

# ESDEM

EVALUATING STRATEGIC DECISION MAKING

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## Online Evaluation Tools for Boards

*Evaluating the effectiveness  
of board decision making*

### **Decision Choices Module**

**Report for Person X**

**Module taken: October 2011**

*Decision Choices* is an evaluation tool for board members who wish to know more about their orientation to board level decisions.

The *Decision Choices* evaluation tool reveals respondents' preferred orientation to the strategic decisions that boards need to make.

In facing challenging strategic decisions on a board, we balance a number of possible actions that a board take. These actions tend to fit a number of generic patterns or *action types*. As individuals we are more likely to advocate the board adopt certain action types more than others; thus we have a particular orientation when decision making.

For any one decision, any one of these action types may make better or worse sense. However, as individuals we are likely to have an orientation or preference for some action types regardless of the specific decision. *Decision Choices* reveals these personal preferences.

Understanding your own orientation or preferences, and how they compare to those of others, helps you consider their usefulness in future decision making situations. It also helps you understand your own unique contribution to board decision making.

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## The Decision Choices Scenarios

In completing the *Decision Choices* module, respondents reviewed a set of nine scenarios. Each scenario describes a situation that could happen to the respondent's *own* board. The nine decision scenarios were selected to be representative of the type of board, committee or team most suited to the individual respondent. The respondent was asked to imagine each scenario in turn happening to *their own specified* board.

For each scenario, the individual respondent reviewed a randomised set of seven possible actions, each reflecting one of seven action types. Respondents indicated whether or not they would advocate each action at an imminent board meeting *of their own board* – *Yes* or *No*, and how strongly they feel about advocating that action. Alternatively they can indicate that they *don't know* whether or not they would advocate the action.

Respondents are free to advocate all actions, none of them or any combination; they are free to advocate for or against with any degree of strength on the given scale. Hence, a great many scores for each action are theoretically open to the respondent. However,

the respondent is asked to review their responses at the end of each scenario to ensure their responses genuinely reflect their personal priorities.

### The Action Types

The actions scored for each decision scenario reflect seven action types. These action types are typical steps that a board can take when faced with a challenging situation.

The Action Types are:  
Stick to plan  
Executives rework plan  
Change plan  
Delegate to executives  
Commission full review  
Consult Shareholders  
Influence Stakeholders

The seven action types include actions whereby the board can decide what to do with existing information, to either stick to or to change their plan. In addition, the board could delegate the decision or wait to commission further work and/or consult and influence others in the process. An individual board member will have their own orientation in favour or against these action types depending on their preference for more detailed analysis and wider involvement in decision making

### This Report

This report provides you with a summary and commentary of your own preferences and orientation to board level decision making.

