YOUR TEAM SUCCESS PODCAST

Make Faster Decisions (Without Losing Sleep)

Shannon Waller: Are you and or your team falling into the trap of overthinking almost everything? Stay tuned for some great frameworks on how to make better decisions faster. Hi, Shannon Waller here, and welcome to Team Success. Today, we're going to talk about something that's incredibly important, and it may be slowing you down. And given that speed of execution is very important for entrepreneurial companies, it might be costing you, but it is a trap that everyone falls into. And I want to thank a client of mine for prompting me on this one. We've been coaching the leadership team on how to speed up decision making. We've tried lots of things, including The 4 C's, you know, Commitment, Courage, Capability, Confidence. But finally, I think I've hit on something that actually will move the needle ahead, put it that way. And so what I want to talk about today is the speed of decision making. And I want you to think about you. I want you to think about the whole leadership team. And I want you to think about your team and your company as a whole. And this may even apply to some of your clients, by the way.

And one of the things that I've recognized with some prompting after I did some great AI research—AI was incredibly helpful—is I think people tend to make decisions the way that they are configured. So if I have a lot of mental energy for fact finding and I really need for things to be perfect, correct, and right, I am going to apply that same methodology to every single type of decision I'm making. Now, personally, I am sort of the opposite. I pretty much want to be in motion. I want to take action. I do not have a large need for details and specifics. I can move quickly with only a few. My bias or my preference is definitely to fast decisions. And those two things can sometimes be in conflict. I don't know if you've ever experienced this, but I certainly have. This can be between spouses. This can be amongst families. It can definitely be amongst leadership teams. So decision making and speed of decision making is really what this topic is all about.

But it's really a good idea to figure out, where are you in this? Where do you sit? So when I was going and doing some digging about how can I help people make decisions better, faster, with more confidence, I got a bunch of different models, and there were two that I ended up with that I wanna share with you today. The purpose of this is to help you get into motion, to learn by doing, Dan Sullivan's definite preference there, and not have you bogged down in decisions that take a long, long time. And I think every single leadership team has this happen at some point where either you make a decision too slowly, which I think is normally the bias, or occasionally you make it too quickly. Actually, I've heard about this a lot with visionary entrepreneurs, and there's gotta be some kind of a happy medium somewhere. That's what we're gonna talk about.

So as I was saying, in my research, I found, by the way, me saying in my research is kind of funny, because I don't normally think of myself as a researcher, but if it happens quickly, I can and I will, is I discovered that there were really two things that really landed with me that would be useful for entrepreneurial companies and leadership. So the first one is the 40-70 rule

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popularized by Colin Powell. And one of the things that this framework allows you to do is to recognize how much information do you have. So the premise here is to make the decision when you have between 40 and 70 percent of the information, not even 80, which would be my normal choice. So if you have less than 40 percent of the information required, it's probably too risky. You don't quite know what you're doing and something could come back to bite you, you know where. And then if you have greater than 70 percent of the information, you are taking too long. And this is what's called analysis paralysis.

So this decision-making formula, 40-70 rule, prevents analysis paralysis. And I want you to think about the last time you made a major purchase, the last time you made a hire, the last time you decided to change something in your company. Did you need 80, 90, 100 percent of the information? Were you just making it up and then pulling the trigger when you had less than 40 percent of the information? Was there a happy medium? Think about that, because I do think this rule really lands in everyone I've coached it on, which is now dozens. And dozens and dozens of leaders were like, oh, I can use this. I'm like, good. Okay, so that's one. And then the other one, which is also fascinating, is one that you probably would relate with Jeff Bezos of Amazon. And this is the difference between Type 1 and Type 2 decisions. So why Bezos used this particular framework was, his point was that organizations often slow everything down by treating all decisions like high stake irreversible ones. This is Type 1. His framework says to reserve heavy analysis for true Type 1 decisions and let teams move fast on Type 2.

