

Part 1

**The 4Cs of making
difficult decisions**

This section of the book covers the four key strands of clarity, conviction, courage and communication and illustrates a set of practical steps in respect of each theme.

These themes cover:

- **clarity:** ensuring objectivity about the issue, the context and the circumstances;
- **conviction:** bringing intuition, values and trained judgement;
- **courage:** turning belief into action to build next steps;
- **communication:** continually listening, engaging and persuading.

It looks at the interrelationship between clarity and conviction drawing from the experience of leaders in a wide variety of contexts suggesting an approach to balancing these different dimensions and then looks in turn at each theme.

In working through the 4Cs questions might be:

- Do the 4Cs ring true for me?
- How good am I at getting the balance right between clarity and conviction?
- How do I assess my courage and ability to communicate effectively in taking difficult decisions?
- How do I want to strengthen my capabilities in each area?
- Do I think the 4Cs miss out any crucial areas?

Chapter 1

Balancing clarity and conviction

At the heart of effective decision-making is balancing clarity and conviction. The natural starting point for different individuals will be at different points on this spectrum. What can we learn from the experience of others in balancing clarity and conviction and how can we develop an approach in ourselves which takes forward the best of both dimensions?

This chapter looks at various perspectives on the balance between clarity and conviction and then sets out an illustrative set of questions to help weigh up the balance between clarity and conviction applicable in a wide range of situations.

The stark reality

How often have you been faced with making a decision on the basis of limited evidence? You are balancing facts and your sense of the right next steps. It could be one of the following scenarios.

- You have a purchasing decision to make. You have weighed up all the evidence but you are uncomfortable about the organisation which comes out top on the factual analysis.
- You have a recruitment decision to make and are confident that one candidate is the best candidate although you cannot be precise about why this person feels so much better than the other candidates.
- You have a decision to make about whether to send a critical e-mail. You feel emotionally that a message needs to be sent. Do you hold back and reassess the facts in the cold light of day before you finally decide whether or not to send the e-mail?
- You have a major strategic decision to make about the use of resources. You have loads of documentation, but you are in danger of not seeing the wood for the trees. Your gut instinct is clear, but is there a risk that you go with your gut instinct when working hard through the analytic data is the right next step.

These decisions are of different orders of magnitude. The recruitment and strategic resourcing decisions will have major long-term consequences. The e-mail may be the cause of short-term angst but with no long-term consequences. Yet in a busy day your mind may be moving from one type of decision to another. Some may seem more difficult than others during the day, while at 4am the relativities might seem very different.

For all of these decisions there is an oscillation between facts and feelings. There are elements of clarity and elements of conviction bouncing up

against each other in your brain. So how do you balance clarity and conviction in a wide range of different contexts?

Smart choices

In their book entitled *Smart Choices: A Practical Guide to Making Better Life Decisions*, (Broadway Books, New York, 1999) Hammond, Keeney and Raiffa talk of effective decision-making processes fulfilling six criteria:

- It focuses on what is important;
- It is logical and consistent;
- It acknowledges both subjective and objective factors and blends analytical with intuitive thinking;
- It requires only as much information and analysis as is necessary to resolve a particular dilemma;
- It encourages and guides the gathering of relevant information and informed opinion;
- It is straightforward, reliable, easy to use and flexible.

The authors see addressing these criteria as relevant for decisions that are either major or minor. They suggest eight keys to effective decision-making:

- 1 Work on the right decision problem.
- 2 Specify your objectives.
- 3 Create imaginative alternatives.
- 4 Understand the consequences.
- 5 Grapple with your trade-offs.
- 6 Clarify your uncertainties.
- 7 Think hard about your risk tolerance.
- 8 Consider linked decisions.

The authors set out a very rational approach dealing with a range of different practical decisions. Their thrust is on as much objectivity as possible with personal preference only playing a limited part. The difficulty is that sometimes it is not possible to systemise decision-making in the way advocated in the book. But the eight keys above provide a helpful starting point.

Living with reality

This section records the perspective of three leaders from very different worlds about living with reality. Nicky Munroe, a former Director General within the Scottish Executive, talks about coping with decision-making in a situation which is neither orderly nor straightforward and where decisions are messy and only partial information is available. Her perspective is,

‘The leader has to be increasingly good at coping with ambiguity. The first time a major decision has to be handled which is not straightforward you can feel a bad leader. But everyone is going to hit these hard situations. In a world of ambiguity, leadership is about having to take difficult decisions in difficult situations. It is right to take account of a mix of rational and emotional factors.’

