Insights

ILLUMINATING IDEAS

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22 PAGES OF INSIGHTS
A FREE SWAE EBOOK

The top steps to create smarter and more inclusive decisions in your company

Includes free templates and cheat sheets to get you started

THE ESSENTIAL GUIDE TO
INCLUSIVE DECISION MAKING

Are **bad decisions** the 'norm' in your company?

Making consequential organizational decisions, and agreeing on the right decision-making model can be overwhelming, especially in today's work environment of endless video calls wrapped in a tangled web of messaging threads on varying team chat/collaboration platforms.

Truth be told, decision-making has been overwhelming to companies for some time…

According to *McKinsey & Company* (June 21, 2017), 72% of senior-executive respondents to a McKinsey survey said they thought **bad strategic decisions either were about as frequent as good ones** or were the prevailing norm in their organization.

Why is this the case?

The following sections delve into some of the common causes as to why decision-making processes fail to meet the outcomes intended and create residual impacts that can impair performance of companies.

"In many large global companies, growing organizational complexity, anchored in strong product, functional, and regional axes, has clouded accountabilities.

That means leaders are less able to delegate decisions cleanly, and the number of decision makers has risen.

The reduced cost of communications brought on by the digital age has compounded matters by bringing more people into the flow via email, Slack, and internal knowledge-sharing platforms without clarifying decision-making authority."

McKinsey & Company

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of senior-executive respondents to a [McKinsey survey](#) said they thought bad strategic decisions either were about as frequent as good ones or were the prevailing norm in their organization.

Disengagement

Hearing a presentation for the hundredth time, another pointless meeting, death by conference call...

Analysis Paralysis

Stymied by too much data, complexity to uncover genuine information

Anxiety

The stakes are too high

The problems with **outdated** decision making processes

We've all lived through some bad decisions in organizations. A bad hire, a questionable or rushed new product launch or feature release, a biased acquisition and merger, or maybe even a bad idea that cost the company lots of money.

There are a multitude of variables that affect how people make decisions. Taking a step back and looking at the *process* used to arrive at big decisions and the journey of *how* ideas and assumptions transform into winning decisions are essential steps to uncover what parts are broken and how to address the gaps. There are a few things that are important to realize.

We need to accept that we all have hidden biases. Closed processes increase the chance of hidden biases turning up and impacting your decision-making process.

According to Psychology Today, there are twelve common cognitive biases that can affect how decisions are made. These biases are like a 'systematic error' impacting what information you choose to select and what information you willfully neglect.

" "Such biases are often connected to a heuristic, which is essentially a mental shortcut – heuristics allow one to make an inference without extensive deliberation and/or reflective judgment, given that they are essentially schemas for such solutions **"**

West, Toplak, & Stanovich, 2008

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Why do our leaps of faith lead to bad decisions?

The problem with these heuristics is that one makes subtle judgements without so much as a discussion about *why*. The leaps of faith in what information you choose to accept and ignore can often be the catalyst to lead a person to making a poor decision.

Unchecked biases cause inaccurate assumptions to influence thinking patterns. In fact, most of our ideas are filled with many common biases. If unmitigated, these biases seep into the decision-making process without us even knowing or recognizing them.

The more closed the decision-making process, the more likely the funnel is filled with biased ideas catalyzing a company to fall into a vicious loop of making poor decisions repeatedly.

> **The more closed the decision-making process, the more likely the funnel is filled with biased ideas catalyzing a company to fall into a vicious loop of making poor decisions repeatedly.**

Becoming aware that decision making, and selection criteria can and most likely are being affected by subconscious biases is the first step in preventing poor outcomes.

It requires disciplined practice, but over time we can become aware of our own habits that trigger biases.

Beware of
Burn out, bust up and blow up

Bias can lead to much more than bad decisions.

According to a study completed by [Hewlett 2017, Center for Talent Innovation,](#) employees at large companies who perceive bias are nearly 3x as likely to be disengaged at work.

This study, identified as the ACE BIAS, is the most impactful to employees perceptions and performance.

ACE BIAS is an employee's perception of negative bias in superiors' assessment of potential in two or more of the following areas:

• Ability,
• Ambition,
• Connections,
• Commitment,
• Emotional Intelligence,
• Executive Presence.

The prevalence of ACE bias, they found, causes a ripple effect of problems that can have a large and extremely negative impact on an organization.

"As any professional who has experienced bias knows well, its impact can be profound. We find employees respond to ACE bias in three very costly ways: they **burn out, bust out, or blow up.**

All represent costly risks in terms of employee engagement, retention, innovation, and brand reputation"

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The cost of bad decisions

The cost of bad decisions can have high stakes.

