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2010 VOLUME 13 ISSUE 4

Great Leaders are Great Decision-Makers

Three Qualities to Take the Paralysis out of Decision Analysis

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Great leaders understand how to balance emotion with reason and make decisions that positively impact themselves, their employees, their customers and stakeholders, and their organizations.



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When we think of what makes someone a great leader, one characteristic that comes to mind is decisiveness. We do not envision successful leaders standing around appearing unclear and uncertain. Instead, we view them as people who are able to quickly arrive at their decisions and communicate the goals to others.



Leaders often have to make challenging decisions, such as what direction to move their company in; whether to keep an employee, reposition them or let them go; whether or not to share “bad news” with stockholders, and many other such challenges.

Great leaders understand how to balance emotion with reason and make decisions that positively impact themselves, their employees, their customers and stakeholders, and their organizations. Making good decisions in difficult situations is no small feat because these types of decisions involve change, uncertainty, anxiety, stress, and sometimes the unfavorable reactions of others.

Great leaders also know when to move quickly and proceed with the available information, versus when to take more time and gather additional information. When leaders opt to pursue additional information or avenues, they must also know when to stop. While a large amount of data may be desirable in a perfect world, the data gathering process can utilize too much time, and the vast amount of data can also be paralyzing and take attention away from the big picture or key data points.

This article will explore three crucial qualities that great leaders must develop to become great decision-makers: emotional intelligence, the ability to handle uncertainty, and the ability to weigh evidence with intuition. The article concludes with a step-by-step process employing these characteristics to arrive at the best possible decision given the many variables that can and will come into play.

Emotional Intelligence

Emotional intelligence, the ability to understand and manage your emotions and those of others, is one of the most important qualities a leader must possess.

According to the authors of *Primal Leadership*, a leader's emotions are contagious. This is why resonant leadership is so important—a leader's mood will resonate with others and set the tone for the emotional climate in an organization.^[1]

Emotional intelligence consists of self-awareness, self-management, social awareness, and relationship management. Self-awareness is the foundation for all aspects of emotional intelligence. It involves being able to accurately assess yourself. Before you can change, you must be aware of your thoughts, feelings, and actions. Self-management entails the ability to understand and control your emotions, adapt to change, and adopt an optimistic outlook. Social awareness is similar to self-awareness but the focus is external and involves understanding the thoughts, feelings, and actions of others, as well as how to relate to other people. Relationship management is crucial for great leadership and includes qualities such as being influential and inspirational and developing others.

Here we will focus on one of the core components of self-management: emotional self-control. When you have developed this skill, you will recognize your emotions, be influenced by them, but not blinded by them, and be able to calmly and clearly express your decisions to others even when you experience intense emotions within yourself and from others.

Emotional Self-Control and Decision Making

Imagine that you were presented with a critical high-stakes situation with a significant potential downside and you needed to make a decision and take action right away. You would likely have a significant emotional reaction, including feelings such as anxiety, fear, or anger. Unfortunately emotions such as these cloud our ability to make good decisions. When we get into the emotional part of our brain, our innate reaction is to protect ourselves. We get an adrenaline rush or flight-or-fight response, and short-term survival is the immediate goal. As you can imagine, being in this state is not particularly conducive to making strategic, long-term decisions. This is why emotional self-control is so important. Great leaders are aware of their emotional state and are able to manage intense emotions so they can make smart decisions.

Reigning in Emotions for Strategic Decisions

In order to make strategic, long-term decisions, we must know how to bring down the intense emotional reaction so that we can engage a different part of our brains (the prefrontal cortex), which is responsible for looking at the big picture and long-term planning. Paradoxically, the way to do this is to accept and allow whatever emotional reaction we are having and choose to focus on the facts as much as possible.^[2]

Trying not to experience an emotion is like trying to pull a rollercoaster backwards as it heads down the hill. It takes a lot of effort, which ultimately backfires and we feel worse. Instead, simply jump on board and ride it out. The intensity of the emotions will quickly pass and then you can think logically. The goal, however, is not to take feelings out of the decision-making process. It is simply to keep them from taking over and losing emotional self-control.

Managing Uncertainty and Choices

Why is it so difficult to make decisions? Perhaps it is because the variables and the outcomes are often uncertain. We do not like uncertainty. Uncertainty creates discomfort and analysis paralysis. We try to analyze the situation from every angle to alleviate the sense of uncertainty. These efforts are often futile and waste valuable time and energy because so often we must make decisions in the face of uncertainty.



The Lengths We Go to Avoid Uncertainty

In a 1992 study conducted by cognitive scientists Amos Tversky and Eldar Shafir, college students were asked whether they would purchase a great deal on a trip to Hawaii over their holiday break. They were told that they would receive the grade on their most important exam before they had to decide. Of those who were told that they passed the exam, 57 percent said they'd go for the trip. Interestingly, a similar percentage (54 percent) of those who were told that they failed also said they'd go.

When researchers designed uncertainty into the mix, results changed dramatically. Students were told that they would not receive the exam grade for two days and that they could buy the trip now, pass on it now, or pay \$5 to wait for two days until they received their grade. The majority of students (61 percent) said that they would wait. The first part of the study showed that students for the most part wanted to go if they passed *or* if they failed the exam, but here they were willing to pay to wait and find out their grade.

This study shows the lengths that we will go to avoid uncertainty. Students seemed to think that knowing their grade would help them make a good decision when in reality it would not make a difference in their decisions.

We are often paralyzed by uncertainty and end up basing our decisions on things that aren't even related. Question your attempts to find certainty before making decisions because you may be seeking a false sense of security. Much like the aforementioned method to reign in negative emotions to achieve emotional self-

control, acceptance is a crucial starting place. If we are able to accept the uncertainty rather than try to resolve it, we can focus our limited time, energy, and money on making the best decisions in the face of an uncertain outcome.

