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Organization Practice

Decision making in uncertain times

The timeline for companies to react to the coronavirus has shrunk dramatically. Here are five principles that leaders can follow to make smart decisions quickly during the pandemic.

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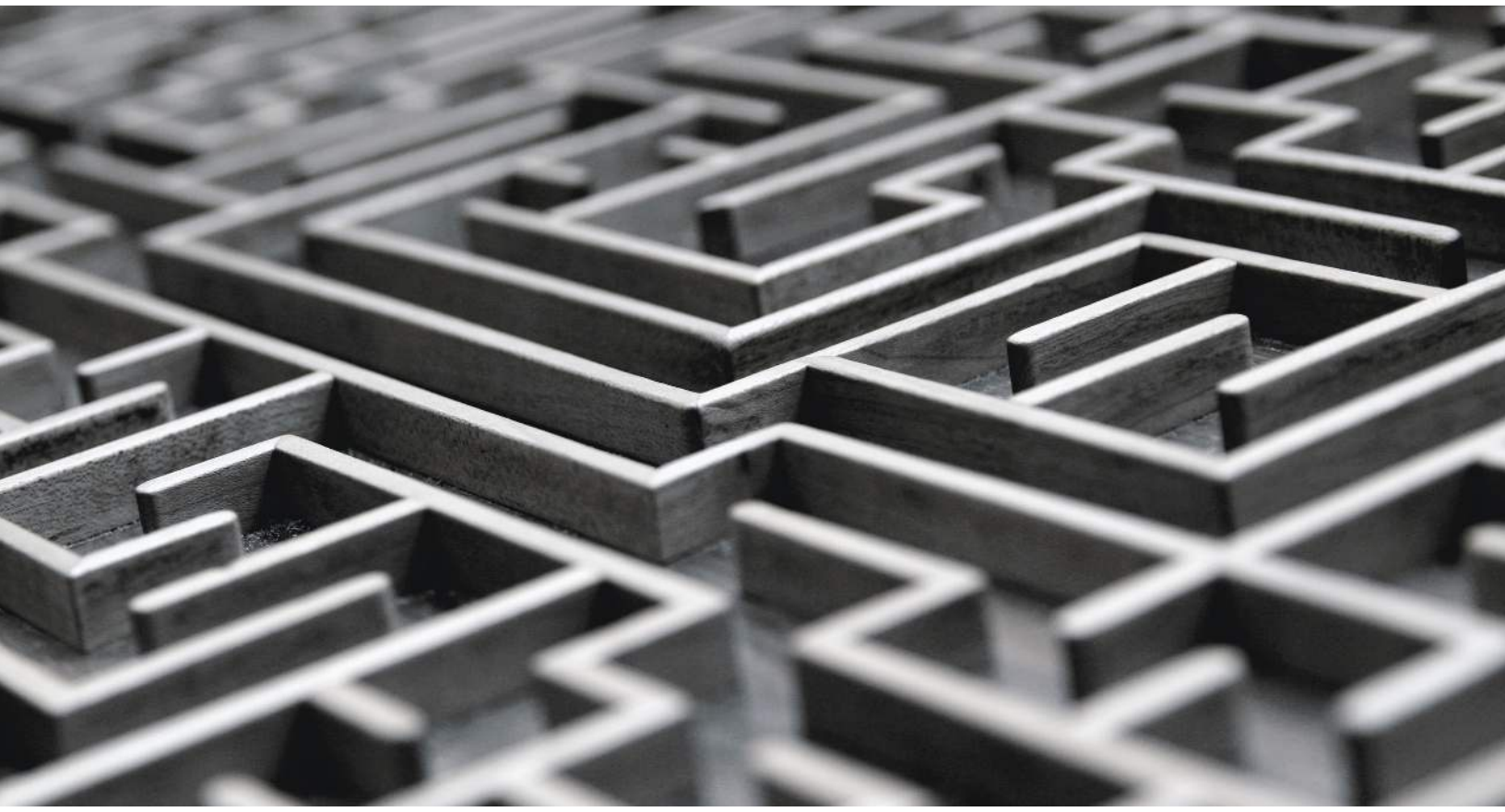

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Leaders know that making good, fast decisions is challenging under the best of circumstances. But the trickiest are those we call "big bets"—unfamiliar, high-stakes decisions. When you have a crisis of uncertainty such as the COVID-19 pandemic, which arrived at overwhelming speed and enormous scale, organizations face a potentially paralyzing volume of these big-bet decisions.

