

“Are you allocating your IT investment over the entire decision cycle?”

If the answer is “No,” your decision processes may be no better than flipping a coin.

By Art Murray

Fifty percent of all business decisions fail, according to an Ohio State University study of over four hundred organizations.¹

Some of the main reasons for failed decisions cited by the study include:

- rushing to judgment
- not having the right information
- poor, inconsistent decision processes.

Even if your people have access to the right information, they rarely have the time and resources they need to:

- properly interpret the information
- make a correct decision
- communicate the decision so it is successfully carried out.

At least part of the blame can be placed at the feet of IT solutions, which typically address only one or two steps in the decision cycle.

Many IT organizations openly advertise their goal of “getting the right information to the right person at the right time.” Let’s say this happens. Then what?

Conditions are constantly changing. Information needs to be **interpreted** and the situation **assessed**. This can be difficult given that the information available doesn’t always match the context of the situation.

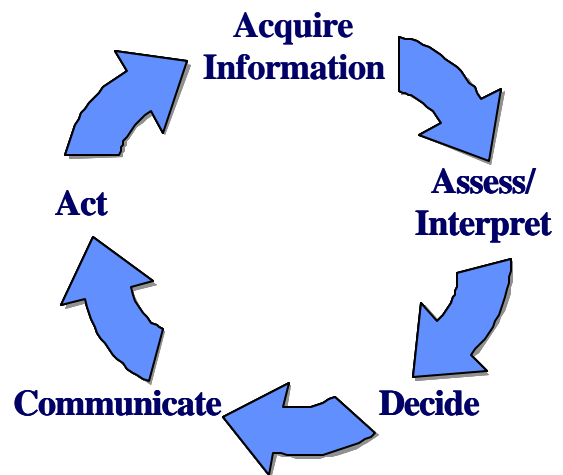
Even if the information has been properly interpreted and assessed, there are additional steps. In most knowledge work, a **course of action** must be determined, communicated, and executed.

Determining the right course of action requires developing and analyzing alternatives, and making a selection.

Communicating means formulating a set of clear, unambiguous instructions.

The **execution** of those instructions must be monitored and the results fed back as new information. The cycle repeats.

The **complete decision cycle** can be illustrated as follows:



The Five Steps In the Decision Cycle

Where in the decision cycle does your organization put most of its attention?

Where should you be putting it?

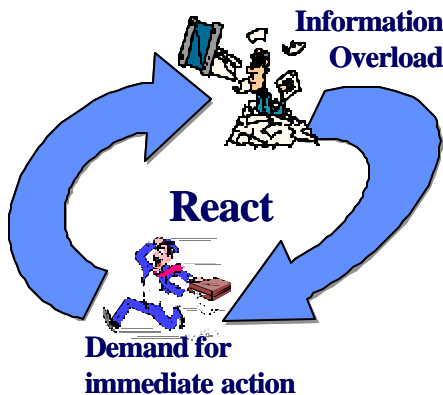
We recently posed those questions to 99 managers and executives in the U.S. and Europe. The results were not surprising.

Almost 60% indicated they were under-invested in the *communications* step. Almost 50% indicated under-emphasizing the *assess* and *decide* steps. The two steps having the greatest over-investment were *acquire information* and *act*.

"The speed at which we make decisions is now the factor that limits the speed of business. Everything in the company waits—not for a shipment or a process, but for a decision." - Seth Godin²

The results of the survey point to a chronic **misallocation of resources**, in which **critical steps in the decision process are being short-circuited**.

Most of the attention is placed on increasing the speed and volume of the input side. This drives the demand for instantaneous response on the action side.



It's no wonder we hear people saying they're always in **"react mode."**

Speed is of the essence in today's business climate. But getting more information faster isn't going to be of much help if we end up

short-changing the decision process. As managers of the rapidly growing *knowledge workforce*, we need to slow down and spend some time thinking about how to balance our scarce resources across all five steps of the decision cycle.

"... getting more information faster isn't going to be of much help if we end up short-changing the decision process"

The payoff, based on our experience in working with organizations which are doing exactly that, has been:

- Getting twice the result with the same amount of resources
- Reducing time wasted by 30% - 50%
- Reducing the cost of making decisions by 40% - 55%.

All are the direct result of

- Making better, more consistent decisions
- Clearer interpretations
- Fewer errors
- More effective use of time and effort.

Take this simple test yourself. Look at the five steps in the decision cycle. Ask yourself, "Where am I putting most of my IT investment dollars?" "Where should I be putting them?"

Then give some serious thought as to how you are going to **rebalance the load**.

¹Paul C. Nutt, Why Decisions Fail, Berrett-Koehler Publishers, 2002.

²Seth Godin, Survival Is Not Enough, Free Press, 2002.

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