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January 2006

DECISION MAKING

BETTER > FASTER > SMARTER

52 Who Has the D?

How Clear Decision Roles Enhance
Organizational Performance

Paul Rogers and Marcia Blenko

62 Evidence-Based Management

Jeffrey Pfeffer and Robert I. Sutton

**76 Stop Making Plans;
Start Making Decisions**

Michael C. Mankins and
Richard Steele

88 Decisions Without Blinders

Max H. Bazerman and Dolly Chugh

98 Competing on Analytics

Thomas H. Davenport

18 HBR CASE STUDY

All the Wrong Moves

David A. Garvin

32 A Brief History of Decision Making

Leigh Buchanan and Andrew O'Connell

42 FRONTIERS

Decisions and Desire

Gardiner Morse

108 BEST OF HBR

Conquering a Culture of Indecision

Ram Charan

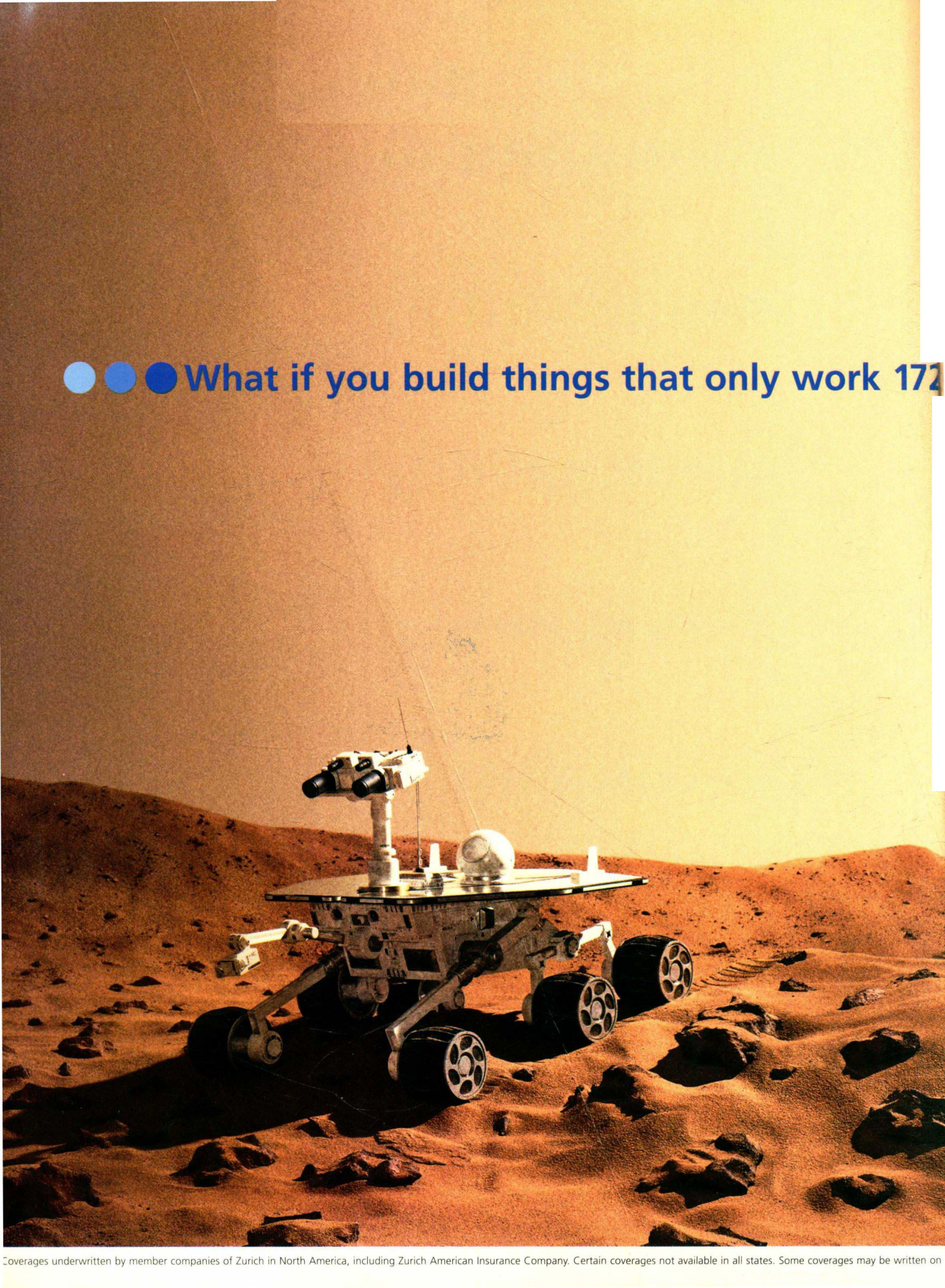
118 BEST OF HBR

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and Howard Raiffa



●●● What if you build things that only work 172



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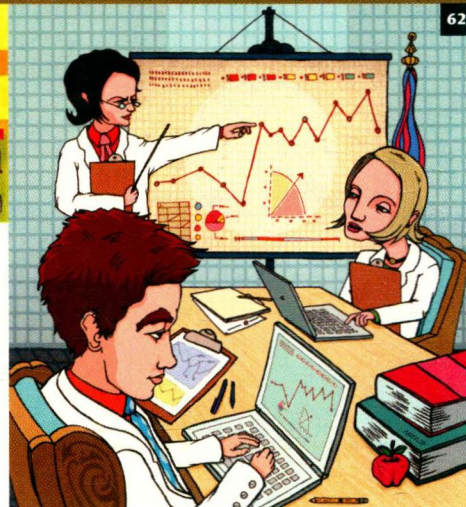
