Decision Quality

Sample Course Syllabus

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This is a highly interactive course, where participants learn by doing. Participants work in teams on a complex decision, applying the tools and techniques to a practical situation. Teams work together to frame the problem, create alternatives, assess information (including probabilities and ranges), perform sensitivity analysis, structure and evaluate decision trees, gain insight into the best course of action, and communicate the results of their work to decision-makers. Teams are coached by experienced decision consultants.

Senior decision-makers, decision team leaders, and those who provide information to support strategic decision-making will find this an excellent introduction to how decision quality can benefit their organization, how it works, and the roles that make the process effective.

Decision Quality
We begin the course by describing how we can judge if we are making a high-quality strategic decision, given that the consequences of the decision will not be known for several years. We describe the difference between strategic and operational decisions and the right level of quality for each type of decision. The requirements for a quality decision are also introduced.

Dialogue Decision Process
Many organizations use a decision-making process based on advocacy by project champions – and fail. In this session, we present the more powerful collaborative dialogue decision process (DDP), in which decision-makers, decision support staff, and content experts come together to make long-term strategic decisions that will shape the future of the organization. The DDP charts a direct path from a confused and opaque situation to a clear choice and efficient implementation. It pierces organizational boundaries and provides a mechanism for different parts of the organization not only to work together, but also to develop an understanding of each other.

Case Study
We present a start-to-finish example of how one organization applied the dialogue decision process to make a high-quality strategic decision. This real example illustrates the organizational and analytical challenges, the steps in the process, the types of information gathered, the importance of assessing ranges and probabilities, the type of probabilistic analysis that was conducted and what was learned from it, and how the dialogue with decision-makers ultimately led to a clear course of action and commitment by all stakeholders to that identified course. We select from a portfolio of such cases, drawing on the experience of specific instructors.
Setting the Appropriate Frame
Framing is arguably the most important yet often neglected step in working on a strategic decision. When done properly, it sets the stage for the remaining steps toward a decision: identifying the purpose of the effort and the perspective that will be taken and setting the scope – what will be included and excluded from consideration.

Generating Creative Alternatives
Before undertaking any analysis, it is important to identify a broad set of alternative directions for a strategic decision. These alternatives should fit the selected frame and should be creative, comprehensive, significantly different, and compelling. In this session, we explain how we can leverage creative methods and clear, analytical thinking to identify possible winning strategies.

Establishing Clear Values and Trade-offs
Many business decisions are complicated by unclear trade-offs among multiple values, such as short-term results, long-term value, risk, return, employment, quality, and reputation. A common failure mode occurs when decision-makers neglect key constituencies' perspectives and preferences. In this session, we describe how to identify clear decision criteria, including intangible issues, how to ensure that these values fit the corporate philosophy, and how to establish explicit trade-offs. We also discuss the appropriate value metrics for the core purposes of any business: value creation, value protection, and value delivery.

Evaluating Alternatives and Conducting Sensitivity Analysis
We discuss the benefits of various types of analysis, including sensitivity analysis and probabilistic analysis. Participants learn how to use the output of sensitivity analysis, a tornado diagram, to identify key risk factors. In many cases, the tornado diagram provides sufficient insight to make a decision without a full probabilistic analysis.

Assessing Probabilities and Ranges
The key to making decisions when future outcomes are uncertain is accurate assessment of probabilities and ranges of uncertainty. In this session, we identify the challenges in overcoming motivational and cognitive biases when assessing probabilities. We then lay out a systematic and reliable method for assessing probabilities and ranges, based on techniques developed over 30 years ago in collaboration with Nobel Prize-winning psychologists and economists.

Structuring and Analyzing Decision Trees
Probabilistic analysis produces the essential insights that decision-makers need when confronting high-stakes, high-risk decisions. In this session, we describe how to conduct a probabilistic analysis using decision trees, how to determine the value of information that reduces or eliminates uncertainty, how to draw insights from the analysis, and how to communicate results of the analysis to decision-makers.

Organizational Decision Competency
We conclude the course by discussing what it takes to build the decision-making capabilities in an organization and how organizations can transform their decision-making into a core competency. We also provide examples of organizations that are on this journey.