Better, faster decisions

The ideal of lengthy, considered and purely rational decision making is not only unattainable but unworkable, says **Dr Ken Hudson**. You've got to keep the emotion in.

Frank Lowy, self-made billionaire and co-founder of the Westfield Group, was recently quoted in *BOSS* magazine saying, "I don't need long interviews to hire staff. I can sum up in five minutes whether I will be able to work with someone."

This insight prompts a number of interesting questions which beg investigation. Can important decisions be made quickly? Does 'quickly' lead to better decisions? Is it a special skill of the gifted few?

Consider what Richard Branson notes in his 1998 autobiography, *Losing my virginity*: "...in the same way that I tend to make up my mind about people within 30 seconds of meeting them, I also make up my mind about whether a business proposal excites me within about 30 seconds of looking at it."

Making timely, good decisions would seem to be one of the key skills of an effective manager. Yet are managers evolving and becoming better at this? Should all managers rely more on gut instinct? Let's consider the conventional business-school perspective. Prudent decision making is predicated on two beliefs:

1. The more important the decision, the longer a manager should take in making it. It is better to wait and consider all possibilities rather than make a hasty decision.

2. The more a decision is grounded in reason and logic, the greater the chance of success. At all costs the rational manager should avoid making decisions based on emotion.

Obviously, business-school logic is at odds with Lowy and Branson. Let's consider each belief in turn.

Slow decisions = slow learning

According to research by Professor Kathleen Eisenhardt, of Stanford University, "the greater the speed of the strategic decision process, the greater the performance in high-velocity environments".[1] Or put another way, poor performance is associated with slow decision making. How come? One reason is that faster decision making leads to quicker actions, results and learning. If the decision making is slow, then so is the learning for all managers.

Another reason is that internal decision making has to keep up with the pace of change in the external marketplace, otherwise opportunities are lost and nimble competitors gain an advantage. Eisenhardt's research was conducted in the late 1980s but the commercial environment has become even quicker, placing a higher premium on faster decision making. To further illustrate the point that making decisions