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Session 44TS
Managerial Decision Making

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Summary: As an actuary, you can expect to be a manager at some point in your career. As a manager, you are expected to make effective decisions. Do you have the knowledge and skills to resolve decision problems in various managerial situations?

Ms. Angelica B. Michail: The Committee on Management and Personal Development (CMPD) hoped this topic would be interesting. The mission of the CMPD is to plan, implement and promote business and managerial skill development for its members. We do this through various means, such as through sessions like those we have at the annual and spring meetings; articles in *The Actuary* under the "Complete Actuary" by-line; resources such as the Career Planner and Actuarial Competency, a list of competencies that actuaries should have in today's business world; and the Professional Actuarial Specialty Guides (PASGs).

I hope that you will consider joining our committee. Perhaps it would be the first managerial decision you would make.

For our session, I want to ask you a few questions. How many are managers currently? Of those of you who are not currently managers, how many of you expect to be managers soon? All of you should. Whether you want to or not,

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†Mr. Boughton, not a member of the sponsoring organizations, is President of The Performance Coaching Group in Asworth, GA.

you will eventually be a manager. Hopefully, we will have something to offer you in our session.

Our speaker, Nat Boughton, is someone who knows actuaries and the managerial decisions they have to make on a day-to-day basis. He developed training programs at William M. Mercer for the professional development of actuaries.

He's the current president of the Performance Coaching Group. As a consultant he has an impressive list of clients, which include Merrill Lynch, IGN Financial Services, Bell South, and Guardian Life Insurance Company. He has a Master's degree in communications and a Bachelor's degree in Sociology. He recently co-authored the book *Stop Managing, Start Coaching: How Performance Coaching Can Enhance Commitment and Improve Productivity*. The book is in its third printing and was selected as one of the top 30 business books of 1996 by Soundview Executive Book Summary.

Mr. Nathaniel W. Boughton: This session is going to be a little different than what you may have perceived based on the program. I'd like to get an idea of what your expectations are. What would you like to get out of our time together?

From the Floor: Making the transitions from being technical to managing. Making quick decisions. Making the decision-making process easier. Coach staff. Improving productivity in a managerial setting.

Mr. Boughton: We will be doing many exercises. What we are going to try to accomplish is to give you a sound understanding of what managing people is all about and how to coach and interact with people.

We will also do a macro kind of perspective. Then we are going to look at specific skill sets that you can use to successfully manage your people or give you the foundation to be a successful manager in the future.

I spoke at a Chief Actuaries meeting recently, and the material that we will touch on in the beginning of the session is from that meeting which I'm told is important for folks involved in managing people.

First, I'll give you a conceptual framework so you know what you need to consider with your people and what you need to consider if you are going into management. One of the things that's very difficult for all of us is employees.

Do you know more about what you do than your boss? You probably do about some aspects. Does your boss stand over you every minute of every day and watch

what you do? For those of you who manage people, do you sit and watch your employees? How many people have a staff of more than five people? How can you manage a vast amount of individuals successfully without hovering over them all the time?

That's what we're going to talk about. We'll be doing some simulations in which I give you just a one-sentence statement describing a specific situation. Then you're going to have to decipher it using some of the tools that we'll talk about. We will work through that process.

We have four separate exercises. We're going to start with the nine-dot exercise. Then we will talk about relationship building. We'll look at performance management, which is really how we can manage people successfully.

Then we'll look at coaching and a creative decision-making processes. One of the things that I want you to take out of your mind is the fact that in the actuarial field, you tend to overanalyze situations. What are you dealing with as a manager? Personnel issues. The reality is you are dealing with people. In my business we design performance management systems. The reality of it is, it is just a system. It is still very difficult to manage people because there are emotions, experience, and education involved.

All of us have different backgrounds. Those of you who manage people need to know that and figure out how best to manage each of your people so they can be productive and successful in your organization.

I'm going to show you a couple of really creative ways to think through decisions. How many of you work in teams? (About three-quarters of the audience.) This is a great tool to use in teams. It's a great tool to use in project decision making. We'll do a simulation where I'll actually break you into groups and ask you to make a decision with regards to an issue. We'll talk a bit about decision trees, probabilities, and values. Then, if we have the time, we'll role play a specific situation to get back to the application again.

Nine-Dot Exercise

I can stand up here and talk to you for three-and-a-half hours, but I don't believe you'll get as much out of it unless you practice what we talk about. So I'd like you to put on a piece of paper nine dots—three rows of three dots. Connect them using four lines without lifting your pen or pencil off of the paper.

What do you see in those nine dots? What did you see when you put it down on a piece of paper. You see a square. You see a box. That's what we tend to see. I

never once said it's a square or it's a box, did I? I said it is nine dots. One of the things that I want you to start thinking about, especially with regards to people, is that if you are going to successfully manage people, you have to get outside the box because it's about personalities, emotions, experiences, and relationships.

What we're going to focus on is decision making and how we get people like you to think out here about managing staff and becoming managers, because you will have your greatest reward when you're out here.

Actuaries are extremely bright individuals, no question about it, but we need to be able to think about how we get out of the box. What I'd like you to do now is to break into groups of five.

Relationship-Building Exercise

I want you to identify the characteristics that make up a healthy working relationship and then define the characteristics that make up unhealthy working relationships. You can make two columns.

What are characteristics that make up unhealthy working relationships?

From the Floor: Intimidation, favoritism, opposing interest, lack of recognition and appreciation, unclear expectations, job insecurity, poor communication, controlling, fear, hidden agenda, lack of flexibility, politics.

