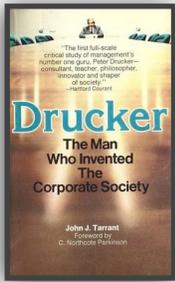


# 3 The Effective Decision

by [Peter Drucker](#) in [Managing the Non-Profit Organization](#)



How is it possible ↓

to works toward horizons ↑ ↓

that aren't on your mental radar –

at the right point in time? ↓



Navigating  
a changing world



↑ [larger](#)

[Thinking Broad and Thinking Detailed](#) ↑ ↓

[Intelligence, Information, Thinking](#)

▪ “Most of the mistakes in thinking are mistakes in perception.

❖ Seeing only part of the situation – [broad](#)

❖ Jumping to conclusions

❖ Misinterpretation caused by feelings” – [Edward de Bono](#)



32 **What is the decision really about?**

33 Very rarely is a decision about what it seems to be about.

34 That's **usually a symptom.** ...

35 Some twenty years ago, a Girl Scout Council in a major suburban area realized that the ethnic composition of the area was changing rapidly.

36 It had been lily-white, and so had the Scouts.

37 But now the area was rapidly becoming highly diverse: blacks, Hispanics, Asians were arriving in large numbers.

38 That the Council had to offer scouting to the children of the newcomers was obvious to everyone.

39 But so was the enormous cost of providing scouting to very poor neighborhoods.

40 The question that seemed to demand a decision was, therefore, seen as a financial one: How do we raise the money?

41 And the answer to that question seemed obvious: Have separate troops for different ethnic groups.

42 Otherwise, it was feared, financial support from the affluent group, the whites, might be endangered. ...

43 Fortunately, one of the leaders then asked: What is this decision all about? is our mission to raise money, or is it to build a nation?

44 It was clear at once that the decision was one of basic principle, to be decided contrary to all of the Council's precedents.

45 The answer had to be that, whatever the financial risk, we are not going to have ethnic troops.

- 46 That is the past.
- 47 We have to emphasize that young women are young women—not black, not white, not Italian, not Jewish, not Vietnamese—but young American women.
- 48 That is what the decision was really all about.
- 49 Once this was clear, the decision made itself.
- 50 And the whole community accepted that decision without a murmur, once it was explained. ...
- 51 A major university with severe budget problems had to accept that it must cut programs.
- 52 But which ones?
- 53 At first, this was seen as a financial decision: where do we spend the most?
- 54 The ensuing civil war within the faculty almost destroyed the institution.
- 55 But then one board member said, “We are tackling the wrong issue.
- 56 We should be discussing whether to put our major emphasis on the continuing education of adults or whether to stick with teaching the young.
- 57 That’s what this decision is about.
- 58 The rest is implementation.”
- 59 Suddenly it became clear why people had been so hot under the collar.
- 60 The decision was not about the budget but about the future of American higher education and the university’s role in it, and this is something on which good people should disagree.

- 61 Such a decision is a strategic decision, and halfway measures won't do.
- 62 If the university's future is in continuing education, it is not going to cut.
- 63 It has to go out and raise the money; otherwise, it has no future. ...
- 64 Decisions always involve risk taking.
- 65 And effective decisions take a lot of time and thought.
- 66 For this reason, one doesn't make unnecessary decisions.
- 67 Again and again, non-profit institutions go through a painful reorganization, moving staff and activities around because two people are feuding with one another.
- 68 But they have been feuding for twenty years and will keep on feuding whatever the organization structure.
- 69 Leave them alone. ...
- 70 And don't make decisions on trivia.
- 71 I live sixty miles east of Los Angeles, with four freeways into the city.
- 72 They all have the same mileage; it's totally unpredictable which one will be jammed.
- 73 Whether you take one or the other is not a decision.
- 74 Routine decisions are decisions that have no consequences, or at least no foreseeable consequences.
- 75 Don't waste time on them.

