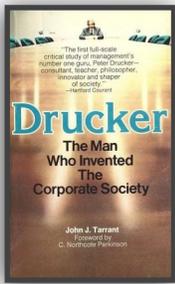


Effective Decisions

by [Peter Drucker](#) contained within [The Essential Drucker](#)



How is it possible ↓
to work 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](#)

▪ Awareness without [action](#) is useless

The [MEMO](#) they – the [enemies of the future](#) – don't want you to [SEE](#)

«\$\$\$»

Effective people do not make a great many decisions.

They concentrate on the important ones.

- 20 They try to think through what is strategic and generic, rather than "solve problems."
- 21 They try to make the few important decisions on the highest level of conceptual understanding.
- 22 They try to find the constants in a situation.
- 23 They are, therefore, not overly impressed by speed in decision-making.
- 24 Rather, they consider virtuosity in manipulating a great many variables a symptom of sloppy thinking.
- 25 They want to know what the decision is all about and what the underlying realities are that it has to satisfy.
- 26 They want impact rather than technique; they want to be sound rather than clever. ¶¶¶
- 27 Effective people know when a decision has to be based on principle and when it should be made on the merits of the case and pragmatically.
- 28 They know that the trickiest decision is that between the right and the wrong compromise and have learned to tell one from the other.
- 29 They know that the most time-consuming step in the process is not making the decision but putting it into effect.
- 30 Unless a decision has "degenerated into work," it is not a decision; it is at best a good intention.
- 31 This means that, while the effective decision itself is based on the highest level of conceptual understanding, the action to carry it out should be as close as possible to the working level and as simple as possible. ¶¶¶
- 32 The least-known of the great American business builders, Theodore Vail, was perhaps the most effective decision-maker in U.S. business history.

33 As president of the Bell Telephone System from just before 1910 till the 1920s, Vail built the organization into the largest private business in the world and into one of the most prosperous growth companies. ¶¶¶

34 Alfred P. Sloan Jr., who in General Motors designed and built the world's largest manufacturing enterprise, took over as head of a big business in 1922, when Vail's career was drawing to its close.

35 He was a very different man, as his was a very different time.

36 And yet the decision for which Sloan is best remembered, the decentralized organizational structure of General Motors, is of the same kind as the major decisions Theodore Vail had made somewhat earlier for the Bell Telephone System. ¶¶¶

37 As Sloan has recounted in his book, *My Years with General Motors*, the company he took over in 1922 was a loose federation of almost independent chieftains.

38 Each of these men ran a unit that a few short years before had still been his own company—and each ran it as if it were still his own company. ¶¶¶

39 Sloan realized that this was not the peculiar and short-term problem of the company just created through merger, but a generic problem of big business.

40 ***The Decision Process***

41 The truly important features of the decisions Vail and Sloan made are neither their novelty nor their controversial nature.

42 They are:

- 43 1. The clear realization that the problem was generic and could only be solved through a decision that established a rule, a principle

- 44 2. The definition of the specifications that the answer to the problem had to satisfy, that is, of the "boundary conditions"
- 45 3. The thinking through what is "right," that is, the solution that will fully satisfy the specifications *before* attention is given to the compromises, adaptations, and concessions needed to make the decision acceptable
- 46 4. The building into the decision of the action to carry it out
- 47 5. The "feedback" that tests the validity and effectiveness of the decision against the actual course of events
- 48 These are the *elements* of the effective decision process.

49 ***Four Types of Occurrences***

50 1. The first questions the effective decision-maker asks are:

51 Is this a generic situation or an exception?

52 Is this something that underlies a great many occurrences?

53 Or is the occurrence a unique event that needs to be dealt with as such?

54 The generic always has to be answered through a rule, a principle.

55 The exceptional can only be handled as such and as it comes. ¶¶¶

56 Strictly speaking, one might distinguish among four, rather than between two, different types of occurrences. ¶¶¶

57 There is first the truly generic, of which the individual occurrence is only a symptom. ¶¶¶

- 58 Most of the problems that come up in the course of the executive's work are of this nature.
- 59 Inventory decisions in a business, for instance, are not "decisions."
- 60 They are adaptations.
- 61 The problem is generic.
- 62 This is even more likely to be true of events within production. ¶¶¶
- 63 Typically, a product control and engineering group will handle many hundreds of problems in the course of a month.
- 64 Yet, whenever these are analyzed, the great majority prove to be just symptoms—that is, manifestations of underlying basic conditions.
- 65 The individual process control engineer or production engineer who works in one part of the plant usually cannot see this.
- 66 He might have a few problems each month with the couplings in the pipes that carry steam or hot liquids.
- 67 But only when the total workload of the group over several months is analyzed does the generic problem appear.
- 68 Then one sees that temperatures or pressures have become too great for the existing equipment and that the couplings, holding different lines together, need to be redesigned for greater loads.
- 69 Until this is done, process control will spend a tremendous amount of time fixing leaks without ever getting control of the situation. ¶¶¶
- 70 Then there is the problem that, while a unique event for the individual institution, is actually generic. ¶¶¶

- 71 The company that receives an offer to merge from another, larger one will never receive such an offer again if it accepts.
- 72 This is a nonrecurrent situation as far as the individual company, its board of directors, and its management are concerned.
- 73 But it is, of course, a generic situation that occurs all the time.
- 74 To think through whether to accept or to reject the offer requires some general rules.
- 75 For these, however, one has to look to the experience of others. ¶¶¶
- 76 Next there is the truly exceptional, the truly unique event. ¶¶¶
- 77 The power failure that plunged into darkness the whole of northeastern North America from the St. Lawrence River to Washington, D.C. , in November 1965 was, according to the first explanations, a truly exceptional situation.
- 78 So was the thalidomide tragedy that led to the birth of so many deformed babies in the early 1960s.
- 79 The probability of these events, we were told, was one in ten million or one in a hundred million.
- 80 Such concatenation of malfunctions is as unlikely ever to recur as it is unlikely, for instance, for the chair on which I sit to disintegrate into its constituent atoms. ¶¶¶
- 81 Truly unique events are rare, however.
- 82 Whenever one appears, one has to ask, Is this a true exception or only the first manifestation of a new genus? ¶¶¶
- 83 And this, the early manifestation of a new generic

problem, is the fourth and last category of events with which the decision process deals. ¶¶¶

84 We know now, for instance, that both the northeastern power failure and the thalidomide tragedy were only the first occurrences of what, under conditions of modern power technology or of modern pharmacology, are likely to become fairly frequent malfunctions unless generic solutions are found. ¶¶¶

85 **All events but the truly unique require a generic solution.**

86 They require a rule, a policy, a principle.

87 Once the right principle has been developed, all manifestations of the same generic situation can be handled pragmatically, that is, by adaptation of the rule to the concrete circumstances of the case.

88 **Truly unique events, however, must be treated individually.**

89 One cannot develop rules for the exceptional. ¶¶¶

90 **The effective decision-maker spends time to determine with which of these four situations he is dealing.**

91 He knows that he will make the wrong decision if he classifies the situation wrongly. ¶¶¶

92 By far the most common mistake is to treat a generic situation as if it were a series of unique events, that is, to be pragmatic when one lacks the generic understanding and principle.

93 This inevitably leads to frustration and futility.

94 ***Specifications of Decision***

95 2. The second major element in the decision process is

clear specifications as to what the decision has to accomplish.

- 96 What are the objectives the decision has to reach?
- 97 What are the minimum goals it has to attain?
- 98 What are the conditions it has to satisfy?
- 99 In science these are known as "boundary conditions."
- 100 A decision, to be effective, needs to satisfy the boundary conditions.
- 101 It needs to be adequate to its purpose. ¶¶¶
- 102 The more concisely and clearly boundary conditions are stated, the greater the likelihood that the decision will indeed be an effective one and will accomplish what it set out to do.
- 103 Conversely, any serious shortfall in defining these boundary conditions is almost certain to make a decision ineffectual, no matter how brilliant it may seem. ¶¶¶
- 104 What is the minimum needed to resolve this problem? is the form in which the boundary conditions are usually probed.
- 105 Can our needs be satisfied?
- 106 Alfred P. Sloan presumably asked himself when he took command of General Motors in 1922, by removing the autonomy of the division heads.
- 107 His answer was clearly in the negative.
- 108 The boundary conditions of his problem demanded strength and responsibility in the chief operating positions.
- 109 This was needed as much as unity and control at the center.

