



RETHINKING OUT OF THE BOX

HOW TO HARNESS THE USEFULNESS OF THE DECISION MATRIX

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Executives are constantly urged to think out of the box, but given little practical advice on how to do so. A simple tool, already familiar to executives can be leveraged to provide the answer.

Repurposing the decision matrix

There are plenty of books proposing concepts and frameworks to help executives make smarter and more creative choices. But executives often struggle to apply these complex tools in their day-to-day decision making.

By contrast, the classic decision matrix – listing options on one axis and criteria on the other – is a simple and familiar tool to executives. The trouble is that it is misused. Executives focus too much on the calculations within the grid but neglect the outer frame. The different options and criteria are generated intuitively and listed with little thought of structure. The net result: precise answers to the wrong questions.

The real value of the decision matrix is as a process tool to work through complex decisions more intelligently by expanding the decision frame. Rather than a problem solving tool designed to deliver “the right answer”, the decision matrix is a way of visually integrating the three core aspects of complex decision making: options, criteria and trade-offs.

The rush to judgment

A recurrent issue for decision makers, as noted by Herbert Simon some 60 years ago, is the tendency to “satisfice” – that is, to opt for the first “good enough” solution, rather than pushing for a better solution. Individually and in teams, we have difficulty resisting the urge to latch onto the first reasonable idea and to analyse its pros and cons, instead of remaining in exploratory mode.

Diving in makes sense for decisions that are urgent, low stakes, and reversible – or in situations requiring fast iteration, enshrined in the “ready, fire, aim” ethos. But executives are prone to adopt a similar approach for weightier decisions that cannot be unwound – as well as decisions that have no real time pressure.

Too often, executives accept the initial framing of a problem, whether generated by them or others. In fact, they are not even aware of imposing a frame. They simply look at a situation, analyze it and come up with a plausible solution. That solution is then compared to the current situation on a number of dimensions to assess which is better.

This kind of “either-or” framing is common but it short-circuits conversations about creative options and reduces decision quality. Studies of important organizational decisions by Paul Nutt of Ohio State University revealed that, in seven out of ten cases, the decision makers considered just one alternative. Over half of these decisions ultimately failed compared to less than one third of the decisions with two or more options.

Expanding the thinking space

To avoid getting “stuck in the box”, executives must push out on both axes: options and criteria. For example, a simple way to generate further options is to raise the question: “What if neither of these options were available?” This may open up a whole new category of possibilities, creating what we call an additional *mental bucket*. Mental buckets help to group and organize thoughts in meaningful ways. They make it easier to spot gaps and overlaps – both in terms of options and criteria.

For the criteria axis, a stretching question is: “Who might object and what would *their* priorities be?” Decision makers are inclined to focus on the objectives of direct importance to themselves but neglect those that matter most to other stakeholders. Overlooking the requirements of those who could make or break the solution is a frequent cause of failure. Indeed, one study by Sydney Finkelstein, Jo Whitehead and Andrew Campbell, described in their book *Think Again*, concluded that inappropriate self-interest contributed to flawed strategic decisions in two-thirds of cases.

The aim, on both axes, is to be complete while also minimizing confusion, in accordance with the MECE – mutually exclusive and collectively exhaustive – principle favored by consultants. Taking a structured approach enables you to think more systematically than if you just create a list – in much the same way that an ad hoc shopping list is much harder to follow or extend than one organized by categories. In the case of a shopping list, we could start with the MECE categories of “food” and “non-food” with further sub-categories helping to elicit additional shopping needs.

Having worked out the relevant options and criteria, you can fill the decision matrix in classic fashion. The idea is not to quantify each option right down to the decimal point – but rather to make sure that the priorities are correctly reflected and that the reasoning is robust. The scores signify presumed causal relationships between the various options and the various criteria. They force the decision-maker to think through why a particular choice is expected to lead to a particular outcome – while at the same time opening up the possibility of allowing others to challenge that reasoning. The visual representation allows others to grasp quickly the scope and crux of the problem, and to verify which aspects have been considered or missed.

Properly used, the decision matrix not only helps to reframe the problem and to engage stakeholders in dialogue, but also to communicate the choices to others. It is easier to advocate a particular course of action when you can demonstrate to listeners that all relevant options, including their preferred ones, were considered – and you can explain why the chosen solution represents the best trade-off between multiple criteria.

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For a more comprehensive treatment of this subject by the same authors see: “[Stop Jumping to Solutions!](#)” MIT Sloan Management Review, Summer 2016: 63-70.

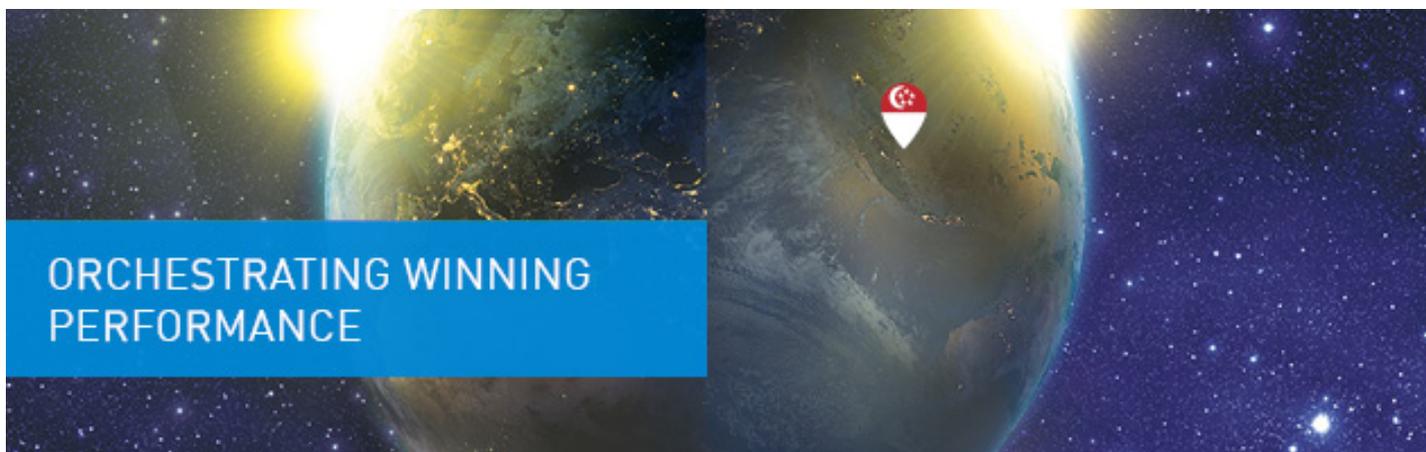
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