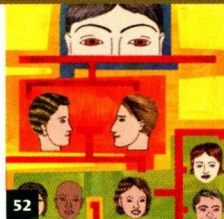
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continued on page 8

January 2006

10 **COMPANY INDEX**

12 **FROM THE EDITOR**

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32 **A Brief History of Decision Making**

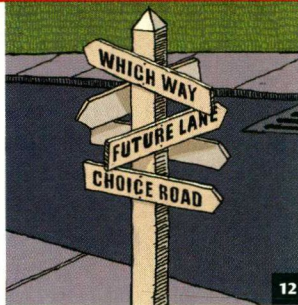
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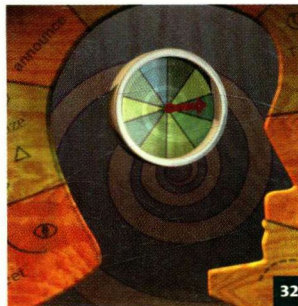
42 **FRONTIERS**
Decisions and Desire

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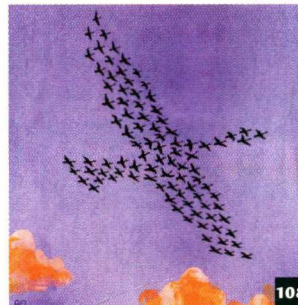
12



32



42



108



118

86 **STRATEGIC HUMOR**

108 **BEST OF HBR**

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128 **LETTERS TO THE EDITOR**

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131 **EXECUTIVE SUMMARIES**

136 **PANEL DISCUSSION**
The View from Above

Don Moyer

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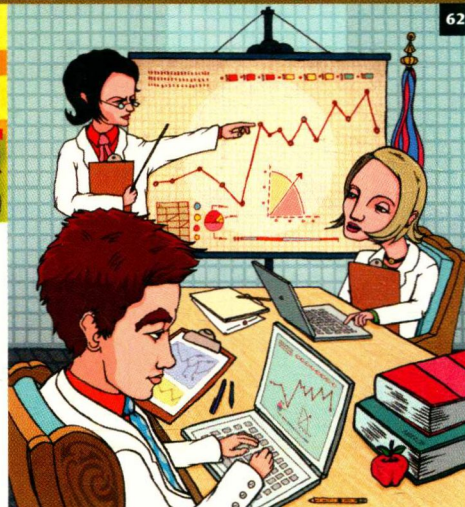
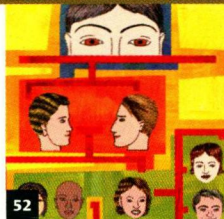
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continued on page 8