Sometimes the focus has to be at the clarity end. Lord Justice John Thomas, a senior High Court Judge, talks of being very careful about ‘gut feelings’. His perspective is,

‘Gut feelings are often wrong. You need to think them through very carefully. Setting aside thinking time is important. Never make a decision when cross. I think better under pressure: you need to understand in what circumstances you think in the most effective way. When I have difficult decisions to take I like to talk to people and by articulating things you illustrate what the problem is. Look at the upsides and downsides: what is the downside of taking a particular decision. Always sleep on it: this perspective is a product of seeing lawyers make hasty decisions and then regret it. Work out how you are going to put over a decision: see how it is going to operate practically. You need courage to face your people and explain the difficult decisions. In many cases you may think that they will want to be critical, but if you talk to them they will listen. If you don’t face them they will grumble and the issues will get out of proportion.’

Chris Banks from his perspective as a senior executive in the food and drink industry readily acknowledges that instinct does play a big role. His perspective is people in business are paid to act on their own judgement and to make decisions, he recognises the danger of individuals using data that supports their conclusions. Chris sees the good organisation trying to slow down decision-making to enable managers to ask better questions in order to get below inbuilt prejudices. He sees the merits of decisions by many

companies spending time retraining people to reduce their prejudices. His perspective is that,

'An important issue is your mental model for decision-making: you need to make quick judgements in many businesses, so you need to be trained so that you are clear what mental model you are using.'

Balancing clarity and conviction where information is partial

Leaders are always wrestling with situations where information is partial. Looking at a range of examples can give insights into how best individuals balance clarity and conviction. Examples below include a government minister, a Crown Prosecutor, a health and safety inspector, the chief executive of a European business, a UK ambassador, a leader of major infrastructure projects, a hospital surgeon in Africa and the chief executive of a national organisation and a supermarket junior manager. These are live examples of individuals facing and coping with the balance between clarity and conviction.

A government minister

Stephen Timms from his experience as a UK government minister talks of his role in making decisions when he receives detailed advice. He believes it is important to give a clear direction of travel at each stage. Where there are steps he wants to see happen it is his responsibility to tell people so that there is no lack of clarity about the next steps. He says that when he overturns a decision it is often where his gut feeling tells him there is something wrong. His perspective is that turning over a decision should not happen very often because of the importance of giving clear steers in advance. But when he receives recommendations, testing whether they are right involves both clarity of thinking, and also a gut feeling which is based on long experience of the effect of different types of actions.

Stephen tells the story of when he was asked to speak at a rally in support of a family who felt victimised. There was strong local feeling and the organisers were keen that he was there. He felt it was the right decision to accept the invitation but the decision was difficult and not comfortable. The reasons influencing his decision were both intellectual and intuitive. His intuition told him it was a bad idea not to be there: it was far better to be seen to be there and able to express a view. Eighty per cent of the decision was based on gut feeling. He tested this intuitive feeling by asking a number

of people for their perspectives including both local people and a ministerial colleague. He felt a strong moral obligation to speak at the rally and took what he believed to be the right decision having checked out his intuitive judgement with some key people.

A Crown Prosecutor

Senior lawyers are in the business of weighing up the facts and then reaching a judgement about what they believe is right based often on conflicting evidence. When the police refer a case to the Crown Prosecution Service the decision to be taken is: does the CPS charge the defendant or not? When the issues are clear there is no problem about taking a decision. Decisions are based on the code of practice for Crown Prosecutors: a decision to prosecute a case has to pass both the evidential test and the public interest test. The options are to decide to charge, to decide there is insufficient evidence or it is not in the public interest to proceed, or to seek further information.

The Crown Prosecutor has to make a decision based on whatever facts they have available. Charles talks of making decisions based on his perspective following the weighing up of evidence. He says,

'You will have often seen the scenarios before. You will understand the pattern but you are always conscious that you have to check that you are drawing on wisdom and not prejudice. My experience is that I draw from my own experience and the counsel of others in talking the case through with them and drawing on their experience. You ask the question would a tribunal, properly directed, be more likely to convict than not?'

Charles says that the steps going on in his mind when he takes a decision include:

- what are the points that strike him from the initial read of the material?
- the quality of the content and the statements;
- the first impressions about the reliability of those involved;
- the relevance of past legal cases;
- reflections from previous similar situations;
- what are the key features of the evidence on which the case hinges?
- what are the potential defences that may be raised at trial?

The danger is that a request for more information triggers further information which is extraneous: if things get delayed it could mean losing the case

because witnesses are lost. The test is how often does this further information change the mind of the prosecutor and what is the diminishing return from further information if the time lapse means that a case might not be brought to trial.

