

Hello. This is Wayne Rivers at FBI, and We Build Better Contractors.

This week, I want to talk about four steps for making better business decisions. This comes from a McKinsey article and it comes from my friend Arlin's blog as well. And so, let's first define decision.

A decision is the act of choosing between one or more things. That was the definition in the article. But I want to add to that definition. So many people decide not to decide. They're confronted with a difficult decision, several alternatives that all look pretty good, all have things to recommend them. And yet they decide not to decide. That is never, almost never, I'd say 95% of the time deciding not to decide is not good. It is not the correct decision. So, if you find yourself struggling and you're deciding not to decide, force that decision, drive it forward, get more information, get your people together, whatever you have to do, but drive decisions.

That's so key for leaders. Sitting back and waiting for life to happen to you, that's no way to lead a construction company. Now what about this is important to you? I mean, why are we talking about decisions? We all have to make decisions, golly. I think that your life, the quality of your life, the quality of your business, if you think about it, if you break it down, whether it's your personal life, your business life, your life is nothing more than the sum total of the decisions you make over time. Isn't that true? It's how you invest the seconds and minutes of every day and the decisions you make every day, that determines the quality of your life, the quality of your company, the quality of your relationships with your people, your family, your customers, et cetera, et cetera. It all comes down to the decisions we make. It's as simple as that.

So, what about this is important? That's kind of important, the quality of your life. All right. Caveats, when it comes to decisions, Doug McWright, one of our top consultants says when it comes to decisions, there are always tradeoffs. It's very important. There are always tradeoffs. There's no such thing as a perfect decision. It's not going to happen. So, when you make decisions, you must understand there are always tradeoffs and the perfect one, it just doesn't exist. So, don't go there. The second thing is, as we talked about in an earlier blog, the most important decisions you can make in the context of your business are people decisions. People decisions are the most important. Focus your time and energy on your people. And that will pay dividends over time.

Now, four tips from McKinsey in the article. The first thing they say, and I like this, it's irreverent. You're not as smart as you think. If you remember some time ago, maybe years ago, we reviewed a book called, *The Wisdom of Crowds* by James Surowiecki. It's a terrific book, *The Wisdom of Crowds*. And the way the book started was really compelling. In the 1800's, there was a fair, and you could buy a raffle ticket to guess the weight of an ox. They had the ox there in a pen. And you were to guess the weight of the ox once it was fully dressed. And so, 900 and something people bought raffle tickets and put their guesses in, and nobody got it right. Not a single person got it exactly right. But when this aspiring statistician of the time got all of the raffle guesses together and averaged them out, the average number was exactly the weight of the dressed-out ox.

I mean, remarkable. So, if two heads are better than one, then why not six heads or 10 heads or something like that? Why not crowdsource your decisions? It worked for us here at FBI. I don't make any decisions without resourcing my people, because they're smarter than me. Why not get their input? At home, I don't make decisions very often without my wife. I can tell you about one that I made that was really rotten one time, got me in some hot water. But the higher you go in an organization, the more decisiveness is applauded. And so, as you go up the food chain, you feel like you ought to make decisions quickly and decisively. That's redundant, I'm sure. But quickly, and almost like checking a box, decision made, decision made, decision made.

We were hiring someone recently and we asked about other opportunities and how they were going about the process. And we use team hiring. And if you remember the book, *Who*, I know you've heard me talk about that a thousand times, crowd interviewing, team interviewing techniques are recommended and why not? It's our best hiring practice. None of

the other organizations with whom these people had applied were doing team interviewing. Why would you not rely on the intelligence of the people you work with every day? I don't get it. So, you're not as smart as you think.

The second thing is there is safety in numbers, which I think is the same thing. An Ohio State University professor named Paul Nutt said that 70% of the time when making decisions, leaders only consider one alternative, one option. I couldn't believe it. I'm going to go, okay, I heard about a cool thing, we're going to go there. Why would you not do a little homework, a little bit of research anyway? I mean, I had an advisor one time and he said, anybody that's trying to sell their business, if they don't have more than one suitor, then it's a bum process. And, it makes a lot of sense. So, whenever you're making a decision, if you only have one alternative to look at, doesn't that violate the common sense rule? Maybe sometimes it's just so obvious that that alternative is the best one, but I would think more alternatives would give you more data points and help you make better decisions.

The third thing is having an atmosphere where people can disagree with you at decision-making time. We've talked about psychological safety so many times in our blogs. If you have a psychologically safe organization, people can debate, challenge, and it leads to better quality decisions, it's documented.

And finally, the fourth thing, recognize that we all have biases, every one of us. We try to remove bias from our decision-making, but you can't, it's impossible, we're human beings. So there again, crowdsourcing it levels out the biases among a series of people and makes things a little bit better. So, the bottom line, Bob Pittman, the CEO of Clear Channel Communications said, make decisions quickly, but don't fall in love with them. So, okay, I understand that. So, the four tips I think, are valid for making decisions, and we'd like to hear what you use. How do you make decisions in your organization? What's worked, what's not worked so well. We'd like to hear from you.

This is Wayne Rivers at FBI, and We Build Better Contractors. Thank you.