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4. Facilitating leadership decisions

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Abstract

This chapter illustrates that in order to reach a decision a leader must decide which persons should be involved in the process and when. A relatively common method of involving others is delegating the decision to a group. A main objective of this is often to generate as many innovative ideas as possible, and different techniques can be employed for this, including brainstorming. The proposal generated must then be validated by the group using different criteria on the basis of which it is then relatively easy to filter out proposals that do not reach the goals that have been set. However, a leader needs to collect additional information in order to reach a decision. By the use of information technology vast amounts of information may be accumulated. Thus, different kinds of filtering or weeding methods must be used in order to quickly obtain relevant information. This information can help leaders create forecasts and minimize risks. They must also be able to present their ideas in the most attractive way possible in order to be heard and arrive at decisions. The design of the presentation is therefore critical. Sometimes it is not enough for leaders just to present an idea, they are then obliged to negotiate in order to reach a decision.

To decide who should be involved in a decision

A very important decision for a leader is who is to be included in the decision-making process, and how (Vroom & Yetton, 1973; Vroom & Yago, 1988; Sowell, 1996). The fundamental question is to what extent leaders are able to make decisions themselves. In many situations, they need the help of others, perhaps the entire team in a search for consensus. In order to answer this, one must first carry out a situation analysis focusing on how easy or difficult it will be to engage employees in the decision making process. Will they like to collaborate on the decision or would they prefer that the leader made an autocratic decision? One should also consider to what extent a decision problem is structured and how the distribution of information looks like between managers and employees. It is in this connection also important to get clarification on whether or not employees have a shared vision of the problems related to the decision, or if they have very different opinions. Another important question is how important the decision is. The main point is that it is the situation analysis that controls which decision-making style the leader should apply.

In case you choose to make the decision yourself, it may be appropriate to consult experts, such as decision analysts or IT specialists. However, the leaders themselves are responsible for the decisions being made and implemented. One option might be to involve senior managers, whose testimonial is respected. This is generally good even in case there is no requirement that decisions must be sanctioned from above. As a rule, it is easier to get help and support from leaders at higher levels when they are fully informed throughout the decision-making process.

Should leaders consult with others in the process, it is essential that this is done efficiently. It is important that the people consulted can really contribute knowledge to the decision. The need is greatest when the decisions are complex in nature. A good network is invaluable in this context. Leaders must also make others want to collaborate in the decision-making process. This can usually be achieved by informing about the significance of the decision and pointing out that also others have influence over it. This increases the chance to implement the decision successfully. It is through involvement that one is able to create engagement. It is therefore essential that leaders clearly demonstrate how the views they receive will be considered in the final decision (Yukl, 2005). In a first stage, it is common for the leader to evaluate the possibilities of involving different people in different types of decisions. Here, the leaders must create an image of the susceptibility of the employees that have been thought to be involved in the process. The next step is to actively go out and persuade various employees to participate in the process. This can be done through using various influence and advocacy techniques.

Sometimes the problem may be that leaders do not want to share their information with employees, in case it is work-related. There are usually two reasons for this. Either the leader is very ambitious when it comes to advancing in the organization, or simply does not trust the employees (Read, 1962; Selart, 2005).

However, to consult others can sometimes lead to more drawbacks than advantages. For instance, the time factor usually works against the leader. The more people who are consulted in the decision process, the longer it will take. This is not altered by the fact that the comments are well-qualified. Leaders should also keep in mind that the more people involved, the higher the probability that a leader becomes confused by conflicting opinions. There is also a risk that leaders lose control over the entire decision-making process when too many people are consulted. These problems can be avoided if firm control is implemented

and only the people that are really needed in the process are included. When you involve others in a decision, it is important to tell the whole story. If you only tell selected parts, this can easily lead to rumors and a lowering of the morale. A consultation should in other words neither be vague nor partial in nature. One option might be to make an autocratic decision without involving others. However, this requires a very strong power base, or the ability to sell the decision successfully.

One alternative is to hold a group meeting. Here, you may be met with critical comments. However, a leader who changes a decision because of the impression he or she has received at a meeting is strong rather than weak. The challenge for the leader is therefore to be able to listen well. This means not just listening in general, but to really get acquainted with what is said, with commitment. Leaders must therefore encourage others to speak freely from their hearts. It is also a good idea to write down others' ideas and suggestions and try to look for ways to build on the proposals. The leader should not appear defensive but listen with interest if some of the ideas are perceived as too different. The proposal eventually arrived at should not be described as definitive, but rather as tentative. In that way leaders do not close the process without being open to new initiatives. It is important for the leader to come into contact with as large a variety of thoughts and ideas as possible from their employees during team meetings. Therefore it makes sense to try to achieve a relatively large spread of interests and views when creating the composition of the meeting.