## 76 *Opportunity and Risk*

77 The next question in decision making is opportunity versus risk.

78 One starts out with the opportunity, not with the risk:

79 *If this works, what will it do for us?*

80 Then look at the risks.

81 And there are three kinds of risks: <sup>m</sup>

82 There is the risk we can afford to take.

83 If it goes wrong, it is easily reversible with minor damage.

84 Then there is the irreversible decision, when failure may do serious harm.

85 Finally there is the decision where the risk is great but one cannot afford not to take it.

86 Here's an example.

87 Forty years ago a Brooklyn neighborhood in New York radically changed from white working class to a black slum.

88 A major hospital in the area almost overnight became empty, going down to about 12 percent occupancy.

89 Its regular physicians had left with their patients.

90 Keeping the hospital open could not be economically justified but the community needed its services.

91 The decision—and it was bitterly fought—was to keep the hospital open and to raise the money somehow for the three to five years until the hospital's patient base could be rebuilt.

92 The decision came very close to total disaster.

93 But to stay open was a risk the hospital had to take if it wanted to maintain its mission.

## 94 *The Need for Dissent*

95 All the first-rate decision makers I've observed, beginning with Franklin D. Roosevelt, had a very simple rule: If you have consensus on an important matter, don't make the decision.

96 Adjourn it so that everybody has a little time to think.

97 Important decisions are risky.

98 They should be controversial.

99 Acclamation means that nobody has done the homework.  
™

100 Because it is essential in an effective discussion to **understand what it is really about**, there has to be dissent and disagreement.

101 If you make a decision by acclamation, it is almost bound to be made on the apparent symptoms rather than on the real issue.

102 You need dissent; but you have to make it productive. ...

103 About seventy years ago, an American political scientist, Mary Parker Follet, said that when you have dissent in an organization, you should never ask who is right.

104 You should not even ask what is right.

105 You must assume that each faction gives the right answer, but to a different question.

106 Each sees a different reality. ...

- 107 A few years ago, as we saw earlier, a major– hospital was torn by internal conflict within its medical staff.
- 108 One group advocated moving the eye clinic out of the hospital.
- 109 Most eye operations have become ambulatory and it is far more economical to do them where they do not have to carry the whole overhead of the, big hospital.
- 110 The other group saw such a move as the first step toward complete restructuring of the hospital.
- 111 Both were right, but both saw only part of the reality. ...
- 112 Instead of arguing what is right, assume that each faction has the right answer.
- 113 But which question is each trying to answer?
- 114 Then, you gain understanding.
- 115 You also gain, in many cases, the ability to bring the two together in a **synthesis**.
- 116 Then you can say: In this case we are not deciding on ophthalmology; that is just an incident.
- 117 But the decision to move the eye clinic out commits us to restructuring the hospital.
- 118 If we believe that moving out of the hospital is tomorrow's right structure, let's not talk economics, whether of the hospital or of eye surgery.
- 119 And everybody understands it.
- 120 Look upon dissent as a means of creating understanding and mutual respect. ...
- 121 Emotions always run high over any decision in which the

organization is at risk if that decision fails, or in one that is not easily reversible.

122 The smart thing is to treat this as constructive dissent and as a key to mutual understanding. ...

123 If you can bring dissent and disagreement to a common understanding of what the discussion is all about, you create unity and commitment.

124 There is a very old saying—it goes back all the way to Aristotle and, later on became an axiom of the early Christian Church: In essentials unity, in action freedom, and in all things trust.

125 And trust requires that dissent come out into the open, and that it be seen as honest disagreement. ...

126 This is particularly important for non-profit institutions, which have a greater propensity for internal conflict than businesses precisely because everybody is committed to a good cause.

