

# Expanding the search for alternatives during strategic decision-making

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## Executive Overview

*Leaders are surprised to hear that strategic decisions often failed and ask how to improve matters. Improvement calls for insight into what brings about failure and ways to avoid it. The article shows that failed decisions stem from decision-maker actions in which blunders create traps and traps bring about failure. Blunders arise when decision-makers rush to judgment, use failure-prone practices, and allocate time and money unwisely. Here we consider how these blunders set a trap that limits the search for remedies. Three approaches are offered for expanding the search for alternatives and avoiding the limited-search trap. First, decision-makers should expand the arena of action by identifying key stakeholders, their concerns and claims. The second approach is to increase the clarity of objectives and select one that defines an arena of action with the broadest possible scope. The third is to use multiple perspectives to uncover options that would otherwise be undiscovered. Successful decision-makers add innovative options to the mix of remedies to be considered. Shell's attempts to dispose of an obsolete oilrig, Quaker's purchase of Snapple, and Columbus, Ohio's seeking of tax support for a sports arena illustrate how the three blunders can limit the alternatives search and discourage innovation. The article recommends search tactics that can help decision-makers be sure that they are exploring a full range of decision options.*

## The Challenge

The UK's overpriced and seldom-visited Millennium Dome and Firestone's delayed tire recall were decision-making debacles. Like many big-ticket undertakings born of hype and bloated expectations, the Millennium Dome used public dollars for an obscure purpose. Watch as your city vies for the next Olympic Games, a new sports team, or a World's Fair and see if you can spot the similarities. And, if things turn out poorly, watch as blame is spread around with little reflection about what went wrong and why. Recalls are hardly new to the automobile industry, or to Firestone, so why did 1100 accidents and 119 deaths occur before Firestone recalled the defective tires? Many failed decisions lack the visibility of the Dome and the Firestone tire recall fiascoes. After all, a debacle is just a botched major decision that gets a public airing. What about the many failed decisions that evade public attention?

Research shows that highly regarded managers in good companies often make bad decisions and that failure is rampant. The shocking truth is that half of the decisions fail.<sup>1</sup> The vast sums wasted and the benefits foregone as a result of failed decisions prompt many questions. Are failures the result of bad luck, limitations imposed by the situation, or ill-advised actions by decision-makers? My research, stretching back over two decades, has sought answers to such questions. The research collected four hundred decisions to assess decision-making practices, to account for the situation confronted, and to measure success or failure.<sup>2</sup> The findings show that failure almost always stems from decision-maker actions and not from bad luck or situational limitations. Decision-makers make blunders and fall into traps that ensnare them and point them toward failure. The research also identifies practices that can steer decision-makers away from the blunders and help them

evade the traps. Decision-makers who follow these practices can increase their success rate by fifty percent.

### **Avoiding the Blunders and Traps**

Decision-makers sometimes rush to judgment, apply failure-prone decision-making practices, and make poor use of their decision-making resources. Many make these blunders over and over again. The chain of events leading to failure begins with a blunder. It often prompts another. Failed decisions usually follow a chain of events in which the blunders point decision-makers toward traps that entangle them. The major impact of these blunders is that they make it impossible to carry out an adequate search for alternative solutions to problems. The purpose of this article is to review the three major blunders that keep managers from conducting an effective search for alternative solutions and to offer some techniques that can help managers avoid the "limited-search trap." First, let us see how the blunders arise and then how they encourage managers to limit their search for alternatives.

#### ***Blunder 1: Rush to Judgment***

The rush to judgment is rooted in a desire, found in all of the decision-makers studied, to act swiftly. However, stakeholder surveys of decision-makers and other key players found only one decision in ten to be urgent and only one in a hundred to be a crisis demanding immediate action. Rapid action on every decision encountered may therefore be rash and perhaps reckless.

The desire for speedy action has several origins. Like most humans, decision-makers fear the unknown.<sup>3</sup> Decision-making can be a lonely endeavor in which a longing to meet responsibilities and worries about a failure to do so elicit fears. Such fears prompt rapid action, making it difficult to wait for alternatives to emerge.<sup>4</sup> Higher-ups and critics in the media may believe that delays signal the decision-maker's inability to cope, and they become vocal when they sense foot-dragging. This tendency is so pervasive that decisive action is often equated with competence. The end result is often a rush to judgment and a quick decision. Another reason to act speedily is to clear one's agenda. It is reasonable to try to move things along and to push for results. But the outcome is often a rush to judgment.

#### ***Blunder 2: Failure-Prone Practices***

A claim arises when a stakeholder notes trends or events that pose challenges. Claims trigger decisions by identifying an "arena of action"—what a decision is about. Decision-makers often adopt the claims of influential stakeholders without study. Stakeholder claims suggest remedies, such as sales managers who lose patience with fouled-up orders that delay delivery and then call attention to logistical failures in distribution. The claim identifies an arena of action, namely logistics, but reveals nothing about concerns with order processing. Decision-makers who act on such claims may remain unaware of what really needs fixing. In the exclusive focus on logistics, the legitimate concerns of other stakeholders may be overlooked. Even more importantly, in the debacles that I have studied, decision-makers did not attempt to uncover the motivating concerns or competing claims of all stakeholders, although gathering this kind of intelligence to identify the arena of action is recommended.<sup>5</sup>

My studies reveal that some decision-makers act only on concrete ideas and become paralyzed without them, indicating that they do not know what they want until they can actually see what they can get.<sup>6</sup> This leads them to a "see first"<sup>7</sup> posture, wanting to see a remedy before committing to it. And seeing a remedy makes it hard to resist. It satisfies the need for clarity and allows decision-makers to avoid costly intelligence gathering.

Ego needs, a lust for power, and greed can tempt stakeholders and decision-makers to offer a self-serving idea.<sup>8</sup> Given sufficient motivation and opportunity, a self-serving idea or a favored practice may sneak into the claim and define the arena of action.<sup>9</sup> Decision-makers may then move quickly to get endorsements for the idea, whether their own or that of an influential stakeholder.<sup>10</sup> Past and current business practices offer another source of ready-made ideas that may limit a search that could reveal better ideas. Current practices offer tangible remedies that can be documented, making benefits seem clear.<sup>11</sup> Adopting the practices of others seems pragmatic,<sup>12</sup> and it also allows the decision-maker to take rapid action.

Decision-makers who adopt ideas found in stakeholder claims or in current practices, rather than identifying and exploring a wide range of alternatives, make their decision efforts "idea-driven." Such decision efforts seek to put a readily available idea to use and not to learn more about other possibilities that might be better. Decision-

makers often seem unaware that decisions driven by a single idea are failure-prone.<sup>13</sup>

### ***Blunder 3: Poor Allocation of Resources***

Decision-makers devote funds to "evaluating" a few options, often only one option, and spend little on anything else.<sup>14</sup> These evaluations are typically defensive, carried out to show that the idea in an idea-driven effort is useful and doable, and documenting its potential benefits. Critics see such efforts to support a single idea as a costly charade designed to confuse the issue by drawing attention away from other possibilities. Defensive evaluations suggest to observers that a decision-maker's motives are less than pristine. Suspecting a hidden agenda, people become suspicious. The appearance of a personal stake in a decision, even if there is none, raises questions. To fend off questions, more justification is required, and the expenditures for evaluation escalate, with more funds allocated to counter each new objection.<sup>15</sup> The end result is that effort and resources are directed toward supporting a single course of action and away from expanding the alternatives pool.

