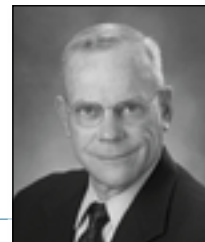


‘Get a free brain with every pair of hands’

Stop making so many decisions!



By Steve Wilson

By holding on to business decisions, you are creating drag

Jf you want to reduce the “drag” on your company, quit making so many decisions!

Several years ago, I was totally frustrated with the way my company was operating. Sales were flat and people didn’t seem very motivated. I took a few days off to spend time with Jack Stack, author of *The Great Game of Business*. As is Jack’s usual manner of consulting, we went fishing. Jack gave me a lot of good advice that day, about fishing and about running a business. One of the most significant things he said was, “If you’re making decisions that affect your business any time in the next month, you’re working on the wrong decisions!”

As the leader of the company, my essential role was to focus on strategic issues, not the day-to-day operating decisions. His lesson became immediately clear when we came off the lake and I found a ream of urgent messages demanding that I call the office to make a multitude of operating decisions. Jack had no messages. He grinned at me and said, “At SRC, we get a free brain with every pair of hands.”

A lot of business owners would go back to their offices and issue an order something like, “from today forward, all of you will start making decisions.” It rarely works. Maybe for a few days, a few people will make a few decisions. Then somebody makes a bad decision and the boss has a fit. Decision-making comes to a screeching halt. The boss starts making all the decisions again. I know. I’d done it before in my own company.

I decided that this time we were going to develop an effective method for delegating decisions to the proper level. Hopefully, what we learned will help you make fewer decisions, be better at delegating and put some “lift” in your company.

The first thing I did was to assemble a group of employees to brainstorm the problem of decision-making. They were quick to tell me

that they wanted to make more decisions. They just weren’t clear on what decisions they were allowed to make. They were afraid to exceed their authority. They were also afraid to make a bad decision and suffer the consequences.

We began listing all the decisions that are made in a business. We put each decision on a “sticky note” and stuck it on the wall. Then we sorted the decisions and discovered that all the decisions fell into *six* general categories:

1. **Budget authority**
How do we price our products, forecast sales and allocate our resources to achieve a profit?
2. **Spending authority**
How do we spend our money, guided by the budget?
3. **Borrowing/Leasing authority**
How do we acquire long-term assets and services?
4. **Salary authority**
How many employees do we need, how do we compensate them and what benefits do we provide?
5. **Scheduling authority**
How do we assign people and equipment to ensure proper customer service?
6. **Image authority**
How do we present our company, our people and our products to reflect our high quality standards?

Next, we looked at the decisions in each group and determined that there were three distinct “levels” of significance.

The first group, called *Operating Decisions*, involves the day-to-day decisions necessary to run the business. Although these aren’t always routine matters, there are fairly clear guidelines about how these decisions should be handled. Let’s look at office supplies. Sandy, our office administrator, was responsible for keeping

the supply cabinet stocked. She periodically does an inventory of the supply cabinets and orders supplies within the budget allowance. She decides what to buy and where to buy it. If people have special requirements, they requisition them through Sandy, and notify her if the items are in the budget. These are *Operating Decisions*. They affect a short period of time and a limited number of people are involved.

The next higher level of decisions we called *Management Decisions*. These also involve a short time frame, but involve more people and resources. *Management Decisions* often involve the reassignment or rescheduling of shared resources. For example, say the sales department is preparing a training program and needs a large quantity of ring binders. There are not enough binders in the supply cabinet and Sandy doesn’t have the authority to buy the binders from her supply budget. However, the sales manager does have money in the training budget to pay for the binders. The sales manager has the authority to instruct Sandy to buy the binders and charge them to the sales budget. It is a management decision to reassign department resources to solve a short-term problem affecting a larger group of people.

The highest level decisions are *Executive Decisions*, often referred to as “strategic decisions” because they affect the entire organization over a longer time frame. What kind of strategic decisions would involve ring binders? Well, we used a lot of ring binders for storing technical data and project information. Our company logo was blue on a light gray background. Our stationery was light gray with the blue logo. As a strategic decision, most of our ring binders were light gray. In special cases, we used blue ring binders. Everywhere you looked, you saw blue and gray ring binders. Our office furnishings were mostly blue and gray, also. You didn’t see a lot of different vibrant colors in our offices, but we looked organized. It was

an executive-level, strategic decision to project the blue and gray image, including the color of the ring binders.

When is a binder not just a binder?