The typical approach of many companies, big and small, will be far too slow to keep up in such turbulence. Postponing decisions to wait for more information might make sense during business as usual. But when the environment is uncertain—and defined by urgency and imperfect information—waiting to decide is a decision in itself. For instance, delaying the decision to cancel noncritical surgeries can mean not freeing up physician and hospital capacity now and potentially exposing or infecting more people.

To make bold decisions quickly in these uncertain times, leaders can follow these five principles.

1. Take a breath

Pause and take a breath—literally. Giving yourself a moment to step back, take stock, anticipate, and prioritize may seem counterintuitive, but it's essential now.

When asked what makes a great hockey player, Wayne Gretzky is said to have answered, "A good hockey player plays where the puck is. A great hockey player plays where the puck is going to be." That is easier said than done. In a crisis atmosphere, it is tempting to jump from one urgent task to the next, to take charge of what's right in front of you—to just execute. Yet this can be a tragic mistake. Research shows that the simple act of pausing, even for as little as 50 to 100 milliseconds, allows the brain to focus on the most relevant information.[1]

A dramatic example of a leader who paused during a landscape-scale crisis is Captain Chesley Sullenberger. After a bird strike caused both of his plane's engines to fail shortly after takeoff from LaGuardia Airport in January 2009, he had very little time to decide whether to try to land at a nearby airport, as the control tower was urging, or to aim for a water landing. With no training for such a scenario, he stopped and reflected for a matter of seconds—all that he could afford—to determine if he could get to the airport safely and instead pivoted to the Hudson River for landing.[2] All 155 people on board survived.

There are several ways decision makers can take a breath:

— After telling your team you need a moment to think, try to gain a broader perspective.

— Imagine yourself above the fray, observing the landscape from above. This is what leadership expert Ronald Heifetz calls a "balcony" perspective. Despite the "fog of war" that might obscure much of the current state of play, do your best to take a broader view.

— Ask yourself and your team these questions: What is most important right now? What might we be missing? How might things unfold from here, and what could we influence now that could pay off later?

This ability to anticipate how things might unfold—and to begin to act accordingly—can help avoid knee-jerk reactions that lead to poor outcomes.

In the coronavirus context, if you are a leader of a grocery-store chain, you are seeing a drastic increase in purchases. You must think about your supply chains, whether to ration items, and how to put safety protocols in place for customers. In addition, there are the questions of whether to modify store hours, whether to limit service to curbside pickup and delivery only, and how to handle staffing. All of these decisions are related, so you must pause and prioritize the most pressing issues first. That also means having the discipline to ignore distractions.

[1] Vincent P. Ferrera, Jack Grinband, and Tobias Teichert, "Humans optimize decision-making by delaying decision onset," *PLOS ONE*, March 5, 2014, Volume 9, Number 3, journals.plos.org.

[2] For more information on the US Air Force's observe, orient, decide, and act (OODA) loop, see Mark Bonchek and Chris Fussell, "Decision making, Top Gun style," *Harvard Business Review*, September 12, 2013, hbr.org.

2. Involve more people

Amid uncertainty generated by a crisis, leaders often feel an urge to limit authority to those at the top, with a small team making the big decisions while huddled behind closed doors. They should reject the hierarchical model that they might be more comfortable with in normal times and instead involve many more stakeholders and encourage different views and debate. This approach can lead to smarter decisions without sacrificing speed.

Specifically, leaders can use a so-called fishbowl model in which decision makers and key experts sit around a table—or virtual table—to make a decision (exhibit). At the table are one or two decision makers, multiple experts, and one or two "empty seats" for other relevant stakeholders in the gallery to rotate in as they have points to share. A majority of stakeholders observes the meeting, which builds understanding without having to make an extra communication step afterward.

In an in-person meeting, stakeholders watching the fishbowl can contribute information and ideas by temporarily taking one of the empty seats, briefly participating in the meeting, and then returning to the gallery. In a virtual meeting, the stakeholders are on mute but can participate by "raising their hand," with a moderator inviting them in and unmuting them.

