How to Make Faster Decisions a Competitive Advantage

Syntegrity

October 2019

Executive Summary

In April 2019, McKinsey published the results of a survey it had conducted in an article titled: Decision Making in the Age of Urgency.

It outlines how only 20% of respondents say that their organization is capable of making high quality decisions quickly.

Our response to this research is that we have a solution for breaking down silos and accelerating big decisions that has helped some of the largest organizations in the world quickly and effectively make the right choices when grappling with their defining challenges.

In this paper, we will provide actionable suggestions on how organizations can avoid slow and fragmented decision-making so they can ultimately reduce their response times and improve their quality of response in the face of competitive threats.

Survey Results – an Overview

The survey (live February 2018, with 1,259 participants) targeted executives at a full range of industries. One key finding was that

> *Only 20% of respondents say their organizations excel at decision making. Further, a majority say much of the time they devote to decision making is used ineffectively*[1]

According to McKinsey, winning organizations (those 20%) are those that are "making high-quality decisions fast, executing them quickly, and demonstrating higher growth and/or overall returns from their decisions, relative to their peers". In these organizations, they report, "speed and quality outcomes are highly interrelated. According to respondents, the organizations that make decisions quickly are twice as likely to make high-quality decisions, compared with the slow decision makers."

The article focuses on 3 types of decisions: Big-bets (infrequent and high stakes), Cross-cutting (interconnected) and delegated (handled by an individual or working team).

Then, applying logistic regressions to the winning organizations, they reveal "three foundational practices that support good decision making across all decision types":

1. Make decisions at the right level
2. Focus relentlessly on enterprise-level value
3. Get commitment from the relevant stakeholders

There are 3 important things that the article misses, in our opinion:

1. The scope of a decision - Types of decisions (cross-cutting, big bets, delegations) are not as important as how WIDELY the decision will affect the organization. A decision that affects a single line of business versus the entire organization globally – will be fundamentally different and should be approached in a manner that matches its scope. Is your decision complex or just complicated?

2. The ineffectiveness of the top-down approach - Traditional decision-making tends to follow a top-down approach. A select few in the upper echelon of the company call the shots – even on issues the organization has never faced before that will affect all lines of business, maybe even all regions. Often the right level, means gathering perspectives from *all* levels.

3. The fear of radical candor - Traditional meetings don't allow for solid, radical candor. Often, questioning strategy, approach, and tactics (after the decision has been made) is considered career suicide in the boardroom. Did commitment come easily and naturally or was it fear-based?

As a leader, if you do not solve for the above, you will not solve your issues fast, or get your teams mobilized.

We will focus on showing you how a systems science approach can help not only expedite your decision making and the mobilization of your team, but also *secure* team alignment and buy-in.

Variety is Underserved in Decision-Making

The article begins with interesting statistics about its survey-respondents' exposure to two of the three types of decisions, revealing that big-bet decisions (decisions with major consequences) tend to be the domain of the senior reaches of the organization, whereas delegated decisions (decisions assigned to individuals or working teams) are a primary focus for middle-managers.

In the case of big-bet decisions, given how few people are in senior leadership roles relative to the size of the entire organization, this also means that the variety of expertise, functions, demographics, personality types, and thinking styles represented is very limited.

By that assumption, there is limited variety of talent and viewpoints engaged in big-bets.

The article states that: **Ensuring high-quality debate when making a big-bet decision involves three things: that decision makers explore assumptions and alternatives beyond the given information, that they actively seek information that would disconfirm their initial hypotheses, and that they designate one more or more members of the senior-executive committee to play devil's advocate and present counterarguments to the group.**

Our research shows[2] that complex challenges are best addressed by high-variety groups representing a strong cross-section of the entire organization and its ecosystem. The group should include all levels of the hierarchy, business units, geographies and functions, for example. It should also include a mix of skills, specialties, experiences, attitudes, personalities, and so on.

> Today's decisioning processes often don't seek out rich variety – and that is their weakness.

Real high variety isn't achieved by having a devil's advocate present counterarguments. High variety brings in a true diversity of perspectives and information. The impact is strongly felt. High variety serves not only the quality of decision, but builds much broader and deeper buy-in.

Proof: Real Life Example of Engaging a High-variety Group

A North American utility needed to up its game in terms of safety, customer experience, and productivity – all at once – and had some crucial decisions to make on enterprise-wide technology infrastructure, core business processes, talent management policies and practices, customer service policies, and partnerships.

