



Improve Your Business By Making Better Decisions

We all have to make hundreds of decisions every day. And, the quality of our decisions determines how successful we will be both at work and at home.

While most of us believe that making objective, metrics-based decisions will lead to superior outcomes, the truth is that most decisions are actually made emotionally. It takes discipline to work past our emotions and apply an objective process to making decisions. Good processes help us overcome bias and undue influence. Good processes also help us avoid the pitfalls of our brain's natural tendencies, which can frequently lead to bad decisions. Feelings aren't facts, but they appear deceptively factual when we are experiencing strong emotions. While intuition and experience play a role in decision-making, consistently following a process keeps us from getting tricked by our feelings before we uncover the best information.

In their book, *Decisive*, authors Chip and Dan Heath provide a simple, but effective model for decision-making along with plenty of real-life stories to illustrate the value of the process. Their model has an easy to remember acronym, WRAP.

The WRAP PROCESS

- **W: WIDEN YOUR OPTIONS.** Often, we start out with what we believe is the right decision and then work backwards to prove it is right instead of objectively considering all the options. Also, we often limit our thinking with pre-determined either/or choices or do/not do choices that exclude possible best options right off the bat. One of the best ways to collect ideas to widen your options is to look at how a similar problem was solved by others. Yes, perhaps competitors, but also other industries. Chances are a similar problem was solved successfully before and you can find valuable inspiration in those examples.
- **R: REALITY-TEST YOUR ASSUMPTIONS.** Taking steps to really evaluate whether your perspective is accurate helps ensure the decision is sound. One way to do this is to equally evaluate the opposite choice. What if we did nothing? What if we did the opposite of what we're considering? What do we think would happen? These exercises point out the flaws in our proposed decision and allows us to correct those flaws before the final decision is made.
- **A: ATTAIN DISTANCE BEFORE DECIDING.** There is some real wisdom in the old adage that you should "sleep on" your decisions. It pays to pull back and make sure you are being objective. Emotions are impossible to avoid, but a little distance allows us to process those emotions and keep them from leading us in the wrong direction. Remember, feelings aren't facts.
- **P: PREPARE TO BE WRONG.** Have the discipline to fully discuss what it would look like if the decision turned out to be wrong. Perhaps we were not right about what we believed were facts. What would happen, for example, if a vendor promised us something that wasn't true? Or, if what the client preferred turned out to be different than we thought? What if the market didn't go in the direction we expected? By fully vetting the worst possible outcomes, you can prepare in advance to take corrective action if the worst-case scenario actually happens. That is so much easier than scrambling to recover under duress.