It is good to remember that a consultation of others in decision-making does not necessarily mean an invitation to endless discussions. It is important to seek views and information and to listen carefully to what is being said. However, it is up to the leader to decide which course of action is needed. There is a risk with group meetings that employees sometimes do not want to announce that there are problems. In such a situation the leader may question whether there really do not exist any problems and propose talks with each of the meeting participants. A successful leader must sometimes be aggressive in order to obtain relevant information (McCall & Kaplan, 1990).

However, it is difficult to hold a group meeting if many employees are involved and they are located in various regions. In case the organization is in crisis, it may be counterproductive for the leader to involve too many in the process. Then, an autocratic leadership style may be preferable. The leader must always be open to impressions and ready to respond to suggestions from knowledgeable employees. In a crisis, it is likely that the leader do not have

the time to pay attention to all the problems that arise, or have time to think through all the steps that have to be taken (Yukl, 2005).

Many top leaders are of the opinion that you sometimes have to go outside your own hierarchy to obtain additional relevant information. There are sometimes just too many obstacles in the organization that stop the flow of information. You must then be both aggressive and unconventional to be able to obtain the information you are interested in. Leaders should simply try to create new information channels and feedback systems of their own (McCall & Kaplan, 1990).

All information is not new information (Sowell, 1996). History is an incredibly extensive stock of experience that has been developed through generations and centuries. In addition, traditions can be seen as the result of millions of people's experience over thousands of years. Leaders must therefore try to learn from past mistakes, since history tends to repeat itself. They should also familiarize themselves with relevant traditions and see them as important channels of information.

To generate and validate ideas

An important method for obtaining new ideas is brainstorming. The method is based on groups or sessions. A brainstorming group is often formed in such a way that the leader gathers three to eight people to a specific brainstorming session. Everyone is given the task of developing a number of ideas that are relevant to the decision problem. Each idea presented is recorded accurately. It applies to the leaders to be democratic. This means that the ideas presented by junior group members should be given equal treatment as those presented by seniors. The more ideas that are presented, the better it is. The ideas should not be judged or analyzed within the framework of the meeting. They should not be the basis for decisions. This means that they need not be explained or defended (Proctor, 2002). When a sufficient number of ideas have been presented, the meeting is ended. The best ideas are then selected for further analysis. For this purpose, the same group could be used with advantage.

It is important to remember that the ideas we share with others on this type of meeting can inspire further ideas. By combining and modifying ideas, new and even better ideas are created. It is not unusual that ideas can be expanded or given new angles and directions. To combine two ideas that initially did not seem to belong together can result in a better idea.

The whole purpose of brainstorming is that people's thoughts should stimulate each other and lead to a chain reaction of ideas.

There are a number of problems related to brainstorming. One is that many leaders believe that any discussion of ideas constitutes a form of brainstorming (Rickards, 1985). Moreover, the success of this method depends on an experienced and competent group leader. The method is furthermore based on a surface analysis which implies that it may not be appropriate if you are stuck in a problem or are working with a strategic decision (Rogers, 1993). Acceptable problems must therefore be defined as structurally easy (Hicks, 1991). For this reason, the method is not suitable for advanced technological problems, personnel matters or problems that involve a lot of written material.

However, there are a number of positive effects of the method if used in a proper context. These have the potential to promote the creation of innovations (Sutton & Hargardon, 1996). Such an effect is that the process supports the organization's memory, that is, knowledge of clients and products arrive at the table. Another important effect is that the process results in a variety of skills. Employees with different backgrounds are given the opportunity to interact in a way that does not normally occur in the organization. A third important effect is that using the process may involve customers and suppliers. This usually leads to improved opportunities for commercialization of a product or service.

An alternative to brainstorming is brain writing. Here, invited group members are instructed to write down their ideas without discussing them with others. The leader then sets up all the ideas on a bulletin board, so everyone can see them. The members are then instructed to build on the ideas listed, or add new ideas stimulated by the study of the list. The leader will then evaluate the list based on its relevance to the problem. In modern variants of brain writing, the evaluation of ideas takes place at a later meeting. Group members are encouraged to continue thinking about the problem and write down new ideas in the meantime (Paulus & Yang, 2000). The reason for using a follow-up meeting is that group members do not have enough time to reflect on each other's ideas within a session in which they are busy producing ideas of their own. The method is especially useful when you have to do with large groups. All parties will then get the chance to present their ideas without being blocked by others in the conversation.