Deciding whether or not to prosecute is an interesting example of weighing up evidence when there is limited clarity. The prosecutor inevitably has to apply an intuitive or judgemental test to the evidence and then assess their judgement. Whilst the Crown Prosecutor determines whether there is sufficient evidence to charge a defendant, the ultimate decision as to guilt is a matter for the court.

A health and safety inspector

Health and safety inspectors have to make difficult and controversial decisions about who to prosecute. The perspective of a number of inspectors reflecting on difficult decisions they have been involved in can be summarised as follows:

- We had a decision whether to investigate or not and decided not to do so. The key issue was weighing up gut instincts and facts. We were not convinced and decided not to investigate.
- Sometimes you have a clear feeling for what is fair. The question is how much do you value your gut reaction or do you buy a bit more time asking more questions, but at the end of the day you have to take a decision.
- Sometimes I think I have been taken in by industry. It is important to have a process to check that decisions have been taken effectively. The importance of clarity of feedback is vital, you have to talk to people and know the business and make clear what your level of interest is.

The health and safety inspectors recognise the difficulties inherent in the decisions they take. They have to weigh up the evidence carefully: at the heart of their decisions is who do they trust, what are the likely implications of their decision and what further enlightenment would more investigation provide. At the end of the day they have to make a judgement that they feel comfortable with, drawing on the evidence, their professional experience and their judgement about what is fair. Their belief is that when a group of people taking difficult decisions are wrestling hard with the different variables, those affected by the decisions can have maximum confidence in the outcome of those decisions.

A chief executive of a European business

Pete has held a major chief executive role in a European organisation in the aeronautics world. In terms of balancing clarity and conviction some of his key considerations are,

‘What is particularly important is clarity about outcomes and risk mitigation. You need to understand where different parties are coming from and what is the maximum contribution they are prepared to make. You often need to try to find different ways round problems.

Before making a decision you need to have the right sources of information available. What do people really want out of this exercise? In a negotiation what extra element will give somebody something that means they can accept the whole package? It is not always the logical thing that makes the difference; it might be a trade-off in another area.

It is important to have different sources of information so that you see if there are discrepancies. Sometimes making a pact with an opposite number can help in terms of building alliances.

Try hard not to alienate colleagues, since you may need their support during the negotiations, but also don't shy away from healthy conflict. Never fight a battle on two fronts at the same time, since you risk being divided and conquered.’

A UK ambassador

William Patey is a former UK Ambassador in Baghdad. He is not afraid to make decisions and relies ‘on judgement with experience with a little bit of detachment’. He starts by wanting to know what the available facts are with clarity of vision important in order to use that information wisely. Key questions then become:

- what do we need to know to make the decision now?
- what do we currently know?

In Baghdad there were frequent decisions to be taken on military action. The professional officers might get operational intelligence in relation to a

hostage situation and want to take action. In certain circumstances they would need political authority from the ambassador. In a normal situation the ambassador would consult London, but if time is limited, the ambassador decides. Sometimes William would say 'yes' on the basis of answers to questions like:

- what are the risks to the soldiers?
- what would be the fallout if it went wrong?

He said the soldiers were glad to have an ambassador who was willing to make a decision. He would inform London of the decision and then see their reaction. The response from London was often that they were glad he had taken the decision. His decisions in these circumstances led to no disasters and did lead to the release of at least one key hostage.

William Patey comments that in making these decisions,

'I trusted the judgement of people giving me the briefing. They were the people carrying the physical risk. Before they made a recommendation they had considered the risks carefully. I had confidence in their advice and had no need to question their military judgement. In addition I had a lot of background information and knowledge and could make a reasonable assessment of the risks. Key questions in my mind would be, what if it went wrong and what if it went right? It would be balancing the risks against the results. I would have a clear picture in my mind of the consequences of not taking the decision. If you don't decide to agree to an action you are still taking a decision. It may be easier to make the decision 'no' but in these situations you cannot avoid a decision.'

William was very conscious that when he was ambassador in Iraq there was limited opportunity for 'time out' before decisions. When William was balancing clarity and conviction he adopted some of the following approaches

'I would sometimes make a firm proposition and then see what reactions there were to this. I would talk the decision through with a few key people and see what their perspectives were. When I was given advice it was a matter of probing the analysis. Decision-making became quicker and quicker as clarity about facts became sharper. Key aspects were clarity about objectives, building trust, understanding the context and being clear with my colleagues about the consequences.'

For William Patey the starting point was getting as close as he could to the facts but then recognising that he only had some of the facts. You then have to make a decision on the basis of the information you have got.