There are several steps leaders can take to involve more people:

1. Clarify the decisions to be made.

2. Identify a small number of decision makers.

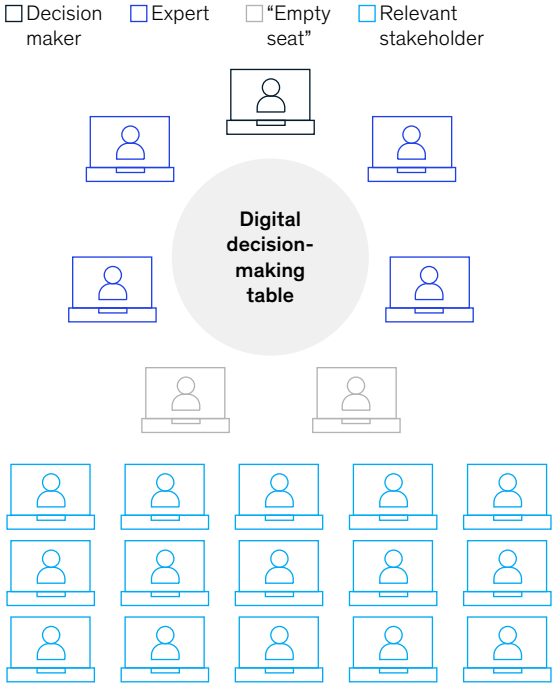
3. Identify who should have a voice, including relevant stakeholders and experts, and those who will implement decisions.

4. Create a forum for rapid debate to take place. Be clear that everyone has a voice but not a vote.

When following this approach, it is possible to involve a large number of stakeholders and experts without sacrificing speed. Especially when things

Exhibit

Involve more people and move faster using a 'fishbowl' format.



are unfamiliar and the decisions you are considering are bold, you need many points of view to make sure the decision makers aren't missing something.

Once decisions are made, you can quickly pivot and speak to those who will be executing the decisions to clarify the actions to be taken, timelines, and accountabilities and answer any questions they have about what comes next. This not only saves time, by removing a communication step, but it can also enhance the potency of the message itself.

In today's crisis atmosphere, waste-management leaders are likely experiencing a big shift in demand for their services. There is more household waste that needs pickup and less waste from office buildings and restaurants. How can these companies better accommodate the shift in demand? This decision should include a wide range of stakeholders, including representatives of the

frontline employees (who may have good ideas about routes and which employees to deploy for which shifts) and the customers.

3. Make the critical small choices

Some small choices that leaders make in the short run could loom very large over the long term as the crisis unfolds. They can be hard to spot, but leaders must look for them.

In the normal course of business, many big-bet decisions are obvious. There's a large cost or major impact, such as acquiring a company, marketing a product in a new geography, or shutting down a factory, with these decisions. But some decisions that seem small or routine at first can have large long-term strategic implications.

In an example related to coronavirus, Netflix has gone to lower-resolution streaming in some locations to ease the data load on information networks. While most people won't notice the difference in quality, the decision could mean that the internet doesn't crash, which would be a big problem when so many are working from home and children are relying on the internet to do their schoolwork.

There are several steps leaders can take to make critical small choices:

1. Anticipate multiple possible scenarios for how things might unfold over time. No one has a crystal ball, and detailed, precise predictions are likely to be wrong because things are in flux. Anticipating a range of possible pathways and general scenarios can be extremely helpful in thinking through what might happen.

2. Make a list of five to ten choices or actions that making today might, depending on what happens, make a difference later. If we fast-forwarded six months and identified a small decision or action that would have made all the difference if we had taken it, what might that decision or action be?

3. Engage others to help identify which small decisions or actions you should address now, in case they become the difference makers down the road. Which of these should you spend time on today? Which should you monitor and reconsider later? These decisions could range from actions to save cash and ensure liquidity to actions to beef up the resilience of your supply chain by quickly exploring alternative suppliers.

The response to the Boston Marathon bombings in 2013 is a good example of a critical small choice that made a big difference. The decision was made to disperse severely injured people to eight different hospitals. While some of those hospitals were farther from the bombing site, vascular surgeons were called to those locations to begin operating right away. If victims had been sent only to the closest hospitals, many would have had to wait for surgery and possibly bled to death.

4. Set up a nerve center

In stressful times, leaders will have to make more big-bet decisions than before and also will be worried about their people. When making a high-stakes decision, it's important to be able to focus attention on the issue at hand. That means minimizing distractions. If a leader is too frenzied, they are likely to make errors in judgment. Creating a nerve center can help leaders focus on the strategic decisions rather than the tactical ones.

