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Decision-Making Key to Effective Management

by Jack Roseman

I want to revisit execution. I've written about it before, but it's a big subject. And it's a hard one for potential investors to manage. Venture capital firms, for instance, put a lot of energy into finding out how big the potential market is, who the competitors are, if the technology works, even if a market exists.

But I read recently that, when they studied why their investments fail, they found it was seldom the technology and rarely that they were wrong about the marketplace. The biggest reason their portfolio companies failed was because management failed to execute.

So what do I mean by execute? One aspect is motivating people to do their best, and we talked about that in other columns. We've also talked about finding and keeping good people. Good management is effective communications across the organization. It's anticipating your competition and beating

them to the punch. It's cunning. It's creativity. It's innovation. We can visit those in future columns.

But the aspect of execution that I see a lot of entrepreneurs floundering with is decision-making. That's the skill I want to address in this column.

How do you make good decisions? Maybe the most important thing is to make them fast and make them with authority. Don't be indecisive. Dragging your heels, being equivocal or even reversing yourself on a decision is demoralizing to your employees, and it can be disastrous for the company.

I'm afraid business schools, with their emphasis on analysis and data, foster a tendency to drag out decision-making. Anyone who reads this column knows I'm an advocate of market research and analysis, but my concern is that too much analysis can lead to paralysis.

I know because it happened to me. I would have MBA people working for me and I would say, "Let me have your recommendation on such." At the end of that day they would come by and say, "We'd like to give you that report tomorrow." I would ask why they needed another day, and they would say that they needed to get more data. With more data, they said they would be a lot more comfortable with what they were recommending.

My answer to them was that every day gives you more data. Waiting for something like more data is like waiting for Godot. You'll never get an answer. In fact, here's a truism: There comes a time in decision-making when you have to decide. That's why they call it decision-making. Here's another truism: Everyday will give you more data. Take these together and you come to the realization that it's okay to keep your options open as long

as it's practical, but when it's time for a decision, make it.

Why do some people have trouble making decisions? Obviously, they're afraid of being wrong.

But it might help you to know that, in his classic book *Up the Organization*, Robert Townsend claimed that if the CEO is right one out of three times, his average is pretty good. Sometimes it's the flip of a coin. The fact is, you're not going to be right all of the time. Understand that and go on.

I do not want to give you the idea that decisions are unimportant or their consequences immaterial to your career or the future of your company. But I do think some people have a tendency to over-weight the consequences of their decisions. And that can be paralyzing. On the other hand, important decisions deserve the time and energy it takes to research the issues involved - to the extent you have it.

A lot of this is just common sense. Obviously, if I have a week to make a decision, then why should I give you a decision today? And if a decision is of sufficient importance, you find a way to get as much data as you can. But sooner or later, there comes time when a decision must be made. And the worst thing a leader or manager can demonstrate to the people around him or her is that they can't make a decision. So sometimes even a wrong decision is better than a no-decision or a late-decision.

Realize that those are decisions, too, but the kind that reveals management to be timid and wishy-washy.

In the next column, I'll offer some tips on making good decisions quickly and living with the consequences.

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