### ***The Limited-Search Trap***

These three blunders cause decision-makers to limit their search. Settling on a single idea early in the decision process is comforting. Searching for alternatives demands that decision-makers step into the unknown and suspend judgment, waiting for answers to emerge. Waiting can seem unwise when an idea-driven effort has provided a ready-made plan of action supported by an "evaluation" which is really a justification. The ready-made plan sets aside fears, suggests decisiveness, and caters to "see first" preferences, but it also terminates the search for alternatives. When the ready-made plan serves the personal interests of a decision-maker or a stakeholder, the desire for self-gratification provides an additional incentive to block the search for alternatives. Blocked or limited search has several negative consequences. Ready-made plans often have unanticipated costs and delays as attempts are made to convince key players that the plan serves company interests and as retrofits are made.<sup>16</sup> If questions emerge, time and money are devoted to defending the plan, not to a search for competing ideas. In addition, adopting a ready-made plan leaves innovative ideas out of the decision-making process.<sup>17</sup> The urge to uncover any additional ideas, let alone innovative ones, slips away.

Decisions driven by a single idea have another pitfall: There is no clear picture of expected results. Decision-makers are either vague about this or unwilling to disclose their true intentions. The "answer" provided by the single idea displaces the need to think about the results one hopes to produce, or allows one to hide one's *intentions*. The focus is on the idea, not the results which the idea is to provide. Without clarity here, subordinates form different impressions about what is wanted. Disputes can arise when each stakeholder's suggestion comes from a different notion of company needs.<sup>18</sup> If there is any discussion, it is directed to the remedies offered, neglecting to mention hoped-for results. Being clear about what is wanted reduces ambiguity and conflict, allowing all concerned to devote their energies to achieving the expected results.

To sum up, the search for alternatives is often limited. My studies show that no funds are used to search in three of ten decisions. In the next forty per cent, search expenditures are very small, less than one per cent of the sums spent to make the decision. This means that two of three decisions are made with little or no money spent on a search for alternatives. Opportunities to uncover and explore other alternatives before selecting a course of action and to keep one's options open are overlooked.<sup>19</sup> Decision-makers give but one idea serious consideration in four of five of their decisions. Limiting the option pool in this way increases the prospect of failure.<sup>20</sup> Let us see how exploring insufficient alternatives led to three debacles.

### **The Debacles: Failed Major Decisions**

Debacles bring to light where decisions went wrong, and why, and suggest practices that might improve the chances of success. Using debacles in this way follows traditions set by Snyder and Page in their study of the Korean War,<sup>21</sup> Allison in his exploration of the Cuban missile crisis,<sup>22</sup> Hall's exposure of the BART fiasco,<sup>23</sup> and Mckie's study of London's aborted third airport.<sup>24</sup> In the following sections, Shell's disposal of an obsolete oilrig, Quaker's purchase of Snapple, and Nationwide's seeking of tax support to underwrite the cost of a sports arena highlight the blunders and the limited-search trap and how each can arise in a tough decision.

### ***Shell's Disposal of the Brent Spar***

The Brent Spar was a floating oil storage facility and loading buoy 137 meters high, weighing 14,500 tons, and costing more than a billion dollars. The

Spar served as a tanker and loading facility for the Brent oilfield in the North Sea, near Scotland. Shell officials decided to decommission the Spar after finding it would take \$150 million and three years to make needed repairs.<sup>25</sup> Decommissioning created a disposal dilemma, until company officials found that international law allows deep-sea disposals. Shell quickly adopted a deep-sea disposal plan and then spent three years and millions of dollars to compare it with refurbishing the Spar, on-shore dismantling, and in-field disposal near its current location. As occurs in many debacles, these defensive evaluations soaked up most of the time and money spent on the decision process. Rejecting the on-shore option was justified due to increased environmental hazards because mishaps would be more likely. Moreover, lawsuits, fines, and environmental clean-up costs would make any mishap very costly. Seeing themselves as environmentally responsible, officials rejected the least costly option of in-field disposal at the Spar site, because of its impact on fishing and the environment. Deep-sea disposal had less cost and was easier to plan for than on-shore dismantling. The Spar was to be dumped 240 km from shore to rest on the seabed, at a depth of 2,000 meters. The location had little marine life, limiting the environmental risk. However, Shell officials suppressed some of the risk to the deep-sea environment by understating the toxicity and volume of contaminants left in the Spar.

Shell presented government officials in the United Kingdom and Norway with the plan and analysis that supported it, asking for approval. It was granted and Shell made a public announcement stating their intentions.

Just before disposal was to begin, Greenpeace activists flew to the Spar by helicopter and boarded it. From the deck of the Spar, with worldwide media coverage, Greenpeace argued that the planned deep-sea dumping was environmentally irresponsible. Shell responded by attempting to blow the activists off the Spar with high-pressure hoses. These events roused support for the Greenpeace position around the globe, forcing Shell to find another way to dispose of the Brent Spar.

To Greenpeace, the Spar symbolized the careless way in which an industrialized society goes about disposing of the waste it produces. Global headlines called Shell an environmentally irresponsible company. Consumer boycotts began, many actively encouraged by politicians. Shell employees were threatened. Opposition persisted even after Shell officials showed that Greenpeace's claims about the Spar's toxicity and structural integrity were grossly inaccurate.

The public outcry caught Shell by surprise. Although there has been plenty of bad press for big oil, company officials failed to connect the public's outrage over the Exxon Valdez and other oil spills to their actions. Opposing parties worried about different aspects. Shell officials worried about future disposals. The public worried that deep-sea dumping by Shell would prompt others to do the same, with long-term damage to the deep-sea ecosystem. A few days before Shell was scheduled to sink the Spar, Shell officials realized that a deep-sea disposal was no longer possible.

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How did Shell get so far off track? Shell officials found that a deep-sea disposal was legal and provided a low-cost and seemingly environmentally friendly disposal solution. As in other debacles, influential stakeholders offered a solution in a claim that triggered a decision effort to realize the solution. Claims identify what a decision is about, its arena of action. What is a claim? It is simply an assertion about the situation—what the problem is and/or what needs to be done and/or what is possible. Such claims channel people's attention, causing them to look at certain aspects of the situation, thus defining the arena for action (arena being a metaphor for areas in which people focus their attention). What concerns prompted the claim? Were Shell officials worried solely about disposal costs or other matters as well? Without clarity, outsiders could only speculate about Shell's motivations. When decision-makers buy into a claim without looking further, they miss investigating other, potentially beneficial, arenas of action. Shell officials failed to specify the concerns posed by a deep-sea disposal or to uncover competing claims and concerns of outside stakeholders, although this kind of intelligence would have been very desirable.

Company officials had no need to rush to reaffirm their preferred deep-sea option when challenged by Greenpeace. The Spar was secure at its old site and could have been left there as a debate about disposal options played out. Instead, an urge to affirm a preferred course of action won out. Evaluation expenditures, already extensive, were required to counter Greenpeace's claims. These

expenditures mounted to fend off questions posed by the media. Critics in the press saw the evaluations as biased, carried out to justify what Shell wanted to do and to draw attention away from concerns about long-term damage to the deep-sea environment.

Shell's practices were suspect. Defensive evaluations had little to guide them when expected results were not clear. Company officials failed to clarify their disposal objectives. Were they environmental or cost driven? Instead, means were stressed by focusing on how to dispose of the Spar. Different possibilities can be imagined had Shell framed the decision as one of minimizing long-term cost, reputation losses, ecological dangers, or stricter regulations, should their actions appear irresponsible. Officials at Shell took a narrow view of their stakeholders, limiting their conversations to a few politicians in the governments of the UK and Norway.