A strategic decision comes with a high degree of uncertainty, a large likelihood that things will change, difficulty in assessing costs and benefits, and a result of several simultaneous outcomes. A tactical decision comes with a clear objective, a low degree of uncertainty, and relatively clear costs and benefits. Tactical decisions are important—sometimes crucial. Yet they are often better left to those on the edges of an organization who can act effectively without raising issues to higher levels.

One way to ensure that the right people will be the ones making tactical decisions is to set up a

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nerve center. This is a network of cross-functional teams with clear mandates connected by an integration team that sees that decision making occurs thoughtfully and quickly. Each team focuses on a single area or scope; often, the teams are for workforce protection, supply chain, customer engagement, and financial stress testing. There is a central team that keeps everyone coordinated and ensures collaboration and transparency. In a crisis, leaders should set up the nerve center quickly and with the knowledge that it won't be perfect.

Hospitals deal with emergencies all the time and are well equipped to do so. However, the COVID-19 pandemic is different. It requires setting up a nerve center so that decisions on staffing and the allocation of scarce resources can be made more quickly and by the right people. Some tactical decisions that might have been made in the nerve center, such as the allocation of ventilators and the scheduling of elective surgery, will now need to be considered strategic decisions. It might be a strategic decision to convert a university dorm or hotel to a hospital space, but making sure the space is functional is a tactical decision for the nerve center.

5. Empower leaders with judgment and character

During business as usual, some people who get ahead are of a certain type. They say the right things, don't ruffle feathers, know how to navigate the system, and manage messages so that people hear what they want to hear. Many of these usual suspects, who typically are tapped to lead special initiatives, are ill suited to lead in a landscape crisis of uncertainty.

Leaders with the right temperament and character are necessary during times of uncertainty. They stay curious and flexible but can still make the tough calls, even if that makes them unpopular. They gather differing perspectives and then make the decisions, with the best interests of the organization (not their careers) in mind, without needing a full consensus. For decisions within their delegated authority, they escalate only the trickiest problems for input or approval. In wartime, you want a Winston Churchill, not a Neville Chamberlain.

When making the move to empower other leaders, don't just pick the usual suspects to lead your

response—some of them will be cut out for duty in times of uncertainty, but some will not. When choosing leaders, identify people who have done as many of the three following things as possible to increase the likelihood of them being successful in the current times of uncertainty:

— lived through a crisis (personal or professional) and shown their mettle and personal resilience

— made a tough, unpopular decision because it was the right thing to do, despite the fact that they took heat for it and potentially burned bridges or spent social capital

— willingly given bad news up the chain of command to leaders who didn't want to hear it

You may not be able to find enough leaders in your organization who meet all three criteria but beware if you empower leaders who meet none of them.

Once you have identified these leaders, encourage them to find their inner Churchill: remind empowered leaders that you expect them to make decisions with imperfect information. They should not strive to be perfect, as perfect is the enemy of speed. Make mistakes and learn from them. Do what is right, even when it is not popular.

Go big or go home

Unprecedented crises demand unprecedented actions. Lessons from past crises suggest that leaders are more likely to *underreact*. What is necessary is to take the bold and rapid actions that would feel too risky in normal times.

Denmark recently made such a decision when it froze the economy to head off a recession—or worse. The Danish government agreed to pay 75 percent of private-company employees' salaries, provided the companies don't lay off workers. The government is paying workers to stay home and not work, spending 13 percent of the national economy in three months. We don't know yet whether this policy will accomplish its objectives, but it does offer an example of the kind of bold decision in a crisis that leaders may wish, down the road, that they had made or at least considered.

Lest businesses think such a bold reaction isn't relevant to them, we are already seeing corporate examples. The National Basketball Association decided early on that it would shut down its season, leading other sports to take similar actions. Apple was among the first large retailers to close most of its stores globally in response to the coronavirus. Emirates has decided to suspend most of its flights until "travel confidence returns." And some Hollywood studios are releasing current movies straight to streaming platforms, acknowledging this new reality for us all.

Decision making amid uncertainty is not easy. Business leaders cannot afford to wait when events are moving as fast as they are right now. We believe these five principles of decision making can help leaders make smart decisions quickly to guide their organizations through this crisis. Embrace them, and continue to learn as you go.

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