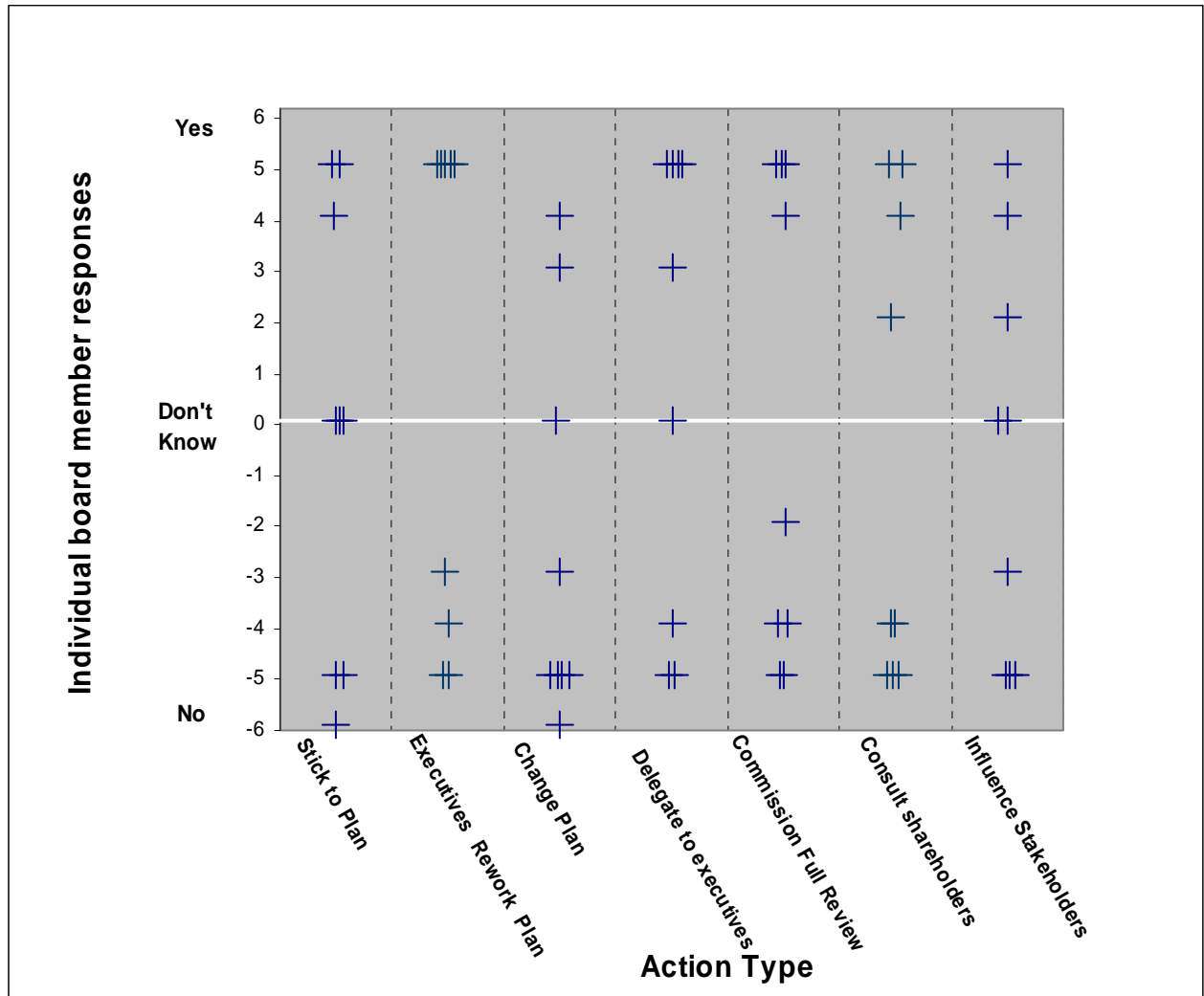
Two separate profile charts are provided. Together, they provide a comprehensive picture. Firstly you will see how you scored the action types for each scenario. Secondly you will see how you compare to the benchmark for board members. This benchmark comes from the responses of all board members in our database.

The most valuable insights come from how your scores differ from the benchmark scores, as this shows how you might differ from the general board member population.

The personal commentary following the charts summarises your personal decision preferences and how these might play out in board decision making. It points out your strengths on a board. Where there may be gaps in your approach, other members of the board may complement you. Alternatively you can make a conscious effort to adapt your approach if a specific scenario requires it.

## Your Scores for the Action Types

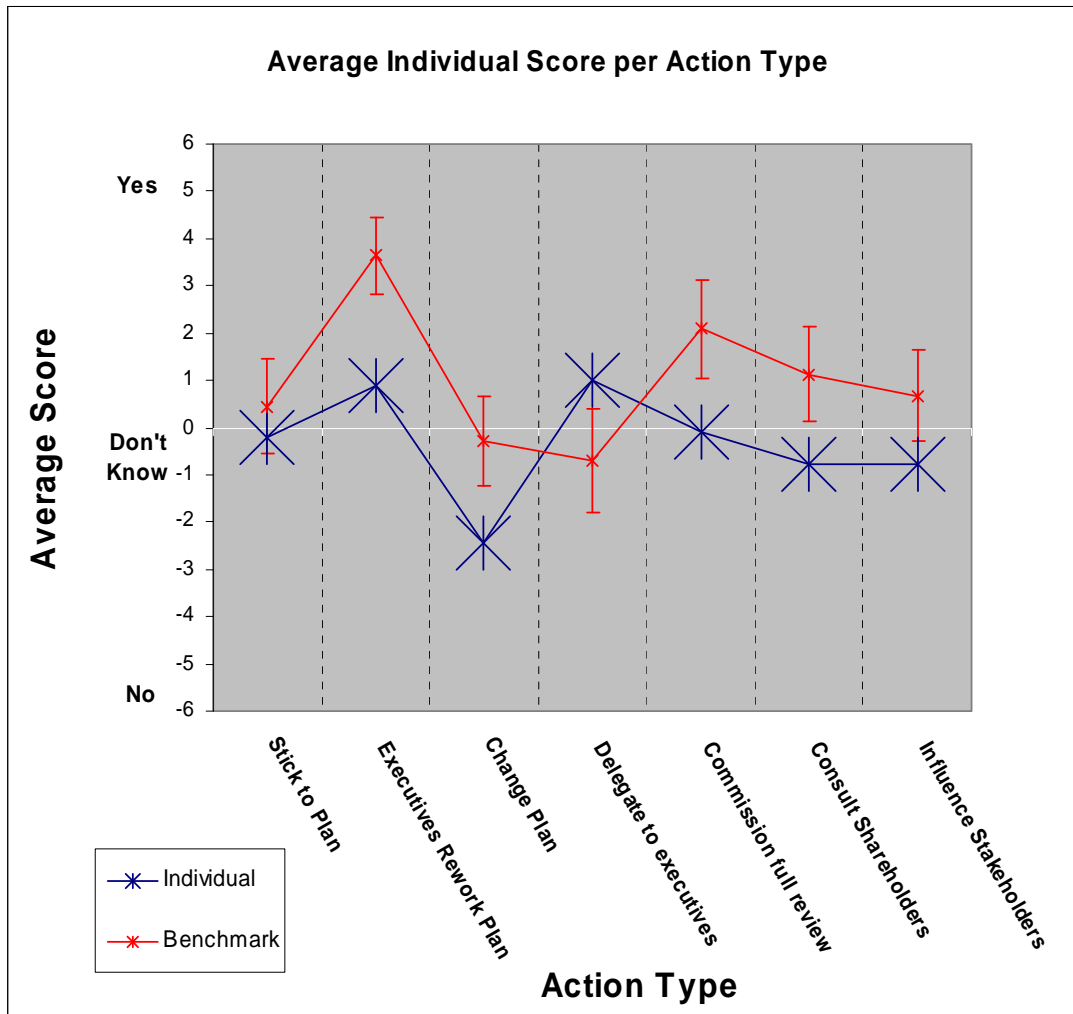
This chart shows how you scored each action type. Each action type was presented in each of the nine scenarios reviewed.



