

The Point Zero Percent: Instructions

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Please prepare notes for class by applying strategic decision-making concepts to analyze the decision of a group of people to sign a document. You do not have to do additional research, and you do not have to use all of the following concepts.

Pick at least three concepts that are especially interesting to you, apply them to the reading, then discuss consider how they connect to each other.

1. Pruett's decision-making data errors

Blunders: misinterpreting the data on which the decision is based.

Wishful thinking: ignoring relevant data, focusing instead on desired outcomes

Shooting blind: deciding with little data, relying instead on belief/desire/prejudice

Paralysis by analysis: delaying a decision to get more information or discussion

2. Stockholder/stakeholder perspectives

Stockholder view: decisions should be based on benefits and costs for owners of an organization.

Stakeholder view: decisions should be based on benefits and costs for numerous groups affected by an organization's decisions. These groups may include owners, employees, managers, customers, communities, competitors, suppliers, and others.

3. Time pressures

We don't have much time to make a decision and we can't afford to delay deciding. This pressure may be self-imposed or it may come from others.

4. **Social realities**

Organizational or cultural factors may limit our freedom to make decisions, as in a family-dominated organization or a topic which has widespread strong feelings.

5. **Psychological biases**

Illusion of control: believing that we have more influence over the situation than we really do, by discounting the impact of other factors and groups which will be affected.

Framing effects: asking a question in a certain way, or looking at a decision from a particular point of view, which is likely to narrow the choices we perceive.

Discounting the future: focusing more on short-term consequences (especially positive ones) and downplaying the longer term consequences (benefits and costs)

6. **Advantages of group decision-making**

More data: more people in a group may give more and better information.

Multiple perspectives: diverse people may give more points of view.

Intellectual stimulation: more people in a group can improve the debate.

Understanding: more heads in the group may lead to better understanding.

Commitment: more participants may increase agreement with the decision.

7. **Disadvantages of group decision-making**

Domination: not all group members are equal. Some are more influential.

Satisficing: we may come to a decision which seems satisfactory and sufficient, one that is “good enough” in order to end the decision-making process.

Groupthink: without careful work by leaders or influential members, we may feel pressure to go along with a particular choice, or to see the situation in a similar way.

Goal displacement: if we don't carefully define and stick to the goals, we may change direction, change the conversation and pursue/decide about other goals.