

Making Tough Decisions in Complex Times

Extracts from an interview with Ram Charan coauthor of *Boards that Lead*, from what he's learned in three decades of helping executives make tough decisions.

<https://hbr.org/2013/10/what-the-best-decision-makers-do/>

What is it that the best decision makers do?

"I think the key here is that there are some routine decisions and there are some critical decisions. And there is a separation of thinking from hip shooters versus those who are deliberate decision makers. In doing that there are three things that stand out in these decision makers that I am allowed to see in my life across the globe.

First, they are very clear about the end goal. What goal has to be achieved? In their thinking they are precise, they are clear, and they are unambiguous.

And number two, in their thinking they actually think in terms of options or alternatives, often out of box. Because most of the complex issues and problems can be a subset of a broader, wider phenomena. And therefore that requires thinking out of the box what the options are. Shaping the options requires imagination, creativity. At the same time, their feet on the ground.

And third, in making those decisions, they seek diverse inputs. These are the things they look from different angles. Why? Because the world outside is moving at a faster speed. The composition of the external landscape has many components. And each of these components is moving at a different speed.

So these three things actually separate them from the hip shooters.

And of course the other elements are about the same. They crystallize two or three key factors that make the most difference. That requires their judgment to be incorporated. And they think through what are the second and third other consequences.

All this goes reasonably fast. My explanation may look linear, but that's how they do these things often, most of these items at the same time. That's what makes them different."

What's the toughest decision you've seen an executive make?

"...one of the lonely moments of a CEO is having a conviction that something needs to be done and knowing that many of the people will not like it. That's where we call the lonely spot.

I remember Ivan Seidenberg, CEO of Verizon, coming to the conclusion that for the company to go forward it must relate to the customer's need, which will be not just the voice, not just the data, but also the video. And here, the competitor's coming on faster. And then thinking through to make that happen is a \$22 billion decision to lay the cable in the ground.

And people really opposed that decision. His management tier with him. His board with him. But the investors essentially were negative, media was negative.

Those are the courageous decisions.
These are the strategic bets.

And Seidenberg put that strategic bet forward, made it. Now people look back and say, that was the right decision. That was destiny determining decision. This is where the leaders excel. And they don't shrink, and they make the tough calls."

What advice would you give to [people] looking to improve their own decision making capabilities?

"The key point is [navigating] the complexity – the most important thing for any decision maker is to find trustworthy people who will give you opposite viewpoints, who will challenge you and make yourself aware of where your biases are, who will give you multiple ways to look at the same situation. **Because nobody, nobody today can have the mastery of all information.**"