Mr. Boughton: You probably all have a manager that sounds just like that. These are all the kinds of things that make decision making that much more difficult.

If you act in these ways, the decisions that you're going to make are going to probably have a much more significant impact and adverse repercussions that you haven't even thought through, which we'll discuss later.

The most fundamental component in managing people and making decisions is in how you build relationships with each other and with your people. If you have strong, sound relationships, the decision-making process is that much easier. If you do not, then you're going to be flying by the seat of your pants, making decisions without input, not understanding what the repercussions are, and not understanding the risks involved.

Let's talk a bit about healthy relationships. What did you come up with?

From the Floor: Honesty, respect, good communications, trust.

Mr. Boughton: In the decision-making process you may not hit a home run every time. There may be times when you strike out and when your expectations do not come to fruition. Everyone needs to take that responsibility.

One of the things that we'll talk about is a form of decision making. It allows you to dissect the repercussions for staff, management, customer, member, or client.

From the Floor: Parts of a healthy relationship include: personal growth, willingness to recognize diverse approaches, empowerment, and rewards.

Mr. Boughton: This is great. Making decisions and managing people is what you just talked about. You must be honest. How many of you have had a performance review in the last year? How did it go? Was it the most wonderful experience you've ever had? Did you come out of there feeling so motivated and enthusiastic?

Perhaps you received criticism, and it always gets tied back to money some way or the other. The reality of it is decision making is about decisions with people. You need to have honesty and trust. You need to be able to communicate goals and expectations. People need to understand how they impact the organization. How are they going to impact any and each decision you make as a manager. If they don't, they're just floating out there not knowing where they should be or where they should go.

That's your responsibility in all the decisions that you make. We have a relationship-building model. You know the critical ingredients in making healthy decisions is building healthy relationships. The more you know who your people are that you manage, the more you know how they think, how they operate, and what kind of leeway you can give them in delegating work and assigning tasks, the easier it's going to be for you to make successful decisions.

The first thing that needs to happen in an organization is you must have freedom from fear. What's a healthy fear? How about fear in the work setting as a motivator?

I'm a consultant and I don't know who my next client is going to be. That's fear. It is also the fear that motivates me to make contacts and calls and build relationships. The fear that we're talking about here is a negative perspective and it is a fear that paralyzes us when we're making decisions.

That's because we don't have enough facts and information or because we don't know who is going to be working on the projects. What are the results going to be?

What are the expectations? It is a fear that makes us slowly start feeling paralyzed. The first step of building relationships is to eliminate that unhealthy fear.

Once we get frustrated, our good friend ego comes into play. When you're making a decision, the more fearful you are, the more you want complete control. So our ego comes into play, and if things still are not going the way we would like them to go, we begin to get angry. And once we get angry, we have usually one of two choices. We either go into a rage, or we carry around resentment.

I have a dear friend who is a successful building contractor. Some of the vendors did not pay him, so he took them to court. As he was driving down the highway on the way to the courthouse, he got stuck. There was a major traffic accident. A tractor trailer turned over. The highway was dead; no one was moving. He started getting frustrated. That fear started setting in and he started getting frustrated. His ego started coming into play because he wanted to control the situation. He started hedging over in his truck to see if he could get by on the shoulder. He started to get angry and tried to figure how he could get to the courthouse. Then he went into an all-out rage. He started screaming and yelling and pounding the steering wheel and the dashboard. When he looked to his right he saw a little old lady in the car next to him trying to get his attention. He rolled down the window and said, "What do you want!" She looks up at him and says, "I was just wondering who is winning the fight?"

He told me he was so fearful because the decision was going to be rendered. He did not know whether he was going to get paid or not. He just got frustrated, so he tried to control it. When he got angry and went into a rage, this woman just basically said, "You can't control it, so let it go." Guess what? Everybody else was late, so it all worked out.

When we're building relationships as managers, we need to first try to eliminate fear. Then we start to communicate with our employees. How do you communicate in the work setting today? E-mail, voice mail, and memos. We have all this great technology so we can communicate easier and quicker, but what we've left out is interaction. How many people in this room have sent an e-mail or a voice mail and tried to grab it before it left? You wish you didn't say it that way because that was harsher than it should have been. Right?

Sometimes when you make decisions, you need to get in someone's face and talk to them and interact with them. Let them understand how they impact the decision they're going to make. Then you can accept people. Like we said earlier, you can accept their idea, you can accept who they are and what they're about. That's part of the relationship process.

The sad piece is that most relationships in the work setting only go that far. You work with each other, make decisions, interact, and accept each other. But those are not the characteristics that you listed right? You talked about trust, honesty, empowerment, and respect. Those are the things that you need to have in your relationship if you're going to be successful as managers and as decision makers.

So what do we need to do? We need to become personally involved with our people. I do not mean that you should overstep the bounds. There's obviously a limitation to what you can and should do in the work setting. But there are ways to get personally involved. How can you do it? Are there any clues out there?

When I had an office, I had a picture of my daughter. People would go by and say "She's getting big. How old is she now?" and I would talk about her. Things that are around people's work space are safe. You can talk to people about them. You can empathize with them. Once you get personally involved, you begin to trust each other, and once you trust each other, you get into it.

So if you're making a decision, you can say, "You know, Steven, this is going to have repercussions in your area. What do you think we need to do to make sure that we communicate appropriately to the rest of the staff?" You can be honest and talk about that. If that's in place, then we can have self-esteem.

