The Psychology Of Critical Decision-Making

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Author Profile

Peter Gooch from ABC-Radio best summed up Ric when he described him as: "The Contrarian Strategic Thinker for Successful Australian Executives."

Ric Willmot
Executive Wisdom

Ric Willmot, known as "The Strategist" assists organisations to improve performance, productivity and profit. He is one of those rare people who can call himself a global consultant and trusted adviser to some of the world's leading businesses, governments and institutions, and REALLY mean it!

Ric and his company, Executive Wisdom Consulting Group, help leaders make distinctive, lasting and substantial improvements to the performance of their organisations; partnering with clients to tackle their most difficult issues and serious challenges. Just a few of his active and current clients include; Australian Legal Practice Management Association, CPA Australia and Commonwealth Bank.

Ric Willmot's intent is not just to improve your business, but to build firms which create wisdom and wealth. Ric's background is accounting, financial planning, and organisational psychology. Ric's Private Clients Mentoring Program was created in 2005 and has already had over 200 executives from 12 countries graduate through the 6-month program. Late 2010, Ric's Forums was launched. An international online business forum where people from around the world can come together 24-hours-a-day, 7-days-a-week to discuss strategy, leadership, marketing, technology, best practices, ethics and anything else which presents itself. Within one month, over 100 professionals from 13 countries had bought lifetime membership.

Ric is interviewed and quoted frequently in the media; he writes regular business columns for 4 Australian magazines, 3 Asian magazines and is the feature writer for Svoy Business: Russia's leading corporate magazine with a readership in excess of 55,000.

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The Psychology Of Critical Decision-Making

Introduction

"Why on earth did you decide to do that?"
"What was she thinking when that decision was made?"
"How could they have possibly got that so wrong?"

We've all asked questions like this when we've observed a poor decision being made - whether it be in business, politics, or sport. Generally people on the outside attribute poor decisions and flawed choices to inexperience, incompetence, a lack of intelligence, or less than honourable intentions. The reality is, though, bad decisions do not generally arise because of these factors.

In this Learning Module, we will examine why people and organisations make poor choices and faulty decisions by digging deep into cognitive psychology, group dynamics, organisational culture and systems to help us understand why and how capable, good, reasonable people stumble in the decision-making process. We will examine the techniques and behaviours that you can employ to improve decision-making in your organisation. We will also explore how most individuals do not examine every possible alternative or review all the available data when deciding how to act when confronted with a problem or issue.

I've worked with a great many exceptional owners, executives, consultants, and trainers over the years. They are some of the best colleagues I've ever had, and I've learned more from them than they've learned from me. My intent in this Learning Module is to demonstrate to you that decision-making is a process - not an event - whilst sharing the techniques and understandings to cutting-edge decision-making strategies and tactics that I've learned over the years.

What you need to understand about the value of YOUR role within YOUR organisation is that the inherent advantages of being a part of the culture are often sacrificed in the name of the fad-of-the-month, the latest guru, and other dalliances into worlds strange and far away - and not of the least interest to smart business thinking (and not of the least relevance).

I offer to you here my advice gained from being a business owner, a CEO of three successful organisations and nearly ten years consulting to organisations of every type. I don't claim the Royal Road - only one road. I've made mistakes and so will you, and every day in organisational life has rough edges and setbacks.

There is no such thing as perfection in corporate life. Our lives are about success, not perfection. The only things that matter are results. I'm confident that you can improve your ability in decision-making to generate dramatic results immediately if you simply utilise the techniques in this Learning Module that appeal to you and apply them in your environment.

Essential Skills In Corporate Leadership

Most of us draw on experience, apply rules of thumb, generalisations, and use other heuristics when making decisions. And sometimes that gets us into trouble ... As living organisms with the ability of deductive reasoning, we, as individuals, are susceptible to cognitive biases - emotional decision-making traps that ambush us to make certain systematic mistakes when making organisational choices.

Attributed as intuition, decision-making is more than a gut-feeling or instinct. Situation represents a powerful pattern recognition capability that we have to draw upon to access the wealth of our past experiences and knowledge. However, intuition tends to lead us astray - particularly when we reason by analogy.

In organisational life we also make decisions as teams and need to recognise that by doing so, most of us do not make all our choices on our own. Often, working groups make complex choices believing that the collaboration of intelligent individuals will increase the worth of the decisions made. This leads to my first question of you:

Are groups "smarter" then individuals?

