The one thing everyone on the planet has in common is the undeniable fact we've all made our fair share of regrettable decisions. Show me someone who hasn’t made a bad decision and I'll show you someone who is either not being honest, or someone who avoids decisioning at all costs.

Making sound decisions is a skill set that needs to be developed like any other. As a person who works with CEOs on a daily basis, I can tell you with great certainty all leaders are not created equal when it comes to the competency of their decisioning skills. Nothing will test your leadership mettle more than your ability to make decisions.

Why do leaders fail? They make poor choices that lead to bad decisions. And in some cases they compound bad decision upon bad decision. You cannot separate leadership from decisioning, for like it or not, they are inexorably linked. Put simply, the outcome of a leader's choices and decisions can, and usually will, make or break them. The fact of the matter is that senior executives who rise to the C-suite do so largely based upon their ability to consistently make sound decisions. What most fail to realize is while it may take years of solid decision making to reach the boardroom, it often times only takes one bad decision to fall from the ivory tower. As much as you may wish it wasn’t so, when it comes to being a leader you’re really only as good as your last decision.

Here’s the thing – even leaders who don’t fail make bad decisions from time-to-time. When I reflect back upon the poor decisions I’ve made, it’s not that I wasn’t capable of making the correct decision, but for whatever reason I failed to use sound decisioning methodology. Gut instincts can only take you so far in life, and anyone who operates outside of a sound decisioning framework will eventually fall prey to an act of oversight, misinformation, misunderstanding, manipulation, impulsivity or some other negative influencing factor.

The first key in understanding how to make great decisions is learning how to synthesize the overwhelming amount incoming information leaders must...
deal with on a daily basis, while making the best decisions possible in a timely fashion. The key to dealing with the voluminous amounts of information is as simple as becoming discerning surrounding the filtering of various inputs.

Understanding that a hierarchy of knowledge exists is critically important when attempting to make prudent decisions. News Flash – not all inputs should weigh equally in one’s decisioning process. By developing a qualitative and quantitative filtering mechanism for your decisioning process you can make better decisions in a shorter period of time. The hierarchy of knowledge is as follows:

- **Gut Instincts**: This is an experiential and/or emotional filter that may often times have no current underpinning of hard analytical support. That said, in absence of other decisioning filters it can sometimes be all a person has to go on when making a decision. Even when more refined analytics are available, your instincts can often provide a very valuable gut check against the reasonability or bias of other inputs. The big take away here is that intuitive decisioning can be refined and improved. My advice is to actually work at becoming very discerning.

- **Data**: Raw data is comprised of disparate facts, statistics, or random inputs that in-and-of-themselves hold little value. Making conclusions based on data in its raw form will lead to flawed decisions based on incomplete data sets.

- **Information**: Information is simply an evolved, or more complete data set. Information is therefore derived from a collection of processed data where context and meaning have been added to disparate facts which allow for a more thorough analysis.

- **Knowledge**: Knowledge is information that has been refined by analysis such that it has been assimilated, tested and/or validated. Most importantly, knowledge is actionable with a high degree of accuracy because proof of concept exists.

Even though people often treat theory and opinion as fact, they are not one and the same. I have witnessed many a savvy executive blur the lines between fact and fiction resulting in an ill advised decision when decisions are made under extreme pressure and outside of a sound decisioning framework. Decisions made at the gut instinct or data level can be made quickly, but offer a higher level of risk. Decisioning at the information level affords a higher degree of risk management, but are still not as safe as those decisions based upon actionable knowledge.

Another aspect that needs to be factored into the decisioning process is the source of the input. I believe it was Cyrus the Great who said “diversity in counsel, unity in command” meaning that good leaders seek the counsel of others, but maintain control over the final decision. While most successful leaders subscribe to this theory, the real question in not whether you should seek counsel, but in fact where, and how much counsel you should seek. You see more input, or the wrong input, doesn’t necessarily add value to a decisioning process. Volume for the sake of volume will only tend to confuse matters, and seeking input from sources that can’t offer significant contributions is likely a waste of time. Two other issues that should be considered in your decisioning process as they relate to the source of input are as follows:

1. **Credibility**: What is the track record of your source? Is the source reliable and credible? Are they delivering data, information or knowledge? Will the source tell you what you want to hear, what they want you to hear, or will they provide the unedited version of cold hard truth?

2. **Bias**: Are there any hidden and/or competing agendas that are coloring the input being received? Is the input being provided for the benefit of the source or the
The complexity of the current business landscape, combined with ever increasing expectations of performance, and the speed at which decisions must be made, are a potential recipe for disaster for today’s executive unless a defined methodology for decisioning is put into place. If you incorporate the following metrics into your decisioning framework you will minimize the chances of making a bad decision:

1. **Perform a Situation Analysis**: What is motivating the need for a decision? What would happen if no decision is made? Who will the decision impact (both directly and indirectly)? What data, analytics, research, or supporting information do you have to validate the inclinations driving your decision?

2. **Subject your Decision to Public Scrutiny**: There are no private decisions. Sooner or later the details surrounding any decision will likely come out. If your decision were printed on the front page of the newspaper how would you feel? What would your family think of your decision? How would your shareholders and employees feel about your decision? Have you sought counsel and/or feedback before making your decision?

3. **Conduct a Cost/Benefit Analysis**: Do the potential benefits derived from the decision justify the expected costs? What if the costs exceed projections, and the benefits fall short of projections?

4. **Assess the Risk/Reward Ratio**: What are all the possible rewards, and when contrasted with all the potential risks are the odds in your favor, or are they stacked against you?

5. **Assess Whether it is the Right Thing To Do**: Standing behind decisions that everyone supports doesn’t particularly require a lot of chutzpah. On the other hand, standing behind what one believes is the right decision in the face of tremendous controversy is the stuff great leaders are made of. My wife has always told me that “you can’t go wrong by going right,” and as usual, I find her advice to be spot on. There are many areas where compromise yields significant benefits, but your value system, your character, or your integrity should never be compromised.

6. **Make The Decision**: Perhaps most importantly, you must have a bias toward action, and be willing to make the decision. Moreover, you must learn to make the best decision possible even if you possess an incomplete data set. Don’t fall prey to analysis paralysis, but rather make the best decision possible with the information at hand using some of the methods mentioned above. Opportunities and not static, and the law of diminishing returns applies to most opportunities in that the longer you wait to seize the opportunity the smaller the return typically is. In fact, more likely is the case that the opportunity will completely evaporate if you wait too long to seize it.

7. **Bonus - Always have a back-up plan**: The real test of a leader is what happens in the moments following the realization they’ve made the wrong decision. Great leaders understand all plans are made up of both constants and variables, and that sometimes the variables work against you. Smart leaders always have a contingency plan knowing circumstances can sometimes fall beyond the boundaries of reason or control – no “Plan B” equals a flawed plan.

If you have any other advice and/or suggestions about how to make better decisions, please share them in the comments section below...

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