Empowerment is a wonderful term. Empowering somebody means you give him or her work responsibility. So if I'm working with David, and I say, "David, I need this new table set up for the XYZ benefit package. Can you work on it for me?" He might say, "Sure." I might say, "Well, these are the parameters that we put in place, and these are the kinds of things that I need you to do." If he runs into some difficulty during the project, he'll come back, and I might say, "Why don't you go talk to Paula. She's done something very similar to this in another project. She may be a great resource." So David talks to Paula, gets the information from her, and the project ends up going very smoothly. She comes back, we sit down, I give them feedback. What a concept!

What kind of feedback do you get in the work setting? None or negative? I'm telling you to give positive feedback. We'll talk more about that later. So I say to David, "You did a great job with that project. The tables were designed just like I asked and I'm really pleased with the work." That's what I should be doing, and that's what all of you should be doing as managers.

I'm building his self-esteem. When I build up David's self-esteem, guess what? David says, "Nat, I just want to let you know that project was very challenging and stimulating, and I really appreciate you being available to help me when I ran into

that difficulty. Paula was a great source.” That’s two-way, reciprocal self-esteeming. Both participants feel better about the process.

What’s it called if we don’t have any of this? Brown nosing. The reality is you want self-esteeming to occur. You want to be able to be in a situation where you can build the confidence in your people so they can successfully make decisions. Just as you made the decision to give David that work, you want your self-esteem built up in return.

What’s the basic need of all human beings? To be appreciated. This allows you the opportunity, as a manager, in making decisions, to feel good about what the outcome is. And if you do that successfully, you can develop your people. Then they can start taking responsibility. One of the things that I did not hear, and it is one of the mistakes many managers make in decision making, is that they don’t have anything in place for employee accountability.

A decision is made, it blows up, and all they do is point the finger at somebody else. They’re not taking any responsibility. A good manager says, “We made the mistake. This is what I need to do to make sure that those kinds of things don’t happen again in the future.”

Relationship Model

How does the model work? It is an active model. What you need to do is identify the relationships at work. Just think about it and pick one of these nine components—freedom from fear, communication, interaction, acceptance, personal involvement, trust, honesty, self-esteeming, or professional development. Where do you feel you are in a given relationship today?

For example, I may be interacting with one of my employees. I don’t know much about them, and I don’t think they really accept me because I’m new as a manager. So this is where I need to work on building the relationship. Then I keep working forward.

It’s a very simple model to apply to your work setting. Identify the component that you’re at in a relationship and then work forward. Obviously when we put this together in our book, we know that we’re making a general statement because it takes two to tango. Some people will not want to have a relationship with you and that’s OK. Most folks will want to have a relationship with you in which their self-esteem is being built.

Do we ever make mistakes in relationships? Have you ever blown one? Say I’m working with Carl and Carl tells me something and asks me not to tell anybody

about it. Guess what? I tell Mario about what Carl told me, and it gets back to Carl. I call up Carl and I get his voice mail and I say, "Hey Carl, I'd really like to talk to you. I owe you an apology. Can you get back to me when you have some free time?" Carl calls me back and says, "Nat, the first I'm available is February 30, 2003." There are not 30 days in February, so I guess he doesn't want to talk to me. I need to at least go face to face with Carl and tell him I'm very sorry I broke our confidence and I apologize.

What are the two things that may happen? He'll either accept or reject my apology. Let's say he accepts it. What do I assume? I'm right back to where we were before and we're all chums and buddies and we're going to go out and have some cocktails after work or whatever it may be. I'm assuming it. Is that the case?

From the Floor: No, it's not.

Mr. Boughton: Absolutely not because we don't have the trust yet. So where am I in the model? I'm not interacting. So what does it tell me I need to do? I've got to build acceptance and work my way back to the model. Does everyone see how the model works? This is the fundamental component to being a manager. One of the most important elements in being successful at making decisions is building healthy working relationships. I will guarantee, if you do not have those kinds of relationships in the work setting, your decisions are going to be much more difficult.

Let's talk again about performance management and what you need to think about when it comes to decision making and integrating people's performance. When the chief actuaries went through these models they said it is apparent that their people need to understand this kind of stuff. We slice the middle right now with mid-level folks, and they start thinking about this. If it can radiate down, we're going to have success.

There are five critical ingredients to understanding an organization. How many of you have a mission statement or a vision statement for your company? How do we apply it to us? How do we apply it to our people? That's where the difficulty lies. What do you need to do as managers? You need to identify with this and also remember that what I'm talking about here affects you both as managers and employees.

Think about it from those two perspectives. It is critical for your success to be able to understand how you fit into your own organization just as it is important that you understand and communicate this to your people. If they don't understand this, they're going to be fearful about making decisions. Guess what? You're also going

to be fearful in making decisions because you don't quite understand its impact on these different entities.

First, you need a clear understanding of the business goals of your organization. I have a client right now where I'm working with about 200 managers. I met with the executive team. The CEO and the executive team had a beautiful message, but they could not define it for me. They're asking me to define it for more than 200 managers throughout the organization. When we were working on it, we found that their employees know it better than they did. And part of it is because we get it down to the nuts and bolts. The employee who cleans the bathrooms knows that when a customer feels comfortable going into the bathroom, that has an impact on how the customer perceives the organization.

The first thing you need to try to communicate to employees is how you understand the business goals. The employee can understand how they impact the business itself. Can you define how you impact your business? I bet you all can. If you can communicate to your people the impact they have on the bottom line, that is going to make sense to them. They're going to be able to understand that it is a bad decision to underwrite a policy and give somebody who has diabetes the incredible rate for a 30-year-old healthy male.