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10 **COMPANY INDEX**

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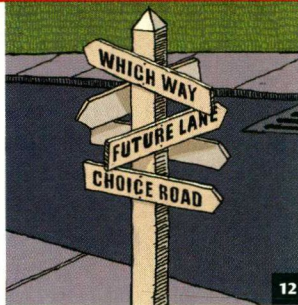
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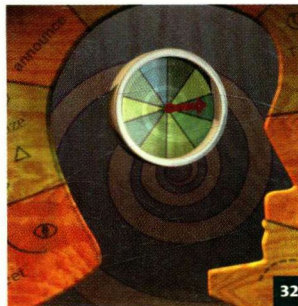
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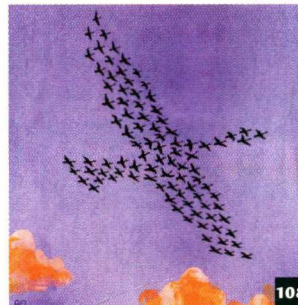
12



32



42



108



118

86 **STRATEGIC HUMOR**

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Organizations in this issue are indexed to the first page of each article in which they are mentioned.

A.C. Milan	98	Microsoft	76, 108	Verizon	98
Adams	76	Morton Thiokol	88	Wachovia	98
Alabe Crafts	32	NASA	88	Wal-Mart	52, 98, 108
Allstate	98	Netscape	62	WorldCom	88
Altria	52	New England Patriots	98	Wyeth	52
Amazon	62, 98	Novartis	98	Xerox PARC	32
American Airlines	98	Oakland Athletics	98	Yahoo	62, 98
American Home Products	52	Otis Elevator	98		
American Hospital Supply	98	Owens & Minor	98	AUTHOR AFFILIATIONS	
Amgen	52	PepsiCo	88	Avaya	18
Bain	62	Pharmacia	108	Babson College	98
Barclays Bank	98	Procter & Gamble	98	Bain	52
Bell Helicopter	76	Progressive	98	Columbia Business School	18
Boeing	76	RAND Corporation	32	DuPont	108
Bolton Wanderers	98	Sara Lee	98	Electronic Data Systems	108
Boston Red Sox	98	SAS Institute	98	Ford	108
British American Tobacco	52	7-Eleven	62	Fuqua School of Business, Duke University	118
Cadbury Schweppes	76	Sotheby's	32	General Electric	108
Capital One	98	Southwest Airlines	62	Harvard Business Review	32, 42
Cardinal Health	76	Stanford University	32	Harvard Business School	18, 88, 108, 118
Carnegie Institute of Technology	32	St. Louis Cardinals	98	Harvard University	88
Chevron	62	Target	52	Kellogg School of Management, Northwestern University	108
Christie's	32	Textron	76	L.L.Bean	18
Chrysler	32	Toyota	52, 62	Marakon Associates	76
Cisco	62	United Airlines	62	Pharmacia	108
Citibank	88	United Nations	32	Roland Berger Strategy Consultants	18
Coca-Cola	88	United States Women's National Soccer Team	62	Stanford Graduate School of Business	62
Credit Suisse	88	Upjohn	108	Stanford School of Engineering	62
Cypress Semiconductor	62	UPS	98		
DaVita	62				
DDB Worldwide Communications	98				
Dell	52, 98, 108				
Deutsche Bank	88				
Diageo	76				
Douglas Aircraft	32				
eBay	62				
Economist Intelligence Unit	76				
Electronic Data Systems	108				
Enron	62, 88				
E-Z-Go	76				
Financial Services Agency	88				
Gallo Winery	98				
Gartner Group	32				
General Electric	62, 108				
General Motors	62				
Harrah's	62, 98				
Harvard Business School	32				
Hewlett-Packard	62				
Home Depot	52				
Honda	98				
IBM	32				
Immunex	52				
Intel	62, 98				
Jacobsen	76				
John Lewis	52				
Los Angeles Dodgers	98				
Marriott International	98				
Massachusetts Institute of Technology	32				
McDonald's	62				
MCI	98				
Merck	88				



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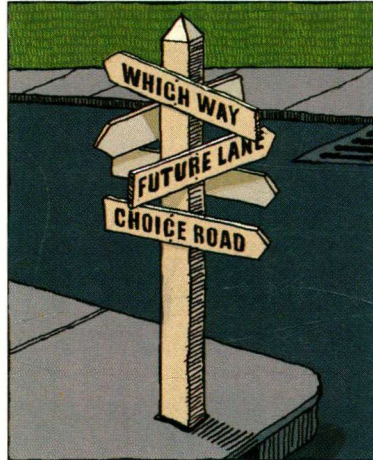
Did You Ever Have to Make Up Your Mind?

