Five steps to breakthrough performance
Transcript - Breeze presentation by Michael Mankins

http://resultsbrief.bain.com/videos/1009/index.htm

In your organization, do you make good decisions more often than not, or do you see bad decisions coming through too often? Do you make decisions at a reasonable pace, or do they get bogged down or rushed through in a series of fire drills?

I am Michael Mankins, a partner with Bain & Company, and we'll spend the next few minutes talking about what it takes to build what we call a decision-driven organization. We've found that too many companies struggle with the one thing that everyone in the organization needs to do every day—make and execute decisions. That's why we wrote *Decide & Deliver*. We hope you'll find in it a practical approach to help your own organization build its decision-making capabilities.

Decide & Deliver is necessary because old approaches to organization are fast becoming outdated. Back in the day, companies were smaller entities, easier to manage. As organizations expanded globally, though, they created empowered business units and eventually global matrixes. These days, as one of our clients put it, "The matrix is quickly becoming a cube," with companies trying to manage customer segments, products, regions and functions all at the same time.

We find a focus on *decisions* can help cut through this complexity, bringing crystal clear focus to what it takes to deliver great performance.

In our experience, we've seen this decision focus to be powerful time and again. And our research bears it out. Looking at a sample of hundreds of companies, we see that those with higher decision effectiveness outperform on a range of financial metrics—from 5-year revenue growth to return on invested capital to total shareholder returns.

But it's not all about money. Our benchmarks also show that companies that are good at decision making and execution are also better places to work. It shows up in Net Promoter® Scores, a measure we use to gauge whether an employee would recommend his or her company as a place to work. Companies that are better at decisions have higher Net Promoter Scores. So we take away that decision-effectiveness not only produces great financial results, it also leads to a happier workforce.

This of course begs the question, how do you define decision effectiveness? We look at four characteristics. Decision *quality* is important—that is whether you make good decisions more often than not. *Speed* is also critical—making those decisions faster than competitors. *Yield* comes into play—do you execute your decisions well once you've made them? And finally *effort*, the amount of time and trouble that it takes to get things decided and delivered. We find that the best performers excel on all four of these dimensions, firing on all cylinders to make better decisions faster and then turn them into action.

So what do the best performing companies do? In our experience, they follow five steps. We'll give a quick overview here, and you can learn more by visiting *decide-deliver.com* or by reading the book.

The first step is to assess your own company's decision effectiveness; that is, what's the quality, speed, yield and effort involved in decision making and execution at your own company. You can then pinpoint organizational elements that are helping or holding you back. We found that surveys can be complemented with management interviews and other analyses to get a good picture of this. In this example, the company was just 40th percentile out of 100 on decision effectiveness vs. our database of hundreds of companies. That really got management's attentions. Then when we probed in to root causes. It was clear that issues with decision roles and processes were getting in the way. Management knew where it needed to focus in order to improve decision effectiveness.

So what do you do? The next step is to identify the decisions that really matter so you can make sure they're working well within your company. There are two types of critical decisions. First, big one-off events, such as making an acquisition or entering a new market, are critical. These decisions obviously need to be made well. Sometimes overlooked, but equally important, are the everyday operating decisions—such as how you greet a customer or handle a complaint call—these cumulatively can have a big impact on a company's bottom line.

Once you've identified these critical decisions, you should set them up for success. We found that this requires carefully working through the what, who, how and when of each critical decisions. To begin, it's worth clarifying what decision you're trying to make, to be sure everyone is on the same page. Who plays what role in each decision is also critical. For this, we use a decision rights tool called RAPID. The D stands for Decider, for example; the I for Input, and so on. It's often worth sweating the details on how a decision gets made, especially for major decisions. Finally, clarifying the when can keep decision making and execution on track.

You might be able to go into this detail for 15 or 20 decisions, but you can't do it for the thousands of decisions that get made every day throughout the organization. To get *those* right, you actually need to build an integrated organizational system. Do people have clarity on priorities, so they have the right context for the decisions they're responsible for? Is the right information in the right place at the right time to facilitate effective decision making? And you have to ensure that leaders and everyone else behave in ways which support effective decisions.

As you work to build this integrated system, you will also tackle the final step—embedding decision capabilities deep in the organization so they become a source of sustainable competitive advantage.

Michael Mankins, is head of the Americas Organization practice (michael.mankins@bain.com).