- 110 The boundary conditions demanded a solution to a problem of structure, rather than an accommodation among personalities.
- 111 And this in turn made his solution last. ¶¶¶
- 112 The effective person knows that a decision that does not satisfy the boundary conditions is ineffectual and inappropriate.
- 113 It may be worse indeed than a decision that satisfies the wrong boundary conditions.
- 114 Both will be wrong, of course.
- 115 But one can salvage the appropriate decision for the incorrect boundary conditions.
- 116 It is still an effective decision.
- 117 One cannot get anything but trouble from the decision that is inadequate to its specifications. ¶¶¶
- 118 In fact, clear thinking about the boundary conditions is needed so that one knows when a decision has to be abandoned. ¶¶¶
- 119 But clear thinking about the boundary conditions is needed also to identify the most dangerous of all possible decisions: the one that might—just might—work if nothing whatever goes wrong.
- 120 These decisions always seem to make sense.
- 121 But when one thinks through the specifications they have to satisfy, one always finds that they are essentially incompatible with each other.
- 122 That such a decision might succeed is not impossible—it is merely grossly improbable.
- 123 The trouble with miracles is not, after all, that they happen

rarely; it is that one cannot rely on them. ¶¶¶

124 A perfect example was President Kennedy's Bay of Pigs decision in 1961.

125 One specification was clearly Castro's overthrow.

126 But at the same time, there was another specification: not to make it appear that U.S. forces were intervening in one of the American republics.

127 That the second specification was rather absurd, and that no one in the whole world would have believed for one moment that the invasion was a spontaneous uprising of the Cubans, is beside the point.

128 To the American policy-makers at the time, the appearance of nonintervention seemed a legitimate and indeed a necessary condition.

129 But these two specifications would have been compatible with each other only if an immediate island-wide uprising against Castro would have completely paralyzed the Cuban army.

130 And this, while not impossible, was clearly not highly probable in a police state.

131 Either the whole idea should have been dropped or American full-scale support should have been provided to ensure success of the invasion. ¶¶¶

132 It is not disrespect for President Kennedy to say that his mistake was not, as he explained, that he had "listened to the experts."

133 The mistake was failure to think through clearly the boundary conditions that the decision had to satisfy, and refusal to face up to the unpleasant reality that a decision that has to satisfy two different and at bottom incompatible specifications is not a decision but a prayer for a miracle. ¶¶¶

134 Yet, defining the specifications and setting the boundary conditions cannot be done on the "facts" in any decision of importance.

135 It always has to be done on interpretation.

136 It is risk-taking judgment. ""

137 Everyone can make the wrong decision—in fact, everyone will sometimes make a wrong decision.

138 But no one needs to make a decision that, on its face, falls short of satisfying the boundary conditions.

139 ***What Is Right***

140 3. One has to start out with what is right rather than what is acceptable (let alone who is right) precisely because one always has to compromise in the end.

141 But if one does not know what is right to satisfy the specifications and boundary conditions, one cannot distinguish between the right compromise and the wrong compromise—and will end up by making the wrong compromise. ""

142 I was taught this when I started in 1944 on my first big consulting assignment, a study of the management structure and management policies of the General Motors Corporation.

143 Alfred P. Sloan Jr., who was then chairman and chief executive officer of the company, called me to his office at the start of my study and said, "I shall not tell you what to study, what to write, or what conclusions to come to.

144 This is your task.

145 My only instruction to you is to put down what you think is right as you see it.

146 Don't you worry about our reaction.

- 147 Don't you worry about whether we will like this or dislike that.
- 148 And don't you, above all, concern yourself with the compromises that might be needed to make your recommendations acceptable.
- 149 There is not one executive in this company who does not know how to make every single conceivable compromise without any help from you.
- 150 But he can't make the *right* compromise unless you first tell him what 'right' is."
- 151 The executive thinking through a decision might put this in front of himself in neon lights. ¶¶¶
- 152 For there are two different kinds of compromise.
- 153 One kind is expressed in the old proverb, Half a loaf is better than no bread.
- 154 The other kind is expressed in the story of the judgment of Solomon, which was clearly based on the realization that half a baby is worse than no baby at all.
- 155 In the first instance, the boundary conditions are still being satisfied.
- 156 The purpose of bread is to provide food, and half a loaf is still food.
- 157 Half a baby, however, does not satisfy the boundary conditions.
- 158 For half a baby is not half of a living and growing child.
- 159 It is a corpse in two pieces. ¶¶¶
- 160 It is fruitless and a waste of time to worry about what is acceptable and what one had better not say so as not to evoke resistance.

