

COMPANIES CAN TRULY BECOME CHANGE-ORIENTED INSTITUTIONS BY ACKNOWLEDGING THAT NOT ALL-GOOD DECISIONS TURN OUT WELL BY KENNETH "BUZZ" SHAW

CELEBRATE FAILURES



Every successful business today prides itself on its ability to change with the times. Corporations, government agencies and educational institutions spend billions of dollars anticipating, leading, creating and maintaining a culture of change. It is a matter of survival.

Yet, we are often our worst enemy. We punish those whose seemingly good decision resulted in a failed outcome. When I tell groups that a change-oriented culture requires our occasionally celebrating bad outcomes that came from good decisions, my audience either mutters under its breath or tells me I am crazy. Maybe, but let's break it down.

There are good decisions and good outcomes. There are also good decisions and bad outcomes. And of course, there are bad decisions leading to bad outcomes and the occasional bad decision that has good results.

Good decisions are in-

formed decisions. They result from a well thought out process that includes use of relevant and available information, an understanding of social and economic trends, an examination of the pros and cons of a number of alternatives, serious and open discussion of what could go wrong and the group's or boss' "gut feeling" of what is the best option to take.

Usually, good decisions lead to good outcomes — but not always. There is too much we don't know and won't know no matter how much information we collect. Consider the doctor who uses all the right tests and his or her vast experience to make a diagnosis, but the patient dies. Or the pro basketball team that passes over Michael Jordan in the annual draft for a taller player with "more potential." Or the weather person who, based on the best information, predicts a sunny winter day when we get 6 inches of snow.

We make the mistake of believing that we can account for all the variables in making a decision so that there should always be a positive outcome. Wrong. Even more wrong is the impulse to punish those whose good, informed decision resulted in a less-than-positive

outcome. This leads to covering up bad outcomes, denial and to the unenviable position of supporting a bad result because "so much time and money has already been spent." It also leads to a "gotcha" environment where no one dares express an outside-the-box idea for fear he or she will be punished if it is adopted and turns out badly. Of course institutions can't afford to make good decisions that frequently lead to bad results. But it is worse to create a culture where "analysis paralysis" leads to short sighted, "CYA" decisions or no decision at all.

And what about the business that makes a bad decision that apparently leads to an apparently positive result, but only in the short run? The sub-prime mess is a good example. In the early days, leaders were given huge bonuses for bottom line improvements resulting from the bundling and sale of sub-prime loans. But was the original decision a good one? Probably not, given what we now know and what could have been anticipated if simple decision-making rules had been followed.

So, of course, let's celebrate those good decisions that lead to good outcomes. But let's also give due recognition to the occasional good decision that doesn't turn out so well. We will get better ideas and over time our institutions will be better for it. We will be that change-oriented institution that leads the way. **■**

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Kenneth Shaw also makes his expertise available to the public through a new leadership podcast series drawn from his book, "The Intentional Leader." The podcasts are available online at <http://whitman.syr.edu/shaw/podcasts.asp>.