In order to evaluate the ideas some form of consequence analysis must be made. We should ask ourselves what the consequences are if we decide A, B or C. This can be done in a group that tries to illuminate the issue from as many angles as possible. In a situation such as this it can be advantageous to have each group member present their views one by one rather than letting the discussion be fully open. The best way to reduce a long list of ideas is usually to use criteria. For instance, if it is an investment decision the criteria could relate to the maximum amount of investment, the return on capital and strategic relevance. Once you have created the criteria, it is relatively easy to dismiss options that fall outside them. A variant of the method is to evaluate the positive and negative characteristics of each option based on the criteria. This variant of the method is sometimes used in recruitment decisions.

To collect information in the right way

Once you have sorted out a lot of options, it is often useful to examine the remainder in more detail. One must simply be aware of their shortcomings and implications. For this reason it is necessary to obtain more information. There are today more sources than ever before. Leaders must therefore focus on what type of information they are most in need of when faced with a decision. It can be done by writing down what information is ideally seen as needed. Then one can investigate how much of this is available, and where. Leaders should not needlessly sacrifice their ideals without trying to obtain as much relevant information as possible.

Leaders normally have access to a lot of vital information through their positions in the organization. They also possess control over how information is distributed to others (Pettigrew, 1972). Sending information to employees in the organization can actually be seen as a method for collecting information. Some leadership positions provide access to information that is not available to employees (Mintzberg, 1973, 1983). For example, marketing managers, purchasing managers and information managers often have access to information about events in an organization's external environment. However, it is not enough to hold a certain position in order to ensure access to all the relevant information. Each leader must actively create a network of information sources and retrieve information from this regularly (Kotter, 1982). A leader can, in principle, make three errors in this context:

1. The leader does not use the existing information.

2. The leader makes the decision first and then searches for information.
3. The leader uses information that is irrelevant to the decision.

Leaders in information-intensive organizations are alert and attentive when it comes to discovering opportunities in the market. They are also able to identify threats in the environment earlier than others (Dutton, 1993; Huber & Daft, 1987). This allows these leaders to be quick in exploiting market opportunities and making strategic moves to avoid being hit by threats. They may even be able to turn threats into opportunities for the organization. Therefore, the ability of a leader to monitor the environment is a success factor for companies operating in turbulent and uncertain environments (Daft & Weick, 1984; Stoffels, 1994). There is also empirical evidence revealing that leaders in information-intensive organizations make strategic choices before other leaders do and that their organizations have better earnings (Dollinger, 1984; Gannon, Smith, & Grimm, 1992; Jennings & Lumpkin, 1989; Reid, 1984, Smith, Grimm, Gannon & Chen (1991).

An important source of information consists of your own organization's information systems. Here you can look for data that have not been analyzed previously. To read the annual reports is always instructive. It is wise to focus on anything in the reports that appears abnormal. Many companies of today also have access to their own advanced computer systems. By using these systems leaders are able to monitor the internal processes and generate relevant information for strategic decisions. Examples of such systems are ERP systems and data warehouses. With these systems one can obtain very valuable information and also control important production processes. Leaders can also let IT professionals customize decision systems so that they become relevant to their own operations.

However, the attitudes towards the use of modern information systems vary among leaders. Earlier systems were often complex and time consuming to work with. There comes a time when the price of time and effort exceeds the benefits of new emerging information (Harrison, 1999). This point can often arrive quicker than you think. Many leaders declare that it is not the shortage of information that is the dominating problem of today. Rather, the problem is the opposite. Leaders are drowning in it. The data collection process has changed in the sense that it is now easy to find tons of information on the Internet. Today there is a lot more information available than just a few years ago. In addition, many leaders have access to

volumes of complex scientific data. This doesn't mean that leaders want to have access to as much information as possible. Rather, they want access to the most relevant information as quickly as possible. With the help of this, they are able to concentrate on producing one or two key indicators. There is often no time for more. It has been suggested by Alvesson (1989) that the search for information in itself gives the leader status. Thus, information and the search for it reflect competence. For this reason, some leaders collect more information than they need.