William Patey's view was that he had to have confidence in his own judgement, but when exercising that judgement a key test was, 'How will I explain to the Parliamentary Foreign Affairs Select Committee if this goes wrong, why I took the decision I did?' This type of question forced him to be very clear about why he was reaching a judgement about the next action. He commented,

'Having that sort of question in your mind ensures that you have a clear rationale. You always have varying degrees of facts. You will never have the full range of facts available to you. But as Head of Mission there is no one else to make the decision. It is my responsibility to run my job. I rightly have no one to pass the buck to.'

A leader of major infrastructure projects

Norman Haste has led major infrastructure projects in the UK and overseas such as the Sizewell B Nuclear Power Station, the Second Severn River Crossing and Terminal 5 at Heathrow Airport. In leading big infrastructure projects clarity is the first requirement. He aims to structure the decision-making as carefully as possible. His stages are:

- define the objectives clearly;
- consider the options available to you to deliver those objectives;
- match each of the options as closely as possible against the objectives;
- understand the totality of risks, trying to engage with what you do not know as well as what you do know;
- be mindful of the consequences of particular decisions;
- make a decision recognising that you have considered the facts that you have and do not go into a decision blindly.

For Norman, understanding the totality of the risks included: watching the political and economic factors, and analysing the potential consequences of significant political and economic conditions such as major increases in fuel costs. But he sets alongside clarity the importance of conviction. Aspects of conviction for him are:

- the quality of available experience: his belief is that intellectual horsepower is no substitute for the wisdom of experience;

- the capability of the engineering company to deliver results and the quality of the people within it;
- the confidence that your organisation can do the job well;
- a judgement about whether the engineering organisation will go forward with total commitment, as having cold feet part way through the process cannot be afforded;
- the determination and commitment within the organisation to ensure that a project once committed will be delivered.

Norman quotes the advice of a former mentor, *'If you think a project is bigger than you are you will fail.'* For Norman, conviction is crucially about not being half-hearted and having done your homework about the facts.

He talks of an international project where the prize is great, as are the risks. If the project goes wrong the reputational damage will be enormous in that part of the world. The client is setting aggressive timetables but the prize in terms of profitability is considerable. The decision comes down to the conviction issue of whether the organisation has the determination and commitment to make the project succeed and deliver a significant financial return for the business.

Norman sets out wise advice about how leaders can be prepared to take decisions based on this balance of clarity and conviction. He says that the prerequisites are:

- create an environment where individuals do not feel it is career threatening if they get a decision wrong;
- train people effectively about objectivity, risk analysis and testing options while encouraging brainstorming as a means of covering problems from a variety of difference perspectives;
- support developing leaders to enable them to make decisions effectively. Don't leave them just to their own devices. Create an atmosphere where individuals are encouraged to discuss options with others;
- have advisers on tap to encourage and coach individuals but not to tell them what to do;
- create a non-threatening environment where there is both clear accountability for decisions and practical support available;
- provide a range of sources of external advice so that fresh thinking is always available; and
- make it clear that for all big decisions, 'We are all in it together' so that an atmosphere of mutual trust is encouraged.

Norman describes decisions about a commitment to a major capital project as relatively straightforward. Once there is a commitment to build a capital

project there is a clear target. In the manufacturing world it may well be a moving target as customer preferences can be very fickle. The decision to market a particular product is dependent on assumptions about the size of the market which may rapidly prove to be an inaccurate estimate. A decision in these circumstances, however thorough the analysis, is based on a conviction about what will happen to the market. Experience, an awareness of customer perspectives and a feel for the way the market is going are essential prerequisites of success where clarity of fact can only make a limited, but essential, contribution to decisions.

A hospital surgeon in Africa

Philip, a hospital surgeon working in south west Africa, has to balance clarity and conviction on a daily basis. He is faced with a multitude of individuals seeking his surgical skills and has to make difficult decisions about who he will operate upon. Often he is bringing to bear a sense of conviction about whether an individual is likely to have the will (and personal resources such as adequate nutrition and freedom from intercurrent diseases) to recover if they are subject to a complicated operation. Will there be enough health care available to ensure the individual recovers effectively from the operation?

Philip will rarely have much information about an individual's previous medical history and will never have a range of consultants whose opinions he can seek. He has to make a decision on the available information and trust his own judgement which for him is professionally fulfilling. He comments that in Western medicine the tendency to seek a second opinion may be an abdication of responsibility by the surgeon to make a decision on the basis of the facts available to them and the experience they have of similar situations. He talks of the visit by a senior Western consultant who he hoped would help him with the diagnosis of some difficult issues. The visiting consultant in most cases found it very difficult to offer definitive advice; he was missing the network of other professionals in a Western hospital with whom he would have discussed a particular situation. The visiting consultant was struck by the willingness of Philip to be decisive in a Third World country where medical needs far outstripped the supply of experienced medical consultant input.