Next, how many of you have direct contact with the customer or client? Raise your hands. Two or three of you do. By direct customer I'm saying that you have an interaction with somebody who is paying the company. The majority of folks that I work with tend to have no direct contact. The contact is indirect. The reality of it is you, as decision makers, need to understand and communicate the expectations of your internal customer and, in some cases, your external customer.

Most of us can't define who our customer is. It's very important to be able to do this because it is going to allow you to make better decisions when you know whether your audience is internal or external.

How do we manage our people? How do we rate our people? How do we appraise our people? How do we evaluate? Are those of you who manage responsible for doing performance appraisals? Raise your hand if you are responsible for performance appraisals? Over 50% of the audience is responsible for that. Is that one of the toughest decisions you'll ever have to make?

In the performance coaching philosophy, we look at respect and dignity. How do you treat your employees on a day-to-day basis. How do you interact with them? Employees need to know how they are going to be measured. They also need to know how they are going to be coached.

The final piece is how to tie in compensation and reward. One thing to consider when you're dealing with people is taking an integrated approach. You want to define how they impact the business goals. Who are their customers? You do not have to do that for them. Ask them the question. "Joan, who is your customer?" Joan is a bright woman. She can probably come up with the answer.

One of the greatest tools you can have in your managerial tool kit is the ability to stimulate and challenge your people to stand on their own two feet. If you lead them to water, you can teach them how to drink and then they can start making decisions. You can start making bigger decisions and better decisions because you have a work team that is truly committed to you and the organization.

Inside we may not use the term *customer*; perhaps we use *business partners* or *colleagues* or *peers*. Has anyone heard of the new concept—open book management? It's a new philosophy like total quality management (TQM) that has come down the pipeline. Open book management allows any employee to literally open up the books and see everything. There are companies that go to that extreme and there are others that provide enough information so people know what they are doing.

Performance Accountability

Most of you talked about having responsibility for making decisions with regard to people. Do you also make the decisions with regards to compensation? Some do.

How often do we evaluate people's performance? Once a year? If you want to truly get people to buy into what you're doing as a manager, and help the decision-making process, you must plan. Sit down with employees at the beginning of their performance cycle and ask, "What do you think? What are your expectations for this year?" Start having a dialogue and get them to come up with some of the decisions that you will have to measure them on over the next performance cycle.

We plan performance, we evaluate performance, and we develop performance. One of the biggest mistakes that managers make today is they look at development as the black sheep. Managers don't spend time talking about development. On most performance management instruments I've seen reviewed and changed there are eight pages of competencies and a little box on the back that says "areas for improvement."

Today, make a decision to use something bigger and better than that because development is the critical ingredient to your being successful as a manager. If all I do is spend my time talking about the past, my people are never going to look to the future. Development is about the future. Development is about asking people

questions. A great question you can ask somebody that will blow them away is, "If you could write your perfect job description, what would it be?" Look at their smile. That's what you're going to get. Granted, you can't give them everything. That's a decision that all of you managers have to make, but by asking that question, you're going to get a smile every time, especially if you have a successful relationship.

Someone might start thinking, "I'd really like to get into disability" or "I'd like to really get into group health" or "I'd really like to go into another area." They start thinking about a bigger picture. Then you must decide what tools need to be put in place to make that person successful. Those tools can be all kinds of things, so make sure that you spend time developing them. We have a laundry list of questions that we provide organizations that specifically get at career choices.

The Performance Coaching Process

The most critical ingredient to you as a manager is building relationships. Synergy is about working together. Primates have a lot of difficulty manipulating objects because they don't have a thumb. Primates became humans when they got thumbs. That is synergy in a nutshell. What you can do with five separate fingers is nothing compared with what you can do with your hand.

The power that all of you have as managers is to be able to build those relationships so that the decisions that you make are powerful, everlasting, and motivating.

What kind of roles can you assume as managers in the concept of performance coaching? The old mind set is that you manage your people. You tell them to do X and they do X. You tell somebody else to do Y and they do Y. The new concept that we believe in, and that most organizations are beginning to head towards, is that you need to become a coach.

There's streamlining, flattening, and all the kinds of things going on in your organizations. To successfully make decisions you need to assume four roles.

Manager as Trainer

There are a few key concepts to think about. One is the seven laws of training. One of the things that we don't expect you all to be able to do is to stand up like I do for a living and present ideas. We train. I hate that word, and I believe I'm actually a facilitator because the interaction is what's important. I don't get a dog to jump through a hoop and give him a biscuit when he's done.

But these are the kinds of things that you need to think about. What's the law of the learner? I also have a secondary social studies degree. There's a big difference

between adult learning, higher education, and secondary learning. You need to understand how people learn. There's a variety of ways that people learn. How many people in here looked at these models and could identify and make sense of them? None. Great, that means I'm doing well.

On the flip side of it there are other people that need things to be laid out in a very linear fashion. There are other people that need to be able to talk about it and understand it. You, as a manager, need to do all of those kinds of things.

For example, my expertise is performance management. You want to learn about how to make successful decisions. Because I'm an expert, I have credibility in the field. I'm not an actuary. If I come in and start to tell you about individual health, what are you going to do?

As managers you need to make decisions about the kind of training you can provide to your people.

Manager as a Career Coach

The other role you have as managers is making decisions about your people. You are a career coach. How many of you have somebody, a mentor, who has helped you with your career? There's a difference between mentoring and coaching. As your boss, I can coach you. One of the mistakes that I've seen organizations make repeatedly is talking about assigning mentors. What happens if Mario hates me and I'm mentoring him? It doesn't work.