The new technology makes it possible for leaders to build highly efficient databases using data warehouses, etc. These databases make it possible to create excellent conditions for both richer and more accurate decision analysis. This can be achieved by taking into account powerful evaluation tools based on optimization and simulation. Hence, business platforms are developed in support of entire decision contexts (Kleindorfer, 2001). But one must remember that many ingenious IT systems have a tendency to fail. This is often because information systems age too quickly or do not meet the needs of the organization in other ways. Leaders should therefore ensure that people outside the subject area can understand what has entered the systems. In addition it should be ensured that each document can be retrieved by using keywords or other search methods. Remember that each system loses an incredible amount of value if there are no incentives to use them (see for instance Hansen, Nohria, & Tierney, 1999).

Another important source of information is the electronic media. The information industry has grown tremendously, and there are currently consulting companies that offer valuable assistance, particularly with regard to competitors' activities. When it comes to networking, conferences and seminars are important arenas. It is also good if a leader can build a small library of interesting information that he or she wants to save for future reference. Such a library might include reference books, press cuttings and relevant reports. Leaders must focus both on the overall problem and on the details when collecting such information.

The accessed information must be organized and carefully examined. Reports by external consultants or internal working groups should be organized so that the summary comes first. A report should in addition be structured in a logical manner. Supporting data should be organized into tables and figures that are easy to comprehend. Reports should be treated as any other information. It is important not to take anything for granted. Data may very well come from too small or unrepresentative samples. It may also be that the questions raised

have deficiencies in objectivity or validity. In these cases, leaders should not rely on the information. They should therefore try to double-check the information if there is an opportunity to do so. When you feel satisfied you can use the various reports in order to create consistency. This information is very valuable as decision support and as a basis for an action plan.

Another source of information consists of interviews. It is important that these are structured carefully. Leaders should therefore create an interview guide, which contains the key questions that they want answers to. Anyone who is interviewed, whether it is internally or externally, should generally receive the guide in advance, in order to achieve the best results. Sensitive issues should be avoided at the beginning of the interview and instead added at the end. Leaders may well begin their interviews with the little "small talk" about everyday issues. As soon as the interview is over you can ask if you are allowed to put another question that is not so important. This may in fact be the most important question. Informants have then started to relax and will usually answer the question with ease.

The people who are interviewed can many times learn as much of the interview as the one asking the questions. This is illustrated by the following story from real life: A researcher had been allowed to interview the directors of an industrial site belonging to a multinational electronics company. The interview focused on the potential strategies management had to make long-term sick employees come back to work. When the female researcher arrived at the site, one of the leaders asked her how long the interview would last. She said it would take about an hour. The immediate reaction of the leaders was very hostile. The researcher got sour comments about how much this would cost the company etc. However, once the interview started, all the leaders got very involved in it. In fact, they refused to leave before a couple of hours had passed (see also Tengblad, 2006).

Interviews are very much about being able to listen actively. If you are the new chairman of the board it could be wise to implement three-hour interviews with all formal and informal leaders in the organization. You learn an awful lot about the new company just by listening to the key decision makers. The fact is that effective leaders use most of their time listening to others. *Many believe that the primary purpose of an interview is to absorb as much information as possible from an informant. However, this is a misunderstanding. Leaders should instead use the opportunity to meet a new person and involve him or her in the problem solving process.* Informants should not be undressed and left without their clothes.

Another advice is to follow-up the interview at a later date. You will then have the opportunity as a leader to confirm what you heard and ensure that you understood everything correctly (Rasiel & Friga, 2004).

A shortcut that many leaders take is to follow the decisions of other colleagues in the industry (Abrahamson, 1996; Scott, 1995). The assumption is that this is an effective way to learn from others. For this reason many leaders let themselves be influenced by "information cascades" created by peers. For example, this is quite common in the purchase of computer equipment. When asked why they have invested in the purchase of some equipment many IT managers respond that "everybody is investing in this technology right now, so we must of course keep up with developments." This behavior is especially common in situations of uncertainty. However, it is often devastating. If one needs to follow what others do, it is important that the situation calls for effective action. In such decisions intuition should not play an important role. One should also be alert to external changes (Oberholzer-Gee, 2001).

