

Are Your Decisions Based on Fact, or Fallacy?

In an information rich society, too many people are still starving their decisions of enough of the right information.

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IN AN INFORMATION RICH SOCIETY, TOO MANY PEOPLE ARE STILL STARVING THEIR DECISIONS OF ENOUGH OF THE RIGHT INFORMATION

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Introduction

How do you know if your decision process is well-informed or ill-informed? And even if you could detect the clues of an ill-informed decision process, would you know what to do about it? Here are some ideas for how to get more rigour into your decision process by sliding a little further away from fantasy and a little further toward fact.

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Clues that you're witnessing an ill-informed decision process.

You can tell the hallmarks of an ill-informed decision process simply by listening for all the substitutes that are offered in place of real data, fact and evidence. Usually these substitutes go quietly unnoticed, or are selectively ignored. We either aren't aware that they are indeed poor stand-ins for good and sufficient information, or we remain silenced by our fear of the repercussions of publicly questioning them.

The alternative is actually more frightening. Think for a minute about the consequences of medical researchers making decisions about introducing new drugs on the basis of a handful of test subjects, or of civil engineers making decisions about bridge design on the back of professional opinion, or aircraft manufacturers making decisions about fuel economy without thorough analysis of the impacts of changing the fuel system. It's not always a case of life and death, but if you can imagine the money and time being wasted on account of ill-informed decisions, then you might start imagining how different the world could be if that money and time were available for better use.

If slaying ill-informed decisions is a crusade you're up for, then a skill worth sharpening is your ear for those poor substitutes for good information. Here are some clues for what to listen for, and some linguistic lances to prod with.

Vague, non-specific claims.

When people are asked for an update or progress check on how their initiatives or projects or functions or processes are going, and they are ill-equipped to answer with specific data or evidence, you'll probably hear them say things like the following:

- "It is working really well."
- "We're tracking along fantastically."
- "The result was slow to get off the ground, but now it's up to speed."
- "Cycle time is too high."

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- “That project is failing to realize benefits.”

Are responses like these really enough to enlighten a decision making team sufficient that they need interrogate no further? Hardly. They are too vague and non-specific, and they tempt all to snuggle up together in a false sense of security from which they either ignore what is really going on or make rash untested decisions. If you hear this genre of performance update dialogue, have courage to ask questions that dig for specifics:

- “What exactly is working well?”
- “How are we tracking, specifically?”
- “How slow was it? What speed is it at now?”
- “Too high compared to what?”
- “What kinds of benefits is it failing to realize?”

Opinions and hearsay.

When you’ve been around something for a long time, you get to know the way things work by the patterns that keep recurring. It is super easy to be seduced by the predictive power of those patterns, especially when it saves you effort. When uttered by recognised experts, opinion and hearsay shine like pearls of wisdom:

- “Obviously we have the best sales performance.”
- “Our customers are very satisfied with our responsiveness.”
- “That project is failing to realize benefits.”
- “I think we’ve done a great job this year.”

Opinion and hearsay are dangerous when they come clothed in crisp words and confident tones. But they are fact no more than the Emperor’s new clothes are fabric. It’s a brave soul indeed that asks the dumb questions of those who are certain. Time and again, however, the dumb questions turn out to be excellent questions when they turn attention to concrete evidence:

- “How is it obvious?”
- “How do you know? How did you find this out?”

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- “In what ways is the project failing?”
- “What leads you to conclude this?”

Logic leaps.

The cause-effect conversation is a mainstay of management decision processes, but its familiarity doesn't guarantee its sensibility. “Cause-effect” is a simple form of logic connecting two results in a distinct relationship. It takes a keen ear to hear logic leaps in a cause-effect argument connecting the results of familiar performance attributes:

- “We've met our downsizing target and costs are rationalizing now.”
- “We have improved customer loyalty because we implemented the CRM.”
- “Several initiatives together have improved revenue.”
- “Employee turnover has reduced because of our performance planning system.”

Leaps in logic of this ilk are a symptom of failure in the planning process to establish sound and clearly articulated hypotheses of which strategies are supposed to impact which results, and failure in the strategy implementation process to validate these hypotheses as early as possible with evidence of the real impact. Armed with common sense, curiosity and a coping strategy for the uncertainty likely to ensue, you can put a stop to long-held logically flawed beliefs about what really causes what:

- “How was the relationship between costs and downsizing determined and verified?”
- “Is it possible that customers might not stay loyal, despite the fact we implemented a CRM?”
- “Which factors have the most influence on revenue?”
- “What size is the impact that the performance planning system has, compared with other factors that influence turnover?”

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The cliché.

It could be just about the best attempt to inform a decision with no information at all. The clichés, the motherhood statements, the cultural truisms of your industry or organisation, are all tactics of those too detached to even have their own opinion about how performance is going:

- “Customers are never satisfied. We just do what we can with what we have.”
- “The goal posts are constantly moving, and we don’t have enough resources to keep adjusting.”
- “We’re getting runs on the board.”
- “No-one in this industry ever gets more than 80% on-time performance.”
- “The call centre is best practice.”

What is the basis for such broad-brushed and sweeping claims? Where did they come from? Someone will need to take the bull by the horns, pin him to the wall, break it down and get to the bottom of it. Seriously, it’s likely some stale beliefs need to be contested, and the current boundaries of knowledge need to be acknowledged:

- “Never? Has there never been a satisfied customer?”
- “Why do you say that customers are never satisfied?”
- “Which goal posts?”
- “How are the goal posts moving?”
- “What kind of runs are you talking about?”
- “What makes 81% so impossible?”
- “What defines best practice?”

Moving toward well-informed decisions.

Challenging the dialogue of the decision process is simply about asking for evidence. When results are claimed, or success declared, or hypotheses taken as given, and no sufficiently

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supporting information offered along with, then it's time to test and probe. If no data or fact or evidence is forthcoming, two choices are available. Either wear the cost of gathering such data or fact or evidence, or wear the cost of making the wrong decision. Only one of these is the responsible choice to make.

Rest assured, challenging the dialogue of the decision process is going to take you all into some uncomfortable territory where egos feel poked at, fears have to be faced, and more effort expended on the planning, implementing and measuring processes than hoped or imagined. But it is a job that must be done. And if you have read to this point and have witnessed the clues of ill-informed decision processes in your organisation, there's a good chance it's a job that must be done by you. "They" probably won't.

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About the author

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Stacey Barr is a globally recognised specialist in organisational performance measurement. She discovered that the struggles with measuring business performance are, surprisingly, universal. The biggest include hard-to-measure goals, trivial or meaningless measures, and no buy-in from people to measure and improve what matters. The root cause is a set of bad habits that have become common practice.

Stacey created PuMP®, a deliberate performance measurement methodology to replace the bad habits with techniques that make measuring performance faster, easier, engaging, and meaningful.

Stacey is author of [Practical Performance Measurement](#) and [Prove It!](#), publisher of the [Measure Up](#) blog, and her content appears on [Harvard Business Review's website](#) and in their acclaimed ManageMentor Program.

Discover more about Stacey and practical performance measurement at www.staceybarr.com.



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