Logically, we can make a valid argument that they obviously can be - however, in many cases teams do not employ the diverse talents and knowledge of the group members effectively. Therefore, teams can experience a lack of synergy amongst the participants and can become victim of maladies such as 'Groupthink' - that is, the tendancy of groups to experience powerful pressures for conformity, which have the potential to suppress dissenting views and lead to unobjective judgements and/or ignore the diversity of opinion.

Groups, committees and teams have the potential to stimulate constructive conflict, as well as achieve consensus and timely closure, so that they can overcome these problems and make better decisions. Why is it then, that teams often find themselves riddled with indecision?

Decision-making is one of the most essential skills that a business leader must possess - even though it is an essential skill we frequently witness mistakes and significant errors in by highly paid executives. There have also been some spectacular decision-making blunders made in organisations that the man in the street would consider unforgivable...

To make better decisions, leaders must understand the psychology of decision-making to better understand and apply proven decision-making processes that will benefit themselves, their organisations and their employees.

IN YOUR OPINION...

Why did JFK decide to support the 'Bay of Pigs' invasion by a group of Cuban exiles intent on overthrowing the communist dictator Fidel Castro?

Why did NASA decide to launch the Challenger space shuttle in 1986 despite engineers' concerns about possible O-ring erosion due to cold temperatures expected on the morning of the launch?

Why did Coca-Cola CEO Roberto Goizueta decide to introduce New Coke in 1985, changing the vaunted formula on the company's flagship drink?

When we observe highly flawed decision-making, we often ask ourselves, "How could they have been so stupid?". We often attribute others' decision-making failures to a lack of intelligence or relevant expertise or even to personality flaws. We might even question their motives...

However, we think of our own decision-making failures in a very different way. We tend to blame unforeseeable changes in external factors; we don't attribute it to factors within ourselves. We can describe this dichotomy as the fundamental attribution error.

There are five myths regarding executive decision-making that - when we become consciously aware of them, we see them for what they are - perpetuate and continue to have a life in the minds of many.

On average, the greater proportion of leaders in any field stumble when making social, emotional and political decisions because of the psychological dynamics that cause bias and allow our logic to get blind-sided. This happens regardless of intellect, experience, and expertise.

5 Myths of Executive Decision-Making
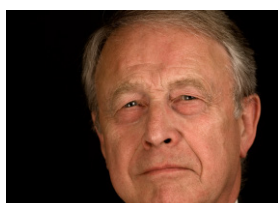
Myth 1: The CEO decides

Reality: Strategic decision-making entails simultaneous activity by people at multiple levels within the organisation.
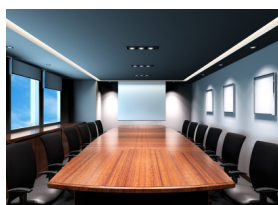
Myth 2: Decisions are made 'in the room'

Reality: Much of the real work occurs "off-line", in one-on-one conversations or small sub-groups - not around the conference table. The purpose of formal strategic meetings is often simply to ratify decisions that have already been made by people closer to the point of contact with product, manufacture, delivery, service and relationships.

Myth 3: Decisions are primarily intellectual exercises

Reality: Executive decisions are complex social, emotional, and political processes. Social pressures for conformity and human being's natural desire for belonging distorts our decision-making. Motions can either motivate us - or at times paralyse us - when we make important decisions. Political behaviours such as coalition building, lobbying, and bargaining play an important role in organisational decision-making.

Myth 4: Managers analyse and then decide

Reality: Strategic decisions unfold in a non-linear fashion, with solutions frequently arising before Managers define problems or analyse alternatives. Decision-making processes rarely fly in a linear sequence. Sometimes, solutions go in search of problems to solve ...

Myth 5: Managers decide and enact

Reality: Strategic decisions often evolve over time and continue through an iterative process of choice and action. We often take some actions, make sense of those actions, and then make some decisions about how we want to move forward.

At the individual level, we have to understand how the human mind operates. Occasionally, our mind plays tricks on us: We make biased judgements. At other times, our intuition proves quite accurate. Some of the reasons we make poor decisions are because of cognitive biases such as overconfidence and the 'sunk-cost' effect (more on this in the next section). Our intuition, although very powerful at times, can be undermined when we match what we are currently seeing in problems and issues, to patterns from our past.

Teams, groups, and committees promise much because we can pool the intellect, expertise and individual perspectives of many people. That diversity offers the potential for better decisions then any one particular person could make. Disappointingly, many groups never realise that potential. In some instances, groups make decisions that are inferior to those that the best individual within the group could make on their own. One of the reasons for this is that groups encounter problems such as social pressures for conformity.

