-making when groups are involved.

1. Authoritarian – when a number of people are involved in a decision one person decides on behalf of the group without actually obtaining their input and perspective on the decision to be made. They individually review all the relevant factors before making the required decision. The decision must be explained to the other parties and efforts made to obtain their buy in so that the decision is ‘accepted’.
2. Group – this is when ideas are shared and analysed and collective agreement reached. This way no one person has ultimate responsibility for the decision it is shared.

Decision Making Strategies

Strategy	Description
<p>Optimising</p>	<p>This is where the best possible option is chosen for the decision. Many alternatives are considered in order for the ‘best’ to be chosen. These types of decisions are based on consideration of the following factors:</p> <ul style="list-style-type: none"> ○ Importance of the problem being considered ○ Time available to solve the identified problem ○ Cost involved with the respective alternatives solutions identified ○ Availability of required resources and knowledge ○ Personal psychology and values

Strategy	Description
Satisfying	This is where the first satisfactory alternative is chosen rather than the 'best' one.
Maximax	This looks at alternatives for their maximum possible pay off. Has been described as the 'strategy of the optimist'.
Maximin	This is the approach that seeks to maximise the minimums. This is where the worst possible outcome is considered and the decision of the best of the worst options is selected. This is often described as the 'strategy of the pessimist'. It could be said that these types of decisions look for the salvage value of a decision.

Mechanics of Making a Decision

Keep in mind the approach being described here is not linear. As stated earlier it is repeating. You can recycle through the steps more than once and not strictly in the sequence as listed.

1. Identifying the decision that needs to be made:
This needs to be undertaken with due reference to the goal to be achieved.

It also requires that you specify the scope and any potential limitations associated with the decision.

2. Obtain the facts:

This does not entail obtaining every piece of information that you can. It is about obtaining as much as you can with the time frame allowable and your capacity to absorb/understand the information available.

Lack of information should not unnecessarily hinder your capacity to make a decision. Some of the facts gathered can include feelings, hunches and intuitive urges.

It can be prudent to consult others affected by your decision and/or required to implement it.

3. Develop alternatives:

List all the known options available. This can include the option to do nothing. It is possible to include alternatives that may not currently exist. These can be fantasy options or options that are not possible at this point in time as some relevant factor is not in place etc.

4. Rate each alternative:

This looks at the respective 'value' of each alternative. This will be evaluated based on the criteria established by the decision maker(s). Some examples of these both positive and negative are listed below.

Negative Considerations	Positive Considerations
<ul style="list-style-type: none"> ○ Cost 	<ul style="list-style-type: none"> ○ Money or time saved
<ul style="list-style-type: none"> ○ Consequences 	<ul style="list-style-type: none"> ○ Added creativity
<ul style="list-style-type: none"> ○ Problems created 	<ul style="list-style-type: none"> ○ Increased happiness
<ul style="list-style-type: none"> ○ Time needed 	<ul style="list-style-type: none"> ○ Achievement of goal

5. Rate the risk of each alternative:

Risk is about the likelihood of a particular outcome occurring and the consequences if it does.

Risk can be rated in a number of fashions: percentage, ratios, rankings, grades or any other means allowing alternatives to be compared.

6. Making the decision:

For individual decisions apply your personal preferences. Choose the approach you wish to take. It could be the choice of one option only or a number in combination or alternatively no choice at all.

A related topic worth consideration and review to assist with decision-making is associated with assessing and understanding risk.

Skills Development Exercises

Here are some exercises to help you take the information from this document and apply it to your situation in a practical manner.

- When you make decisions do you ever have a tendency to make decisions that are not actually yours to make?
- When you make decisions are you prone to consider results as right or wrong rather than making a selection based on a predicted outcome?
- When it is necessary to make a decision are you likely to make well considered decisions or are you inclined to making snap decisions? There can be times when snap decisions are beneficial but this is not usually the best option in the majority of instances.
- Have you ever experienced the situation where you picked the right option at the wrong time or vice versa? If so, read back through the information contained in this document and determine which aspects may not have been adequately considered while in the process of making your decision.
- When you make a decision do you ever document the factors you took into account when making that decision? This includes such things as listing the pros and cons of a particular decision. It has been shown that it can help with the quality of the outcome of a decision by capturing it on paper.

- When in the process of making a decision do you take into account 'what' is right or 'who' is right?

What might be the risks if it is based on who is right?

Think of an instance in your experience where a 'who is right?' approach was adopted. Then consider whether the outcome of that decision was good or bad and what impact it might have made in the perceived quality of the outcome.

- When making decisions, which factors are you most likely to take into account; For example, people, potential outcomes, who will be affected etc? A good way to remember "factors to consider" is by remembering the OAR approach.