- 161 The things one worries about never happen.
- 162 And objections and difficulties no one thought about suddenly turn out to be almost insurmountable obstacles.
- 163 One gains nothing, in other words, by starting out with the question, What is acceptable?
- 164 And in the process of answering it, one gives away the important things, as a rule, and loses any chance to come up with an effective, let alone with the right, answer.

165 ***Converting into Action***

- 166 4. Converting the decision into action is the fourth major element in the decision process.
- 167 While thinking through the boundary conditions is the most difficult step in decision-making, converting the decision into effective action is usually the most time-consuming one.
- 168 Yet a decision will not become effective unless the action commitments have been built into the decision from the start. ¶¶¶
- 169 In fact, no decision has been made unless carrying it out in specific steps has become someone's work assignment and responsibility.
- 170 Until then, there are only good intentions. ¶¶¶
- 171 This is the trouble with so many policy statements, especially of business: they contain no action commitment.
- 172 To carry them out is no one's specific work and responsibility.
- 173 No wonder that the people in the organization tend to view these statements cynically if not as declarations of what top management is really not going to do. ¶¶¶

- 174 Converting a decision into action requires answering several distinct questions: Who has to know of this decision?
- 175 What action has to be taken?
- 176 Who is to take it?
- 177 And what does the action have to be so that the people who have to do it *can* do it?
- 178 The first and the last of these are too often overlooked—with dire results. ¶¶
- 179 A story that has become a legend among operations researchers illustrates the importance of the question, Who has to know?
- 180 A major manufacturer of industrial equipment decided several years ago to discontinue one model.
- 181 For years it had been standard equipment on a line of machine tools, many of which were still in use.
- 182 It was decided, therefore, to sell the model to present owners of the old equipment for another three years as a replacement, and then to stop making and selling it.
- 183 Orders for this particular model had been going down for a good many years.
- 184 But they shot up as former customers reordered against the day when the model would no longer be available.
- 185 No one had, however, asked, Who needs to know of this decision?
- 186 Therefore, nobody informed the clerk in the purchasing department who was in charge of buying the parts from which the model itself was being assembled.
- 187 His instructions were to buy parts in a given ratio to current sales—and the instructions remained unchanged.
- 188 When the time came to discontinue further production of

the model, the company had in its warehouse enough parts for another eight to ten years of production, parts that had to be written off at a considerable loss.

189 **Feedback**

190 5. Finally, a feedback has to be built into the decision to provide a continual testing, against actual events, of the expectations that underlie the decision. ¶¶¶

191 Decisions are made by human beings who are fallible; at their best their works do not last long.

192 Even the best decision has a high probability of being wrong.

193 Even the most effective one eventually becomes obsolete. ¶¶¶

194 When General Eisenhower was elected president, his predecessor, Harry S. Truman, said, "Poor Ike; when he was a general, he gave an order and it was carried out.

195 Now he is going to sit in that big office and he'll give an order and not a damn thing is going to happen." ¶¶¶

196 The reason why "not a damn thing is going to happen" is, however, not that generals have more authority than presidents.

197 It is that military organizations learned long ago that futility is the lot of most orders and organized the feedback to check on the execution of the order.

198 They learned long ago that to go oneself and look is the only reliable feedback.

199 Reports—all a president is normally able to mobilize—are not much help.

200 All military services have long ago learned that the officer who has given an order goes out and sees for himself

whether it has been carried out.

201 At the least he sends one of his own aides—he never relies on what he is told by the subordinate to whom the order was given.

202 Not that he distrusts the subordinate; he has learned from experience to distrust communications. ¶¶¶

203 This is the reason why a battalion commander is expected to go out and taste the food served his men.

204 He could, of course, read the menus and order this or that item to be brought in to him.

205 But no; he is expected to go into the mess hall and take his sample of the food from the same kettle that serves the enlisted men. ¶¶¶

206 With the coming of the computer this will become even more important, for the decision-maker will, in all likelihood, be even further removed from the scene of action.