127 Disagreement isn't just a matter of your opinion versus mine, it is your good faith versus mine.

128 Non-profit institutions, therefore, have to be particularly careful not to become riddled by feuds and distrust.

129 Disagreements must be brought out into the open and taken seriously. ...

130 A second reason to encourage dissent is that any organization needs a nonconformist.

131 If and when things change, it needs somebody who is willing and able to change.

132 This is not the kind of person who says, "There is a right

way and a wrong way—and our way.”

133 Rather, he or she asks, “What is the right way now?”

134 You don’t want only yes-men or yes-women.

135 You want a critic—and one the organization respects. ...

136 Bringing disagreement into the open also enables non-profit executives to brush aside the unnecessary, the meaningless, the trivial conflict.

137 It enables them to concentrate on the real issues.

138 When you bring conflicts out in the open, a good many disappear.

139 People realize that they are trivia and not that serious.

140 Yes, there is a conflict.

141 You here in the surgery see one thing and you here in internal medicine see another.

142 But is this pertinent to this specific case?

143 If not, you say what our teacher of religion said to us when we were thirteen: “Boys, kill each other, but not in my class.”

144 Fight it out outside; it doesn’t belong here.

145 You don’t resolve the conflict, but you do make it irrelevant.

146 If you can do that, you are way ahead. ...

147 Another example: I was present, not so long ago, at a meeting at a museum that degenerated into civil war.

148 People were screaming at each other until one of the wise

old men pointed out that the two groups were both right.

149 One, in arguing for a big new building, assumed the kind of museum we are now building, which is a museum that is a community asset.

150 So, members of this group assumed we were talking about a tremendous expansion.

151 The other group assumed the opposite.

152 It wanted to concentrate on a very small number of real masterpieces and create a standard of excellence in which every single object was the best in its class, which is very much the way the great nineteenth-century collectors went about their business.

153 The word "museum" was the same, but that was the only thing. ...

154 Once the position of each group was understood, it became clear that the conflict had nothing to do with the matter under discussion.

155 Sooner or later a decision will be made to go one way or the other, and then half the board will resign—maybe to start a new museum.

156 But that wasn't what we had to decide at that meeting.

157 Suddenly there was peace, harmony, even laughter.

## 158 ***Conflict Resolution***

159 You use dissent and disagreement to resolve conflict.

160 If you ask for disagreement openly, it gives people the feeling that they have been heard.

161 But you also know where the objectors are and what their objections are.

162 And in many cases you can accommodate them, so that

they can accept the decision gracefully.

- 163 That also enables them very often to understand the arguments of the winning side.
- 164 Maybe not to accept them; but to see that these people are neither stupid nor malicious.
- 165 They only differ.
- 166 In this way you resolve conflict.
- 167 You do not prevent disagreement, but you do resolve conflict. ...
- 168 Another way to resolve conflict is to ask the two people who most vocally oppose each other, especially if both of them are respected community members, to sit down and work out a common approach.
- 169 They do this by starting out with the areas in which they agree. ...
- 170 The third way is by defusing the argument.
- 171 You say, "Let's start out by finding out what we agree on."
- 172 Then disagreements often turn out to be peripheral.
- 173 On essentials there is common ground and you can work out things.
- 174 In some cases you say, "Let's split the difference," or, "Let's postpone this," or, "Is this really that important?"
- 175 You play down the areas of disagreement and play up the areas of agreement. ...
- 176 These are by no means new techniques; there are

examples in the Old Testament.

177 Finding common ground especially is what the elders of any tribe do to maintain unity.

178 One cannot prevent conflict.

179 But one can make it—I wouldn't say irrelevant, but secondary.

180 And the best tool for this is the constructive use of dissent.

## 181 *From Decision to Action*

182 A decision is a commitment to action.

183 But far too many decisions remain pious intentions.

184 There are four common causes for this.

185 One is that we try to "sell" the decision rather than to "market" it.

186 In the West, we tend to make the decision fast—and then we start to "sell" it to the people in the organization.

187 That takes three years, and by the time the decision has been "bought," it has become obsolete.

188 Here we can learn from the Japanese.

189 They build the implementation in before they make the decision.

190 In the Japanese organization, **everyone who will be affected by the decision—and especially everyone who will have to do something to carry it out—is asked to comment on the issue before that decision is made.**

191 This looks incredibly slow.

192 Westerners watching the process climb up the walls.

193 But then the Japanese make the decision the point at

which we in the West begin to "sell."