Shell officials felt pressure to act quickly, in both their initial search and when challenged by Greenpeace. Deep-sea dumping seemed desirable because it was legal and because it was less costly than dismantling. Shell officials saw no need to look for other ideas that could be better. This attitude persisted after Greenpeace and others challenged the wisdom of the preferred course of action. Instead of revisiting the search for alternatives, Shell officials reaffirmed the deep-sea dumping option and sought still more supporting evidence. Vast sums were spent to document the desirability of deep-sea dumping versus in-port dismantling, but nothing was spent to look for other options.

### ***Quaker's Purchase of Snapple***

Quaker is a diversified company, with brands that are first or second in 85 per cent of its product categories. Quaker pursues an aggressive growth strategy. William Smithburg, Quaker's CEO, masterminded several acquisitions and became most noted for his Gatorade purchase.<sup>26</sup> According to industry reports, Smithburg made the Gatorade purchase impulsively, basing the acquisition on his taste buds; he tried the product and liked it. Industry analysts were highly critical of the Gatorade purchase, but Smithburg proved them wrong by using innovative advertising to grow a \$220 million purchase into one worth \$3 billion. In the wake of this success, Quaker's board of directors gave Smithburg complete freedom in making future acquisitions. Smithburg then acquired Snapple, another brand he planned to promote according to the Gatorade formula. Quaker's highly

successful pet food and bean divisions were sold to raise \$110 million of the \$1.8 billion Snapple price tag. The board did not question the purchase or the approach to financing it.

What was driving Smithburg to act? Quaker had become a takeover target. Smithburg thought he could use the debt acquired in the Snapple acquisition to discourage a takeover. Industry observers saw that Smithburg was reverting to what had worked in the past: acquire a moribund product that he could market into a star. His hidden aim of thwarting a takeover seemed to dictate events without asking if such a course would be good for Quaker. Why thwart a takeover? Takeovers are usually good news for shareholders. An average of 36 per cent above market value of stock is paid to take over a company, so a sale of stock would be lucrative for the shareholders. Smithburg, however, had a lot to lose. His "golden boy" image would have little value after a takeover, particularly a hostile one. He was apt to have a more restricted role following a takeover or perhaps no role at all. But Quaker's board deferred to Smithburg and indulged his risk-taking. The Snapple deal appeared to have the desired result. Takeover talk was scotched on Wall Street, and Quaker's stock fell by 10 per cent.

Industry observers claimed Smithburg was bored with the mundane but profitable core businesses at Quaker, such as pet food. He had received accolades for outsmarting Wall Street in the Gatorade deal and wanted another flashy acquisition. To acquire Snapple, Smithburg relied on past practices. He repeated his taste test and made several assumptions without testing any of them. Synergies between Snapple and Gatorade were assumed. Unfortunately, Snapple had neither manufacturing nor distribution similarities to Gatorade. Smithburg assumed that he could duplicate his advertising success by promoting Snapple as he had Gatorade, but cutting-edge advertising is risky. And Smithburg failed to discover that Snapple was carrying over \$20 million in obsolete material because of poor inventory management.

The Snapple purchase almost brought Quaker down. Things got so bad that Quaker tried to package for sale its entire beverage business, including Gatorade, just to dump Snapple. Two years after the Snapple acquisition, Smithburg announced its sale to Triarc Corp. for \$300 million, far below the \$1.8 billion purchase price, and also announced his intention to step down. The company was able to recoup \$250 million in previously paid capital gains tax to soften the blow. Still, Quaker took a \$1.4 billion loss in the first quarter of

1997, as well as operating losses of \$85 million in 1996.

Smithburg claimed that a flashy product was needed to bolster Quaker, triggering a decision effort with an acquisition as the arena of action. The concerns prompting the acquisition claim were hidden. Smithburg saw a hostile takeover on the horizon that would threaten his job or at the very least his freedom and set out to head it off by defensively restructuring Quaker. He was not inclined to reveal any of this because the arena of action (buying Snapple) would seem risky had his restructuring concern been revealed. Since he did not spell out his concerns, others speculated about what they might be. Attempts to gather intelligence about the acquisition or the competing claims and concerns of other interested parties were impossible with such motivations in play.

Why the rush to acquisition? No one was courting Snapple. Waiting was apt to lower the purchase price. Smithburg's urgency to find an acquisition mounted as his worries about a takeover grew. When time pressure mounts in this way, shortcuts are likely. One is to repeat what has worked before, as Smithburg did by repeating the tactics used in the Gatorade acquisition. Delays arose as attempts were made to merge the incompatible Gatorade and Snapple products. Smithburg seemed oblivious to the dangers of a Snapple taste test as a substitute for due diligence. Without suitors for Snapple, due diligence to investigate the merits of this acquisition was both possible and highly desirable. Instead, money was spent on defensive evaluations, looking for arguments that supported the Snapple purchase.

The first workable idea that emerged was adopted. Smithburg was wedded to buying a flashy product that he could market. The Snapple proposal eliminated ambiguity but kept Smithburg from looking for acquisitions with a better fit and for other ways to thwart a takeover. No time or money was used to uncover competing ideas. A search for an acquisition with a better fit would have revealed pitfalls, such as Snapple's lack of synergy with Gatorade. Other and better ideas to revitalize the company may have emerged as well.

### ***Tax Support for the Nationwide Sports Arena***

City leaders in Columbus, Ohio, the fifteenth-largest U.S. city, set out to overcome the city's cow-town image.<sup>27</sup> They equated greatness with having a major-league professional sports team. Frustrated by four previous failed attempts to attract a major-league team, city leaders were ecstatic when the National Hockey League included Columbus as a

possible site for an expansion team. The lure of a team galvanized yet another "great city" effort. Nationwide, Bank One, and Worthington Industries donated money and formed a "leadership team" with the mayor. The Dallas-based owner of the local professional soccer team, the Crew, and the Dispatch Printing Company, publisher of the only local newspaper, agreed to help. Local developers joined in. How to fund an arena? Rather than seek stakeholder involvement and explore a range of options, the leadership team called for a .5 per cent sales tax to build two facilities, a hockey arena and an open-air soccer stadium, with taxpayer money, on public land. The leadership team put up the money for the NHL's \$100,000 application fee and made plans to put the tax proposal on the ballot in the next election as "Issue 1."

The plan called for a three-year sales tax increase to raise \$203.5 million, with additional funding coming from state grants, private funds, interest, seat licenses, and naming rights. Bank One offered to pay \$35 million over 18 years for naming rights. The package included a 21,000-seat arena for hockey costing \$110 million, a 35,000-seat soccer stadium at \$72.5 million, and \$102.4 million for land and site improvements. The city and county were to donate the land, make road improvements, and clean up the proposed site—the old Ohio State Penitentiary, a long-standing Columbus eyesore. Tax abatement was also requested, with Columbus City Schools to get a lump sum payment and a token amount from a small hockey ticket surcharge. To encourage acceptance, the leadership team claimed that they had no "Plan B."

Taxpayers were not supportive. Opposition groups formed. Opposition leaders noted that everyone on the leadership team had considerable resources, questioning why they needed to reach into the public's pockets for some \$200 million. A prominent critic said, "What makes a city great, a hockey team? If that were the case we'd be vacationing in Buffalo." Others noted that St. Petersburg, FL and other cities had bought into "build it and they will come" hype and still awaited a team. Community groups were aghast when they found that the city's school system was to be cut out of millions in tax support. If existing practices of property valuation were followed, tax on a \$300 million project would be \$65 million. The leadership team estimated tax at less than \$10 million. Nationwide offered to donate a parking structure adjacent to the old penitentiary site. The offer was a bit hollow; the garage was a "white elephant" due to its low use. There were objections to land giveaways, the projected price of tickets, parking costs, and land use as well. The mood of the public

could be summed up as "Call their bluff": If it is good business, private money will be found. Polls showed that Issue 1 had some support in the more affluent suburbs and among younger voters, but nowhere near enough to pass it. The leadership team pushed ahead anyway, and Issue 1 was soundly defeated.