As this reasoning reveals, there are two different ways of defining information (Debon, King, Mansfield, & Shirey, 1981). Both have epistemological roots. In one definition it is emphasized that information exists independent of people and organizations as a raw material of some kind. This definition is reassuring for many leaders. It makes them feel that what they have available in their systems is the "real thing". The second definition states that information only exists among the organization members. Symbols and signals become information when they are absorbed in human cognitive structures. When people interact the information is changed and moves on to become a social construction (Brown, 1993). A common approach among leaders is to consider data consisting of facts, observations, events and figures, while information is some kind of synthesis of data. Many leaders believe knowledge to be a mixture of information, experience and context. These components are seen to interact in a value-creating process. However, such a value creation often has a clear political dimension. For example, complex decision-making can be seen as a manipulative technique. It can be a tool for management to use in order to convince and motivate others on their own line of action (Brunsson, 1985). Leaders can thus use the information as leverage to influence.

Making future predictions

Much decision-making in organizations is based on a predictable future and manifested events following some sort of action plan. A leader should therefore seek to develop methods to improve their own forecasts. In addition they should try to find ways to make use of other's predictions. Most forecasts are based on what leaders extrapolate from figures and numbers. A more dynamic alternative is to work backwards from the future. A model of the future may simply be created in such a way that the leaders decide where they want the organization to be performance-wise at any given time. Internal factors such as financial standing, structure, and development of personnel may be included in the model. But it may also address external factors such as customers, markets, competitors and investors. When the model is developed, the leaders can start planning what actions must be implemented to achieve its objectives. This approach is about creating rather than predicting the future. Many argue that it therefore constitutes the key to progressive and pro-active decision making (Heller, 1998).

One example is the company that sold expensive products and was affected by low-cost competition from new entrants. The predictions showed that this trend would hold in a growing market. By extrapolating the numbers from their own results the leader could see that the firm would lose both in profits and market share in a very short time. The leader then decided to create a future in which the company became more competitive in terms of prices and costs. Before him he saw that the company could triple its market share within four years if measures were taken in these areas. To achieve this, the company predicted a rise in production and sales figures. Based on this high ambition strategists worked backwards to determine the forecast of costs, margins, production and introduction of new products. The leader's vision of a triple market share was then realized two years in advance according to plan (Heller, 1998).

There is a lot a leader should consider when making predictions. First, they must ensure that all relevant variables and options are included in the forecast. In doing this they must also ask the question: How easy or difficult is it to assess the probability of each possible outcome of the forecast? In this context it is important that the probabilities can be estimated as rationally as possible. They should perhaps also build in margins of error in the forecast, and make them as realistic as possible. The cornerstone of all the forecasts are the assessments made. With this in mind, you can work with predictions as a diagnostic tool. For example, you can ask

yourself what will happen with the next quarterly budget if the sales forecast goes up, etc. (Heller, 1998).

The evidence suggests that the most successful forecasts are based on the interaction between experts and statistical models (Hoch, 2001). This is because experts are usually more able to identify and assess the relevant dimensions of the decision. The statistical models are better at integrating these dimensions as part of an overall analysis.

To minimize risks

Most decisions contain some degree of uncertainty. Leaders must therefore use their experience and assessment capabilities to get rid of so many doubts about the situation as possible. It is important to carefully think through the consequences of the different options. Leaders should also be willing to compromise and to think through the actions so that they are timely.

One way to minimize the risks is to list up all possible negative consequences of a decision and assess the likelihood of these. It is also important to think about the damage the risks may be susceptible to. Leaders could also experiment with different time horizons, that is, ask themselves what the short term and long term risks are. A common mistake many leaders make is being too short-sighted in their assessments. The important thing is to be able to show good results for the next quarterly report, and then you often do not look any further. However, it is better for the leader to succeed in being short-sighted than to fail when applying longer time horizons. After all environmental change is very rapid these days.

Leaders should make clear to themselves what external factors may affect the decision. Then they should ask themselves what the likelihood is that these factors manifest themselves and may influence the decision negatively. Such analyses increase the chance that the decision will be successful.

Many projects fail because they are not well timed. Either they start too early or too late. It can, for instance, be the launch of a product. There is usually a conflict between getting all the details right and introducing the product to the market as fast as possible. Often, it is beneficial to decide and implement quickly. It is therefore important not to be delayed, if it's not absolutely necessary. However, leaders must never risk other people's lives or health.

Therefore it is important also to consider carefully the implementation of the decision. A good leader must be able to take risks, but should avoid being a player (Shapira, 1994). The social norm stipulates that a good leader must take good risks.