So let's talk more about a Type 1, Type 2, the definition of them. So a Type 1 decision is irreversible. Where to put the new Amazon warehouse that has, what, a million square feet and probably has to take into account the curvature of the earth when you're building it? That would be a Type 1, very, very hard to undo once you've broken ground. So that would be expensive, incredibly time-consuming. The actions that you take with a Type 1 are to slow down, involve more people, do the research, and get as much information as you can in order to make a good quality decision. Now, a Type 2 decision is reversible, easy to undo or to course correct, and experimental. So here you want to decide fast and try it and cut down on the bureaucracy that often happens even in entrepreneurial companies. So the question you want to ask is, can I undo this later? If the answer to that is yes, it's probably a Type 2 decision and should move fast. If not, it's a Type 2 and deserves more scrutiny, more time, more research. So I love this.

So I've introduced it to our leadership teams. I've introduced it to both the leadership groups that I coach, our Team Leader Program, introduced it to my fabulous on-site client. And I love it. In fact, with them, I even gave them an exercise. What are some upcoming decisions that you'll need to be making? And is it Type 1 or Type 2? And to not treat it just as how you would personally approach something, because we actually know something that Bezos and Colin Powell does not, which is what people's Kolbe profiles are, maybe what their PRINT profiles

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are, maybe what their personality preferences are. So we know that people approach decision making very, very differently. And what I've realized is we tend to personalize it, and we tend to treat every decision as we are. And often, lot of company composition is where you have maybe the visionary is initiating Quick Start, maybe also some Fact Finder, less common to have Follow Through, but sometimes it's there, and Implementer. But, however, a lot of the experts in the company have a lot of mental energy for fact finding and a lot for following through. So of course they're gonna want to do their due diligence. I mean, that's how they strive. That's how they problem solve.

So how do you strike that balance? Well, it's interesting. I don't want anyone to change their Kolbe profile, which you can't, by the way, so don't even try. But I think you can modify the degree to which you are going to fact find if you know what type of a decision it is. You know, 70 percent is going to be good enough for a Type 2, even a lot of Type 1 decisions. If it's a Type 2 decision, you don't have to do three weeks' worth of long, detailed research and analysis on something. In fact, it's probably something you should delegate and maybe save your mental energy for those things that do require that deeper dive, if in fact that's your profile. So we had a lot of fun talking about this in the workshop, and you can tell people's brains started to hurt a little bit. They were like, oh, I have to categorize them first before I dig in with my decision making. The answer to that is yes, you do, and decide what is worth it. What kind of decisions do I need to be making? Which ones can I push down to the team? What deserves this?

Now, it is really fun when you get to examples, and I'm using fun in a very broad way here. So if you think about it, let's tackle hiring, shall we? So to my mind, most hires, depends on the level of the position, probably. If you've been spending years finding somebody, it's probably a Type 1, but we can all decide when you're the employer, you know, after 90 days, whether or not this person's gonna work out, and you can coach them up to that time. So really, even though you've made an investment perhaps with a search firm or looking for someone and interviewing, you can iterate. You can decide differently after 90 days. There is a probationary period. The person who has quit their other job or come from another opportunity, it's probably a Type 1 decision, if you can imagine, because it is harder to undo. So what's a Type 1 for one person could be a Type 2 for another, which is why I should never treat hiring casually. It's very important to at least the other person on the other side of the table. So don't be callous or casual with that.

At the same time, we do have some latitude. You know, you actually might put dollar amounts on whether or not something's a Type 1 or a Type 2. Over a certain dollar amount, it's automatically a Type 1. Less than that, maybe it's a Type 2. That way you can give latitude. And I've talked to so many clients, so many entrepreneurs, so many team leaders who are so bogged down because they feel like all of the decisions come back to them. And the team is not stepping up and making decisions. Well, now you probably have an understanding as to

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why. If you treat everything like a Type 1 decision, they know that you do not want to be wrong, and that you will maybe question their research, and so of course they're going to default to you. You're going to have to give them permission, because they're probably not going to ask for forgiveness. You're going to give them permission to make Type 2 decisions on their own. Maybe they can let you know, hey, this is what I'm planning on doing. And you're like, are you confident with that decision? They'll say, yes. You're like, okay, let me know how it goes. Right?

It's like, you might need to do that. This actually came up in the workshop last week. It's like, you know, a lot of people are willing to ask for forgiveness, not permission. Raise your hand if that's you. It's certainly me. I would much rather ask for forgiveness, but most people will not. They need permission first, including the fact that they can ask for forgiveness. I know that sounds really weird, but it's true. So it's like you have latitude on this decision. So let me know what happens. I trust you. I count on you. So very, very helpful to just let people know that they actually can go and make those decisions and learn from them.