O - Objectives

A - Alternatives

R - Risk

- When you are making decisions, do you normally consider not making a decision as one of your alternatives?
- When making a decision, are you prone to thinking that the outcome of the decision needs to be right? What would be the implications if you allowed yourself to be wrong? How comfortable are you usually with making a decision and living with the consequences of that decision? How much attention do you apply to assessing the risk of a decision? What impact might this have on your ability to accept the consequences of the decisions you make?

- Do you ever waste time on making unnecessary decisions?
- Are you prone to asking 'what if' when it comes to decision making? What impact does this have on your willingness and capacity to actually make a decision?

Documenting your discoveries regarding your approach to decision making in a journal or notebook could be highly valuable and provide a good baseline for developing your skills in this regard.

Acknowledgements and Further Reading

Carol McGowan is a successful coach and counsellor, based in Sydney Australia, who specialises in retirement lifestyle planning. She has been a significant leader in the development of askacoach.com from the beginning.

There were two key sources of information, which have been used by Carol to create this document. The key references have been the following websites, where the information presented there was edited to the format you've read in this document: <http://www.virtualsalt.com/crebook5.htm>

This website also has some good information in relation to assessing risk associated with decisions.

<http://www.liraz.com/tdecision.htm>

This website outlines some good decision making tips and was used to formulate the skills development exercises included in this document.

A Comment on Websites

Please note that askacoach.com does not specifically endorse or recommend any of these websites or tools, nor do we take any responsibility for the accuracy of information on these sites. That said, these are sites we typically visit ourselves and have received good feedback from our clients. You are responsible for your own decisions and use of any of these resources.

Disclaimers and Other Important Information

High Ideals Pty Ltd is committed to ensuring that all of our services, products and information we share is foremost designed and delivered in a manner which has the potential to support others. Our values are focused on giving, being supportive and making a positive difference in the world. We are also dedicated to ensuring that we are at all times ethical demonstrating integrity at all levels. Therefore this Disclaimers page is necessary to provide clarity on a number of key points, as follows:

- All **High Ideals Pty Ltd** documents are for information purposes only.
- Clients and all who read these documents are responsible for their own decisions and **High Ideals Pty Ltd** will never provide advice or direct you what to do. Our services include sharing these resource documents, which are focused on assisting clients to raise their own awareness, by which they can make their own decisions and be responsible for their own actions. It is the responsibility of anyone who receives an **High Ideals Pty Ltd** resource document, whether they are a direct client of ours or were forwarded this document from a third party, to read our full terms and conditions available on our website: www.high-ideals.com
- The client and/or reader of this document are responsible for engaging in their own research, further reading, and exploration. This document is simply an information sharing starting point only.

- All of our **High Ideals Pty Ltd** personnel and members can contribute to our Resource Library, and share the responsibility for writing all of these documents. As a collective, we have a huge range of backgrounds and areas of expertise. We also take great care when sharing information to ensure it is accurate, useful and a product of sound research as well as our own personal and professional experience. Therefore many of our comments are born out of our many years of experience in a large number of areas of endeavour or interest and the successes of our clients is the evidence behind these strategies and techniques. If we are providing personal opinion, we make that clear, and take care to validate why and/or how this personal opinion may be useful in the total picture of self exploration of the client/reader. When we do share personal opinion, it is typically in the form of sharing from our relevant experience, ideas of strategies we feel may be helpful, and potentially have been helpful for us personally. Personal opinion never includes giving advice or providing specific direction to the client/reader. If we are referencing the work, thoughts or opinions of others, we also make that clear and give full attribution and acknowledgement to those other sources of information. We also share our validation for why we feel this information may be of benefit to the client/reader.
- We adhere to the Harvard Referencing System in providing reference information and acknowledgement for all books, websites and other information sources. We are continually updating our documents to match this standard. If you ever notice a reference which you feel does not meet this standard, please let us know by writing to info@high-ideals.com with this feedback so we can attend to it immediately.
- **High Ideals Pty Ltd** never makes any endorsement or recommendation of any websites, books, companies, products or services. Instead, we provide ideas for the client/reader to explore certain websites and books in particular. We review and carefully select which websites and books we feel may have some potential value to our clients/readers. Then, when we raise these ideas with the client/reader, we also provide our justification for why we feel the idea may have some merit. For example, if we raise the idea to the client/reader to explore a particular website, we will indicate what it is about that website which we feel has the potential to be useful to the client/reader. It is then the responsibility of the client/reader to make the final assessment as to whether or not it is actually useful.
- We also take no responsibility for the content of any website other than **High Ideals Pty Ltd**. We cannot control the accuracy, security or technical performance of any website other than our own. Similarly, we have no control over the content of any books we raise ideas for exploration about, or the availability of those books. It is the total responsibility of the client/reader to determine whether this information is for them to pursue further.