Organisations and enterprises influence decision-making through their structure, systems, history, and culture. Organisations and those who sail within them must understand that decisions are not made in a vacuum. The environment shapes the thinking, and shapes the interactions, and how judgements are made. Organisational forces can distort the information that is disseminated and received, the interpretations of that information and the way communication happens (or not) among the individuals with relevant expertise, experience, and knowledge.

Many leaders stumble - or worse, fail - because they considered decisions as events, not processes. Decisions involve a series of events and interactions that unfold over time. They involve processes that occur inside the minds of individuals, within groups, and across organisational units of complex enterprises.

Ultimata

Many business leaders suffer from a common malaise. That is, a focus on finding the right solutions to problems (or worse still, the perfect solutions to problems) rather than giving careful consideration about what process they should employ to make key decisions.

When confronted with a tough issue, we focus on the question - "What decision should I make?"

We should first ask - "How should I go about making this decision?"

The Psychology Of Bias

Economists depict individuals as 'rational decision-makers'. They believe individuals collect information, examine a variety of alternatives, and then choose between the best options that will maximise benefits and results. The reality is inconsistent with the economist's model.

Overconfidence

One of the insights we do gain from behavioural economics is that our brains are programmed to make us overconfident in our thinking. This has its upside and downside. It's wonderful that we have confidence and chutzpah. It's what enables us to do wonderful and innovative things.

Decision-making is affected by the human brain because it cleverly develops shortcuts and bad habits to quickly repeat previously learned issues and solutions. These are brain programmed applications created by our formalised education system and socialisation.

Our cognitive limitations lead to errors in judgement, not because of a lack of intelligence, but simply because we are human. Psychologists described the systematic mistakes as 'cognitive biases'. These biases are an affliction to experts as well as novices. Overconfidence is one such bias. For instance, research confirms that physicians are overly optimistic in their diagnoses, even if they have a great deal of experience.

The 'sunk-cost' effect

Another cognitive bias is the 'sunk-cost' effect. This refers to the tendency for people to escalate commitment to a course of action in which they have made substantial prior investments of time, money or other resources. If people behave rationally, they would make choices based on the marginal costs and benefits of their actions. They would ignore sunk-costs. People become overly committed to activities or decisions even if the results are quite poor because of this cognitive bias. They are throwing good money after bad and the situation continues to escalate and worsen.

Recency / availability

A third cognitive bias is the recency effect, which is actually one particular form of what is called the 'availability bias'. If we tend to place too much emphasis on the information and evidence that is most readily available to us when we are making a decision we have become victim to availability bias. The recency effect is when we place too much emphasis on recent events, which of course are quite salient to us.

Confirmation

One of the most prevalent biases is the confirmation bias. This refers to a tendency to gather and rely on information that confirms existing views and to avoid or downplay information that doesn't confirm our pre-existing hypotheses. Politicians face this bias on a daily basis.

NASA's behaviour with regard to the Columbia shuttle accident in 2003 shows evidence of the confirmation bias. There was clearly an attachment to existing beliefs that the foam did not pose a safety threat to the shuttle. The same managers who signed off on the shuttle launch at the flight readiness review - despite evidence of past foam strikes - were responsible for judging whether the foam strike on Columbia was a safety or flight risk.

It is extremely difficult, if not impossible, for people to detach themselves from their existing beliefs. Each safe return of the shuttle, despite past foam strikes, confirmed those existing beliefs. NASA also showed evidence of not seeking this confirming data.

NASA did not maintain launch cameras properly; the mission manager also repeatedly sought the advice of an expert who believed that foam strikes were not dangerous, while not speaking directly with those who were gravely concerned.

IN YOUR OPINION...

Why do people find it so difficult to ignore sunk-costs?

How can you combat cognitive biases in your decision-making?

What are some examples of confirmation bias that have affected your decision-making?

Reasoning By Analogy

Whether making decisions intuitively or analysing the situation more formally, many business leaders rely on reasoning by analogy to make choices or select options. Analogical reasoning is when we liken the situation and then compare it to a similar situation that we have been exposed to previously. It's considered that what has worked before will work again, as well as what didn't work has no prospect of success again this time. Based upon that assessment, we choose what to do - and what not to do - in the current situation.

Reasoning by analogy is considered powerful because it can save us time, as we do not necessarily have to begin from scratch in search of the solution to a complex problem. It allows us to avoid repeating previous mistakes by reviewing historical information. We can also leverage past successes as a way of identifying best practices.