It must be clear that successful leadership always involves compromises of some kind, since a decision is influenced by several factors. For instance, a leader cannot maximize investments and profits at the same time. The short-term gain may sometimes have to be sacrificed in order to achieve long-term success. Many products are also made in such a way that you can find built-in contradictions. For example, it is difficult to maximize a car's acceleration while minimizing its consumption. One way of overcoming this problem is to create a list of their priorities and also try to estimate which of these are governing the competitors. The next step is to make a list of priorities of the customer. Then, it becomes relatively easy for the leaders to sort out their own priorities that do not mean so much. However, it should be beyond doubt that most customers are not willing to sacrifice quality to price (Heller, 1998).

In order to minimize risks, once we have appreciated them it is appropriate to try to build in safety nets of various kinds. It is good if you can gather a few colleagues and discuss. A first step might be to outline a best and worst scenario. A moderate degree of optimism and pessimism is good to have when doing this. For example, leaders should ask themselves if the best possible profit justifies taking the worst possible risks. You should not take too excessive risks if the benefits are small. It is also important to understand that reality is not polarized, including only the best and worst possible outcomes. There is always an outcome that lies between and which perhaps is the most plausible one.

While planning for the best outcome, we must be prepared for the worst. Plans that contain only one type of outcome are often more risky compared to those that experiment with many potential ones. Take, for example, three scenarios where competitors either raise, lower or maintain their prices. These three options lead to three different strategies. One option is to choose a goal that is consistent with the most positive scenario outcome and make decisions that optimize the chances of achieving that goal. If it turns out that none of the scenarios appear to be particularly attractive one should probably rethink the whole situation (Heller, 1998). It is also important to remember that the costs of the worst possible outcome can be

both reversible and irreversible (Shapira, 1994). In the latter case, the consequences for the organization can be devastating.

Innovation projects and creative processes contain a lot of risk. However, research shows that many leaders find it difficult to assess these risks in terms of probabilities and profits. (March & Shapira, 1988). Even if the leaders feel it is part of the job to take risks, they usually have not developed analytical concepts in order to calculate the probabilities of gains and losses. This is something leaders have to train themselves in. Leaders should also be observant of the social context in which risk occurs. It is of great importance for how risk is perceived. For example, opportunities that are further away in time are usually given another status than the opportunities that are closer. Entrepreneurs and innovators have a tendency to consider risks differently than other leaders. They break away from standards more easily. In practice this means that they are willing to take risks and live with these, even if they try to minimize them as best as they can. (Strand, 2007). International leaders should in addition be aware that the attitudes to uncertainty vary from country to country (Hofstede, 1991).

Presenting ideas

When ideas are to be presented, it is important to have the ability to structure them clearly. Leaders must start with themselves. They must ask themselves whether or not it is possible to explain the key messages of the presentation during 30 seconds to any other person. At McKinsey this is called the "elevator test". To be able to do this, leaders must limit themselves to one message per slide. It is therefore important to work with graphs and diagrams to illustrate potential complex relationships. Another important advice is to start with the conclusions. This is called *inductive* reasoning. The following formula is based on induction: We believe X because of A, B and C. The formula is different from that of *deductive* reasoning. This could be formalized as follows: A is, B is and C is, therefore, we believe X. The advantage of inductive reasoning is that leaders can arrive at the point much faster. This creates momentum in the reasoning. (Rasiel & Friga, 2004).

Another important aspect is that the inductive reasoning forces one to be more prescriptive in the presentations. The following story was told by the head of Ernst & Young in a small Scandinavian town: The office played an important role as a link between the local university

and surrounding businesses. The latter was dominated by small firms, primarily in the agricultural sector. At the university economists were educated, among others. The local office helped to match them against existing jobs in local businesses. A newly graduated economist was once matched with a job offered by a smaller business. The business was a one-man work of a mature energetic entrepreneur. After a few weeks the local head of Ernst & Young called the entrepreneur and asked if he was satisfied with his newly employee economist. Unfortunately, he was not. The entrepreneur explained that the next time the office might well send him a "one-armed" economist. The head of the local office asked what he meant by this and got the following response. "Well, at all presentations he (the economist) always provides two alternative interpretations or recommendations. Either we should do this or that. We are looking for someone to tell us which course of action we should take and not leave the decision to us". In other words, the business simply wanted to have someone who did X because of A, B and C. Many business schools train their graduates for larger organizations where it is expected that the CEO is the one who makes the strategic decisions. The role of the employees is to provide support. The small business is often quite different. It may want its employees to be more normative.