194 Not so the Japanese.

195 Bingo!

196 The next day everyone understands it, everyone acts on it.

197 A second way to lose the decision is to go systemwide immediately with the new policy or the new service.

198 This jumps the testing stage.

199 We disregard what Frances Hesselbein of the Girl Scouts told us in her interview in Part One of this book: Find the targets of opportunity in your non-profit institution and concentrate on them.

200 Don't try to convert everybody right away. ...

201 I like to try the new in three different places with three different people—something I learned forty years ago from the people who introduced physical therapy in the American hospital.

202 There was almost universal resistance to the idea.

203 Most hospitals said it was none of their business.

204 The innovators didn't even try to convert the non-believers.

205 They picked three hospitals in three communities that were eager to do physical therapy: a large teaching hospital with many older people, stroke victims, and so on; a small semi-rural hospital that had lots of industrial and farming accidents; and a fair-sized suburban community hospital with a lot of ordinary cases, broken bones, arthritis, and so on.

206 They worked only with these three hospitals for five years.

- 207 By then, every hospital in the country wanted physical therapy. ...
- 208 But by then, also, the product had become quite different from the original design.
- 209 The three pilots showed, for instance, that psychological counseling and work with the patient's family are just as important in rehabilitation as exercise and physiology—something which had not even occurred to the innovators but which made an enormous difference in effectiveness.
- 210 In industry we learned long ago that we are going to be in trouble if we jump the pilot stage.
- 211 We have to learn that this is just as true for social projects and services. ...
- 212 The third caveat: no decision has been made until someone is designated to carry it out.
- 213 Someone has to be accountable—with a work plan, a goal, and a deadline.
- 214 Decisions don't make themselves effective; people do. ...
- 215 Finally—common mistake number four—I've seen wonderful decisions come a cropper because nobody really thought through who had to do what.
- 216 In what form should the decision be communicated to each person who has to implement that decision so that he or she can actually act?
- 217 What training does each need?
- 218 What tools?
- 219 I have seen a decision couched in a brilliant mathematical

model which forklift drivers in the warehouse were expected to carry out.

220 It didn't become effective.

221 You not only have to translate a decision into the language of the people who have to do the work; you also have to fit it into their assumptions.

222 You have to build the new behavior into their instructions, their training, their compensation.

223 And then you have to follow up.

224 Don't depend on reports.

225 Go to the warehouse and look.

226 Otherwise, you'll find a year later that nothing has happened. ...

227 Every decision is a commitment of present resources to the uncertainties of the future.

228 This, according to elementary probability mathematics, means that decisions will turn out to be wrong more often than right.

229 At the least they will have to be adjusted.

230 Practically every single decision American hospitals made in the sixties and seventies has been shot out of the water by changes in government—particularly reimbursement policies on Medicare.

231 As a result, hospitals suddenly have a surplus of beds.

232 But that's a normal outcome for decisions on the future. ...

233 The decision always has to be bailed out.

234 That requires two things.

235 First, that you think through alternatives ahead of time so that you have something to fall back on if and when things go wrong.

236 Second, that you build into the decision the responsibility for bailing it out, instead of going in and arguing about who made what mistakes.

237 One weakness of non-profit institutions is that they believe that they have to be infallible—far more so than businesses.

238 Businesses somehow know mistakes are being made.

239 In non-profit institutions, mistakes are not permitted.

240 And so if something goes wrong, a court-martial begins.

241 Whose fault is it?

242 Instead, we need to ask, Who is going to bail this out?

243 Who is going to redirect the program or operation, and how?