The reason why analogical reasoning can be flawed, is that we prefer to focus on the similarities between two analogous situations and undervalue, or perhaps even ignore, the differences. We can become overly enamoured with highly salient analogies that have left an indelible imprint on us in the past, even when those analogies may not accurately fit the current situation.

From The Trenches
Research and feedback shows that some of the most innovative ideas come when we think outside of our field of expertise and make analogies to situations in completely different domains. The analogy therefore can be a powerful source of diverging thinking.

The good news is that we can improve our reasoning by analogy. There are two key ways that we can undertake to refine our analogical reasoning:

- We can make two specific lists, one describing all the likenesses between the two situations we deem to be analogous and another describing the differences.

- We can write down (and clearly distinguish), that which is known, unknown, and presumed in the situation. The objective is to clearly separate fact from assumption.

IN YOUR OPINION...

What are some possible dangers of reasoning by analogy?

What types of analogies would be most salient?

How might you improve your results from analogical reasoning?

Ambiguity: Does It Have A Place In Decision-Making?

Conventional business wisdom hypothesises that the traditional model of executive decision-making is that we decide and then we act. But as previously mentioned, decision-making processes are not always as linear as the models (economic and behavioural) suggest.

At times, executives try new approaches and then attempt to make sense of those behaviours and justify them. We are making choices throughout the process and attempting to bring rationale and logic to the actions of the people involved in the issue - especially, the leaders. Attributing rationale and logic - making sense - becomes a significant and powerful tool for decision-makers - particularly in highly ambiguous situations.

Highly ambiguous situations often involve trying to sort out conflicting signals, data, information, behaviours and results, along with attempting to differentiate the key signals from the background noise.

Making sense is about understanding the connections between various actions and events. Making those connections and identifying cause-and-effect relationships helps inform and guide our next steps and calls to action. Therefore, how we reflect and learn from experience, and then use that learning to inform our future actions and behaviours, becomes integral to sound decision-making. However, we can stumble and falter when the mental models become outdated. In those circumstances, we may find it difficult comprehending new and/or unique situations. Sometimes, our sense making capabilities can collapse and lead to serious and even fatal failures.

Ultimata
We have to become comfortable with ambiguity. Our education system has let us down. It's not your fault!

During our formative years of education and learning we are provided with theory, examples, and empirical evidence which we are required to remember and commit to our long-term memories. We are then tested by being asked specific questions to which we are either rewarded with a successful tick, or gazumped by the teacher's cross of failure.

When we exit the education system, we learn that life and business is not a binary proposition. There are areas of grey. It is important for the development and improvement of our executive decision-making skills for us to become comfortable with ambiguity.

IN YOUR OPINION...

How could you encourage collective sense making that results in a shared understanding of a situation?

Does sense making always lead to better future decisions?

Are two heads better than one? Are groups better decision-makers then individuals? Will a team be more successful in handling ambiguous decisions, problems, and issues than a single person?

From The Trenches

In my consulting life I have been witness to many organisations where groups involved in projects, issues, and decisions failed to achieve their potential and did worse than individuals working alone.

It is correct to assume that groups can make better decisions than individuals, because they can pool the diverse talents of a team of individuals. The notion is that groups can achieve synergistic benefits. Merging ideas from diverse perspectives creates the potential for new ideas and options that no individual could create on their own. Unfortunately, they can experience process losses and fail to capitalise on the diverse talents.

In his book *The Wisdom of Crowds*, James Surowiecki argues that a large "crowd" of individuals can actually be more intelligent than any individual expert.

For instance, a Canadian mining company created a contest whereby people around the world could examine their geological data and offer a recommendation as to where to search for gold on their property. The contest yielded solutions that had eluded their in-house experts.
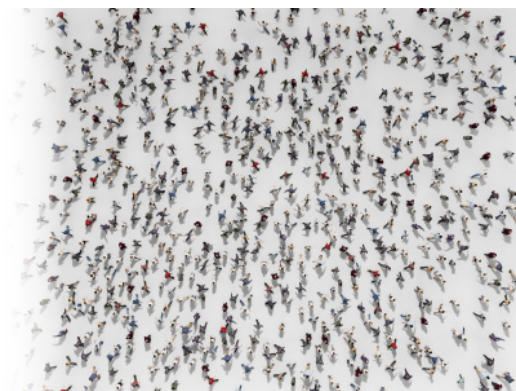
Many other companies are trying to leverage the power of this mass collaboration. Even the US federal government has done this. Prediction markets are also an example of this phenomenon, such as the Iowa Electric markets, which tries to predict elections, and the Hollywood stock exchange, which tries to marshal the judgements of thousands of people to predict how well particular films will do.