Another advice is to try to gain acceptance for your ideas by presenting them in advance. A good business presentation should not contain any major surprises for the audience. The relevant decision-makers in the organization should be guided through the results before the performance starts. An advantage of this method is that it prevents threatening and major objections arising from the blind zone. It is usually easier to build a consensus on the solution if the persons who are to approve or implement it are informed in due time. If it is pre-coupled, the solution will often be better attuned to the political realities of the organization. When you first inform others about the solution this can be done face to face with each key person. You can then open up the thinking process in a more informal way that is perhaps impossible to do in more formal surroundings. Face to face, it is relatively easy to find out what others consider to be problematic in relation to your solution, and start working on it. In case someone expresses concerns with the solution you can sometimes reach a compromise before the big meeting and thereby ensure that the critics are on your side when the time comes (Rasiel & Friga, 2004). It is important to note that pre-coupling of a decision is not to be confused with similar processes that may take place later. For example, it is not uncommon for an autocratic leader to make a decision and then try to sell it in internally and externally

through persuasion (Hedelin & Allwood, 2001).

Empirical research shows that top managers use much of their time both to search for information and to pre-couple decisions (Hedelin & Allwood, 2001). The results also reveal that there is often one major decision option that is gradually built up by pre-coupling. It is relatively seldom different options are built up in this way simultaneously. The pre-coupled option often relates to a practical problem rather than to a vision of some sort. Many leaders consider communicating around a decision option with others, both internally and externally, as an arena for learning. There are a lot of negotiations between the promoter and other key individuals and groups on the option's various properties. The purpose of these negotiations is usually to inform the other party and get a picture of the reaction pattern. Different reactions may in turn lead to further communication. Negotiations of this kind aim to clear up misconceptions and to arrive at changes of the proposed option. The goal is to reach consensus in terms of a common understanding of the current option. In this way many important decision alternatives are emerging through communication, in which many can participate. This creates a commitment to the option and also a moral responsibility.

However, there are some problems with the method. One is that the leader who initiates the process many times finds it difficult to assess how long the pre-coupling of the decision will take. Leaders simply do not have control over this factor (Hedelin & Allwood, 2001). Another problem is that the initiating leader often does not reach a consensus. This may be due to several things. First, maybe you do not have enough financial arguments on hand. If you have no relevant financial figures, it can often be difficult to convince others about the viability of the option. Second, maybe you have not spent enough time to talk to the relevant key persons, but believed it to be enough just to send out information. Thirdly, maybe you have tried to get a decision quickly by having as little contact with relevant key people as possible. Unfortunately, all this often leads to failure. One problem, that particularly new managers have, is that you simply do not know if you actually have sold in the decision or not to relevant key people.

When presenting ideas one should also try to tailor the presentation to the audience. An error that many make is that they do not adjust the language to the audience they are dealing with. It may for example include the use of an excessive academic language, or a language with too

many terms derived from the consultancy world. The same presentation can rarely be used in different contexts. It is often successful to use the language and the jargon the audience is used to. You should also get an idea of how interested the audience is in the presentation of background information. Certain types of audiences, in particular top leaders, often want you to quickly conclude (see also Gioia & Chittipeddi, 1991, for an elaborated discussion).

To negotiate

Negotiations are important both in formal and informal settings. An example of a formal context is when leaders are negotiating a contract which is of great importance for the entire organization. Informal negotiations often take place internally. The results of these affect the organization's future course, the relationship between employers and unions, and employee motivation to comply with a decision. It is through negotiations that a leader can reach important agreements. The manner in which negotiations are handled is therefore crucial for the results obtained (Rognes, 2008).

When two or more parties cooperate to reach a joint decision, they are negotiating. This does not mean that they need to sit at a negotiating table. Nor does it mean that they need to give explicit offers and counter-offers. It may even be that they state that they are on the same side. As long as their preferences for the joint decision are not identical, they must negotiate to reach a mutually acceptable outcome (Bazerman, 2006).

It is common among leaders to treat every negotiation as a form of volitional struggle, but this approach is often counterproductive (Thompson, 2005). They should instead consider the negotiation as a decision-making process where analysis and relational understanding are the key elements. However, it is challenging to arrive at the best possible agreement with people that you partially disagree with. The dependence of the other party, and the desire to take care of your own interests as good as possible, create a number of challenges that must be addressed. Such challenges concern the relationship between cooperation and competition, the focus on substance and the handling of relationships. They also affect how we should analyze, design and carry out negotiations. Leaders should therefore develop a negotiation strategy, that is, a plan for how they wish to behave in the negotiation process. Such a plan should be based on a survey of interests, issues and options. It should also include solution opportunities

as well as the formulation of procedures for the negotiation process. In addition, it is positive if a negotiating strategy addresses possible steps of your own in the negotiation process (Rognes, 2008).