Within 24 hours, the non-existent "Plan B" surfaced. The new plan dumped the soccer stadium, proposing that a \$125 million, 18,500-seat hockey arena (20,000 for concerts) be built with private money. Nationwide picked up 90 per cent of the costs, and the Dispatch Printing Company paid the remaining 10 per cent. Nationwide officials had a 99-year lease on the old Ohio penitentiary site in their pocket. For this, the city was to receive 20 per cent of the parking collections. The city agreed to provide infrastructure improvements for access roads and to clean up the old penitentiary site. The bill for these improvements came in at \$32.8 million, and for the structure at \$150 million. Franklin County estimated the land value to be \$11.7 million. These maneuvers circumvented the voters' wishes, putting substantial public money into the project. The tax abatement remained, with the schools to get \$10 million instead of the \$32.4 million they would have received had the arena been taxed according to past practice. When Bank One left for Chicago, abandoning local commitments, Nationwide claimed naming rights instead of offering them for resale.

The leadership team claimed that great cities have major league sports teams and concluded that luring a team was the first step in their great-city quest. Collateral claims contended that the economic and social life of a city is enhanced by a major league sports team. Actually, the relationship of the concern, building a great city, with a claim's arena of action, a sports team, is suspect. The leadership team's beliefs about what makes a great city were not widely shared. And to secure a team there must be a sports facility in place, so the arena of action shifted to funding a sports facility. Adopting such an arena of action (funding an arena) is prone to fail when others do not share the motivation behind it. Gathering intelligence on the concerns of community groups would have revealed the limited prospect of community support.

The leadership team believed that it must act quickly to secure an NHL franchise. Even so, there was ample time to evaluate both major options—tax support and private financing—for the arena to see which had the most profit potential and risk. Instead, the leadership team devoted its energies to finding a way to dip into the taxpayers' pockets to underwrite the costs of the project that was cer-

tain to make money. Due diligence would have made it clear that tax money was not needed and that revenue sharing with the city reduced the upside profit potential.<sup>28</sup> NHL policies require season ticket sales of 12,000 before a franchise is granted. This insured that the arena would be profitable and very profitable if ticket sales approached capacity.

The rush to put the tax question on the ballot distracted the leadership team from assessing the arena's profit potential. Instead, they mounted defensive evaluations, attempting to show that tax support would be good for the city. This led to costly studies designed to show how an arena would encourage business and create jobs. Critics saw the arena as a boondoggle and the job creation and growth arguments as bogus—arguments trotted out whenever the downtown crowd wanted something. If it's good business, critics argued, private money will be found. The leadership team looked at the voters as an inconvenience to be bamboozled, instead of as partners in a quest. No attempt was made to partner with key stakeholders, such as the public schools and civic groups, or to find other paths to a "great city."

All of this put a search for different ways to fund an arena and different ways to fashion a great city out of the picture. Funding an arena with tax dollars was the only idea seriously considered by the leadership team. No time or money was spent to identify multiple arena-funding or great-city possibilities. Having an "answer" eliminated ambiguity but kept the leadership team from looking for other ideas that might well have been better.

### Assessing Search Practices

Table 1 presents some data regarding the success of the different search tactics. Idea-driven decisions eliminate the need to search for alternatives. Such tactics are used in 28 per cent of decisions and are failure-prone.<sup>29</sup> Shell's deep-sea dumping, the Snapple acquisition, and tax support for the Nationwide arena illustrate the use of resources to justify a quick fix with little if any time and money allocated to the search for other options. In the following discussion, the idea tactic is compared with benchmarking, solicitation, and innovation search tactics.

Benchmarking is another way to search, found in 25 per cent of the decisions. Here an organization thought to be successful is visited to get decision-making ideas. This approach differs from both the idea and solicitation tactics. Under the idea-driven tactic, the decision effort promotes a pet idea or a favored plan. Decision-makers that use bench-

**Table 1**  
**The Success of Search Tactics**

SEARCH TACTICS	FREQUENCY OF USE	ADOPTION (1)	PERCEIVED BENEFITS (2)	DEVELOPMENT TIME (3)
Idea	28%	41% to 58%	Adequate	8.5 months
Benchmarking	25%	50% to 59%	Good to Adequate	7.5 months
Solicitation	23%	51% to 63%	Good to Adequate	11.8 months
Innovation	20%	51% to 63%	Good to Adequate	15.3 months
Innovation (with objectives and multiple options)	4%	73% to 82%	Good	7.9 months

(1) Adoption rates indicating the range of decisions sustained for 2 years, to those that were fully put to use.

(2) Based on the evaluation of stakeholders.

(3) Time measured from point where claims were made until solution was proposed.

marking, however, visit an exemplar organization or a well-regarded work group and extract ideas from its business practices. Decision-makers using solicitation develop a needs list, collect ideas, and assess what is offered. Decision-making success improves with soliciting and benchmarking, but a notable possibility of failure can remain. If the adopting and the benchmarked company face similar circumstances or if the vendor's off-the-shelf plan can be fit to the company's situation, the prospect of success improves. When fit is lacking, tailoring is required and costs escalate. Misfits occur more often than imagined, driving up costs and the time to do the required retrofits.

Twenty-three per cent of the decisions in my research use solicitation, seeking solutions with a request for proposal (RFP). The RFP is sent to vendors when needs seem clear, and to consultants when needs seem vague or uncertain. The firm contacted tends to offer a prepackaged idea and arguments that attempt to show how the idea meets the company's needs. As shown in Table 1, solicitation improves the chance of success over the idea-driven tactic discussed above.

My research shows that search is more apt to be successful when an objective has been set and when several options are considered (see Table 1). Both setting an objective, which clarifies desired results and makes a search for new ideas more purposeful, and seeking multiple options improve the chance of success, but these practices were used in only 4 per cent of the decisions studied.

The search for innovative ideas was attempted in 24 per cent of the decisions studied. Decision-makers see innovation as risky and limit its use.<sup>30</sup> The urge to be pragmatic is stronger than the urge to be innovative. Because, on average, five of six innovation attempts lack a clear objective and nine of ten consider just a single idea,<sup>31</sup> innovation failures are caused more by poor search practices

than by risk.<sup>32</sup> Decision-makers and subordinates attempting to come up with new ideas seem to be unaware of how to conduct an innovative search. Let us turn our attention to practices that overcome some of these difficulties.

### Broadening the Search

Three approaches are offered. The first expands the arena of action. This is done by identifying key stakeholders and uncovering their concerns and the claims that they support. Uncovering these concerns pulls in more stakeholders and their interests. An arena of action that encompasses most, if not all, of these interests provides a larger space in which to search. The second approach calls for identifying arena-appropriate objectives, selecting one with the broadest possible scope. Searches are more purposeful when an objective indicates the expected result, and a broader objective increases the scope of a search. The third calls for using multiple perspectives to uncover options. Looking for options that address several different perspectives introduces a broad range of ideas, some of them potentially innovative, into the option pool. All of the approaches require using teams to get the participation of knowledgeable and involved people. Consult the extensive literature on creativity for additional help in uncovering innovative ideas.<sup>33</sup>

### Expand the Arena of Action

The sports-facility leadership team claimed that a major-league sports team defines a great city. Shell officials made claims about the benefits of a deep-sea disposal. Smithburg claimed that a flashy acquisition would bolster Quaker. These claims dictated what each decision was about, its arena of action. Concerns behind the claims were

hidden or disputed. The leadership team believed that Columbus' great-city aspirations required a major-league team. Most citizens disagreed with this belief. Smithburg of Quaker set out to discourage a hostile takeover, which could threaten his job or at the very least his freedom, by adding debt. Shell officials worried about disposal costs but were reluctant to admit it. The choice of action driven by such claims omits what aroused the claimant and ignores the concerns of stakeholders. Decision-makers who adopt a claim-dictated arena of action (deep-sea dumping, building an arena, or buying Snapple) disregard these concerns.