Rather than do what they had always done – keeping the decision process under the tight control of senior leadership – they used our approach to open it up to a **high-variety group** that represented:

All levels, including executive leadership, their direct reports, management, field supervisors, service technicians, engineers, head office staff, and so on

Partner organizations, such as supply chain partners, consulting partners, and agencies

Variety of key functions, including IT, HR, Finance, Customer Support, and Regulatory to name a few

All key sites and geographies.

The resulting decisions they made in their **3 days** together were pragmatic and far bolder than the utility was used to, with the genuine buy-in of a cross-section of its key stakeholders and those who would lead and implement down the ranks[3].

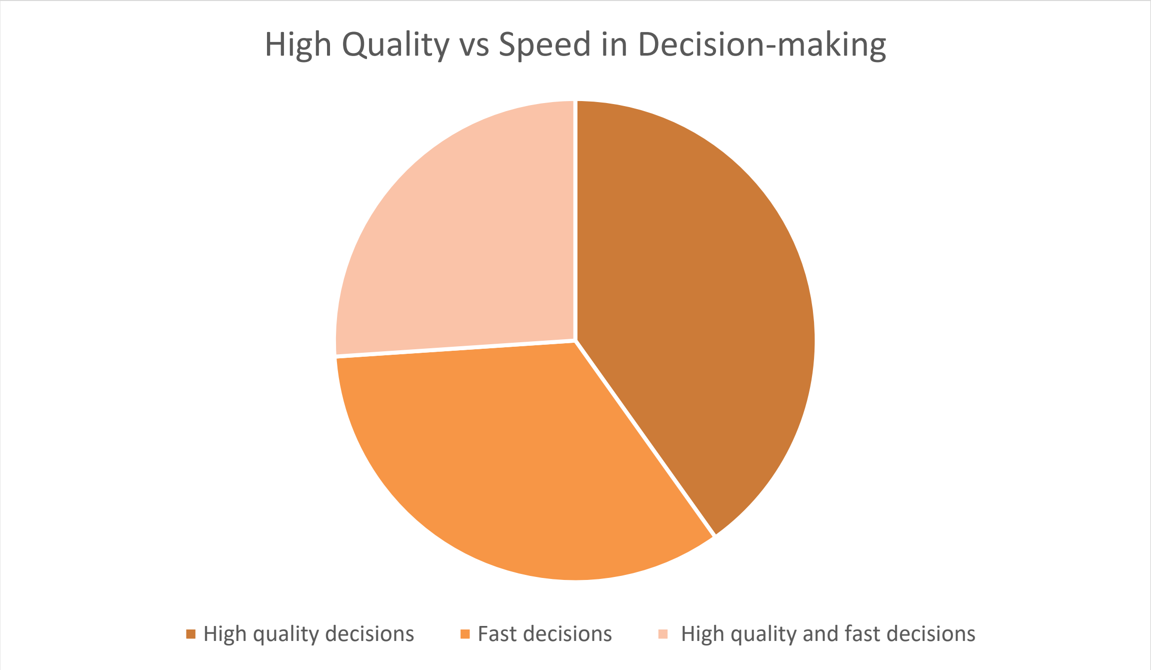
Here is what participants had to say:

- *"The answers are in the room. When we put our pencils down, we can start moving forward and take things from theory and put them into practice."*
- *"Impressed with the process and how the different teams were able to adapt and set things aside to listen to one another."*
- *"Pleased we were able to put our tumultuous past behind us. I saw how we are interdependent with one another."*

Traditional 'meetings' will not accelerate business

The McKinsey survey's insights also revolve around time consumed by decision-making: How that time increases with seniority, and how ineffective and expensive respondents feel that time is. It concludes that:

> ***...for managers at an average Fortune 500 company, this could translate into more than 530,000 days of lost working time and roughly $250 million of wasted labor costs per year[1]***



Source - McKinsey & Co., Effective Decision Making in the Age of Urgency, April 2019.

57% of respondents agree that their organizations consistently make high-quality decisions—just slightly likelier than a coin toss.

48% percent of respondents agree that their organizations make decisions quickly.

And just 37% percent of respondents say their organizations' **decisions are both high in quality and velocity."**

While the authors point out that the degree of dissatisfaction varies across problem types, it is fair to say that respondents are generally dissatisfied with:

The **quantity** and **effectiveness** of time spent making decisions

The **speed** of those decisions

The **quality** of the decision

That's an expensive and existential problem, and an enormous opportunity to do better.

