



## Framing

- Assumptions
- Beliefs used to simplify the complex
- · A risk may be framed in terms of:
  - A Threat but it may be dismissed (GM vs. Japan)
  - An Opportunity to generate adaptation (Newspapers vs. Web)
- Leaders have a tendency to frame risk influencing the outcome
- Leaders should hold back on their initial assessment

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### Selective Search

- · Gather facts to support certain conclusions
- Disregard other facts that support different conclusions
- Vietnam War
  - Body count of the enemy means we are winning



### Intuition

- Pattern recognition and matching based on past experience
- · Spot certain clues to conclude "I got it"
- May lead to failure to explore range of options
- · Similar to the "Shotgun Approach"



# **Group Think**

- Peer pressure to conform to the opinions held by the group
- The group is too close and wants to remain cohesive
- Going along to get along\*
- · Strive to get along rather then think critical\*
- · Discounts warning signs

\*Irving Janis

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# **Wavering Decisions**



- Cost growth 60% over 35 programs after baseline
- 42% related to decisions
  - Quantity [22], Requirements [13], Schedule [9]
- · 15% related to estimates
  - Cost [10], Technical [4], Schedule [1]



- · Since 1995 Army cancelled 22 programs
  - Equipment never built or fielded
  - -Cost ~ \$32 Billion



## Inability to Decide

- · Endless debate and chronic indecision
- · Culture of "Yes", "No", and "Maybe"



- Dissecting others ideas with no good alternatives to offer
- Yes
  - Silence if there is a disagreement then lobby or undermine to overturn
- Maybe
  - Analysis paralysis; greater clarification required
  - I know I can make the wheel more perfect if I just have more time

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### **Critical Decisions**

- · Decision reasoning
  - Over confidence
  - Sunk-cost
  - Chief executive decides
  - Decision made in a box or "off line"
  - Decisions are intellectual exercises
  - Managers analyze then decide
- Critical decisions gone bad have consequences



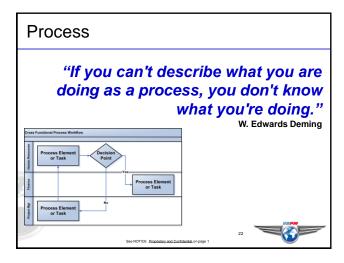
# **Deciding How to Decide**

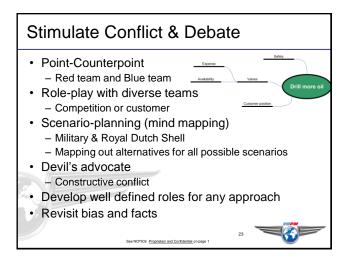
"We can't solve problems by using the same kind of thinking we used when we created them."

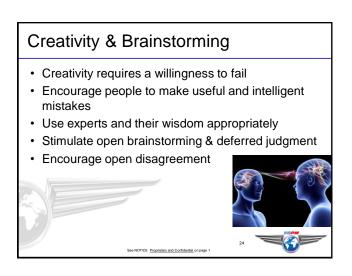
Albert Einstein

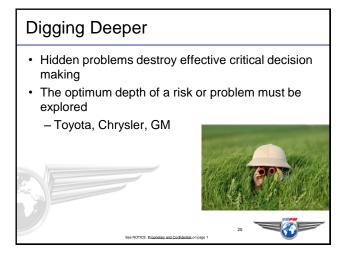
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# 1 - Why is our terminal customer unhappy? We didn't deliver on time 2 - Why were we unable to delivery on schedule? The job took much longer than we estimated 3 - Why did it take longer than estimated? Because we underestimated the complexity of the job 4 - Why did we underestimate the complexity of the job? Because we made a quick estimate of the schedule 5 - Why did we do a quick estimate? Because we were running behind on other projects due to

lack of resources