Surowiecki argues, however, that there are several critical preconditions for making the crowd smarter then individuals. You need to have diversity within the crowd: many different disciplines, perspectives and areas of expertise must be represented. You have to have de-centralisation - meaning that the crowds are dispersed - and people with local and specific knowledge can contribute. You have to have some effective way of aggregating all the individual judgements.

Finally, and most importantly, you must have independence. In other words, you can't have individuals being able to sway others, or situations in which the pressures of social conformity can impact people. This is the key condition that usually doesn't hold in business teams within enterprises and organisations. They are interacting closely, and they are interdependent.

IN YOUR OPINION...

In what circumstances is a team likely to outperform individuals working on their own?

In what circumstances are individuals likely to outperform teams?

Thinking Or Conforming?

'Groupthink' is one of the most famous examples of how and why a group can make very flawed decisions, even if the group is cohesive and its members have great intellect, in-depth knowledge, and good intentions.

According to social psychologist Irving Janis, 'Groupthink' is when a cohesive team experiences tremendous pressures for conformity, such that people strive for unanimity at the expense of critical thinking. Janis argues that 'Groupthink' is more likely to arise when groups are highly cohesive and when they face a great deal of stress, anxiety, or pressure.

Janis developed his theory of 'Groupthink' based on an analysis of a number of decision fiascoes involving American presidents. The central case that he studied was the "Bay of Pigs" decision by President John F Kennedy. With the approval of President Eisenhower, the CIA trained a force of Cuban exiles in Central America to prepare them for a possible invasion to overthrow communist dictator Fidel Castro. Within a few days of Kennedy taking office in 1961, the CIA presented its plan for using these exiles to invade Cuba.

Kennedy asked the Joint Chiefs of Staff to take a look at the plan. They concluded it could work, but only with certain caveats - either they had to add US soldiers to the plan, or they had to be able to count on a substantial internal uprising within Cuba to help the exiles. After a few weeks, the CIA argued that the time to invade was now. They cited several factors arguing for immediate action. The CIA acted as both the advocates for the plan as well as its principal evaluators or analysts. It had a vested interest in going forward with the plan. The entire decision-making process took part under the veil of secrecy. Key experts from within the administration did not join the Cabinet meetings for their deliberations.

Candid dialogue and debate did not take place at these meetings. A number of people held back their concerns about the plan. Many assumptions were made during these meetings, but they were not well vetted. The CIA dominated the meetings, and the one group with the status and experience that could have challenged the CIA - namely, the Joint Chiefs of Staff - tended to remain silent.

The group spent most of its time trying to tweak the proposal rather than examining other options. The group failed to consider any alternatives. It focused on a go/no go decision. It ended up paring down the original proposal, but the proposal still retained its core weaknesses. Over time, the plan gathered tremendous momentum. There is evidence of the sunk-cost effect, causing the CIA to feel as though it had to go forward based on its past investments in this effort.
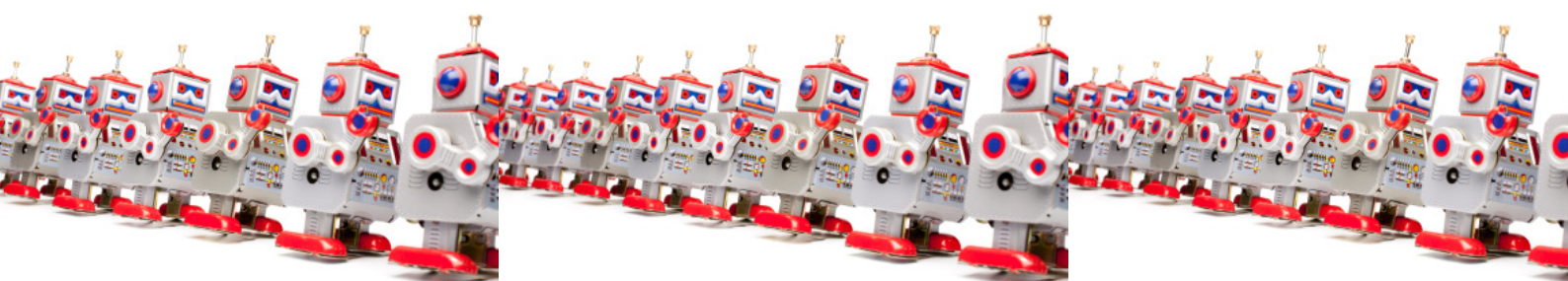
IN YOUR OPINION...