If you're in Coach, you're familiar with our Experience Transformer, brilliant tool. What was the situation? What about it worked? What about it didn't? Knowing what you know now, what would you do differently next time? And then what's your new course of strategic action to take? That is essentially The Experience Transformer. Very powerful learning tool. And I have to tell you, I learn so much better when I go through that process than when someone just tells me what I should be doing. If that's the case, I'm just doing what I'm told, which you probably know that doesn't happen very often for me personally, which is why I'm so independent, then I take no responsibility for the action. I'm just doing what someone else told me to do and it didn't work out. It's not my fault. So be careful that you're not creating this dynamic in your team.

Categorize it, Type 1, Type 2. Categorize, you know, do we have less than 40 percent of the information or we're heading towards over 70 percent? I know that's a somewhat subjective decision that also came up in the workshop. My version of enough information is far less than somebody else's definition of it, but I'm sure we can negotiate something in the middle. You want to give them those parameters, and yourself as well, so that you know what deserves your best energy, what deserves your research, what deserves your quick action. The question to leave yourself with is, you know, can I undo this? That is such a great question. If the answer is no, take the time to figure it out now and make sure. But if you can undo this later, give it a shot. And that's a great question to have your team ask themselves. You can ask them, can you go and do this later? And they'll be like, yes or no. And it may also explain why some people are coming to you with what looks to you like a small micro decision.

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But it might be one of those forks in the road where if we—I'm just thinking of some programming things. If we go this way, it means this path. And if we go the other direction, it's a completely different path with a whole different case of secondary actions. So they might be asking you, which direction do we need to go in? And make sure you ask them why. What happens if we go this way? What happens if we go that way? So that you're clear on that. If the answer is nothing, then you're like, okay, you make that decision, please. Right. So again, you can start to coach and train your team to step up and make those decisions, because I am very clear, even the very, very, very best companies get caught up in this of treating everything like a Type 1 decision, or even some start-ups. Maybe I'm thinking of everything as a Type 2 decision. We have both and so when you can make that delineation when you can help discern that, have a conversation with your own team. Hey, what's a Type 1, what's a Type 2? You can become faster.

Huge danger in every single company in becoming more bureaucratic, which is where every decision has to level up to the top. This small core group of people makes the decisions and they funnel it back down. And I actually think you weaken the decision making capabilities and contribution of the rest of the team. So if you want to keep being agile, if you want to experience less friction, less drag, don't create it in your own decision making process. Have some of these parameters, Type 1, Type 2, 40, 70. I'm sure there's some other good ones out there as well. And just make sure you put this framework into place so that you're confident and your team is confident to take action. That is the name of our game. And if we're taking action, we're learning, we can iterate.

Bab Smith, Co-Founder of Strategic Coach, really taught me that, and I even watched a PBS special one time, talked about corporate structures versus entrepreneurial structures. And in corporate structures, teams could prepare for an entire year for a presentation. And they had one shot to the leadership team, and it was either a yes or a no. So think of like Colgate, you know, a new toothpaste brand, a new soap, you know, whatever that would be, this team had one shot, and they would work for an entire year at it. And if it was a yes, woohoo. And if it wasn't, they'd have to go back to the drawing board. That is not how entrepreneurial companies operate. And when I was telling Babs about this, she goes, oh, no, we make a small decision. We take action. We learn from it. And then we figure out what to do next. I'm like, aha. And now when I run into this years later, yeah, that's a Type 2 decision. Make a small decision on which you can iterate. You can test the market. You can experiment. You can put a little bit of money into it, a little bit of horsepower, a little bit of mental energy and then you can learn from it and figure it out and then if the signs are all yes, good, develop that into a new marketplace offering, a new program, a new system. And if you're getting negative feedback, either iterate or ditch. You know, just cancel it out.

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So really this is key in terms of understanding how you can continue operating quickly, with velocity, and learning from your experience, and that is by getting into motion, and that is by being really, really clear on what's a Type 1 and a Type 2 decision, both for yourself and for your team. So I hope this is useful. If you have any questions or comments, please let me know at questions@strategiccoach.com. And as always, here's to your team's success.

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