The one fundamental difference between mentoring and coaching is that mentoring comes from the employee. It doesn't come from management. I'm the one in my organization that has identified the person who I want to bond with. I will learn from and be stimulated by this person and see what his mistakes are. That's the mentoring relationship. Coaching and career coaching are about telling someone what he and she are really great at.

I'm not saying that the mentor can't be a coach. In career coaching, you're focusing on individuals and developing their attending skills, following skills, and reflective skills and teaching them, to a certain degree, about what options they have.

Mentors are the kind of people you can go to when you are in a jam and you're confused. They are not going to beat you up about it. They're going to talk to you and help you make that decision. Mentoring works two ways. I can give you a perfect example of a situation with two principals at my former company. One person had been there about 24 years. The other person had been there about 14 years. It was one of the most poignant moments that I've ever had as a facilitator. This person looked at the other person across the room and said "You know what,

you've always been a mentor to me." They never formally made the connection, but that more senior principal had always guided, helped, listened, and understood. It was a touching moment. It put it in a context that they could both accept.

We can assign coaches, but a mentor is someone both people agree can help each other and create synergy. If you have managed people for a while, don't you get great pleasure out of seeing people be successful? Absolutely.

Manager as Mentor

A mentor can help create a network for a person so he or she can understand what's going on in the organization. Mentors invest your time wisely to help you understand the component. They give it away to get it. True mentors give themselves to that person and are pleased when they see people getting to places that they hoped they would get to.

They are very patient with you and let you make mistakes and help pick you up. They are active listeners. There's always a chemistry in a mentoring relationship. At some point you formally establish a mentoring relationship, which is what happened in the situation I just described.

You create reciprocity. You develop synergy. That's the power of a mentoring relationship. As a manager you want to try to have that with some people. You can't have it with everybody.

Manager as Confronter

The last role is the manager as a confronter. As decision makers what are you really doing? Many of the decisions that you make as a manager deal with conflict. It's about people and how to manage through conflict. There are two kinds of conflicts that exist in the work force as shown by our research.

One is emotional conflict. That is the kind of conflict that we deal with. You want to use more of a resolution method versus a collaborative problem-solving method.

The other is resolving needs conflicts. Needs are about the resources you have within your organization. For example, you may not have enough money to send your entire staff to this conference. You have a decision to make about the needs of your people and the availability of resources.

There's also value conflict, but that's about politics. Those really have no business in the work place from our perspective.

Creative Decision Making

Has anyone ever done mind mapping before? It's an interesting concept. Mind mapping is a creative problem-solving or decision-making technique that uses outside-of-the-box thinking.

In mind mapping you put a circle in the middle of the page. I use this in every decision I make because it allows me to express a variety of ideas. We're going to design a perfect bathroom. I know this has nothing to do with actuarial work, but you'll have fun with it anyway. What do you want in your bathroom?

From the Floor: Electronics; TV; a pillow for comfort; amenities; toilet; sink for her and one for him; shower; self-cleaning capability; refrigerator; full-time masseuse; a robot that will clean and go to the refrigerator and get beer, food, wine, champagne; a beautiful view of the mountains; Jacuzzi; fireplace; a lock, and so forth.

Mr. Boughton: Think about what just happened. In five minutes we have designed a bathroom and made a decision about what we want in the bathroom and came up with an incredible array of ideas. You can see that this is one of the greatest techniques you can use in decision making.

There's a similar technique to mind mapping for brainstorming problems or decision making. Provide a team with a stack of sticky notes. Identify the problem and then have people write down everything that pops into their head. Keep writing, peeling, and putting them down. Then ask them to come up to a board and categorize them. This gives you a train of thought from which to build.

It's very similar to the mind mapping except that it allows most people to participate. In a mind-mapping situation some folks speak up more than others. This technique may be more valuable for a group of people that may not want to speak up. Everyone can put down information on a piece of paper.

I suggest you use the same color sticky notes so people can't say, "Who is the person who wrote on the green paper? Where is he/she coming from?" You don't want to see that happening because when you're using creative decision-making techniques, you really want to challenge the person to think outside the box and come up with all kinds of solutions.

Management Simulation Exercise I

I have several problems that are very generic. I don't want to give you much information because I want you to be creative in thinking through the process. What I'd like you to do the first time through is to look at the issue and try to think about some of the models. Does this person need to understand performance

integration? Who are our customers? Do they know what the business goals are? Do they need to be coached? And if they need to be coached, do I need to be a mentor or do I need to be a career coach to deal with conflict? I want you to think about it and put it in that perspective. When each group is done, it will present what it came up with.

I want each group to select somebody to read the one-sentence scenario and discuss what your group chose to do with regard to the individual.

First Group Spokesperson: You have just been promoted to management and have never managed a staff before.

We would call a staff meeting upfront and get to know each other as a group. We would think about what the responsibilities of a manager should be. That would involve maybe taking workshops, or reading books, or what have you, to get a jump start.

One thing you could do is have a facilitated session. I know that our company has facilitators interview the people on the staff to get expectations out on the table so you know what you're getting into. So talk to the staff about what you expect from them.

We thought the ideal job description question is great. Do that one-on-one with everyone. Describe for your staff what your management style is. Think about it first, know what it is, and then describe it so they know what to expect from you.

