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Stop Wasting Valuable Time

Key ideas from the [Harvard Business Review](#) article By Michael C. Mankins

The Idea in Brief

Most leadership teams spend just three hours per month making strategic decisions. That translates into less than a week per year. Worse, many teams fritter away those precious hours on unfocused, inconclusive discussion rather than rapid, well-informed decision making.

The consequences? Delayed decisions that lead to wasted resources, missed opportunities, and poor long-term investments. One global firm spent more time each year selecting its holiday card than it did debating a vital Africa strategy.

How can your leadership team avoid such pitfalls? Spend your limited time on issues exerting the greatest impact on your company's long-term value. Deal with operations separately from strategy. Put real choices on the table, evaluating at least three viable options for every strategy. Use meeting time for decision making--not just discussion--and agree on what was decided. And move issues off your agenda as quickly as possible.

Your reward? Strategic decisions--made better and faster.

The Idea in Practice

Apply these practices to make the best use of your leadership team's time:

Deal with Strategy and Operations Separately

Holding separate meetings for each prevents day-to-day operations from dominating your team's agenda and liberates time for substantive strategy debates.

Dutch banking giant ABN AMRO's board used to spend only about an hour per month on strategy, with most of its meeting time devoted to day-to-day operational details. But market changes required a more strategic focus. The board now spends slightly less time together--but devotes much more of that time to strategy, typically about 10 hours per month.

Focus on Decisions, not Discussions

Enhance the quality and pace of your team's decision making, for example by distributing reading materials in advance of meetings. Specify why participants must read them (e.g., for information only?)

discussion and debate? decision making?) This readies participants to devote precious meeting time to deciding crucial issues.

Measure the Real Value of Every Agenda Item

Prioritize meeting agenda items according to each issue's impact on your company's long-term value. Address high-value issues only, and delegate low-value issues to lower organizational levels.

At Roche, the Swiss drug and diagnostic product maker, CEO Franz Humer created a "decision agenda" comprising the 10 most important opportunities and problems facing the company. Leaders regularly update the agenda by quantifying the value at stake for each issue and spend over half of their meeting time on those ten items. This process has transformed the quality and pace of Roche's strategic decision making.

Get Issues off the Agenda Quickly

Develop clear timetables detailing when and how participants will decide each issue and who will approve final strategy.

At Cardinal Health, a pharmaceutical and medical supply distributor, senior managers continually ask themselves, "When must this decision be made?" and ensure that they reach decisions within a predetermined time. Results? Less overanalysis and more rapid decision making.

Put Real Choices on the Table

Evaluate at least three viable alternatives (not just minor variations on one theme) before approving any strategy. This encourages teams to choose the best course of action, not just the most obvious. By debating alternative strategies, British retail bank Lloyds TSB decided to exit international markets, helping to expand its market value 40-fold between 1983 and 2001.

Make Decisions Stick

Explicitly agree on what was decided in the meeting. Then specify the resources (time, talent, and money) required to execute the strategy, as well as the financial results you've committed to deliver.

- [Purchase the full-length Harvard Business Review article here.](#)
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Further Reading

Articles

[The Discipline of Teams](#)

Harvard Business Review

March-April 1993

by Jon R. Katzenbach and Douglas K. Smith

Katzenbach and Smith offer additional suggestions for leadership teams who want to make more rapid, smarter decisions. Creating an effective team requires discipline. Team members must commit to a common purpose, then translate that purpose into specific performance goals. High-performance teams must agree on who will do what jobs, how schedules will be established and honored, and how decisions will be made and modified. Once they establish such mutual accountability, effective leadership teams determine which challenges require a real team approach and which do not.

Delusions of Success: How Optimism Undermines Executives' Decisions

Harvard Business Review

July 2003

by Dan Lovallo and Daniel Kahneman

The authors introduce an additional obstacle to smart decision making: delusional optimism--the tendency to overemphasize a proposed initiative's potential benefits and underestimate its likely costs. Delusional optimism causes leadership team members to spin success scenarios around a proposed strategic move, while ignoring the possibility of mistakes. The consequences? Three-quarters of business initiatives flounder.

What causes delusional optimism? Numerous cognitive biases and organizational pressures--such as the tendency to ignore competitors' capabilities and plans, to exaggerate our own abilities, and to interpret critical thinking or pessimism as disloyalty to the company. The authors caution that such biases are inevitable. We can, however, take a more objective view of an initiative's likely outcome. How? **Reference forecasting:** comparing a project's potential outcomes with those of similar past projects--to produce more accurate predications.

About the Author

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