Contrast these numbers with the all-in cost and speed of a very different approach to decision-making, a systems science approach: Syntegration

Syntegration participants report:

- Their decisions were high-impact
- They had high-confidence in the decisions
- The same results would have otherwise taken them months (not days)

89% of participants in a financial services example estimated that working at the usual pace of decision-making, the same results would have taken them weeks (29%), months (55%), or even years (5%). In another example, an oil industry merger, 90% of participants saw time savings of more than 4 months and two-thirds put the time savings at more than half a year using Syntegration to make key integration decisions. The President of the merged entity said: "The three days of intensive work we did has put us 6+ months ahead of our pre Syntegration roadmap."

In other words, to be very conservative, these decisions were made at least 20-times faster than the norm, while costing 1/5th of the price in time and/or labor.

Decision-making in the face of complexity using traditional approaches takes too long, costs too much, and doesn't deliver quality or impact in-line with the size and unseen labor costs of wasted productivity or stalled projects.

> …research indicates that the quality and speed of decision making are both strongly associated with overall company performance

For example, having high-quality big bets can deliver substantial increases in the returns from recent decisions. The same is true of speed: faster decision-making processes and faster execution of decisions both link to higher returns.

Imagine a solution that is ***20x faster*** than how you work now. That would essentially cost your organization (in time/labor) 1/5th of what it is currently costing you.

Syntegration; the Formula for Great Decisions Fast

Once an organizational leader recognizes that some key decisions need to be made in a situation that is complex – whether the challenge is about growth, taking out cost, revolutionizing talent practices, instilling innovation in the culture, fending off a disruptive force in the market, or all of the above – the survey makes it clear that the importance of speed, low cost, and high quality-of-decision point to the need for a new approach to decision-making.

Syntegration is that very different approach.

What is a Syntegration?

A Syntegration is a form of extremely fast, controlled, non-hierarchal problem solving, using 3 key ingredients: A really good question, a requisite variety of participants and a structured science-based process to produce a large volume of high-quality conversational collisions.

A really good question is one that puts the focus squarely on complexity at the enterprise-level.

> **A big bet question may sound like:** "What must we do now and over the next 12-18 months so that we grow earnings by 300% over the next 4 years while maintaining acceptable margins (20% or better) and continuing to be a great company to work with and for?"
>
> **A cross-cutting question could be:** "What do we need to do starting now and over the next year to deliver on a compelling and integrated enterprise sales proposition that will make us a premier partner for all financial institutions?"

A requisite variety of participants is the sufficient mix of people who collectively hold all the pieces necessary to make informed decisions and see them through. This means representation from the right business units, functions, geographies and project teams. This means insiders and outsiders. This means management AND non-management. This means those with the authority to decide, those who will implement the resulting actions, and those who will ultimately live with the consequences of the decisions.

A structured science-based process to produce a large volume of high-quality conversational collisions starts with deconstructing the question into a list of topics that must be discussed in order to answer the question. We call this setting the agenda. By having the requisite variety group build their own agenda, Syntegration ensures conversations are meaningful, interesting, and completely relevant to the question at hand, and that all participants feel ownership for the conversations and resulting recommendations.

Our structure also includes using highly-disciplined behavioral roles (including the devil's advocate critic role), iteration, neutral scribes, and a carefully-orchestrated schedule, so that collisions are very high quality and extremely productive. It ensures that all voices are heard.

A Syntegration requires 2-3 days of meeting time, not months, to get your group aligned and bought-in to a tight set of recommendations that can be translated into the right decisions.

Stakeholder commitment, mobilization, and a strong sense of ownership and accountability are a direct result of the genuinely collaborative, co-creative, fast, and robust decision process that plays out at a Syntegration. Clients routinely tell us that they get months of work done in days and that they did not have to sacrifice quality for speed:

- **73%** of Syntegration participants believe that their organizations would have taken months, years, or might never have arrived at a similar set of recommendations[4];

- **97%** report having a better understanding of the wide range of perspectives represented at the Syntegration[4];

- More than **91%** believe that their organization has a better understanding of the barriers to be overcome and greater clarity on the priorities to be addressed[4].

They come away from just a few days together with a shared understanding of the issues and what has to happen to overcome them, a shared belief in the right answers, and a shared commitment to support and execute on the resulting decisions. In a fraction of the time and at a fraction of the cost – big-bang, cross-cutting, and delegated decisions alike.

We are thankful for McKinsey's research and the insights of its authors because it nicely and empirically lays out the argument **for the need for a new approach to solving complex organizational challenges** - one that we have been providing our clients for 2 decades.

Syntegration is the how.

END NOTES & REFERENCES

[1] McKinsey & Co., Effective Decision Making in the Age of Urgency, April 2019.
[2] Knowledge@Wharton, How a highly diverse team can help untangle complexity, Sept 2019
[3] See all Case Studies of how our approach can drive innovation in days, not months.