Response	Frequency Count (Max/Min score)				
	Yes	Max	No	Min	Don't Know
Stick to Plan	3	5.00	3	-6.00	3
Executives Rework Plan	5	5.00	4	-5.00	0
Change Plan	2	4.00	6	-6.00	1
Delegate to executives	5	5.00	3	-5.00	1
Commission full review	4	5.00	5	-5.00	0
Consult Shareholders	4	5.00	5	-5.00	0
Influence Stakeholders	3	5.00	4	-5.00	2

## Preferences against Benchmark

This chart shows your average score for each of the action types (blue line); hence it gives an indication of your likely preferences for any potential strategic decision. A benchmark is provided for the scenarios reviewed so that you can see the typical scores from other board members (red line).



Average Individual Score per Action Type

	Average Score			Benchmark
	Yes	No	Overall	
Stick to Plan	4.67	-5.33	-0.22	-0.08
Executives Rework Plan	5.00	-4.25	0.89	3.79
Change Plan	3.50	-4.83	-2.44	-0.06
Delegate to executives	4.60	-4.67	1.00	-1.13
Commission full review	4.75	-4.00	-0.11	1.95
Consult Shareholders	4.00	-4.60	-0.78	0.75
Influence Stakeholders	3.67	-4.50	-0.78	0.31

## Personal Commentary

From the charts presented in the pages above, we can look at the ways in which you are similar to the benchmark for board members, and also the ways in which you are different. The ways in which you are different indicate the particular contribution you are likely to make to a board – either in a *stronger* way than most board members or in a *weaker* way than most board members.

### Arguing *for* certain actions

You are *more* likely to argue *for*:

- Delegating decision making to the executives (assuming certain performance expectations)

You are *less* likely to argue *for*:

- Requiring the executives to rework plans and bring them back to the board for discussion

### Arguing *against* certain actions

You are *more* likely to argue *against*:

- An immediate change of plans
- Consulting shareholders for their views
- Influencing a wider stakeholder group for potential longer term benefit

As a board member, you tend to prefer delegation to the executives within certain performance constraints and do not seek wider consultation.

## Consequences

These preferences will work well when the executive has the confidence of the board and when shareholders and other stakeholders are content with the performance of the organisation. These preferences may be challenged if the board were to face a short term challenge or crisis, if the executive had more to prove, or if shareholders and stakeholders were discontent with the organisation's performance.

Other board members may fill the gap if they have different preferences to this board member. That will depend up on the diversity of the board and the extent to which diverse views are allowed to be expressed on the board.

Alternatively, board members can flex their actions if they are conscious of the strengths and weaknesses of their preferences. Hence self-aware board members can perform well in a wider range of board situations if they can consciously argue for a wider range of actions despite preferences. There is much evidence that board members, like members of other teams, can get “stuck” in specific roles or with particular lines of argument. It is often a sign of a healthy board when members can take different roles or take different lines of argument.



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