207 Unless he accepts, as a matter of course, that he had better go out and look at the scene of action, he will be increasingly divorced from reality.

208 All a computer can handle are abstractions.

209 And abstractions can be relied on only if they are constantly checked against the concrete.

210 Otherwise, they are certain to mislead us. ¶¶¶

211 To go and look for oneself is also the best, if not the only, way to test whether the assumptions on which a decision has been made are still valid or whether they are becoming obsolete and need to be thought through again.

212 And one always has to expect the assumptions to become

obsolete sooner or later.

213 Reality never stands still very long. ¶¶¶

214 One needs organized information for the feedback.

215 One needs reports and figures.

216 But unless one builds one's feedback around direct exposure to reality—unless one disciplines oneself to go out and look—one condemns oneself to a sterile dogmatism and with it to ineffectiveness.

217 ***Opinions Rather Than Facts***

218 A decision is a judgment.

219 It is a choice between alternatives.

220 It is rarely a choice between right and wrong.

221 It is at best a choice between “almost right” and “probably wrong”—but much more often a choice between two courses of action neither of which is provably more nearly right than the other. ¶¶¶

222 Most books on decision-making tell the reader: First find the facts.

223 But executives who make effective decisions know that one does not start with facts.

224 One starts with opinions.

225 These are, of course, nothing but untested hypotheses and, as such, worthless unless tested against reality.

226 To determine what is a fact requires first a decision on the criteria of relevance, especially on the appropriate measurement.

227 This is the hinge of the effective decision, and usually its most controversial aspect. ¶¶¶

- 228 Finally, the effective decision does not, as so many texts on decision-making proclaim, flow from a consensus on the facts.
- 229 The understanding that underlies the right decision grows out of the clash and conflict of divergent opinions and out of the serious consideration of competing alternatives. ¶¶¶
- 230 To get the facts first is impossible.
- 231 There are no facts unless one has a criterion of relevance.
- 232 Events by themselves are not facts. ¶¶¶
- 233 People inevitably start out with an opinion; to ask them to search for the facts first is even undesirable.
- 234 They will simply do what everyone is far too prone to do anyhow: look for the facts that fit the conclusion they have already reached.
- 235 And no one has ever failed to find the facts he is looking for.
- 236 The good statistician knows this and distrusts all figures—he either knows the fellow who found them or he does not know him; in either case he is suspicious. ¶¶¶
- 237 The only rigorous method, the only one that enables us to test an opinion against reality, is based on the clear recognition that opinions come first—and that this is the way it should be.
- 238 Then no one can fail to see that we start out with untested hypotheses—in decision-making as in science the only starting point.
- 239 We know what to do with hypotheses—one does not argue them; one tests them.
- 240 One finds out which hypotheses are tenable, and therefore worthy of serious consideration, and which are

eliminated by the first test against observable experience.

¶¶¶

- 241 The effective person encourages opinions.
- 242 But he insists that the people who voice them also think through what it is that the “experiment”—that is, the testing of the opinion against reality—would have to show.
- 243 The effective person, therefore, asks, What do we have to know to test the validity of this hypothesis?
- 244 What would the facts have to be to make this opinion tenable?
- 245 And he makes it a habit—in himself and in the people with whom he works—to think through and spell out what needs to be looked at, studied, and tested.
- 246 He insists that people who voice an opinion also take responsibility for defining what factual findings can be expected and should be looked for. ¶¶¶
- 247 Perhaps the crucial question here is, What is the criterion of relevance?
- 248 This, more often than not, turns on the measurement appropriate to the matter under discussion and to the decision to be reached.
- 249 Whenever one analyzes the way a truly effective, a truly right, decision has been reached, one finds that a great deal of work and thought went into finding the appropriate measurement. ¶¶¶
- 250 The effective decision-maker assumes that the traditional measurement is not the right measurement.
- 251 Otherwise, there would generally be no need for a decision; a simple adjustment would do.
- 252 The traditional measurement reflects yesterday’s decision.

