

Hi, this is Wayne Rivers at FBI, and *We Build Better Contractors*.

This week. I want to talk about the five elements of good judgment. This comes from a Harvard Business Review article, January-February of 2020 by Sir Andrew Likierman. And I want to start with his conclusion because it's fairly poignant. Leaders need many qualities but underlying them all is good judgment. Those with ambition but no judgment run out of money. Those with charisma but no judgment lead their followers in the wrong direction. Those with passion, but no judgment hurtle themselves down the wrong paths. Those with drive but no judgment get up very early, only to do the wrong things. So, I think we can all agree that judgment is a key ingredient for successful contractors.

So, what is it? We have to give it a definition. Likierman says that it's the ability to combine personal qualities with relevant knowledge and experience. Seems like a good definition to me, so let's go with it. Is good judgment gut? Is it just unconscious? Do you just know the right decision when you see it? Or can you improve on your judgment? Can you improve on your managers' judgments? Can it be taught, in other words? Likierman says that it can. So, five tips for how to improve judgment in yourself and in others in your organization.

The first thing is to listen. Likierman wrote that leaders are weak listeners. Kind of have to say that's probably true. Leaders are weak listeners. Why? Because overconfidence often accompanies success. Absolutely true. Four tips here. Listen actively, ask questions, listen skeptically. Are things missing? Are details missing that should be present? Do you believe what you're hearing, really? Does it sound too good to be true? Does it sound too negative to be true? And the fourth tip, read skeptically. So much of our communication now is not verbal. It's written. It's emails, it's other forms. So read just as skeptically as you listen.

The second tip, seek dissent. McKinsey, the giant consulting firm, makes it an obligation in their meetings that someone has to dissent from the direction or the conventional wisdom. Here at FBI, Dennis and I have never agreed on anything in 20-something years. But it's been good because it challenges me. It challenges him. And ultimately, we end up meeting somewhere in the middle, and that creates better business decisions on average. So, who's your Dennis? If you don't have one, you need one. You need somebody or some people in your organization, some team in your organization, that challenges the conventional wisdom. It actually leads to better business outcomes.

The third thing, use your experience, but be really careful. Is your experience too narrow? You've always done multi-family, now you're going to do, oh, I don't know, you're going to do heavy concrete parking deck. Is your experience too narrow when you're making decisions? Are you making decisions out of habit? Are you making them out of reflex? Are you doing enough homework, enough research, putting enough thought into them? Are you complacent? Construction's been pretty good to a lot of people for a long time now. It could be easy to be a little bit complacent about making decisions and choices. Are you overconfident? Success leads to overconfidence. Let's face it. And are you leaning on others? Are you asking for other people to help you at decision time when you're choosing a direction or choosing an action?

The fourth thing, be detached, try to draw the emotion out of the situation. It's a vital piece of good judgment. Understand your own personal biases, encourage dissent, going back to number two, avoid excessive optimism. Nobody could be a contractor without being optimistic. But don't be over-optimistic. Be realistic. And then develop your other leaders and expose them to outside influences. That's one of the great things about Boot Camp. Our next Boot Camp is in Raleigh, February 9 and 10, 2023. One of the great things about bootcamp is it exposes your high potential next generation leaders to other leaders in other companies with other beliefs and values and systems and biases and all these other things. And it helps them broaden their thinking.

The fifth thing is factor feasibility of execution into all your decisions. Anticipate your risks, troubleshoot and then do a pre-mortem as some of our contractors do so well. Do a pre-mortem. Think about, okay, we took the job, we executed

the job, what went wrong? What is likely to go wrong? And don't wait till a postmortem. You'll have plenty of time for that but go ahead and do a pre-mortem.

So, we'd like to hear from you in the comments. What are your tips? What are your behaviors for driving good judgments, not only in yourself, but in your leadership teams as well? This is Wayne Rivers at FBI, and *We Build Better Contractors*.