

UGM BRIEFING

COVID-19: MAKING DECISIONS IN TOUGH TIMES



CURRENT DECISION-MAKING CHALLENGES

We're currently living through a period of high uncertainty and volatility. In our personal lives and in every sector of our economy, we need to make a steady stream of decisions without all the data we might like. The data we have is often incomplete and ambiguous. Inevitably, decisions made last week may need to be reviewed and revised, as circumstances change and more information comes to hand. Some earlier decisions may even turn out to be wrong and we have to act fast to course correct. This briefing examines these decision-making challenges and how you can do the best job possible in a demanding and complex situation, where regular routines and typical methods may be inadequate.

WHEN YOU DON'T HAVE ALL THE DATA

These days, getting stuck in analysis paralysis, as the data piles up, just isn't an option. You need to think carefully about exactly what data you'll require to tackle a problem and think more strategically about how to apply this often limited data to your decision-making. Start with an information map to encourage your problem-solving mindset. Look at the issue under scrutiny from as many different angles as possible. This exposes any hidden assumptions and highlights the most critical questions, before the search for data begins. Once you have a better view of the issue in its larger context, you can move forward in a targeted data search. Design any action plans as rapid experiments with clear metrics, accepting that frequent adjustments are now the 'new normal'. Thinking strategically about your data needs, pushes you to do more with less.

WHEN YOU'RE SHORT OF TIME

Fast and 'roughly right' decision-making has now replaced precise but slow. Choose a flexible framework to support you. Prioritise exactly where you need to focus your decision-making attention. Define your most critical strategic objective. For instance, of the various objectives you would like to meet with this current decision, which one or two will have the biggest impact on the situation? Of all your stakeholders, which one would be the riskiest to let down? What is the objective your business critical stakeholder cares most about? Check your team's answers with an outsider (someone not as close to the action) who might be able to provide a rapid governance and assumptions check. Now comes the hard moment. You'll have to select one option and let go of other possibilities, bearing in mind that the perfect option is a myth. Decision-making in the midst of volatility is an exercise in coping with an unknowable and unpredictable future. The purpose of your decision is not to identify perfection but to move you towards the next decision, as part of a continuous decision stream.

WHEN A DECISION IS PARTICULARLY DIFFICULT

Tough times mean you'll likely have to make some tough calls. It's easy to feel paralysed, yet as a leader people will look to you for guidance. Ethicists recommend that you work through several core questions to support your judgement. What are termed 'gray area' problems require you to think more deeply, objectively and imaginatively about the impact of your decisions. What are the consequences of your options? What are your core obligations? What will work in the world, as it is? What can you live with? Write down your decision and your reasons for it. Writing forces clearer thinking and supports personal commitment.

WHEN ALL YOUR OPTIONS LOOK BAD

You'll find yourself having to decide in contexts where your time, resources and scope of control are limited. Even your best decision might have unintended negative consequences and there is no single terrific option. One risk is oversimplifying the situation, seeing options as either A or B. Successful decision making often requires transcending

simplicity to find new ways of solving a problem. As well, consider the risks of not acting. Challenge any either/or assumptions. Add others' perspectives outside your functional area. Try a test run. Take a small, next adjacent step. Then, acknowledging that your decision will inevitably cause negative consequences for some, include in your plans ways you might compensate for any harm that might accompany your imperfect option.

WHEN IT TURNS OUT YOU'RE WRONG

Some decisions will prove to be wrong. This is a given that you'll need to accept. The key thing is to act quickly. This may seem logical but people often fall under the spell of the 'sunk cost fallacy'. This makes it hard to end something that you've poured time, money and effort into. People often argue for pushing on even harder, in order to try to force success when the evidence is this won't happen. It's better to pull back and consider what to do next. Positioning all decisions as essentially provisional and, to some extent, experimental, reduces the likelihood that you'll become inappropriately attached. But before you move on, two steps help: extract the lesson and share the knowledge. It might feel easier to sweep a bad decision under the carpet but that would mean losing the chance to improve.

As an experienced professional, you're paid to make a steady stream of good decisions to guide action in your business. But in our current volatile times, no one can have a 100% success rate. Your judgement calls will rely on two things: your best understanding of the situation at a particular point and also your principles. You'll have to decide what matters most and take the next small decision step. This isn't easy!

DECISION-MAKING IN TOUGH TIMES: SOME SUGGESTIONS

1. Define the issue you face from different angles, mapping all the factors in your context.
2. Identify the data you'll need to source, accepting it will be incomplete.
3. Create tests or experiments that might help illuminate critical matters.
4. Map your options against your principles and your obligations.
5. Consider the consequences of each option, its impact and feasibility.
6. Aim to make a stream of small decisions, enabling you to course correct as you go, rather than devising a single grand plan.
7. Identify ways you could mitigate or compensate for any significant negative implications.
8. Inform stakeholders about your decision, your reasons and what it means for them.
9. Regularly review your decisions to extract knowledge and share lessons.

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