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Making Judgment Calls

Key ideas from the [Harvard Business Review](#) article By Noel M. Tichy, Warren G. Bennis

The Idea in Brief

A leader's judgment can make or break the organization. The best leaders make a high percentage of good calls (whom to hire, what strategy to implement, or how to handle a crisis) at times when it counts the most.

But practicing good judgment isn't easy, because the concept is murky. Is judgment common sense? Gut instinct? Luck?

Tichy and Bennis contend that judgment is none of these things. Instead, it's a three-part process:

Preparing: Framing the issue that will demand a judgment call, ensuring that your team members understand why the decision is important, and tapping ideas from stakeholders

Making the call: Arriving at your decision and explaining it

Executing: Carrying out your decision while learning and adjusting along the way

Each phase is crucial, and each offers "redo loops"--opportunities to correct missteps. By mastering the judgment process, you make decisions that secure widespread commitment to results.

The Idea in Practice

Tichy and Bennis offer these guidelines for managing each phase of the judgment process:

Preparing for the Judgment Call

Articulate the strategic context for making a judgment and weigh your options in that context. Explaining the context to others before deciding increases the likelihood that people will support a judgment once it's made.

When Jeff Immelt became CEO of General Electric, he knew that GE would have to change with a changing world. He wanted to pin the company's growth to sustainability and to visible, active global corporate citizenship. Clarity on this strategy and values led him to define a business model whose key elements emphasized sustainability, including building infrastructure for developing countries, creating environmentally friendly products, and investing in health care.

Making the Call

This phase can be as quick as the flip of a switch, but it also may require a "redo loop" if you've left out important considerations during the preparation phase.

Procter & Gamble CEO A.G. Lafley's framework for judgments was his belief that consumers are the most important stakeholders. He identified a serious slump in baby-care product sales as evidence of failure to delight consumers. The people managing this category--manufacturing leaders--didn't have a relationship with the consumer. So Lafley decided to find a leader who could connect with this stakeholder group, regardless of technical know-how. He chose someone with no experience in baby care but a desire to understand customers' needs.

But Lafley hadn't sought his top team's advice, and they revolted. He took advantage of the redo loop, including inviting his team to propose other candidates and taking their input seriously. When he explained his reasoning, their resistance evaporated.

Executing the Call

Mobilize the resources, people, information, and technology you need to put your decision into action. Again, use redo loops if needed.

Best Buy CEO Brad Anderson had decided to make the company a customer-centric enterprise. He formed six senior-level task forces to choose customer segments to cultivate. Then he selected people to oversee the segments, choose stores to be transformed, and train support functions to execute the new strategy. Redo loops have included refining strategy regarding the female customer segment within the consumer electronics business; for example, by staffing the Geek Squad with more women.

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