# Decision Quality

Across countless executive reviews, the same pattern repeats: hard debate over a single favored plan, selective evidence, and soft ownership when the meeting ends. This isn't usually "bad strategy"—it's **incomplete decision-making**. Use DQ as a pre-commitment check: before you decide, stress-test whether each element is strong enough for the decision's stakes: **(1) an appropriate frame, (2) creative, feasible alternatives, (3) relevant and reliable information, (4) clear priorities and trade-offs, (5) sound reasoning, and (6) commitment to action**. Overall quality is limited by whichever element lags most—fix that bottleneck first. DQ translates the core logic of rational choice—clarifying preferences, forming beliefs about uncertainty, surfacing real alternatives, combining them with coherent reasoning, and securing commitment—into an auditable executive practice you can run in the room.[1–5]

## Theory → Practice

Under the hood, DQ is a pragmatic wrapper on **subjective expected utility**—the classic model of rational choice under uncertainty.[1,2] **Decision analysis** contributes two workhorses you can use tomorrow: (a) **influence diagrams/decision trees** to map causal logic before you compute, and (b) the **Value of Information** to decide when a study, pilot, or experiment actually pays for itself.[3–5] DQ also institutionalizes "decision hygiene" that counters **bounded rationality**—reframing to neutralize framing effects, grounding estimates in base rates to curb overconfidence and representativeness, and a short pre-commitment bias check.[6–9] In field studies, this kind of **procedural rationality** predicts more effective strategic choices; in high-velocity settings, the best teams are **fast *and* thorough**—they marshal more information and generate more alternatives while keeping tempo.[10,11]

**Exhibit A — Decision Quality**

## The Six Links of Decision Quality

### 1) Appropriate frame

| Why it works. | What good looks like. |
|---|---|
| Frames shape preferences; even equivalent descriptions can flip choices (framing effects).[6] Beginning from **fundamental objectives**—not pre-baked options—raises relevance and creativity.[14] The DQ canon operationalizes this by stating the question, success, scope, and owner before analysis.[12] | You've named the decision, the success criteria, the time horizon, decision rights, constraints, and what's **out of scope**—and you've attempted at least one deliberate **reframe** (e.g., widen, narrow, invert). |

### 2) Creative, feasible alternatives

| Why it works. | What good looks like. |
|---|---|
| You cannot choose the option you never generated. Organizations default to single-solution selling—raising failure risk.[13] Value-Focused Thinking shows that articulating objectives first systematically **creates** better options.[14] DQ forces materially different, feasible alternatives.[12] | You have 3–5 **materially different** options, including *Do Nothing / Wait-to-Learn* (your baseline) and at least one **real-options** or staged pathway. No single-option "approval" decks. |

### 3) Relevant and reliable information

| Why it works. | What good looks like. |
|---|---|
| Base-rate neglect is robust and costly.[8] Actuarial/mechanical methods often beat unaided judgment. Expected Value of Perfect Information (EVPI) / Expected Value of Sample Information (EVSI) tells you when a study or pilot pays for itself.[3,4] Influence diagrams and decision trees make assumptions visible before you compute.[8] | Forecasts are **calibrated** and tied to **base rates** and benchmarks; key uncertainties have explicit ranges; you run a quick **Value of Information** check before funding more research; scenarios are credible where data are thin. |

### 4) Clear priorities and trade-offs

| Why it works. | What good looks like. |
|---|---|
| **Multi-attribute value/utility theory** provides the rigorous backbone for trading off growth, margin, and risk; Keeney's value-focused approach improves option quality and alignment.[7],[14] | You've articulated the **objectives**, their **measures**, and either **weights** (for a scorecard) or **threshold rules** (e.g., "no option that pushes net debt/EBITDA > 2.5×"). Stakeholder value conflicts are visible. |

### 5) Sound reasoning

| Why it works. | What good looks like. |
|---|---|
| Influence diagrams formalize causal structure and clarify where judgment enters.[4] Expected-utility under uncertainty remains the normative benchmark for coherent choice[1,2] | Your logic connects **alternatives → drivers → outcomes** via a transparent model (influence diagram, decision tree, or spreadsheet). Sensitivity analysis spotlights the few assumptions that move the answer; probabilities and preferences are combined coherently. |

### 6) Commitment to action

| Why it works. | What good looks like. |
|---|---|
| Clear decision roles accelerate execution and reduce politics.[15] **Implementation intentions** ("If X happens, then we will do Y") materially increase follow-through.[17] Premortems and exit triggers mitigate escalation of commitment.[16] | Decision rights are explicit (e.g., RAPID: **R**ecommend, **A**gree, **P**erform, **I**nput, **D**ecide); owners, budgets, and dates are named; you've run a short **premortem** and defined **triggers** to revisit or exit. |

## Practical Limitations

Decision Quality rests on Nobel Prize-winning foundations, yet every powerful framework has its boundaries. Understanding these limits isn't about diminishing DQ's value, it's about using it wisely. Here's what three decades of research and practice have taught us:

- **Complexity isn't a bug; it's a signal to simplify** — Real strategic choices can involve dozens of objectives and uncertain drivers. In the idealized math of multi-attribute utility, we might evaluate vast combinations—quickly becoming computationally explosive.[7] The point of DQ isn't to model everything; it's to surface the few levers that matter most and decide *with eyes open*.
- **Our beautifully bounded minds** — Herbert Simon won his Nobel Prize for showing that humans are "boundedly rational". We're remarkably capable, but within limits.[18] We can hold about seven items in working memory,[19] our probability estimates cluster at round numbers,[12] and we're predictably overconfident about our predictions.[20] DQ doesn't eliminate these constraints; it channels them productively. The six-link structure acts as external scaffolding for our cognitive architecture, much like a pilot's checklist compensates for attention limits without requiring superhuman focus.
- **When theory meets paradox** — Academic decision theorists have show that real preferences can violate expected-utility assumptions.[21] In practice, this means DQ works best for what Simon called "well-structured" problems—business decisions where you can reasonably estimate probabilities and outcomes. For true "Knightian uncertainty" where probabilities are unknowable, you'll need to complement DQ with scenario planning and robust strategies.[22]
- **The organizational reality check** — Paul Nutt's sobering research tracked 400 strategic decisions over 20 years: half failed, primarily due to rushed processes and limited alternatives.[13] Even when executives know better, organizational dynamics intervene. Politics, time pressure, and groupthink can overwhelm good process.[23] The framework's real value often lies not in optimization but in surfacing hidden assumptions and preventing unforced errors.
- **Racing the clock** — In high-velocity settings, the best teams were **fast and thorough**; they used more information, considered more options, and still moved decisively.[11] The trick is right-sizing the rigor to reversibility and stakes.

## Bottom line

Decision Quality isn't about perfection; it's about **systematic clarity**. It helps smart teams see farther than intuition alone, especially when the stakes are high, time is short, and uncertainty is real. Even implementing just three or four links well typically yields dramatically better outcomes than intuition alone.

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**Kerr Manson**
(847) 602-4275
kerr.manson@breakout-growth.com
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