When is 'Groupthink' most likely to arise?

What can be done to break down the barriers to candid dialogue in groups?

Leaders need to take time to reflect on their decision processes and to identify what attributes they want to change moving forward. The four key dimensions of deciding how to decide are:

- **Composition:** Who should be involved in the decision-making process?

- **Context:** In what type of environment does the decision take place?

- **Communication:** What are the "means of dialogue" among the participants?

- **Control:** How will the leader control the process and the content of the decision?

In choosing how to decide, leaders have to think and consider how directive they wish to be, both in terms of the content of the decision as well as the process of decision-making. Regarding content, it must be considered how much leaders want to control the outcome of the decision. Regarding process, leaders must decide about how they want to shape the way that the deliberations take place.

Successful leaders need to be effective in learning from their previous failures. Successful leaders must be engaged in both content-centric and process-oriented learning. Questions need to be continually and regularly asked: "What might we have done differently in terms of the tactics of how to deal with this problem?", and so on. This is content-centric learning. Leaders must also reflect on what they could have done differently in terms of their decision-making process. This is process-centric learning. It is important to identify what attributes leaders want to change moving forward.

Ultimata

Leaders should consider conducting systematic 'after action' reviews following all major high-stakes decisions, whether successes or failures. It should be determined what myths surrounded their efforts, and what were the realities?

Your decision-making culture

Many organisations have a persistent problem with indecision. This may be because the culture of the organisation is stifling the ability of the organisation to approach and think about problems. Indecision often arises from dysfunctional patterns of behaviour that become ingrained over time within certain cultures. There are three types of problematic cultures within organisations:

1. **The culture of NO**

   A culture of 'No' arises in an enterprise because meetings have become places where people strive to deliver 'told you so' or 'gotcha' comments.

2. **The culture of YES**

   A culture of 'Yes' is where people tend to stay silent if they disagree with the solution or decision on the table. Falsely, it appears that these people have endorsed the solution or decision by their silence. However, they later express their disagreement, lobby and politic to overturn the choice, or try to undermine the implementation of the plans with which they disagreed.

   You end up with false consensus that emerges in meetings, whereby you think everyone is behind you, when actually they're not. Silence does not mean assent. When people are not contributing to a discussion, they may disagree strongly but not wish to voice their dissent in the meeting.

3. **The culture of MAYBE**

   A culture of 'Maybe' entails management teams that strongly desire to gather as much information as possible, so much so that they get caught in paralysis by analysis. This constantly delays decisions and action because it is believed that more information and analysis might clarify the option or choice. The culture of 'Maybe' afflicts people and organisations who have a hard time dealing with ambiguity, or who engage in conflict avoidance when someone disagrees with the majority position of the group.

From The Trenches

From my experience of coaching and mentoring leaders who face a chronic problem of indecision, they often look for ways to accelerate decision-making in their organisation. They look for shortcuts. They may grasp for analogies more frequently and leave themselves vulnerable to flawed analogical reasoning. Perhaps they may try to adopt some rules of thumb that have become conventional wisdom in their industry or organisation. They might even imitate what their competitors are doing, even though simply copying your rivals is unlikely to lead to competitive advantage.

Leaders need to be cognisant of this malaise and be confident to pause and implement effective strategies to combat indecision - intelligently.

IN YOUR OPINION...

Why do we need to give people permission to fail in organisations?

Why do some teams find it difficult to bring debates and deliberations to a close?

Why does paralysis by analysis occur in decision-making processes?

Improving The Psychology And Behaviours Of Decision-Making

1. **Stimulate conflict and debate** amongst individuals, teams, committees, and groups when they are involved in problem-solving, decision-making, and making sense of the issues at hand.

   If an organisation has become saddled with a culture of polite talk, superficial congeniality, and low psychological safety, how can an organisation expect a heightened level of candour? Leaders need to ignite a lively, yet constructive debate, to ensure critical thinking.

2. **Repeated practice** at problem solving decision-making and critical thinking will help individuals and groups get better at managing conflict in a positive and respectful way.

3. **Ensure always that the conflict is constructive**. It is appropriate to stimulate dissent and debate in teams so that those people make better quality choices. However, to implement those choices effectively, we have to be able to keep the conversation, the debate and the conflict constructive.

4. **Build mutual respect**, particularly with regard to differences in the cognitive styles of each group member. It is important that people understand one another's cognitive styles. Teams, groups and committees can and should invest some time discussing each member's cognitive style before engaging in debate.