In a book by Wharton faculty at University of Pennsylvania, entitled, *Wharton on Making Decisions*, the cost of making bad decisions compounded over time can lead to billion-dollar mistakes and deficits in performance.

In this book, the authors use the example of Barings Bank to illustrate how several strategic errors in decisions eventually led to accumulated trading losses for the bank of more than $1 billion.

Leeson *[leader at Barings Bank]* **alone wasn't responsible for Barings' collapse.**

There were decisions at multiple levels ... that either encouraged his actions or created the holes through which he slipped.

Whether you run a multi-million dollar bank, a small design agency or up-and-coming technology startup, to avoid the same fate as the examples shared, it's imperative to build a simplified and organized way to make important decisions that actively reduce bias while improving options.

In fact, we know that an inclusive decision-making process can become your company's superpower, and that's why we created Swae (more on that later!).

It's also why we've developed this decision-making guide to help you start untangling your processes to make smarter, less biased, and more inclusive decisions, and to make them at a more rapid pace.

It's important to recognize that it's not the same world it was even a year ago and it's time to take the necessary steps to modernize, organize, and stay ahead of the game *right now*.

Read on to see our top 6 steps to help you create smarter, less biased, and more inclusive decisions in your company...

6 steps to create smarter & more inclusive decisions in your company

Identify the Responsibilities of Leaders & Outline Clear Authority Responsibilities

When it comes to organizational decision-making, McKinsey & Company found:

> **Leaders are less able to delegate decisions cleanly, and the number of decision makers has risen. In many large global companies, growing organizational complexity, anchored in strong product, functional, and regional axes, has clouded accountabilities.**
>
> **The reduced cost of communications brought on by the digital age has compounded matters by bringing more people into the flow via email, Slack, and internal knowledge-sharing platforms without clarifying decision-making authority.**

If every leader is clear on their responsibilities, who has authority to do what, and the decisions that they own, this will ensure everyone is clear on who is doing what. This will also help in the identification process to prioritize the challenges that need to be solved and when.

Organizing your teams around the problems that you need to address and decisions that need to be made can make this hybrid or all-remote team situation less complicated. Since this is now the way things will be, it's important not to miss this critical step.

From there you can then create an open space for your people to voice their ideas, bring up hidden challenges that haven't been heard yet, and will give all the transparency that is required in today's workplace to innovate together.

"Creating
an open forum
is the only way
to get the *full scope*
of what's going on

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Stop Seeking Perfection and Learn to Be Transparent

According to Jeff Bezos, the former CEO of Amazon,

> **Most decisions should probably be made with somewhere around 70% of the information you wish you had. If you wait for 90%, in most cases, you're probably being slow.**
>
> **Plus, either way, you need to be good at quickly recognizing and correcting bad decisions. If you're good at course correcting, being wrong may be less costly than you think, whereas being slow is going to be expensive for sure.**

If you want to move quickly and not be paralyzed by complexity, take Jeff's sage advice, and get comfortable living with imperfect data on ideas and proposed solutions to the challenges you face. You will never have 100% of all information always needed.

That said, to help ensure proposed solutions address the specific pains you face as a leader, be transparent about the constraints you'd like to impose on winning ideas, and what metrics the ideas need to meet to be worthy for consideration. This helps demonstrate to your people that you can be inclusive but not at the expense of performance.

Showing what success looks like allows everyone to visualize and work towards a positive outcome from the decision-making process. Also, it's important to be clear about what "good enough" looks like. You can search and search and deliberate and deliberate but when you belabor decisions, it can make the whole process feel stagnant and leave your people feeling even more aggravated and disenfranchised.

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3 Move into the 21st century

Invest in an idea management system to help you modernize the way you source, organize, and act on the proposed solutions and ideas from within your organization. There are many technology platforms that have unique offerings to help you bring ideas together in one place--digitally.

You can opt for a low tech option leveraging your day-to-day tools like an Excel spreadsheet mixed with a project management platform like Asana, Trello or Basecamp, for example. It need not be complicated. However, technology is advancing in this area and there are feature rich platforms that can do much more for you if you're in the market for something bigger, better, and more robust.

In fact, a core function of Swae is to tap into your people and hear their voices by taking their ideas/solutions into decision-ready proposals to help you make decisions more quickly. Companies and government systems that use Swae often discover hidden problems that have not been heard and find ideas that can save money, time, and much more!

The truth is that most existing platforms don't have the ability to tap into collective intelligence as a core functionality. Swae might be the missing link you've been waiting for and if you'd like a demo, please email us by clicking here.