Decision-makers who are silent about their true concerns give critics and people who have something to lose a platform from which to raise objections. Opponents call attention to what seem to be errors, faulty logic, or misrepresentations in order to question the legitimacy of a claim and its arena of action. The decision-making effort must then scale this slippery slope to be successful. When costs escalated in the sports-facility project, opponents cited "ballooning costs" to discredit the leadership team and its project.

In the three major debacles discussed, little time or money was spent rethinking claims and their arena of action. A claim that points in an unproductive direction can have powerful supporters. Successful decision-makers confront these pressures and defer claims until concerns are understood. To do this, organizations should expand horizons by opening up to stakeholders yet to be heard. This requires an investment in intelligence gathering. Several focus groups might be employed to uncover the scope of concerns held by stakeholders. Such an investment introduces several new arenas of action that encompass concerns held by stakeholders whose support is needed if the decision is to be successful.

Stakeholders with interests can be found in top management teams, leaders of key departments, technical experts, internal people with relevant experiences, unions, suppliers, stockholders, creditors, customers, current and future alliance partners, supportive sister organizations, competitors, the communities in which one operates, environment groups, and the general public. Looking at each as a stakeholder or constituency offers important cues. Considering the concerns of each constituency enhances credibility and mobilizes support. Shell's disposal decision affected more people outside the organization than inside it, calling for the involvement of groups with environmental clout. This would have given top management a heads-up on how the company was viewed by outsiders as well as opinions about its planned

deep-sea dumping. Companies can be insular. By turning inward, Shell officials overlooked the image created by their actions that turned off potential customers and future business partners. Quaker's stakeholders were stifled and unlikely to offer useful suggestions. The arena's leadership team ignored taxpayers who were expected to foot the bill for their vision of a great city.

A helpful step is to ask objective observers of the situation to identify and rank stakeholders. To do this, ask them first to list stakeholders with an interest in the issue (an environmentally friendly disposal for Shell, revitalization for Quaker, and a great-city initiative for Columbus). Also, ask them to rate the stakeholders identified, first according to the prospect of their supporting or opposing the decision and then on the decision's importance to them. Capture the intensity of their opposition with a  $-1$  to a  $-5$  rating and intensity of their support with a  $+1$  to a  $+5$  rating, and use a one-to-ten ranking to capture decision importance. Compute averages for a consensus view. Classify stakeholders that have negative support and an importance ranking of 5 or more as *antagonistic*, stakeholders that show positive support and a 5 or more importance ranking as *advocates*, stakeholders with negative support and a less than 5 importance ranking as *problematic*, and classify stakeholders as *low-priority* when they are supportive with low decision importance. The number and nature of the stakeholders in each category suggest the amount of resistance to be expected. Stakeholders classified as antagonistic are prime candidates to participate in a focus group to discuss their true concerns.

Survey focus groups made up of stakeholders or convene them in a formal meeting. For each, explain what the issue is about (environmentally friendly disposal, corporate revitalization, or great-city initiatives) and the organizer's desire to understand concerns posed by the issue. Collect information by having participants list claims (actions) they believe to be warranted *and* the concerns (motivations) that prompt them. Some claims may yield several concerns, such as cost and environmental damage in a disposal option. In a formal meeting, record the claims and concerns separately to de-couple them. Use discussion to elaborate, explore, and explain. Have participants vote to select the most important claims and concerns. This process yields a list of prioritized claims and concerns for each stakeholder group.

Plot and then compare concerns across the stakeholder groups. Note where concerns overlap, which of the stakeholder groups agree and which disagree, and the priorities assigned by each. Look

for a set of concerns that are agreed to by most stakeholders, the most influential stakeholders, those one must cater to, and so on. Find the claim that each supports. Several arenas of action will emerge. To select one, find the arena with the broadest support, one that caters to the greatest number of potentially antagonistic stakeholders or one that includes most of the advocates. Knowing everyone's concerns will suggest ways to deal with excluded stakeholders, taking steps to reassure them or to offer a palliative.

Some antagonistic stakeholder groups may refuse to participate. To cope, begin by heading off potential coalitions. Neutralize connections that antagonistic stakeholders have with low-priority and problematic stakeholders. In the Columbus sports arena case, this would mean driving wedges between the groups that opposed the leadership team and taking steps to prevent those groups from uniting with the school advocates. Ask advocates to win over the problematic, and mount campaigns to deal with antagonists, such as Shell having friendly government spokespersons meet with representatives of groups opposing the company. Work through the antagonistic stakeholder groups beginning with those that are least opposed before dealing with others. Carry forward information and support gathered from one negotiation into the next. The current negotiation can draw counter-arguments from what was learned and lessons from what worked to satisfy the previous antagonistic stakeholder group.

In addition, find ways to address concerns if support is still being withheld. Quaker's board could have asked threatened employees for ways to protect key jobs in a takeover. Determine if antagonistic stakeholders must be surprised or kept in the dark until others can be consulted. This may be necessary when decisions involve sensitive moves, such as acquisitions. Handle these groups after all the others have been consulted. If support is not possible, bargain to seek neutrality. To do this, ask for an arena of action that the antagonistic stakeholders can support. Look for an arena with a win-win in which all parties can agree that something should be done about remaining concerns. Or find an arena that the antagonistic stakeholders do not care about so they will drop out. Use advocates to sell to the indifferent and the problematic, and then to bargain with antagonistic stakeholder groups, showing the extent of support. Target moderates in the problematic and low-priority categories for education attempts later on.

Decision-makers who consult in this way show that they are willing to consider a variety of concerns. Such a show of good faith demonstrates the

importance of the decision and a commitment to get to the bottom of things. This makes stakeholder buy-in more likely and decision momentum easier to sustain.

### **Set Objectives**

Many managers have deeply rooted solution-centered preferences.<sup>34</sup> Instead of trying to change them, I find it best to accept and work with these preferences. Use an indirect route to identify objectives. Form a team knowledgeable about the arena of action. Ask team members to identify solutions for the new arena (e.g., revitalization ideas for Quaker, environmentally friendly disposals options for Shell, and great-city suggestions for Columbus), because they are prone to do this anyway. Also, ask the team members to write down the results that each solution might provide. Have team members list their solutions on the left side of a page and the results that each solution offers on the right, next to the solution, continuing until solution ideas are exhausted. Record the solutions in one column and the expected results in another. This de-couples solutions from expected results.

Next, array the expected results according to their scope, from narrow to broad. Place each solution under its expected result. This shows that solutions identified with a narrow objective can emerge for the broader objectives but that solutions identified with a broad objective will not emerge for a narrow objective. This linkage of expected results and solutions demonstrates that broad objectives allow more ideas to surface and that narrow objectives eliminate all of the broad-scale solutions. Thus, a narrow objective limits search.