By the end of our brainstorming session, we had developed a three page document, “Guidelines for Level of Authority.” **We identified the six kinds of decisions that we make, and the three levels of authority involved in making those decisions.** We would use this document to teach every employee how to determine when they had the authority to make a decision. Sandy would know that she could make the decision to buy gray or blue ring binders when supplies were low and there was money in the office supplies budget.

Now we needed to address the employees’ fear of making a bad decision. This was going to take more time and training. Before we introduced the “Guidelines for Level of Authority,” we wanted to build employee confidence in their ability to make decisions. At our weekly staff meetings, we asked every employee to tell us about a decision they had made in the last week. We didn’t critique the decision, just thanked them for making it. We even passed out some small prizes to add some fun. We did this for three weeks. The fourth week, we gave everyone a copy of the “Guidelines,” and explained how it was structured. To be sure everyone understood, we presented sample situations and asked employees to explain the type of decision and level of authority required to make the decision.

What really caught the employees by surprise was my statement, “the guidelines determine the proper level at which decisions will be made. Because operators are prohibited from making management decisions, then managers are also specifically prohibited from making operating decisions.” To reinforce the program, we launched another decision-making “game.” We asked everyone to keep track of their daily decisions. They got a point for every decision made at the proper level, and received a ten-point penalty for trying to make a decision outside their level of authority. Of course, the game was “rigged.”

Businesses make hundreds of operating decisions every day, fewer management decisions and a very limited number of executive decisions. At the same time, managers are more likely to be penalized for getting involved in lower level operating decisions. When people reported their points earned and points penalized at the weekly meeting, we expected to see operators reporting the highest point scores, and managers getting the most penalty points. And that’s what happened. We had some fun at the meetings, praising the operators for making lots of decisions and harassing the managers for situations where they “stuck their noses” into someone else’s decision. In a light-hearted way, we kept everyone focused on making decisions at the proper level.

I’ve been using ring binders to explain our decision-making process because of an actual situation that occurred on the day after we announced the “Guidelines.” Sandy stopped by my office on her way to the office supply store. She was going to buy ring binders for the sales training program, and asked if she should buy gray or blue binders. My response was, “Sandy, under the ‘Guidelines,’ I’m specifically prohibited from making that decision for you.”

Her immediate response was, “If you were me, would you buy gray or blue?” Again, I told her I couldn’t make that decision for her. She thought for a moment, smiled, and asked, “If I bought the blue ones, how would you feel about it?” Sandy knew she had the authority to select the color,

yet was still afraid to make a wrong decision. In my frustration with Sandy I could have easily said, “Buy the damn gray ones!” But that would have completely reversed all the work we had done. I’ve often thought that incident was a test, to see if I was serious about delegating authority. I realized that our people weren’t comfortable with the process of how to make a good business decision. We taught them financial literacy, but not financial analysis. To keep decision-making at the proper level, we needed to teach people how to make good decisions. As managers and leaders, we should not critique the actual decision. Instead, we should critique the process by which the decision was made.

I remembered another thing Jack Stack told me: “The only fatal mistakes are strategic mistakes, and everything else is training.” Whether Sandy bought gray or blue binders wasn’t important. Our business wouldn’t fail if we had the “wrong” color binders. But the business wouldn’t grow and succeed if Sandy couldn’t explain why she chose gray or blue. I delayed Sandy’s trip to the store while we worked on the information she needed to make the decision. In hindsight, that 20 minutes spent with Sandy was a critical junction in the future of the company.

If you feel your business is dragging, take a look at who’s making all the decisions. Maybe you should quit making so many decisions.

When Sandy finally made her trip to the office supply store two days later, she actually bought *red* ring binders! She also bought black and green binders. When the company was smaller, two colors for binders were enough to meet our needs and support our image. As we had grown and diversified, it was no longer enough. People couldn’t keep track of what was in any particular binder. Sandy’s decision, with my approval, was to change a long-standing executive decision on the color of the ring binders. Gray remained the standard color, with blue for special projects. Sales information was red, financial data was green and administrative information was black. Without a major change in the appearance of the offices, we had a more efficient way of storing important information.

Within six months of launching our decision-making game, every employee was making good decisions at the proper level of authority. I was spending much less time dealing with operating decisions, so I had the time to work on strategic issues. I was able to design a new bonus plan. I incorporated psychological assessments into our employee selection and development system. I replaced our holiday, vacation and sick pay program with a paid absence program. We launched new services and opened new markets. We increased sales and profit every year. All of this was possible because our employees were making the operating decisions, releasing the management group to focus on long-range decisions.

So, if you feel your business is dragging, take a look at who’s making all the decisions. Maybe you should quit making so many decisions. Like Jack Stack said, “With every pair of hands, you get a free brain.” ■

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