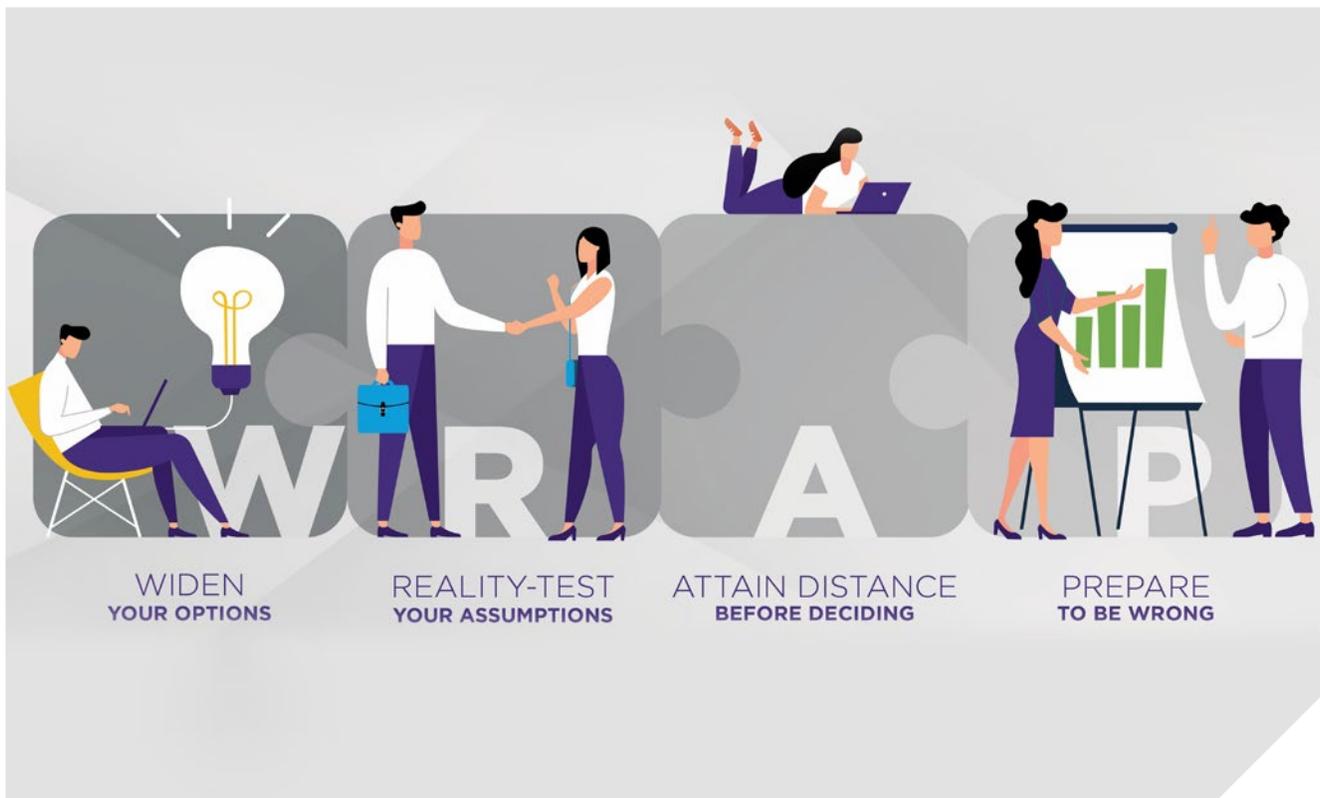
Include a Contingency Fund Line Item

One of the most interesting tools the authors provided was the notion of setting a tripwire. A tripwire sets up a test that will alert the team that the project is not going as planned. It is a great way to detect problems before they cause real damage—before they derail a project, for example.

Back in the 80's, the rock band Van Halen was notorious for their demand to only have green M&Ms in the dressing room. While that seems like the height of prima donna behavior, it was actually a trick to test whether the venue staff had read all the technical requirements of their staging, instruments, and equipment. The green M&Ms requirement was buried in the list of specifications in the contract. If there were some brown M&Ms, or no M&Ms, in the dressing room, there was a good chance the staging wasn't right either. It was an ingenious way to know whether they could feel confident in the venue staff.

Consider what early warning alerts you could put in place. Perhaps regular reports on sales so you could notice if sales were down for a particular client or certain products weren't being produced as quickly or efficiently as planned.

One of the most frequent decisions businesses of all sizes face is "make vs. buy". When do you add staff to do the work instead of buying the work from a vendor? One of the first principles to consider is whether the work is the core competency of your company. Typically, you avoid purchasing what you do better yourself. Consider companies that got on the bandwagon to offshore their call centers. Sure, the labor was cheaper and certainly anyone can answer the phone, right? Well, not so fast. What many firms discovered was that the quality of those interactions was impacted by the lack of familiarity, experience and expertise of the outsourced call center employees. Their own employees, it turned out, provided a better client experience more efficiently, even though they had a higher dollar per hour cost.



Let's apply our WRAP model to the decision of staffing levels within a department. How might that work?

W: WIDEN YOUR OPTIONS

- Consider multiple options for the job duties and type of role you will fill. It might be natural to add another role just like those you have on staff, but is that the best option? Perhaps job duties could be divided out differently allowing for a more junior, or more senior role to be added. What about geography? Perhaps the best candidate could be found easier in another county, state, or part of the country. Be sure to consider whether you are seeking candidates in a way that improves your team's diversity and widens your team's skill sets. With regard to hiring, widening your options also applies to ensuring you have located and vetted a wide variety of potential candidates.

R: REALITY-TEST YOUR ASSUMPTIONS

- What if you didn't add staff? Could a vendor or contractor be hired, even in the short term, more effectively? Is the work that is needed really a core competency of your company, or would a vendor be better at delivering what you need ongoing? Are you sure the pressure to add staff isn't temporary and the need will be reduced through seasonality or the growing experience of current staffers?

A: ATTAIN DISTANCE BEFORE DECIDING

- Adding staff too quickly has its pitfalls. How many times have you hired someone you believed would be the best candidate and they didn't work out? By taking the time to work through the W and R steps you are better prepared to know exactly what you are looking for in a new hire and can make a better hiring decision. Bonus!

P: PREPARE TO BE WRONG

- Even with the best process, your decision could still turn out to be wrong. Perhaps the marketplace experiences a disruption and the work you are doing needs to change. Your new hire may not still be a good fit. Or, you lose a client and workload diminishes. Consider what it would take to walk back your decision. Do you have a solid process for terminations? Are you equipped to reconsider staff work assignments to make better use of your team's talents?

Sticking to a process to make decisions takes discipline, and yes, it can take time. But it is time well-spent. Poor decisions take far more time to recover from. Following a defined process makes sure we don't fall into the traps of emotional decision-making and allows us to be prepared to adapt if our decision doesn't deliver the outcomes we planned.

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