4 Encourage Collective Intelligence & Collaboration to Increase the Quality of Your Options to Reduce Bias

If done right, tapping into the collective intelligence can be your company's superpower! According to Thomas Malone, Professor of Management at MIT Sloan School of Management, the smartest entity ever known is groups of people (smarter than the individual brilliance of "CEOs" and AI combined!) and almost everything humans have ever done has been accomplished not by lone individuals but by *groups of people working together*, often across time and space. This, he calls, a *supermind*.

Based on years of research at Swae, we believe collective intelligence can be harnessed to increase the volume of good ideas in your pipeline, to reduce the number of cognitive biases in your strategic decisions, and to help improve the quality of existing ideas under consideration.

It's time to go beyond the simple and often shallow collaboration options such as voting or "liking" ideas. People are asking for more. While each employee can be empowered to share inputs on how to solve a particular operational challenge, recommend strategic offerings, or suggest features in the product roadmap, it's important to leverage their insights and natural tendency to disagree on preferences. It's essential to tease out the strengths, evidence and arguments that supports their positions or unleashes the hidden challenges, risks, and counterarguments that they believe can hinder the success of a proposed idea.

This kind of natural and constructive deliberation is what the Swae process is all about. A key part is helping ideas improve that is based on merit, tapping into collective due diligence (not just popularity), and identifying biases early on so that ideas can be decision ready.

Today's world now requires companies to do things differently. As the saying goes, if you do things the way you've always done them, you'll get what you've always got. It's time for transformation and the cost of doing things the "same old way" can have a high cost. "Office politics" are changing since the "water cooler" concept isn't what it used to be so it's a great time to tap into true collaboration and let go of the old paradigm.

Another way to tap into collaboration is to provide regular updates on the decisions that are being made and keep people informed-- this will keep trust beaming high. Not only that, but for companies and leaders that want to specifically boost engagement research shows that:

"...having the opportunity to feed views and opinions upwards and involvement in decision making are the most important drivers of employee engagement "

Sources: (1) Markos, S. and M.S. Sridevi, (2010). Employee engagement: The key to improving performance. Int. J. Bus. Manage., 5: 89-95 & (2) Robinson D., Perryman S., and Hayday S. (2004). The Drivers of Employee Engagement, Institute for Employment Studies

"Companies that **listen to employees** and give them a chance to participate in decisions will outperform those that don't"

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Follow our recommended decision making steps

Once you've found the best way to gather and organize your ideas, and you've encouraged constructive collaboration, it's time to build out the process for you to review decision-ready ideas.
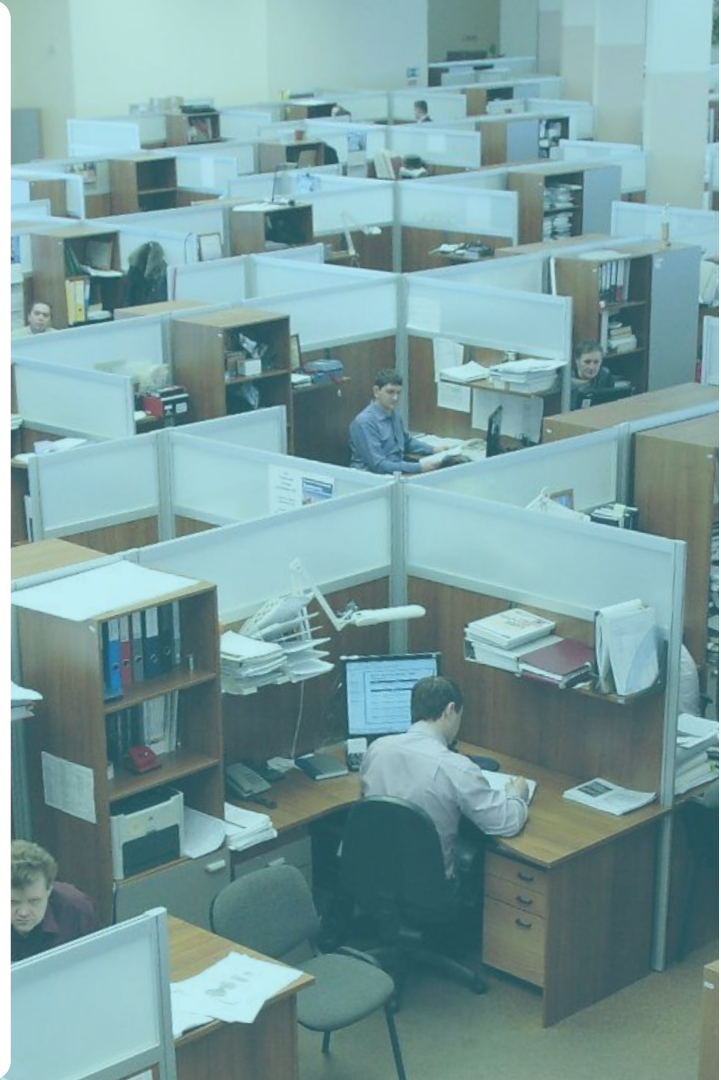
It's important to select criteria to prioritize what's important and what's not to make quicker, more consistent, and less bias decisions. Here's our recommended process:

Read on to see our Free Tools:

> "
> **Use our tools to help break down silos and engage everybody in your team**
> "

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Select Criterion

Review and select criteria to start to prioritize your ideas and the potential attached solutions you've gathered.

Operational

- Low Complexity to Test
- Low Cost to Test
- Low time to get results
- Improves Efficiency
- Consolidates Systems & Processes

Financial

- Improve Revenue
- Reduce Costs
- ROI Feasible
- Value for Money

Innovation

- Opportunity for Patent?
- Opportunity for Defensibility

Customer

- Educate Existing Customers
- Increase # of Customers
- Sustain/Improve Customer Retention
- Improve Customer Experience
- Improve Customer Satisfaction

Brand

- Potential Success Story
- Opportunity to Create Persuasive Content
- Brand Positioning Opportunity

Social / Environmental

- Reduce Carbon Footprint
- Measurable and Positive Social Impact
- Measurable and Positive Environmental Impact

Culture

- Improve Employee Satisfaction,
- Happiness and Morale
- Boost Productivity
- Opportunity for Employee Mentoring
- Learning & Promotion Opportunity
- Sustain/Improve Employee Retention

Learning & Growth

- Leadership Development Opportunity
- Employee Engagement Opportunity
- Customer Engagement and Problem
- Understanding Opportunity
- Opportunity to develop new Systems and Processes

Scorecard

Insert criteria into scorecard and begin to rank various proposals.

Theme & Decision Factor	1-5 Weight	1-5 Score
Financial		
Improve Revenue		
Reduce Costs		
ROI Feasible		
Value for Money		
Innovation		
Opportunity for Patent?		
Opportunity for Defensibility		
Operational		
Low Complexity to Test		
Low Cost to Test		
Low time to get results		
Improves Efficiency		
Leverages Existing Systems & Processes		
Consolidates Systems & Processes		
Brand		
Potential Success Story		
Opportunity to create persuasive content?		
Brand Positioning Opportunity		

Theme & Decision Factor	1-5 Weight	1-5 Score
Customer		
Educate Existing Customers		
Increase # of Customers		
Sustain / Improve Customer Retention		
Customer Experience and Satisfaction		
Culture		
Improve Employee Satisfaction & Morale		
Boost Productivity		
Opportunity for Employee Mentoring		
Learning & Promotion Opportunity		
Sustain / Improve Employee Retention		
Learning & Growth		
Leadership Development Opportunity		
Employee Engagement Opportunity		
Opportunity to Develop new Systems		
Social / Environmental		
Reduce Carbon Footprint		
Positive Social Impact		
Positive Environmental Impact		