5. **Re-direct people's attention and recast the situation** or issue from a different perspective. This is called re-framing and it requires us asking curious, non-threatening questions and may include changing the time or tense of the language people are using to break any mental constructs that may be constricting lateral thinking.

6. **Revisit basic facts and assumptions** when the team appears to reach an impasse. Bring people back to certain core facts and assumptions when the debate seems to be stalled or stumbling.

7. **Brainstorming** is a process that has much potential, but many organisations fail to achieve this potential. Effective, useful, and worthwhile brainstorming is an art, and is most successful when facilitated by a true and genuine expert in organisational development.

   Creativity requires a willingness to focus intently on avoiding premature convergence on a single idea. You have to defer judgement and generate many diverse ideas. You also have to be willing to experiment and fail. Willingness to fail - and encouraging people to make useful and intelligent mistakes - is critical to your future success.

8. **You must give people the opportunity to express their views** - and to discuss how and why they disagree with other group members. Collaboration will yield a better outcome.

9. **Avoid band-aid approaches** to small problems and create a climate of open and candid dialogue. Attack silo thinking and division / departmental rivalries.

10. **Design more effective cross-functional teams** and always conduct careful 'after action' reviews to improve problem solving and decision-making processes.

DMAIC - Example Of A Decision-Making Process
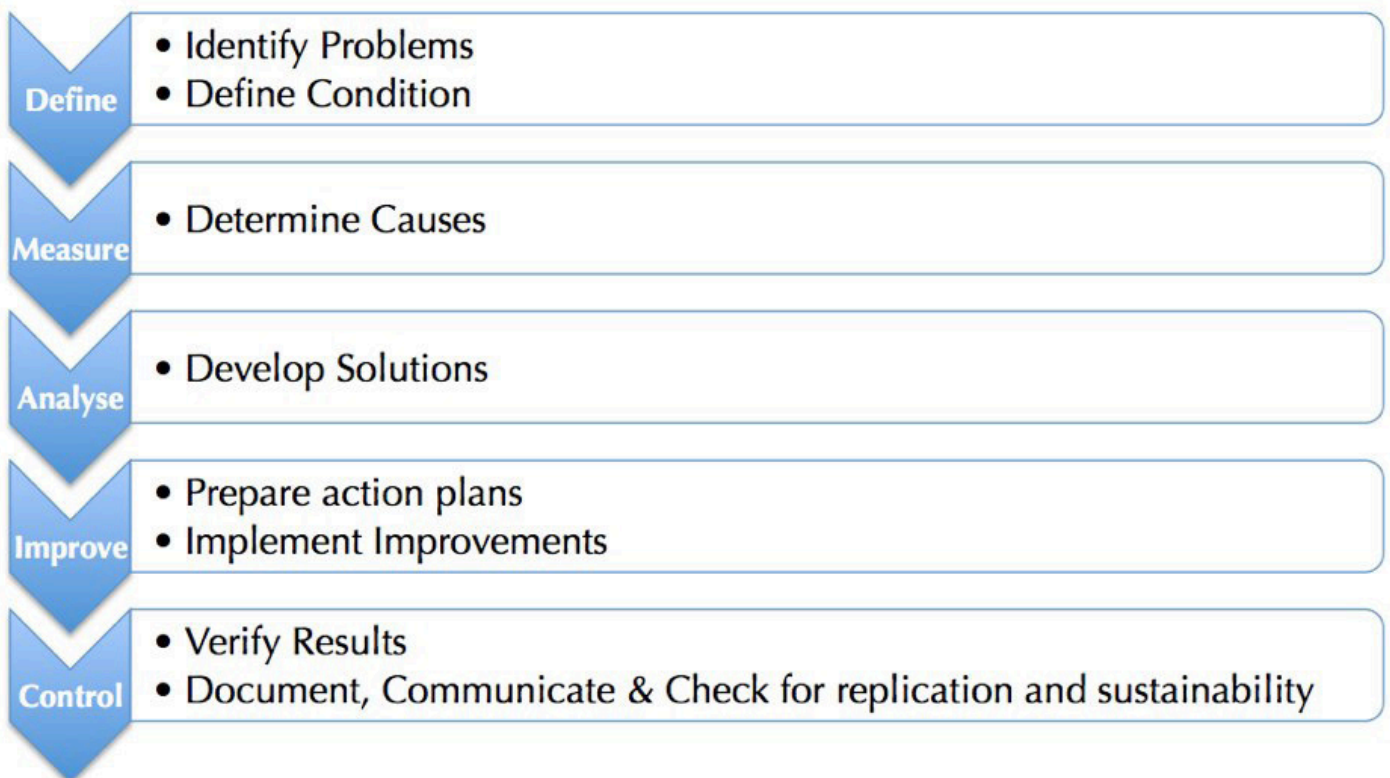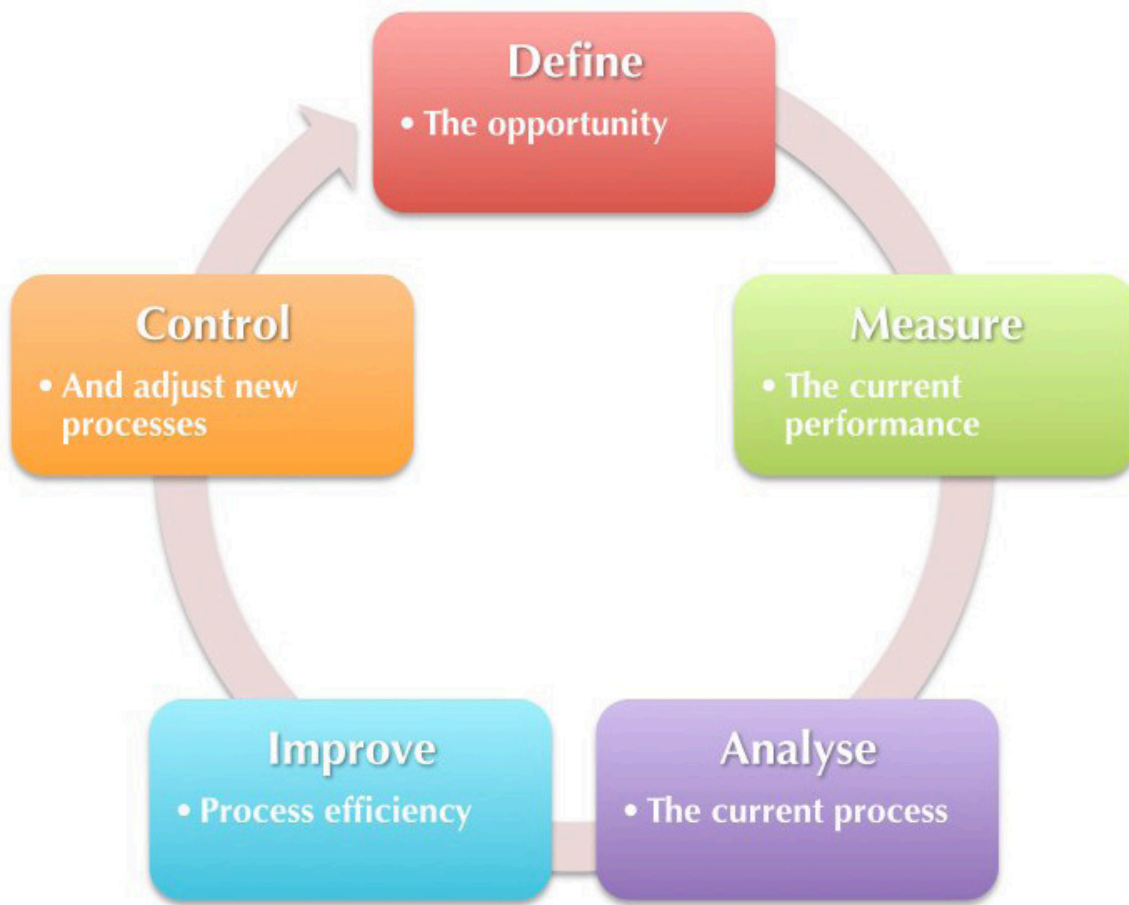
Define

| Determine Benchmarks | Set Baseline | Determine Customer Requirements | Get Customer Commitment | Map Process Flow |

Measure

| Develop Defect Measurement | Develop Data Collection Process | Collect Data | Create Forms | Compile & display data |

Analyse

Verify Data	Draw Conclusions from Data	Test Conclusions	Determine Improvement Opportunities	Determine Root Causes	Map Causes to Effects

Improve

Create Improvement Ideas	Create Models	Experiment	Set Goals	Create Problem Statement AND Create Solution Statement	Implement Improvement Methods

Summary

Leaders must discard the notion that they have all the answers and must focus on shaping and directing an effective decision-making process and marshalling the collective intellect of those around them. Leaders must focus on process, not just content and should always be comfortable with ambiguity.

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