

## **Myths that undermine decision-making**

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*If executives and their teams would examine some common misconceptions, an often flawed decision-making process could be improved.*

When executive teams find themselves unhappy with the dynamics of decision-making, they often seek psychological solutions, going through exercises in teamwork, trust, communications, and the like. But through the course of a career spent facilitating these teams, I've found that most of the problems aren't in their psyches, but in the widespread myths about the teams themselves. CEOs and their teams need to take a hard look at these myths, recognize reality, and fix the way they make decisions.

### **Myth 1: A single team makes all of the big decisions**

Most corporations have in place a top executive team that typically consists of the CEO and direct reports. The rest of the company assumes that all major decisions are made or ratified by that august group.

The reality is that decisions at the highest levels of companies are made in many forums, formal and informal. For example, the go or no-go for an acquisition may be made in ad hoc meetings involving the CEO, chief financial officer, head of business development, and the president of an operating unit. Many decisions don't require the entire executive team, but only a handful of executives—which ones depends on the nature of the decision.

But when the real decision-making teams and processes aren't overtly recognized, confusion about the locus of authority often results. Executive-team members who are repeatedly presented with "done deals" feel disempowered. Before you know it, the group is undergoing trust-building exercises when they should be coming to a common understanding about how various types of decisions will be made.

### **Myth 2: The executive team is a body of equals**

Because executives are peers, functional heads on the executive team might believe that they have the same decision rights in meetings as operating executives. And consequently, small operations could expect the same voice at the table as large ones. Think of the U.S. Senate, where Rhode Island carries the same weight as California.

But in reality, some people and some functions carry much more weight than others. It's more like the House of Representatives, where California has more votes than Rhode Island, and the Speaker of the House has more influence than a freshman congressman. Often the executive team isn't serving as deliberative body at all, but an advisory one much like the President's Cabinet.

Problems arise when the team isn't clear about which model of decision-making is in play—Senate, House, or Cabinet. Are they being asked to decide? Are they being asked to advise? Are they being informed about a decision that has already been made? Is it "majority rule"? Are the more powerful members brokering a decision? Is buy-in really needed from the smaller constituencies? Was a decision brokered before the meeting started? It's surprising how often members of a top team involved in a discussion have entirely different views of what kind of input they're being asked for and, afterward, different views of what purpose the discussion served in coming to a decision.

The solution is not to choose one model of decision rights but simply for the CEO to make clear in advance of a meeting where the group is in the decision-making process, and what is

expected from the discussion. This simple step improves discussion quality and heads off confusion and dissatisfaction among team members.

### Myth 3: Team members should always adopt a CEO perspective

Many CEOs expect members at top-team meetings to take off their functional hats and adopt a holistic or companywide perspective. Top executives owe it to the CEO to provide the wisdom gained from their general business experience and their understanding of the company's strategy and objectives.

But asking everyone always to think like a CEO can be counterproductive. The head of human resources, for example, may not have much to say from a generalist's perspective about a proposal for a new plant. He or she may, however, have opinions about hiring or labor relations at the plant. But raising those issues is often perceived by the CEO and other team members as parochial, and the HR head would be accused of being an ineffective team member. And, so, much of the value of functional expertise is lost from the discussion.

As with models of power, the answer is not to choose the generalist or functional perspective, but to recognize which model is desirable for different types of decisions, make it explicit, and overtly manage it.

By addressing all three myths, CEOs build a formalized and flexible range of decision-making environments. Decision-making groups are recognized and chartered, and the nature of any individual's role at any point in any decision is made explicit. With the ability to choose which configuration is most appropriate when, the CEO can then unleash the full power of conscious decision-making. And the Top Team can settle into the central role it ought to have with clarity of purpose, process, role, and outcomes.

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