Mr. Boughton: How many people in this room have written their management philosophy? You should do it because it is very, very important. I'm glad you said that, because it is very important to have that clearly defined. It allows you a frame of reference that you can describe to others. Talk about your decision-making style. Talk about those things with your staff so they know who you are and what to expect from you. It is important to sit down with your staff and explain it to them. Say, "I need your help to be able to be successful at managing and making appropriate decisions for you and for our group."

First Group Spokesperson: Seek out a mentor or a coach if you don't already have one in mind and pursue that person. If you've never managed before, you probably want to meet with him or her regularly.

As a group, make sure you get a common understanding of the business goals of whatever unit you're managing. Learn about them. Depending upon the scenario, you probably know much less than the people in the unit do about what your unit

does. We talked about different scenarios. Were you promoted from within the group or brought in from the outside? If you are promoted from within, you change a peer relationship to a manager-subordinate relationship. Deal with that upfront and confront the person and say, "You know this can work. It's different, but it can work."

We went right to the pictures of the kids and admired them. We talked about what's unique about the group of actuaries that you were managing and what's unique about managing a group of actuaries as opposed to other professionals. We tend to be very competitive and perhaps not as team oriented as some other people. So think through the qualities and the disciplines of the people you're managing.

Second Group Spokesperson: You have just hired a new employee who is fresh out of school and is fearful of making mistakes.

First, give the employee some assignments that are so mistakeproof, that it is virtually impossible to make a mistake. Then we used the sticky note technique where everyone wrote down ideas, and we grouped them together. Some suggested giving an initial assignment of appropriate responsibility. When that project is done, ease the person into more difficult work.

A number of ideas focused on setting expectations and then having frequent follow-up conversations. How's it going? Where are you at? Any problems? How can I help you?

The biggest one we had was teaming that person up with a more experienced person, a buddy system so to speak. Another idea is to trick them into making a few mistakes and then point out that no harm was done.

Have good explanations and effective protections ready. In a way, that goes back to having clear expectations and appropriate follow-ups.

Be patient. Make sure the goals are well explained. This really all goes back to the relationship model with the new employee having some fears. You need to start down the communication-interaction-acceptance path. The fear probably won't go away until you get a trust level built up.

Third Group Spokesperson: Scenario: You have a peer who is not good at getting results from people.

We narrowed that down to four different areas to work on. The first one revolves around communications. Give the person positive feedback on his or her communication. Give help and work on the delivery style.

The other thing is working with people and teamwork. Bad mouthing subordinates might be a problem. Use an interactive approach. Work on people skills. Have involvement with those who successfully have achieved those results, so you would be using your mentor or coaching approach.

Try to find the real root of the problem. Maybe it wasn't just a work-related problem. Is the person a perfectionist? Overly critical? Goes back on promises? Not team oriented? Doesn't offer insight? Doesn't define the problem where it actually starts? Is the person's ego too big? Does he need more direction from supervisors? Determine the person's actual strengths and build upon them. Move forward into other areas where the person needs work.

Define results clearly. Discuss who this project is actually for. What are the final results supposed to be? Discuss their expectations. Give them more direction on their expectations. Work on leadership training, the career, goal setting, and the inability to give directions.

Mr. Boughton: Two things you mentioned were very important— communication and expectations. It is important that they understand the kind of impact that they're going to have using that behavior. Explain the expectations of the group—that being so negative is having a negative impact on the organization. The person has to make the connection that that is not appropriate behavior.

It is interesting that you considered both expectations and communication.

Fourth Group Spokesperson: Here's our scenario: You preach the importance of teamwork but then reward individuals for standing out in the crowd.

We used mind mapping to draw out all the different considerations we needed to bring some methodology with which to reward individuals and incorporate team goals and the goal of the project. Some preliminary considerations that we discussed were first just determining which method, either the teamwork method or the individual method, is best for the project and for rewarding.

That includes discussing the goals of the project, the goals of the firm, or your department. How does that relate to customer considerations? It is important to identify the repercussions of your decision. Who were the winners? Who were the

losers? Who are benefitted and who may feel mistreated from choosing one method or another?

A second major consideration was performance management. We thought it was important to outline expectations upfront. Ensure that rewards are consistent with these expectations. Be sure to facilitate communication between the groups.

If it is a team project, you want to make sure that you have items in place that will ensure that everybody contributes to the group and everybody feels they are being recognized properly.

Another factor is discussing with the employees what reward and performance method is fair. Instead of just arbitrarily assigning one, there can be several different options. Getting their feedback on what's fair is important. Ensure that everyone is in agreement about the process.

The end result in really determining and solving this problem was determining some alternative reward methodologies. We assumed that the teamwork versus individual conflicts will be resolved.

We listed some alternatives to rewarding people on those two bases. One entailed individual rewards that are fully consistent with individual performance. Another is going with individual rewards that are fully consistent with a team. If the team achieves a project with great efficiency, then everybody is rewarded equally. If not, then everyone feels the negative impact of that.

The third alternative, and the one we focused on, was a combination of the two. For example, in a 50/50 split, there are team goals, and there are individual performance goals. If you really contribute something above and beyond the call of your responsibility then you can benefit more than other team members.

Another idea was separate team rewards, for example having team lunches or team outings. Perhaps you could have newspaper write-ups for everybody on the team. You know there are any number of different awards, and one is certainly compensation in the form of salary.

Another factor to consider is ensuring that the rewards are consistent with the company and the customer goals—generate common interests. Make sure that everyone is working toward the goal as opposed to having individual conflicting interests. Obviously, you should incorporate some of the feedback from employees that we discussed earlier. Develop an award system that is consistent with the value of the project.