Consider an example. Shell's concerns ranged from keeping costs reasonable to avoiding oppressive regulation should their actions seem irresponsible. This suggests one objective to minimize costs and one to avoid bad press. A minimum-cost objective has but one known option: in-place disposal. An objective that also protects company image allows more options to emerge, including the others considered by Shell (e.g., in-port dismantling, deep-sea dumping) as well as options that allow for compromises, such as deep-sea dumping after verification of sludge removal. The minimal-cost solutions are more limited than image-protection solutions, showing how a narrow objective limits search.

Objectives are like systems.<sup>35</sup> Every system is part of a larger system and contains smaller ones, giving systems a hierarchical relationship. Choosing the scope of a system to address is like select-

ing an objective. In both cases, it is not clear where to stop as one broadens the scope, say from a cost-related objective to an image-related objective. Decision rules are required. Decision-makers who see limits in the kinds of solutions they are empowered to seek can select a matching objective. Alternately, decision-makers can choose an objective that stands out from the others due to its urgency, importance, and the like. Systems theorists provide another kind of guideline by looking for an objective that is both larger and smaller in scope than the one found using an importance or prerogative rule.<sup>36</sup> Looking at objectives in this way is justified on two counts.<sup>37</sup> Virtually everyone recommends that multiple options be considered, because decisions arising from multiple options are more apt to be successful.<sup>37</sup> Objectives that are both large and small encourage this multiplicity. And, solutions sought with the broader objective in mind allow a wider range of options to surface. The compromise option for Shell was not apt to emerge if the company sought only to minimize cost.

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***Virtually everyone recommends that multiple options be considered, because decisions arising from multiple options are more apt to be successful.***

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To illustrate this point, consider Quaker's situation. Troublesome signals, indicating a decline in sales after a long period of sales growth for the Gatorade product, suggest both distribution and saturation concerns. A turnaround may require an investment in distribution logistics or an infusion of dollars into marketing to sharpen the marketing approach. To avoid conflict, consider two objectives: one that speeds delivery and one that increases sales volume. To improve distribution speed, one might outsource, add information technology, reengineer production processes, or add MRP systems. An increased-sales-volume objective brings into view pricing, product image, new niches that go beyond the use of Gatorade in sports, and cultivating global markets. A sales-volume objective broadens the search without ignoring stakeholders who have concerns about distribution.

Note how the Quaker objectives have a hierarchical relationship. One must find ways to overcome distribution problems before promotions, price cutting, international sales, and the like are feasible. Uncovering a range of possible objectives is required to bring this point to light. To do this, use the "ladder technique" to array objectives from

narrow to broad,<sup>38</sup> presenting team members with broader objectives to consider.<sup>39</sup>

### ***Use Multiple Perspectives***

Another way to expand the search for alternatives is Linstone's Multiple Perspectives approach. It offers different perspectives that skirt biases and offer new avenues for search.<sup>40</sup> Organizational, personal, and technical perspectives uncover options from three different angles, illuminating new possibilities.

**The Organizational Perspective**—The organizational (O) perspective looks at decisions through the eyes of the organization. To do so, the organization is viewed as an entity prone to infighting among collections of power centers, with people poised to fight off competitors and maneuvering to claim credit, as relationships with one another and outsiders are forged. Internal and external stakeholders have goals as well as strengths and weaknesses that draw them to form alliances to push their interests. Organizational leaders identify the goals of key interest groups and attempt to align them with the interests of a dominant coalition. This coalition puts in place rules and unwritten treaties to guide a decision process through questioning and controversy, and to deal with strong stakeholders with divergent goals. To ensure that this is done, steps are taken to make following this process as important as the result. The rules, codes, agreements, and policies ensure that checks and balances in the organization function to preserve the coalition's aims. In the O perspective, the views of a historian and a political scientist offer more insights than those of an economist.

**The Personal Perspective**—The personal (P) perspective looks at the decision through the eyes of the people who are affected. The personal perspective is important because the technical and organizational perspectives can swamp personal concerns. The personal perspective brings out concerns about job security, opportunities to demonstrate competence, and means for advancement. Because the P perspective can be highly idiosyncratic, it can be quite elusive. The P perspective speculates about individuals who see themselves as benefactors or victims, doers or users, and the like, as well as "hidden movers." Hidden movers are gatekeepers, power brokers, or policy makers who write SOPs with the power to slow, or even block, a decision.

**The Technical Perspective**—The technical (T) perspective offers facts and economic realities

posed in terms of statistical comparisons, quantitative measures, and countable attributes. Emphasis is on projected savings, profits, or quality levels. Other measures applied in the T perspective include an adherence to preset specifications, such as army ordnance judging a rifle in terms of its bullet speed, cost to manufacture, and reliability. But not everything that can be counted counts, and things that resist counting often matter, calling for other perspectives.

Linstone finds that one of the perspectives tends to dominate in a decision. This suggests that viewing a decision from all three perspectives expands the search for alternative solutions. Let us revisit the debacles to see how a single perspective dominates and how the others would have opened up the search effort.

**The Dominant O Perspective**—The arena's backers, made up of local power brokers, forged an alliance to create a "leadership team." The team members shared a vision: A professional sports team as a way to make Columbus a "great city," which required an arena. The leadership team set out to fashion a coalition of members with similar values to support their sports arena quest. The coalition made it a priority to get a supportive organization up and running.

The technical and personal perspectives pose other concerns. Concerns from a T perspective center on the prospect of making a profit or at least breaking even. The P perspective offers the beliefs and aspirations of taxpayers, public school advocates, and other local stakeholders. Both the T and

P perspectives were ignored in the arena tax decision, and other ways to make Columbus a "great city" were never considered. Tax support for an arena to house a professional team was the only option considered. The leadership team formed an organization to make their vision a reality. Values embraced by the leadership team permeated the organization so that its rules and procedures mirrored the values of its founders. The organization devoted all of its energies to luring a professional sports team to Columbus. With members of the leadership team on the same page and an organization in place, consultants were hired to show that tax support for the project would be good for the community in terms of jobs and business opportunities.

To open up a more effective search for alternatives, teams of citizens with a variety of ties to the greater Columbus community should have been formed to suggest a variety of "great city" initiatives. The teams should have been asked to apply either a T or a P perspective. Each group would be briefed on the arena of action (i.e., great-city suggestions), as well as objectives and criteria for their perspective.

The T team develops ideas from a technical viewpoint, drawing on the objectives and criteria for a T perspective like those that appear in Table 2. Team members list their ideas for ways to meet an objective of breaking even on the cost, ignoring the consequences and implementation barriers for the moment. Record ideas, discuss them, and then select ideas that seem to merit further consider-

**Table 2**  
**Balancing the Dominant O Perspective: Tax Support for an Arena**

PERSPECTIVE	TECHNICAL	ORGANIZATIONAL	PERSONAL
Core Concerns	Financial obligations that stem from an arena	<b>Create coalition to realize sports team vision. Create an organization to sustain the quest.</b>	Infrastructure priorities supported by a majority of taxpayers.
Objectives	Make profit. Limit losses should team draw few fans.	<b>Put Columbus on the map, before NHL window of opportunity closes</b>	Voice in decision, block bad ideas, fairness to the local schools, deal with city infrastructure needs
Criteria	Dollars gained or lost, breakeven.	<b>Limit financial risk for the leadership team</b>	Extent of taxpayer support
Alternatives	1. Private money 2. Leasing arrangements	<b>Tax support to build an arena</b>	Other initiatives that deal with citizen needs and wants
Possible Negative Consequences of Alternatives	Future costs and financial risks	<b>May not create hoped-for image; taxpayer backlash may limit attendance</b>	Failure to reach a consensus; unable to find feasible and supportable projects
Implementation Barriers	History of financial problems with sports teams	<b>Fuzzy vision for "great city" makes quest difficult</b>	Extent of public support and funding likely for each initiative