Plot popular ideas on chart

	Do now	Do Feasibility Study
Impact	Discretionary	Pass for now

Effort
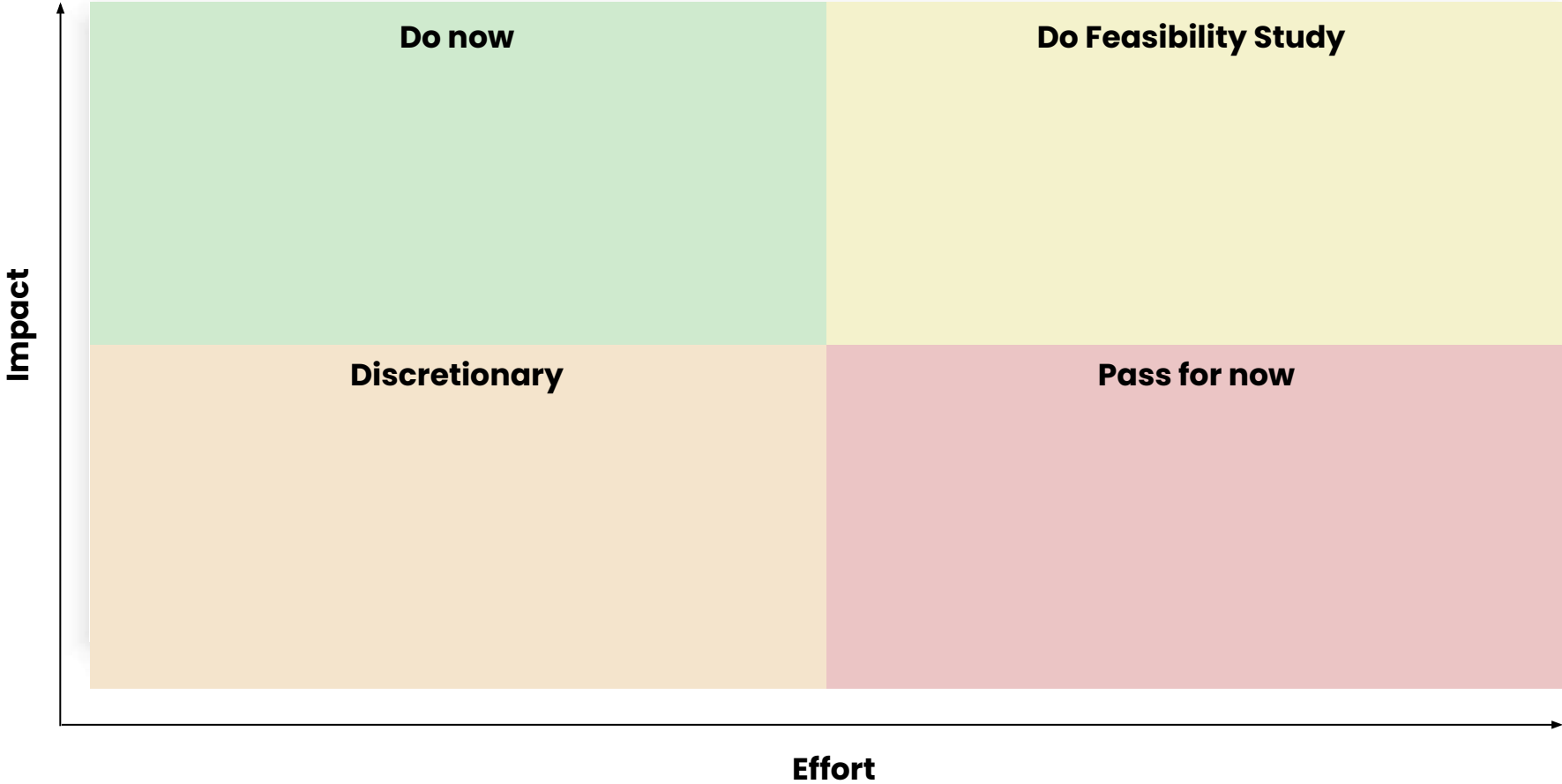
[A study completed by Cloverpop Research](#) revealed how inclusive decision-making increases performance of diverse companies:

" **The conclusion is clear - inclusive decision making activates diversity to increase business performance,**

Previous research shows that decision making is the most important management activity, *driving 95 percent of business performance and 50 percent of employee engagement.*

Now our research draws a pragmatic link between diversity and improved business decision making. By transparently tracking inclusive decision making as a key management measure, companies can fight groupthink, improve business performance and create a long-term competitive advantage.

Erik Larson Cloverpop founder & CEO

"

95%

95% of business performance is powered by strong management decision making

6 Have clear delegations...
...and don't let people abdicate

Once you've set up the above, a challenge that you may face is when leaders don't take ownership of the decisions that they're supposed to be make.

People can often succumb to escalating decisions to avoid personal risk, so the key is to make sure that leaders play a strong role in encouraging personal ownership, even if a bad call is made. With more people involved in decision-making, it becomes a group effort rather than isolating one person that "made the error" which makes everyone feel more at ease as a collective.

A positive way to ensure that there is clarity around who manages what and accountability for each step in the process is to have a more detailed tracking mechanism that will move into your project and decision-making work flows.

In the work with our customers, we've developed some recommendations and put them into an Excel spreadsheet. Please download our sample of a decision-making matrix (Excel) that could be of help. This file allows you to evaluate various items (ideas, solutions, etc.) based on certain user-defined criteria that you can customize.

Not everyone likes working in spreadsheets, but you can take our sample and make it your own, or create a similar workflow in a project management software that your company utilizes.

Check out this extra bonus below:

Download Decision Making Matrix

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Swae is an AI-powered platform for uncovering employee innovation, facilitating decision-making and creating organizational change.

We help organizations discover hidden problems and crowdsource feedback and solutions from the employees directly from the bottom-up.

Crowdsource great ideas,
Make smarter decisions

GET IN TOUCH

If you're ready for amazing transformation, innovation & collaboration get a demo or free trial of Swae today

✉ natalie@swae.io   👁 www.swae.io