The generic lesson in talking with Philip was the consequence of being in a situation where evidence is limited and individuals may be seeing a doctor when the illness is well advanced. When our temptation is to seek more and more information rather than make a decision, it might be helpful to have in our mind the picture of a doctor in a Third World country with

a queue of patients making major decisions on the basis of quite limited information.

The chief executive of a dispersed national organisation

Bill is chief executive of an organisation with offices across the UK who talks of his action when he became concerned about the way a major project on business transformation was going. He became increasingly concerned that the project would overspend and not deliver even though the senior responsible officer and the project director were saying that the project was fine. Certain factual pieces of information and other directors' concerns, made Bill conscious that there was growing evidence of a problem.

Bill asked for reviews which produced evidence of major issues and set out clear proposals. The intellectual bit was not the problem: reviews were the obvious next step with the results confirming his concerns. The difficult part was talking with the senior responsible officer and the project director to persuade them that change was needed. Bill was convinced that radical action was necessary so he created a new programme structure and put different people in charge.

For Bill the first stage was looking carefully at some worrying facts about limited progress and the conviction that something was wrong. The second stage was rigorous scrutiny with the third stage decisive action, even when the existing leadership was consistently saying that the problem was in the process of being sorted. Bill had to have belief in his own judgement about the existence of delivery problems, the problems with the current leadership and the best way of creating a new impetus for success.

A supermarket junior manager

James talks of a need to balance clarity and conviction in a very different context. James is a junior manager in a supermarket where pilfering is a major problem. His dilemma is how do you judge whether someone has made a genuine error or is trying to cheat the system? It is relatively easy with those individuals who try to cheat the system on a regular basis. But the astute thief will be moving from store to store using a variety of means to conceal the items they are taking and do not intend to pay for.

The CCTV cameras provide data which gives clues that are often an indicator of a problem rather than providing categorical evidence. The assistants at the checkout tills are trained to observe carefully and watch for irregularities. But the thief who plans carefully may be aiming to create an aura of trust to hide their deception.

For James it is a matter of building the facts in terms of obvious evidence of theft linked with the CCTV evidence, but it is also being willing to challenge people when you are conscious that the situation does not add up and you have clear grounds of suspicion. Even if the individual does not admit an offence, once challenged they are unlikely to return to the supermarket for a period.

As a junior manager he has to keep a careful watch and ask his checkout assistants to be on their guard. He will be willing to give the customer the benefit of the doubt, but where there are repeating patterns the conviction that there is something amiss is grounds enough to ask difficult questions and bring in his supermarket manager.

The balance between clarity and conviction

The examples above deliberately come from a variety of different spheres and illustrate decisions at a range of different levels. For each of them clarity and conviction go hand in hand. Clear thinking is not only about handling facts it is also about interpreting the range of different information available to you. It is about reaching a judgement on the capabilities of individuals and whether success is likely to happen.

You can become attuned to making difficult decisions. You look for pieces of the jigsaw. You look for patterns in the information available to you. You develop an eye for making the right judgement. Sometimes you put the decision on one side and come back to it. Then something falls into place and you are comfortable with the decision you have made.

The following are key questions when weighing up the balance between clarity and conviction.

Clarity

- What are the key facts available to you?
- What are the main objectives you are trying to deliver?
- Are the options clear and do they mesh in well with the objectives?
- What are the key risks and how damaging might they be?
- How significant would success be?

Conviction

- How confident are you that the desired outcomes are right?
- What does your experience tell you about the likelihood of success?
- Is there the capability and will to implement the decision effectively?
- Do you know what your line will be if the decision goes wrong: can you justify to a reasonable independent observer the decision you took?

- Are you clear that you have a next step that is consistent with your values and where you can honestly say that, having weighed up the information available to you, you are in a position to make a sound judgement?

Balancing clarity and conviction

- To what extent is your judgement of the facts and your intuition in line?
- Are there some overwhelming facts that mean your intuition is not that relevant?
- If you gave full reign to your 'instincts' where would that take you: do you want to go there?
- What have you learnt from your previous experience of balancing clarity and conviction?
- How does your perception of a particular issue compare with the perspective of others you trust?

Next steps

Having looked at some of the dilemmas people face in balancing clarity and conviction the next two chapters look in turn at these two themes and how best to use and develop our capabilities in these areas.