Mr. Boughton: I purposely put the reward piece in so they would focus more on performance management. We had expectations here. It was about explaining to them and giving them the opportunity to succeed. It's about partnering and teaching the new skills and training them. So each of these took a different shape. You have that power when it comes to team decision making, or collaborating, or whatever.

There is something you need to think about from a decision-making standpoint. Let's say Joan has a decision that she has to make about Andy, but it's not something that she can bring up with many other people. She may at least be able to go talk to a peer or go talk to a mentor to get a different perspective.

Decision Tree

Decision tree is a method to see the possible direction that actions might take from various decision points as they relate to the future. When you take each step, what is the impact of taking that step? What are the probabilities of success? What are the probabilities of running into difficulty? What's the risk involved in taking any action?

One of the things that you may want to remember is risk taking. If you have to take a risk, ask yourself one question. Who are the affected parties? What are the outcomes? What is the worst-case scenario and can you live with it? Ask that question.

Then you know that by taking that risk, it's OK. I'll give you an analogy. My wife is great at this. When I talked to her about going out on my own, she said, "What's the worst-case scenario." I looked at her and laughed, and I said, "That I'll fail." And she said "Right, and then what?" And I said "I'll have to get another job." And she said, "Right. Can you live with that, honey?" And I said, "Yes, I can, but can you and Bailey?" "For a little while, but not too long."

We took the risk and we've been successful. So that was a big decision for us to make, and we had to go through a process and think it through. But we knew what that worst-case scenario was.

What do you think when you see the word *probability*? Uncertainty?

What is the one thing we just discussed that was missing? Why are you here? Get people involved. That's why I have to throw a little wrench into what we've been talking about. When you're dealing with human beings, you're dealing with emotions. You can't plug them into a formula.

Identify the problem. Any decision is about problem resolution. You have a decision to make. Then you must decide who the stakeholders are and have they been informed? Does it affect my entire staff or a single employee? Does it have an effect on the management? My peers? Does it affect the customer? You can document the possible solutions. How do we go about identifying the solution that's best going to meet our needs?

Then we need to figure out how well the decision was made. Did I make it by myself? In many instances managers will make decisions by themselves. What did you just do though? You took accountability and responsibility to solve a problem, and you decided it through a consensus.

Sometimes you may end up deciding by majority, but usually you do it on your own. Sometimes you do it by consensus. Another thing to consider whenever you're making a major decision is what are the repercussions of that decision? How is it going to affect staff? How is it going to affect management? How is it going to affect our customer, our client?

I'm working with an organization right now, and I've been doing one-on-one coaching with the CEO. This person is new to the job. He has been there about ten months and he has made radical changes. He was out of the office for about one-and-a-half weeks, and I conducted a focus group with managers and staff. These folks were walking around on eggshells. They were scared beyond belief. This CEO is a wonderful human being who really wants the best for this organization, though he hasn't communicated it. He has made decisions without using any kind of a framework so people are not producing.

I gave him something that he's using now, and in literally two weeks, his senior people are being included in decisions. He is now communicating with them. One of the mistakes we make is forgetting about the outcome.

Have you identified problem solutions? What are those solutions? Have you analyzed the solutions? Have you selected a solution? Have you implemented a solution? Have you evaluated the solution? Have you created a follow-up procedure? You just work and keep on checking off as you work down the model. It allows you the opportunity to analyze a variety of solutions.

One of the mistakes that we also make in decision making is spending too much time thinking about what's happening now, and thinking about what the impact has been on the past, and what the impact is going to be on the future. This allows you the opportunity to sit there and think of a variety of solutions. By doing it collectively you can come up with a very creative, thought-provoking solution.

Management Simulation Exercise II

What I'd like to do now is ask the spokesperson of each group to tell us what your simulation is and then describe it.

First Group Spokesperson: Scenario—You have an employee who keeps talking about other staff members inappropriately.

First of all, who are the stakeholders? Obviously the staff is because they're going to feel uncomfortable, and morale and productivity will decrease. The management is a stakeholder because, for one thing, they have a potential liability for getting sued based on what this person is saying.

Productivity is again an issue. There is also a publicity risk. The customer is a stakeholder because the employees will clearly be less productive. Oftentimes, staff members' attitudes come through to customers, so you could lose customers.

What are some possible solutions? We felt that a great deal of discussion is needed, but it is probably a good idea to talk to the human resources department before you start discussing anything with anybody. You certainly would want to discuss it with the employee to find out what he or she had to say. Does the employee think it's a problem? It may not even be true. Perhaps somebody has misstated the situation.

It is quite likely that, as a result of talking to this employee, you're going to get a great deal of circular discussion because the employee is going to say he or she was misquoted. It may come out that the other employees have misstated the case.

Assuming this problem is the employee's, and once you resolve that, you need to find out what the underlying problem really is. Then you need to communicate that problem to the employee and what the actions will be if the behavior is not changed. A clear warning must be given.

The decision would be made by a consensus between the manager and the human resources department. We did not get the repercussions. Had we discussed this more thoroughly, we might have softened it. We realized what the repercussions were.

Second Group Spokesperson: Scenario—We have an employee that always wants more challenging work.

First we started thinking that it is possibly not such a good thing. After a little consideration, we decided that it is a positive opportunity. We decided that this may or may not be true. He may not even be able to handle more challenging

work. If we hadn't exhibited fantastic communication with this person right along because we're outstanding managers, we wouldn't know if this were true. But we do. We begin with the assumption that he has been nearly flawless to date. He can, in fact, handle more challenging work.