- 253 That there is need for a new one normally indicates that the measurement is no longer relevant. ¶¶¶
- 254 The best way to find the appropriate measurement is again to go out and look for the “feedback” discussed earlier—only this is “feedback” before the decision. ¶¶¶
- 255 In most personnel matters, for instance, events are measured in “averages,” such as the average number of lost-time accidents per hundred employees, the average percentage of absenteeism in the whole workforce, or the average illness rate per hundred.
- 256 But the executive who goes out and looks for himself will soon find that he needs a different measurement.
- 257 The averages serve the purposes of the insurance company, but they are meaningless, indeed misleading, for personnel management decisions. ¶¶¶
- 258 The great majority of all accidents occur in one or two places in the plant.
- 259 The great bulk of absenteeism is in one department.
- 260 Even illness resulting in absence from work, we now know, is not distributed as an average, but is concentrated in a very small part of the workforce, e. g., young unmarried women.
- 261 The personnel actions to which dependence on the averages will lead—for instance, the typical plant-wide safety campaign—will not produce the desired results, may indeed make things worse. ¶¶¶
- 262 Finding the appropriate measurement is thus not a mathematical exercise.
- 263 It is a risk-taking judgment. ¶¶¶

264 Whenever one has to judge, one must have alternatives among which to choose.

265 A judgment in which one can only say yes or no is no judgment at all.

266 Only if there are alternatives can one hope to get insight into what is truly at stake. ¶¶¶

267 Effective people therefore insist on alternatives of measurement—so that they can choose the one appropriate one.

268 ***Develop Disagreement***

269 Unless one has considered alternatives, one has a closed mind. ¶¶¶

270 This, above all, explains why effective decision-makers deliberately disregard the second major command of the textbooks on decision-making and create dissension and disagreement, rather than consensus. ¶¶¶

271 Decisions of the kind the executive has to make are not made well by acclamation.

272 They are made well only if based on the clash of conflicting views, the dialogue between different points of view, the choice between different judgments.

273 The first rule in decision-making is that one does not make a decision unless there is disagreement. ¶¶¶

274 Alfred P. Sloan is reported to have said at a meeting of one of his top committees, "Gentlemen, I take it we are all in complete agreement on the decision here."

275 Everyone around the table nodded assent.

276 "Then," continued Mr. Sloan, "I propose we postpone

further discussion of this matter until our next meeting to give ourselves time to develop disagreement and perhaps gain some understanding of what the decision is all about.”

- 277 Sloan was anything but an “intuitive” decision-maker.
- 278 He always emphasized the need to test opinions against facts and the need to make absolutely sure that one did not start out with the conclusion and then look for the facts that would support it.
- 279 But he knew that the right decision demands adequate disagreement.
- 280 There are three main reasons for the insistence on disagreement.
- 281 It is, first, the only safeguard against the decision-maker’s becoming the prisoner of the organization.
- 282 Everybody always wants something from the decision-maker.
- 283 Everybody is a special pleader, trying—often in perfectly good faith—to obtain the decision he favors.
- 284 This is true whether the decision-maker is the president of the United States or the most junior engineer working on a design modification.
- 285 The only way to break out of the prison of special pleading and preconceived notions is to make sure of argued, documented, thought-through disagreements.
- 286 Second, disagreement alone can provide alternatives to a decision.
- 287 And a decision without an alternative is a desperate

gambler's throw, no matter how carefully thought through it might be.

- 288 There is always a high possibility that the decision will prove wrong—either because it was wrong to begin with or because a change in circumstances makes it wrong.
- 289 If one has thought through alternatives during the decision-making process, one has something to fall back on, something that has already been thought through, that has been studied, that is understood.
- 290 Without such an alternative, one is likely to flounder dismally when reality proves a decision to be inoperative. ¶¶¶
- 291 Above all, disagreement is needed to stimulate the imagination.
- 292 One does not, to be sure, need imagination to find the right solution to a problem.
- 293 But then this is of value only in mathematics.
- 294 In all matters of true uncertainty such as the executive deals with—whether his sphere is political, economic, social, or military—one needs “creative” solutions that create a new situation.
- 295 And this means that one needs imagination—a new and different way of perceiving and understanding. ¶¶¶
- 296 Imagination of the first order is, I admit, not in abundant supply.
- 297 But neither is it as scarce as is commonly believed.
- 298 Imagination needs to be challenged and stimulated, however, or else it remains latent and unused.
- 299 Disagreement, especially if forced to be reasoned, thought through, documented, is the most effective stimulus we know. ¶¶¶