Many leaders believe that their negotiation achievements are somehow inevitable. They imagine that the situational factors mean a lot. However, the experience from many leadership programs shows something else. The results from simulated negotiations vary enormously. Often leaders negotiate in pairs, where one half of the group may play one role and the other half another. The groups involved are relatively homogeneous and the data used is similar. The conclusion that can be drawn is that how one behaves and makes decisions in the negotiation situation is important (Bazerman, 2006).

Leaders negotiate in order to take care of their own interests. However, the interests of the other party must also be taken into account. Any negotiator depends on the other party accepting the agreement. Therefore, it is helpful to identify the other party's interests as early as possible so that solutions can be developed that both parties can accept. Inexperienced negotiators are poor at identifying both their own and the other party's interests. This often leads to difficulties in finding good solutions to the negotiating problem. There are often several different themes/dimensions that you can negotiate about in order to protect the underlying interests. This is how value is created in the negotiation situation. The most common mistake many leaders make is that they hang on to a single dimension. For example, consider that money is to be shared among a number of different departments within an organization. By looking at several other dimensions it will allow you to create solutions and reduce the risk of the negotiations breaking down (Bazerman, 2006; Rognes, 2008).

Creative negotiators are aware of this and can switch between different themes / dimensions in order to take advantage of their own interests. Many managers focus exclusively on obvious negotiating themes and forget the underlying interests. It is by interacting with interests and themes that leaders can clarify the negotiating problem and open up for new creative approaches. The best way to do this is to build trust with the other party and share information. Trust can be created by demonstrating a willingness to go beyond what you probably are expected to do in different situations. The sharing of information may well be

gradual. It encourages the other party to act similarly. A general rule in negotiations is that you are often treated by the other party in the same way as you treat it. However, you should not emit strategic information that can undermine your position. It is also good to ask questions. This gives you a chance to find out critical information from the other party (Bazerman, 2006; Malhotra & Bazerman, 2007; Rognes, 2008).

Many times leaders are content with having created a situation where both sides win and finish the negotiations as a result of this. However, in such a situation a mediator can be brought in with the instruction to look at the situation trying to ensure that both parties win something further as a result of the process (Raiffa, 1985; Bazerman, 2006; Malhotra & Bazerman, 2007).

A leader should also be clear about what the alternatives to a negotiated solution are (Fisher, Ury, & Patton, 1981). An important question is whether these are better or worse than the reached agreement. Leaders can therefore actively try to make these alternatives as attractive as possible. It is part of the game.

Conclusions

In order to reach a decision a leader must decide which persons should be involved in the process and when. Ultimately, it is the decision situation that determines which people are to be involved. A leader must by experience learn which situations require the involvement of others and how. A relatively common method of involving others is to allocate the decision to a group. A main objective of this is often to generate as many innovative ideas as possible in order to inform the process. Different techniques can be used for this, including brainstorming. The proposals generated must be validated by the group and this can be made through the introduction of various criteria. Based on these, it is relatively easy to filter out proposals that do not reach the goals that have been set up.

In addition, a leader needs to collect information in order to reach a decision. Many times, the problem is not that leaders have too little access to information but that they more or less drown in it. It is therefore important to get enough relevant information as soon as possible, often by the use of some form of thinning method. With the help of relevant information,

forecasts can be created and risks minimized. Leaders must also be able to present their ideas in the most attractive way possible in order to get approval and arrive at decisions. There are two important aspects of this, namely the groundwork that has to be made before a presentation, and the design of the presentation itself. Sometimes it is not enough to present an idea. A leader may then be needed to negotiate in order to reach a decision. A negotiation should not be viewed as a volitional struggle but as a decision-making process where analysis and relational understanding are key elements.

Checklist

1. What are the problems for you as a leader to involve others in the decision making process?
2. What are the advantages and disadvantages of brainstorming?
3. What is brain writing, and what are the advantages of this method?
4. What are your most important sources of information as a leader?
5. How can you as a leader use the interview as a tool to obtain information and build relationships?
6. What should you as a leader consider when making future predictions?
7. How can you as a leader minimize risks associated with a decision?
8. How can you as a leader present your ideas as effectively as possible?
9. What is important for you as a leader to consider when you negotiate?

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