

The deciding factor

Ari Riabacke – ‘The Decision Doctor’ – believes that traditional decision-making models are outdated. Making good decisions requires a more innovative approach, he tells *AQ*.

AQ: Why do you think managers are insufficiently innovative today?

AR: Human beings are programmed to reason in certain ways, ways that have allowed us to survive this far. However, the world is evolving much faster than our reasoning capabilities, so we need to consciously adapt our innate reasoning processes to current challenges. Having to behave differently feels uncomfortable, but it is essential if we are to survive in an uncertain world.

AQ: What does innovative decision-making look like?

AR: Just making a decision can in itself be innovative. Sometimes we are so afraid of making the wrong decision that we leave things as they are. We have to step outside our traditional behaviour, and Google is a perfect example of how successful this can be. It encourages employees to spend 20 per cent of their time doing things that aren't part of their job description, and this is when some of the most innovative ideas emerge. Furthermore, ‘group-think’ is the enemy of innovation. You need people in your group who are not afraid to ask “why?”, “why not?” or “what happens if we do it the other way around?” You don't need people around you who merely reassert your thoughts.

AQ: Why do we need to be innovative when making decisions?

AR: Things are happening so quickly that many of us experience a constant sense of chaos. In such an environment the most important thing is action, not precision. If we don't act we will move backwards. The classic way of handling chaos or insecurity is to not rock the boat, but that is the wrong way to do things. You have to act even if you are not completely sure.

AQ: Why are we so bad at innovative decision-making?

AR: We aren't trained to make decisions, so we tend

to go with what we know. These days, the need to ‘make the numbers’ dictates many of our decisions, but this is often a very short-sighted way of doing business. Instead of being judged on the next quarter's results, we need to be creating value for the longer term.

AQ: What should we use instead of numbers and spreadsheets?

AR: If we focus too closely on numbers, we can't take a broader perspective. We need to bring in people with new ideas. Indeed, managers should surround themselves with people who are able to think the unthinkable.

AQ: What if you make the wrong decision?

AR: That's exactly the kind of thinking that stops people from making decisions! A decision is hard to measure, because we can't compare the result with what we didn't do. But no decision is final – you can adapt, adjust or even change your mind completely.

AQ: Are there cultural differences when it comes to decision-making?

AR: In Sweden we tend to look down on failure, so we concentrate on not making mistakes rather than taking action. We are also inclined to seek consensus rather than standing out from our group. Our neighbours in Finland behave very differently: Finnish managers tend to make decisions quickly and directly. We can also learn a lot from the Americans, who have always had the mentality that “everything is possible.”

AQ: Who is good at innovative thinking and decision-making?

AR: Younger companies are often astoundingly good at innovation. They have grown up in the modern, fast-paced world, so they are more naturally innovative, and employees are often more diverse than in more traditional businesses. Younger companies are more willing to take risks as they often have less to lose, whereas older companies often fall into the ‘fat and happy’ category – and when some new development forces them to change, it may be too late.

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