**Table 3**  
**Balancing the Dominant P Perspective: Quaker's Purchase of Snapple**

PERSPECTIVE	TECHNICAL	ORGANIZATIONAL	PERSONAL
Core Concerns	Quaker's products in mature phase. Internal product development lacks innovation. Competitors entering sports drink market. Distribution for Gatorade taxed. Potential for distribution synergy with an acquisition.	Rules and procedures for board oversight missing.	<b>Threat of takeover may cost Smithburg and board their positions</b>
Objectives	1. Protect Gatorade 2. Get new product to market	1. Gain access to new channels 2. Find alternatives to current R&D focus	1. <b>Re-create glory of Gatorade</b> 2. <b>Protect job</b>
Criteria	Market share Consumer response	Market share Perceived innovation	<b>CEO &amp; board retain positions. Create excitement internally</b>
Alternatives	1. Improve distribution 2. Develop brands internally	1. Increase distribution channels internally 2. Improve distribution by outsourcing 3. Marketing programs	1. <b>Acquire glamorous brand</b> 2. <b>Defensive restructuring</b>
Possible Negative Consequences of Alternatives	Distribution and sales improvement forecasts not accurate; R&D <i>fails</i> to develop new brands.	Increased brand awareness but less brand profit; better logistics but poorer sales.	<b>Glamorous and profitable brand not available; may not stop takeover; no takeover attempted; acquired company flops.</b>
Implementation Barriers	Intense competition for market share; must continue to support mature products.	Shareholders or board object	<b>Protecting key players</b>

ation. To separate idea generation from idea evaluation, as called for in good innovation practices,<sup>41</sup> hold a second meeting to uncover possible negative consequences and implementation barriers for the T ideas that appear to have merit.<sup>42</sup> Set priorities to identify the most significant consequences and barriers for each idea, as illustrated in Table 2. The P team follows the same steps from a personal or citizen's perspective, seeking great-city suggestions. Then ask the P and T teams to uncover O consequences and implementation barriers in a separate effort, following the steps described previously. Table 2 illustrates concerns, objectives, criteria, and implementation issues from the T and P perspectives, all overlooked in the arena tax-support decision, as well as a fleshed-out O perspective.

**The Dominant P Perspective**—The Snapple acquisition illustrates a dominant personal or P perspective. Smithburg let concerns about threats to his visibility and viability draw him toward an acquisition that might be turned around and rekindle his fame. This approach

ignores technical issues, such as competition and likely market share, which deserve consideration. Due diligence from a T perspective would have revealed that the independent bottlers and distributors for Snapple, with their contracts firmly entrenched, made synergy with Gatorade and its centralized production and distribution all but impossible. Such due-diligence failures made Quaker look foolish when attempting to assimilate Snapple. To protect the organization, the organizational perspective (O) calls for rules and procedures to test key assumptions in a major investment. Smithburg's special relationship with the board allowed him to dodge all such obstacles. He saw no need to build a coalition or to follow rules. Had the board not failed to exercise its responsibility to approve major investments, it could have called for the O and T perspectives to uncover additional options.

To do so the board should identify knowledgeable insiders and outsiders for a team or focus group. It would then divide the team into two

groups, one to develop the T perspective and the other the O perspective. Next it gives the teams the arena of action (i.e., company growth) and the objectives and criteria for the P or the O perspective, as illustrated in Table 3. Finally the board asks the teams to identify alternatives, such as possible acquisitions. A separate effort is undertaken to identify the negative consequences and implementation barriers for each alternative using an O or a T perspective, as described previously. This process provides several options from a T and an O perspective, along with cautions about how to make each a reality. Table 3 illustrates some possible search outcomes.

**The Dominant T Perspective**—Shell's disposal of the Brent Spar had a dominant technical perspective. The company focused on matters of liability, costs, and other tangible measures of difficulty, such as possible loss of life during in-port dismantling. This perspective led company officials to the deep-sea disposal option because it was legally allowable and because other disposal options appeared to be prohibitively expensive, dangerous, and ecologically irresponsible. These considerations were based on quantitative assessments, and none of them addressed the public's view (the P perspective), which Greenpeace managed to ignite. The public's perception of big oil and its utter lack of social responsibility tainted Shell and made it vulnerable to resistance born of frustration with the irresponsible acts of oil companies and the oil industry. Greenpeace was able to mobilize these concerns and mount a campaign against a

deep-sea disposal and the precedent it might set. Rules and procedures set in place to protect company image coaxed Shell's management to balance its deep-sea disposal alternative against ecological concerns (O considerations), but with an emphasis on legality. Once a deep-sea disposal was found to be legal, environmental concerns faded and officials gravitated toward T arguments about cost and the technical difficulties and away from image concerns.

Shell's top management could have developed a broader set of options by including the P and O perspectives. To do so, they could have formed teams or focus groups, one to develop the P perspective and the other the O perspective. Following the steps noted previously, these groups would have identified alternatives, negative consequences, and implementation barriers, in line with the objectives of a P and an O perspective. In a separate effort, they could have had the O and P teams uncover negative consequences and implementation barriers for each list of ideas. Table 4 illustrates some possible search outcomes.

To uncover innovative ideas, ask team members to identify "new" ideas that can provide the hoped for results. Show teams a broader-scope objective for each of the three perspectives to direct the search. Then look for a synthesis of the ideas from each perspective that can meet T, P, and O objectives. Examine ideas that seem meritorious to uncover likely consequences and im-

**Table 4**  
**The Dominant T Perspective: Shell's Disposal of the Brent Spar**

PERSPECTIVE	TECHNICAL	ORGANIZATIONAL	PERSONAL
Core Concerns	<b>Brent Spar disposal cost.</b>	Testing against corporate standards for environmental consciousness and maintaining image as good corporate citizen.	Internal: fear of blame for contamination problems. External: concerns about precedents.
Objectives	<b>Minimize cost, ensure safety.</b>	Minimize liability, enhance image; limit environmental damage.	Prevent bad press, avoid a bad precedent.
Criteria	<b>Cost, number of injuries.</b>	Reputation, fines, lawsuits.	Amount of leakage, probability of more deep-sea dumping.
Alternatives	1) <b>Continued maintenance, refurbishment</b> 2) <b>Deep-sea disposal</b>	On-site disposal	Quid pro quo (Allow dumping now for stricter future regulations)
Possible Negative Consequences of Alternatives	<b>Exorbitant future costs</b>	Loss of company reputation, legal problems.	Loss of credibility
Implementation Barriers	<b>New laws and future regulations add to disposal cost.</b>	Erosion of image	Support of public and environmental groups

plementation difficulties. Assign these ideas to others to evaluate.

### Making a Difference

Half of all strategic decisions fail, making failure more prevalent than previously thought.<sup>43</sup> Failure stems from a chain of events in which blunders create traps which bring about failure. A key trap is a limited search for alternative solutions. When decision-makers promote a single idea, the limited-search trap is set. Idea-driven efforts reduce the prospect of success by fifty per cent.<sup>44</sup> To dodge the trap, invest time and money to identify a range of alternative solutions, including some with innovative features.

To generate a pool of ideas, expand the alternatives search by finding an appropriate arena of action, using broad objectives and searching from several perspectives. Be wary of limiting yourself to the arena of action in the claims pushed by influential stakeholders. Such claims often limit the scope of the search for alternatives in undesirable ways or direct it toward low-priority or controversial concerns, overlooking the concerns of key stakeholders. Find an arena of action that includes as many of these concerns as possible. Identify an objective that is broader than the focal objective, derived from the arena of action, and use it and the focal objective to guide a search. Use multiple perspectives to search for ideas using a T, P, and O perspective. Examine the ideas that emerge to look for a synthesis that combines the best features of several options.