This does not mean that you should not bother to analyze a situation before making a decision. Various analyses can be helpful in providing the information necessary to make the best decisions in the situation. The key is to know when what you don't know is important, and if so, how to go about gathering the necessary information to resolve the uncertainty. If what you don't know is not important, then the next step is to accept the uncertainty and proceed in spite of it.

If, however, you find yourself getting stuck or investing too much time or other resources in the analyses, ask yourself if the uncertainty that you are attempting to resolve is truly resolveable. If not, it would be best to accept the uncertainty and move on.

Limit Your Choices

One of the decision-making mistakes we commonly make is to give ourselves a lot of options. We figure that if we consider every possible alternative, we will have better choices and make the best decision. Sometimes we do this exhaustive search as a way to resolve uncertainty. We assume that if we go through everything, no stone will be left unturned and there will be no uncertainty. The problem is that we are likely to get overwhelmed and make no decision.

In 2000, Sheena Iyengar of Columbia Business School and Mark Lepper, chairman of Stanford's psychology department, conducted a study in which two tasting displays of gourmet jams were set up in an upscale supermarket. They had 24 jams set up for tasting in one display, and just six jams in the other. They found that more people were attracted to the table with 24, an equal number tasted at both tables, and a huge difference in purchasing resulted: only 3 percent of those who had tasted at the table with 24 jams bought a jar, whereas 30 percent of those who had tasted at the table with six jams bought a jar.[4]

This study and various others like it show that when there are more than five or six options, people have a more difficult time deciding and often opt not to make a decision. To help yourself and others effectively and efficiently make decisions, limit your options. Keep options fewer than five and you will find it much easier to

make a decision.

Trusting Your Intuition

Excellent leaders often say that they go with their gut to make decisions. They are able to trust themselves and their expertise and not get stuck in the cycle of overthinking. The more you know about a subject, the more reliable your intuition will be. Make yourself an expert in your field and your intuition will be your best guide.

Intuition Leads to Satisfaction with Decisions

Participants in a study conducted by Timothy D. Wilson and his colleagues at the University of Virginia and the University of Pittsburgh were asked to choose a piece of art to hang in their homes. Half of them were asked to think rationally about their choice, and the other half were instructed to go with their gut. Those who went with their feelings rather than their analysis were happier with their selection. We can rationalize our way into anything, but our first impressions often tell us how we really feel.[5]

How to Hear Your Intuition

You may have heard intuition described as a nagging little voice inside you. It typically speaks softly rather than screaming out at you. Unfortunately in our non-stop, busy, technology-filled worlds, it can be easy to not hear our intuition. It is always speaking, but we are often not listening.

Hone your skills at listening to your intuition by building some form of meditative practice into your daily life. It doesn't have to be actual meditation; it can be a few moments of reflection, a warm bath, a walk with your dog, and so on. We are typically so bombarded with information all day (television, radio, Internet, cell phone, Blackberry...) that we miss out on opportunities to notice ourselves thinking and feeling. To hear your intuition you must have some time when you're a human *being*, not a human doing. Build periods of quiet into your life and you will be surprised at what you hear.

Decide Your Way to Great Decisions

Great decision making takes practice. As you now know, this process requires a certain level of comfort with discomfort. We could play it safe and defer important decisions to others, spend hours and hours analyzing and agonizing over every option, or we could accept the level of risk and go for it. Many people are afraid of making a bad decision or the wrong decision. We can only do our best with the information we have available to us at the time. There is typically not a right or a wrong answer. In the worst-case scenario, however, you select the wrong option. Even if you choose an option that reveals itself to be inferior in the short-term, you will learn that you can handle the outcome and make the best of it. You may even find unexpected opportunities by going down the “wrong” path.

Practice this process using the following steps:

1. Decide whether to take action quickly or gather additional information. If you decide to gather additional information, create parameters to determine what information is essential and when to cease your information-gathering process.
2. Be aware of the emotions that come up as you proceed with your decision. Accept the emotions and allow them to guide you without controlling you.
3. Recognize the uncertainty elements in the situation and decide how much of the uncertainty needs resolution. Know that most situations cannot be calculated with complete certainty and, even though it may be uncomfortable, it is often necessary to accept the uncertainty and proceed.
4. Allow yourself to hear your intuition. Do not over-think important decisions because you may talk yourself into something that goes against your instincts and experience.
5. Seek out opportunities to thoughtfully and proactively make challenging decisions. Recognize that even “negative” outcomes may be better than you expect, and gain confidence in your ability to make great decisions.

Be a leader in your personal life and career by committing to make difficult decisions in a timely manner. The best way you can inspire others to change is by making changes yourself. Practice this process and become a confident leader of yourself and others. Just think of all of the time and energy you will save in the process, and how great you will feel as you remain calm, trust yourself, and make great decisions.

[1] Daniel Goleman, Richard E. Boyatzis, and Annie McKee, *Primal Leadership*, (Boston: Harvard Business School Press, 2004).

[2] Daniel H. Barlow, *Anxiety and Its Disorders, Second Edition: The Nature and*

Treatment of Anxiety and Panic, (New York: The Guilford Press, 2004).

[3] Amos Tversky and Eldar Shafir, "The Disjunction Effect in Choice under Uncertainty," *Psychological Science*, 3 (1992): 205–209.

[4] Sheena Iyengar and Mark Lepper, "When Choice Is Demotivating: Can One Desire Too Much of a Good Thing?" *Journal of Personality and Social Psychology*, 79 (2000): 995–1106.

[5] Timothy D. Wilson et al., "Introspecting about Reasons Can Reduce Post-Choice Satisfaction," *Personality and Social Psychology Bulletin*, 19 (1993): 331–339.

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