A BASEBALL PLAYER IS A SUPERSTAR if he makes the right decision at the plate a third of the time. A neurosurgeon had better be correct nearly always. For managers, the margin for error falls somewhere in between. William Jovanovich once told me that a person who was right 51% of the time could rise – as Jovanovich did – from being a textbook salesman to being the CEO of a *Fortune* 500 publisher. And, of course, the number of correct decisions a person makes often matters less than the relative value of those decisions.

Decisions are the essence of management. They're what managers do—sit around all day making (or avoiding) decisions. Managers are judged on the outcomes, and most of them – most of us – have only the foggiest idea how we do what we do. After-the-fact accounts of a decision are almost always fictive rationalizations. This same “retrospective coherence,” as a friend calls it, is seen in group decisions. In most companies, consultants Michael Mankins and Richard Steele say, what's called strategic planning really serves as a mechanism for ratifying and funding decisions that were made ad hoc months before.

Hence this special issue of HBR, devoted to the art and science of faster, better, and smarter decision making. We can rarely anticipate precisely the decisions we'll face; decision making is a kind of fortune-telling, a bet on the future. Perhaps it's appropriate, then, that we begin the issue by looking back, with a history of decision making—from reading entrails to data mining – compiled by HBR editors Leigh Buchanan and Andrew O'Connell. Appropriate, too, that the next article in the book looks forward. In “Decisions and Desire,” HBR's Gardiner Morse describes how neuroscientists literally probe the brain to watch how its rational and primitive parts interact as an individual makes up his or her mind.

The contest between rationality and gut instinct pervades the research on decision making. You can find even mathematicians on both sides of the fence. One, Blaise Pascal, argued: “The heart has its reasons of which reason knows nothing.” Another, Lewis Carroll, said: “Use your head.” The right approach is to seek the insights of both. Thus, in “Evidence-Based Management,” Stanford professors Jeffrey Pfeffer and Robert Sutton demonstrate why managers reach for half-forgotten half-truths when better, proven ideas are available. This month's case, written by



Harvard Business School's David Garvin, asks why some people and groups can't ever seem to make decisions well. Garvin's colleague Max Bazerman has long studied the phenomenon of bounded awareness—a quirk of cognition that leads us, time and again, to base decisions on too narrow a worldview. In “Decisions Without Blinders,” he and doctoral candidate Dolly Chugh explain how to avoid these self-set traps. Babson College's Tom Davenport, meanwhile, describes

the formidable decision-making style of companies that create competitive advantage out of analytics.

Good decision making depends foremost on accountability. Whose decision is it? That's the subject of a knowing and practical article called “Who Has the D?” by Bain consultants Paul Rogers and Marcia Blenko. I daresay that any organization that uses the authors' method to clarify decision rights will be better managed as a result.

One of the pleasures of putting together a special issue of HBR is the chance to search past issues for articles to republish. We've chosen two standouts: Ram Charan's “Conquering a Culture of Indecision” and “The Hidden Traps in Decision Making” by John Hammond, Ralph Keeney, and Howard Raiffa. But making choices inevitably means leaving something out. An important aspect of decision making is unrepresented in these pages. Every decision has an ethical dimension. Do we promote Mary or Martha? Invest in India or Indiana? Boycott sweatshops or reform them? Reprints editorial director Jane Heifetz has compiled a special set of articles that provide a searching look at the ethics of decisions. You can find this collection online at www.ethicsofdecisions.hbr.org.

As this issue was being put to bed, Peter F. Drucker, HBR's most prolific – and influential – contributor, died at the age of 95. The February issue will include a tribute to this remarkable man. In the meantime, this special issue is surely an appropriate, if unplanned, acknowledgment of a thinker whose work can be read as an extended essay on the art and discipline of effective decision making.

Thomas A. Stewart

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