### Endnotes

<sup>1</sup> Nutt, P. C. 2002. *Why decisions fail*. San Francisco: Berrett-Koehler.

<sup>2</sup> Recent research will be drawn upon to offer some answers. More than four hundred strategic decisions were collected in this research effort. The decisions involved new products, marketing, and operations—the sorts of things that organizational leaders deal with regularly. Only real decisions in real organizations made by real people were included so the consequences of the decisions in which the responsible people bore burdens or reaped benefits could be understood and documented. The research identified the practices followed to make each decision and accounted for the situation confronted. Linking the consequences of strategic decisions to decision-making practices applied, both good and bad, and controlling for the situation being confronted provided a telling appraisal of the practices used and their effectiveness. A narrative of events, giving a picture of each decision and its context, was constructed from taped interviews with key participants. The narrative was probed, looking for reasons why some practices worked well and others failed, seeking practices that might improve the prospect of success. Appendix I in *Why Decisions Fail* offers additional detail about the twenty-year research effort.

<sup>3</sup> Kolb, D. 1983. Problem management: Learning from experience. In S. Srivastara (Ed.), *The executive mind*. San Francisco, CA: Jossey Bass: 109–143.

<sup>4</sup> Janis, I. 1989. *Crucial decisions*. New York: Free Press

<sup>5</sup> Pounds, W. 1969. The process of problem finding. *Industrial Management Review*, Fall: 1–19.

<sup>6</sup> Wildavsky, A. 1979. *Speaking truth to power*. Boston: Little Brown.

<sup>7</sup> Mintzberg, H., & Westley, F. 2000. Decision-making: It's not what you think. Unpublished manuscript, August 2000.

<sup>8</sup> Starbuck, W. H. 1983. Organizations as action generators. *American Sociological Review*, 48: 91–102.

<sup>9</sup> March, J. G. 1994. *A primer on decision making: How decisions happen*. New York: Free Press.

<sup>10</sup> Cyert, R. M., & March, J. G. 1963. *A behavioral theory of the firm*. Englewood Cliffs, NJ: Prentice-Hall.

<sup>11</sup> Nutt, P. C. 1993. The identification of solution ideas during organizational decision making. *Management Science*, 39(9): 1071–1085.

<sup>12</sup> Mintzberg, H., Raisinghani, D., & Theoret, A. 1976. The structure of unstructured decisions. *Administrative Science Quarterly*, 21(2): 246–275.

<sup>13</sup> Nutt, 1993, op. cit.

<sup>14</sup> Nutt, P. C. 1998. Evaluating complex strategic choices. *Management Science*, 44(8): 1148–1166.

<sup>15</sup> Ibid.

<sup>16</sup> Nutt, 1993, op. cit.

<sup>17</sup> Damanpour, F. 1991. Organizational innovation and preference: The problem of “organizational lag.” *Administrative Science Quarterly*, 29: 392–409.

<sup>18</sup> Nutt, 1993, op. cit.

<sup>19</sup> The call for multiple alternatives appears in Dewey, J. 1910. *How we think*. New York: Heath. It has been a recommendation of most writing on decision-making from this point on.

<sup>20</sup> Nutt, P. C. 1999. Surprising but true: Half of organizational decisions fail. *The Academy of Management Executive*, 13(4): 75–90.

<sup>21</sup> Snyder, R. C., & Page, G. D. 1958. The United States decision to resist aggression in Korea: The application of an analytical scheme. *Administrative Science Quarterly*, 3: 341–378.

<sup>22</sup> Allison, G. T. 1971. Conceptual models and the Cuban missile crisis. *American Political Science Review*, 63: 968–718.

<sup>23</sup> Hall, P. 1984. *Great planning disasters*. Berkeley: University of California Press.

<sup>24</sup> McKie, D. 1973. *A sadly mismanaged affair: The political history of the third London Airport*. London: Croon Helm.

<sup>25</sup> Material used to prepare the Shell discussion was taken from a variety of sources including: Det Norkse Veritas. DNV investigations of Brent Spar inventory concluded. 18 October 1995; as well as internal communications. For a complete list, contact the author.

<sup>26</sup> Material used to prepare the Quaker/Snapple discussion was taken from a variety of sources including: Distribution is altered for beverages in Texas. *Wall Street Journal*, 25 November 1996, as well as business publications and company annual reports for the years in question. For a complete list, contact the author.

<sup>27</sup> Material used to prepare the Nationwide arena discussion was taken from: Baim, D. 1996. *The stadium as a municipal investment*. Westport, CT: Greenwood Press; from local papers other than the *Dispatch*, and from the minutes of a leadership team meeting. For a complete list, contact the author.

<sup>28</sup> Profit estimates for the arena are documented in Chapter 7 of Nutt, P. C. 2002. *Why decisions fail*. San Francisco: Berrett-Koehler.

<sup>29</sup> Nutt, 1993, op. cit.

<sup>30</sup> See, for example: Langley, A. 1989. In search of rationality: The purpose behind the use of formal analysis in organizations. *Administrative Science Quarterly*, 34: 598–631; and Langley, A., et al. 1997. Opening up decision-making: The view from the black stool. *Organization Science*, 6(3): 260–279.

<sup>31</sup> Nutt, P. C., 1999, op. cit.

<sup>32</sup> Nystrom, P., & Starbuck, W. 1984. To avoid organizational crises, unlearn. *Organizational Dynamics*, 12(4): 53–65.

<sup>33</sup> A good discussion of creativity to prompt innovation can be found in the following: Ray, M., & Myers, R. 1989. *Creativity in business*. New York: Doubleday; Goldberg, P. 1983. *The intuitive edge*. Los Angeles: Tarcher; Morgan, G. 1993. *Imagination*. Newbury Park, CA: Sage; Woodman, R. W. 1989. Evaluation research and organizational change: Arguments for a "combined paradigm" approach. In R. W. Woodman & W. A. Pasmore (Eds.), *Research in organizational change and development*, Vol. 3, 161–180. Greenwich, CT: JAI Press.

<sup>34</sup> This is widely reported. See Miller, D. 1990. *The Icarus Paradox: How excellent companies bring about their own downfall*. New York: Harper. Also see Jantsch, E. 1975. *Design for evolution: Self organization and planning in the life of systems*. New York: Brasilia.

<sup>35</sup> Nadler G. 1981. *The planning and design approach*. New York: Wiley.

<sup>36</sup> Ibid.

<sup>37</sup> Gemundem, H., & Hauschildt, J. 1985. Number of alternatives and the efficiency in different types of management decisions. *European Journal of Operational Research*, 22(2): 178–190; and Nutt, 1993, op. cit., offer empirical evidence to support the identification of multiple options.

<sup>38</sup> Nutt, 2002, op. cit.

<sup>39</sup> Nadler G., & Hibino, S. 1990. *Breakthrough thinking*. Rocklin CA: Prima.

<sup>40</sup> Linstone, H. 1984. *Multiple perspectives for decision making: Bridging the gap between analysis and action*. New York: North Holland.

<sup>41</sup> Thompson, L. 2003. Improving the creativity of organizational work groups. *The Academy of Management Executive*, 17(1): 96–111.

<sup>42</sup> Separating the evaluation of alternatives from their generation is widely recommended. See, for example: Stein, M. I. 1975. *Stimulating creativity: Volume 2—Group procedures*. New York: Academic Press; and Goldberg, 1983, op. cit.

<sup>43</sup> Nutt, 1999, op. cit.

<sup>44</sup> Nutt, 2002, op. cit.



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