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» Dear Sage...

Dear Sage:

You said there were **two** challenges in **making good business decisions**: using all the insights I'm paying good money for through salaries, and having a good process, but you forgot to tell me about the process. I'm waiting!

Dear Entrepreneur:

Okay, you caught me.

People make poor decisions for a number of reasons. We take the first plausible answer that comes to mind, even when it's not a match to our problem. We jump to a highly probable answer rather than doing the hard work of reasoning when we have incomplete data. We don't do well in understanding the linkages between actions we take today and effects that may occur months or even years later.

Authors and consultants Dr. Charles Kepner and Dr. Benjamin Tregoe gave a pattern for effective decision making:

- Define the objective.
- Pick criteria by which you can assess how well a particular decision meets your objective.
- List possible alternative decisions.
- Evaluate each alternative against the criteria, selecting the top few.
- Assess the risks in your top choices.
- Pick the alternative with the best mix of compliance with your criteria and manageable risk.

Whatever you do, be sure to look at a range of alternatives, and don't start by cataloging alternatives and then listing their pros and cons. Check out Kepner and Tregoe's *The New Rational Manager* for more information.

There's still the little matter of how to deal with decisions that cause effects months later. We'll cover that one later!

Sincerely,
Bill Harris, Facilitated Systems
for the Sage
June 2003

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