So we did identify the problem, that was quite easy. You made that very easy for us. We came up with some different types of solutions. After careful consideration, we decided that we should give him more challenging work. Perhaps this person was used to work being spelled out for him.

He was not directed too well. We also thought it might be a good idea to let him come up with an ideal job description for himself. Maybe there is just a difference of opinion between manager and employee.

Then we begin to think about who the stakeholders are. If they do get more challenging work, we have to consider their peers. Will there be any sort of resentment stemming from better exposure opportunities or more responsibility?

Give them some background and try to let them take off with it. We came up with this idea of giving him a challenging project, a project that we probably have defined in our minds at various stages. We will need to evaluate things along the way and have check points. We don't want to have to give him step-by-step instructions. We want to see that he can truly handle the project from beginning to end. Instead of spelling things out for him and walking through every step with him, we tell him about the overall problem or concern or goal. Let him come up with some ideas for himself, and let him run with the ideas. See how far he can make it. Check in with him to see if he needs some help. We also don't want him to fail. Failing reduces self-esteem. So we have to monitor that along the way.

Third Group Spokesperson: Scenario—We have an employee who goes off on his own without regard to repercussions.

We must identify the stakeholders—the individual, the manager and team members, if there was a team. We must also identify the final project or the project outcomes that person is responsible for.

I will jump to the cost associated with the problem of repercussions. Credibility with other departments like sales or underwriting or whatever department that they deal with could be lost. The team would lose credibility. The department would lose credibility, and the individual would lose credibility.

As for possible scenario solutions, first, there are short-term solutions for the particular problem that would probably come to be the manager's problem, and maybe we just have to deal with it on the fly or move faster or somehow deal with that. There are long-term solutions that we're looking at. Look for the real problem. Open the communication channels. There might be a communication problem. Sit down with the team and set team goals. Set goals for the projects that the individual is working on. Encourage teamwork. Set incremental project deadlines and checkpoints for project progress and see how far that goes.

Fourth Group Spokesperson: Scenario—You have an employee who has just made a significant error.

We felt the first step was to go through a problem identification assessment. And know the facts. What is the cost impact? Who are the stakeholders we need to inform? Is this something that we caught? Did the staff member make the error, but we caught it in our review? Is this something that has gotten out and has caused us a problem? Is it a quotation system? When do we need to tell our management? We may need to tell underwriting. We need to think of the code of professional conduct.

As far as possible solutions go, we talked about whether to get the staff person involved in the solution or use other people to solve the problem. The decision might be made by consensus if there were a number of things affected. If you review it and see that there's a problem which is self contained, the decision may be made by the individual. On the other hand, if it's widespread, it makes sense to get a number of people's input as to how best to attack this.

As far as repercussions, we need to lead by example and share the repercussions. We might not have to involve the person in explaining the problem to our superiors, we also need to explain how we could lose credibility—share responsibility and accountability.

I think its important to go back and talk about how to prevent this from happening in the future.

Mr. Boughton: I hope you all see what we just did, with both of the exercises. Are decisions easy? No. They are not. It doesn't matter whether it's an opportunity where a person wants to achieve loftier and loftier goals. It doesn't necessarily make that decision any more difficult.

One of the key things that you brought up is the impact on the other team members when this person starts going off and working on more and more projects. It might

be a motivation, but it could also create resentment. You all need to understand that whatever decision you make as a manager, it's going to have repercussions. You need to identify and communicate to people the impact upfront.

Conclusion

Create a positive environment for your employees to be successful. That means you need to focus on thinking outside of the box. What are the kinds of things that we can do to make our decision the most powerful and most respected among our peers?

Remember to always build healthy working relationships. I challenge all of you to go back to your workplace and pick one relationship you want to improve. Look at that model and say I'm here, and by the end of this month I'm going to be here. Watch the impact that you have on that individual. I guarantee it will improve and you'll have a more productive person or peer.

In terms of performance integration, when we did that first exercise, many of you talked about understanding expectations and that gets back to understanding the business goals of the group. We need to understand who the customers are.

Performance accountability from a performance management perspective—you need to become coaches. You need to be able to guide and challenge your employees to be successful. One day I may be wearing an army helmet, and the next day I may be wearing a sun bonnet. You have a responsibility to change with your people. You can't expect your people to constantly change.

I'll just use one sports analogy. Look at some of the greatest coaches in any sport. They may have three players that vary positions. I'll use Bill Parcells as an example. He coached the New York Giants. He would hug and coddle Lawrence Taylor and be very kind to him. Phil Simms is a quarterback, but Parcells would be in his face. Both of them were All-Pro and both of them helped win the Super Bowl.

That's because he knew that he had to use different techniques to motivate his players. You need to use different techniques to motivate your people. The key is that they need to understand how they impact everything in the organization. You need to define that for them.

Then we talked about problem-solving techniques. Use the sticky notes— you'll be blown away again by the kinds of solutions that your people can come up with. As I said, you are bright people. Your peers are bright people. Your employees are bright people. Let them be successful.

We touched on the decision trees, and using a step-by-step approach to solving problems. I gave you a very basic form that you can use, make it work for you.

I gave you a coaching model to use. That can give you more insight into some of the roles you need to play as a coach. You need to deal with confrontation. You need to deal with career coaching. You need to deal with training your people.

The basic tenet that I would like to emphasize, with regards to managing people and making decisions, is think it through. Think it through from your perspective, the employees' perspective and an organizational perspective. The more you empathize those three entities, the more success you're going to have in identifying and making appropriate decisions.