- 300 The effective decision-maker, therefore, organizes disagreement.
- 301 This protects him against being taken in by the plausible but false or incomplete.
- 302 It gives him the alternatives so that he can choose and make a decision, but also so that he is not lost in the fog when his decision proves deficient or wrong in execution.
- 303 And it forces the imagination—his own and that of his associates.
- 304 Disagreement converts the plausible into the right and the right into the good decision. ¶¶¶
- 305 The effective decision-maker does not start out with the assumption that one proposed course of action is right and that all others must be wrong.
- 306 Nor does he start out with the assumption, I am right and he is wrong.
- 307 He starts out with the commitment to find out why people disagree. ¶¶¶
- 308 Effective people know, of course, that there are fools around and that there are mischief-makers.
- 309 But they do not assume that the man who disagrees with what they themselves see as clear and obvious is, therefore, either a fool or a knave.
- 310 They know that unless proven otherwise, the dissenter has to be assumed to be reasonably intelligent and reasonably fair-minded.
- 311 Therefore, it has to be assumed that he has reached his so obviously wrong conclusion because he sees a different reality and is concerned with a different problem.
- 312 The effective person, therefore, always asks, What does this fellow have to see if his position were, after all, tenable, rational, intelligent?

- 313 The effective person is concerned first with understanding.
- 314 Only then does he even think about who is right and who is wrong. ¶¶¶
- 315 In a good law office, the beginner, fresh out of law school, is first assigned to drafting the strongest possible case for the other lawyer's client.
- 316 This is not only the intelligent thing to do before one sits down to work out the case for one's own client.
- 317 (One has to assume, after all, that the opposition's lawyer knows his business, too.)
- 318 It is also the right training for a young lawyer.
- 319 It trains him not to start out with, "I know why my case is right," but with thinking through what it is that the other side must know, see, or take as probable to believe that it has a case at all.
- 320 It tells him to see the two cases as alternatives.
- 321 And only then is he likely to understand what his own case is all about.
- 322 Only then can he make out a strong case in court that his alternative is to be preferred over that of the other side.

323 ***Is a Decision Really Necessary?***

- 324 There is one final question the effective decision-maker asks: Is a decision really necessary?
- 325 **One** alternative is always the alternative of doing nothing. ¶¶¶
- 326 Every decision is like surgery.
- 327 It is an intervention into a system and therefore carries with it the risk of shock.

- 328 One does not make unnecessary decisions any more than a good surgeon does unnecessary surgery.
- 329 Individual decision-makers, like individual surgeons, differ in their styles.
- 330 Some are more radical or more conservative than others.
- 331 But by and large, they agree on the rules. ¶¶¶
- 332 One has to make a decision when a condition is likely to degenerate if nothing is done.
- 333 This also applies with respect to opportunity.
- 334 If the opportunity is important and is likely to vanish unless one acts with dispatch, one acts—and one makes a radical change. ¶¶¶
- 335 At the opposite end there are those conditions in respect to which one can, without being unduly optimistic, expect that they will take care of themselves even if nothing is done.
- 336 If the answer to the question, What will happen if we do nothing? is It will take care of itself, one does not interfere.
- 337 Nor does one interfere if the condition, while annoying, is of no importance and unlikely to make any difference anyhow. ¶¶¶
- 338 It is a rare executive who understands this.
- 339 The controller who in a desperate financial crisis preaches cost reduction is seldom capable of leaving alone minor blemishes, elimination of which will achieve nothing.
- 340 He may know, for instance, that the significant costs that are out of control are in the sales organization and in physical distribution.

- 341 And he will work hard and brilliantly at getting them under control.
- 342 But then he will discredit himself and the whole effort by making a big fuss about the “unnecessary” employment of two or three old employees in an otherwise efficient and well-run plant.
- 343 And he will dismiss as immoral the argument that eliminating these few semi-pensioners will not make any difference anyhow.
- 344 “Other people are making sacrifices,” he will argue “Why should the plant people get away with inefficiency?” ¶¶¶
- 345 When it is all over, the organization will forget fast that he saved the business.
- 346 They will remember, though, his vendetta against the two or three poor devils in the plant—and rightly so.
- 347 *De minimis non curat praetor* (The magistrate does not consider trifles) said the Roman law almost two thousand years ago—but many decision-makers still need to learn it. ¶¶¶
- 348 The great majority of decisions will lie between these extremes.
- 349 The problem is not going to take care of itself, but it is unlikely to turn into degenerative malignancy either.
- 350 The opportunity is only for improvement rather than for real change and innovation, but it is still quite considerable.
- 351 If we do not act, in other words, we will in all probability survive.
- 352 But if we do act, we may be better off. ¶¶¶
- 353 In this situation the effective decision-maker compares effort and risk of action to risk of inaction.

354 There is no formula for the right decision here.

355 But the guidelines are so clear that decision in the concrete case is rarely difficult.

356 They are:

- 357 ■ Act if on balance the benefits greatly outweigh cost and risk.
- 358 ■ Act or do not act, but do not “hedge” or compromise. ¶¶¶

359 The surgeon who only takes out half the tonsils or half the appendix risks as much infection or shock as if he did the whole job.

360 And he has not cured the condition, has indeed made it worse. ¶¶¶

361 He either operates or he doesn't.

362 Similarly, the effective decision-maker either acts or he doesn't act.

363 He does not take half-action.

364 This is the one thing that is always wrong, and the one sure way not to satisfy the minimum specifications, the minimum boundary conditions. ¶¶¶

365 The decision is now ready to be made.

366 The specifications have been thought through, the alternatives explored, the risks and gains weighed.

367 Everything is known.

368 Indeed, it is always reasonably clear by now what course of action must be taken.

369 At this point the decision does indeed almost “make itself.” ¶¶¶

370 And it is at this point that most decisions are lost.

371 It becomes suddenly quite obvious that the decision is not going to be pleasant, is not going to be popular, is not going to be easy.

372 It becomes clear that a decision requires courage as much as it requires judgment.

373 There is no inherent reason why medicines should taste horrible—but effective ones usually do.

374 Similarly, there is no inherent reason why decisions should be distasteful—but most effective ones are. ¶¶

375 One thing the effective knowledge worker will not do at this point is give in to the cry, “Let’s make another study.”

376 That is the coward’s way—and all the coward achieves is to die a thousand deaths where the brave man dies but one.

377 When confronted with the demand for “another study,” the effective executive asks, Is there any reason to believe that additional study will produce anything new?

378 And is there reason to believe that the new is likely to be relevant?

379 And if the answer is no—as it usually is—the effective decision-maker does not permit another study.

380 He does not waste the time of good people to cover up his own indecision. ¶¶

381 But at the same time he will not rush into a decision unless he is sure he understands it.

382 Like any reasonably experienced adult, he has learned to pay attention to what Socrates called his “daemon”: the inner voice, somewhere in the bowels, that whispers, “Take care.”

383 Just because something is difficult, disagreeable, or

frightening is no reason for not doing it if it is right.

- 384 But one holds back—if only for a moment—if one finds oneself uneasy, perturbed, bothered without quite knowing why.
- 385 “I always stop when things seem out of focus,” is the way one of the best decision-makers of my acquaintance puts it. ¶¶
- 386 Nine times out of ten the uneasiness turns out to be over some silly detail.
- 387 But the tenth time one suddenly realizes that one has overlooked the most important fact in the problem, has made an elementary blunder, or has misjudged altogether.
- 388 The tenth time one suddenly wakes up at night and realizes—as Sherlock Holmes did in the famous story—that the “most significant thing is that the hound of Baskerville didn’t bark.” ¶¶
- 389 But the effective decision-maker does not wait long—a few days, at the most a few weeks.
- 390 If the “daemon” has not spoken by then, he acts with speed and energy whether he likes to or not. ¶¶
- 391 Knowledge workers are not paid for doing things they like to do.
- 392 They are paid for getting the right things done—most of all in their specific task, the making of effective decisions. ¶¶
- 393 As a result, decision-making can no longer be confined to the very small group at the top.
- 394 In one way or another almost every knowledge worker in an organization will either have to become a decision-maker himself or will at least have to be able to play an

active, an intelligent, and an autonomous part in the decision-making process.

395 What in the past had been a highly specialized function, discharged by a small and usually clearly defined organ—with the rest adapting within a mold of custom and usage—is rapidly becoming a normal if not an everyday task of every single unit in this new social institution, the large-scale knowledge organization.

396 The ability to make effective decisions increasingly determines the ability of every knowledge worker, at least of those in responsible positions, to be effective altogether.