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Your organization can become more decisive—and can implement strategy more quickly—if you know where the bottlenecks are and who's empowered to break through them.

Who Has the D?

How Clear Decision Roles Enhance Organizational Performance

by Paul Rogers and Marcia Blenko

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Who Has the D?

How Clear Decision Roles Enhance Organizational Performance

The Idea in Brief

Decisions are the coin of the realm in business. Every success, every mishap, every opportunity seized or missed stems from a decision someone made—or failed to make. Yet in many firms, decisions routinely stall inside the organization—hurting the entire company's performance.

The culprit? Ambiguity over who's accountable for which decisions. In one auto manufacturer that was missing milestones for rolling out new models, marketers *and* product developers each thought they were responsible for deciding new models' standard features and colors. Result? Conflict over who had final say, endless revisiting of decisions—and missed deadlines that led to lost sales.

How to clarify decision accountability? Assign clear roles for the decisions that most affect your firm's performance—such as which markets to enter, where to allocate capital, and how to drive product innovation. Think "RAPID": Who should **r**ecommend a course of action on a key decision? Who must **a**gree to a recommendation before it can move forward? Who will **p**erform the actions needed to implement the decision? Whose **i**nput is needed to determine the proposal's feasibility? Who **d**ecides—brings the decision to closure and commits the organization to implement it?

When you clarify decision roles, you make the *right* choices—swiftly and effectively.

The Idea in Practice

The RAPID Decision Model

For every strategic decision, assign the following roles and responsibilities:

PEOPLE WHO...	ARE RESPONSIBLE FOR...
Recommend	• Making a proposal on a key decision, gathering input, and providing data and analysis to make a sensible choice in a timely fashion • Consulting with input providers—hearing and incorporating their views, and winning their buy-in
Agree	• Negotiating a modified proposal with the recommender if they have concerns about the original proposal • Escalating unresolved issues to the decider if the "A" and "R" can't resolve differences • If necessary, exercising veto power over the recommendation
Perform	• Executing a decision once it's made • Seeing that the decision is implemented promptly and effectively
Input	• Providing relevant facts to the recommender that shed light on the proposal's feasibility and practical implications
Decide	• Serving as the single point of accountability • Bringing the decision to closure by resolving any impasse in the decision-making process • Committing the organization to implementing the decision

Decision-Role Pitfalls

In assigning decision roles:

- Ensure that only one person "has the D." If two or more people think they're in charge of a particular decision, a tug-of-war results.
- Watch for a proliferation of "A's." Too many people with veto power can paralyze recommenders. If many people must agree, you probably haven't pushed decisions down far enough in your organization.
- Avoid assigning too many "I's." When many people give input, at least some of them aren't making meaningful contributions.

The RAPID Model in Action

▶ Example:
At British department-store chain John Lewis, company buyers wanted to increase sales and reduce complexity by offering fewer salt and pepper mill models. The company launched the streamlined product set without involving the sales staff. And sales fell. Upon visiting the stores, buyers saw that salespeople (not understanding the strategy behind the recommendation) had halved shelf space to match the reduction in product range, rather than maintaining the same space but stocking more of the products.

To fix the problem, the company "gave buyers the D" on how much space product categories would have. Sales staff "had the A": If space allocations didn't make sense to them, they could force additional negotiations. They also "had the P," implementing product layouts in stores.

Once decision roles were clarified, sales of salt and pepper mills exceeded original levels.

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Your organization can become more decisive—and can implement strategy more quickly—if you know where the bottlenecks are and who's empowered to break through them.

Who Has the D?

How Clear Decision Roles Enhance Organizational Performance

by Paul Rogers and Marcia Blenko

Decisions are the coin of the realm in business. Every success, every mishap, every opportunity seized or missed is the result of a decision that someone made or failed to make. At many companies, decisions routinely get stuck inside the organization like loose change. But it's more than loose change that's at stake, of course; it's the performance of the entire organization. Never mind what industry you're in, how big and well known your company may be, or how clever your strategy is. If you can't make the right decisions quickly and effectively, and execute those decisions consistently, your business will lose ground.

Indeed, making good decisions and making them happen quickly are the hallmarks of high-performing organizations. When we surveyed executives at 350 global companies about their organizational effectiveness, only 15% said that they have an organization that helps the business outperform competitors. What sets those top performers apart is the quality, speed, and execution of their decision making. The most effective organizations score well on the major strategic decisions—which markets to enter or exit, which businesses to buy or sell, where to allocate capital and talent. But they truly shine when it comes to the critical operating decisions requiring consistency and speed—how to drive product innovation, the best way to position brands, how to manage channel partners.

Even in companies respected for their decisiveness, however, there can be ambiguity over who is accountable for which decisions. As a result, the entire decision-making process can stall, usually at one of four bottlenecks: global versus local, center versus business unit, function versus function, and inside versus outside partners.

The first of these bottlenecks, *global versus local* decision making, can occur in nearly every major business process and function. Decisions about brand building and product development frequently get snared here, when companies wrestle over how much authority local businesses should have to tailor products for their markets. Marketing is another classic

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global versus local issue—should local markets have the power to determine pricing and advertising?

The second bottleneck, *center versus business unit* decision making, tends to afflict parent companies and their subsidiaries. Business units are on the front line, close to the customer; the center sees the big picture, sets broad goals, and keeps the organization focused on winning. Where should the decision-making power lie? Should a major capital investment, for example, depend on the approval of the business unit that will own it, or should headquarters make the final call?

Function versus function decision making is perhaps the most common bottleneck. Every manufacturer, for instance, faces a balancing act between product development and marketing during the design of a new product. Who should decide what? Cross-functional decisions too often result in ineffective compromise solutions, which frequently need to be revisited because the right people were not involved at the outset.

The fourth decision-making bottleneck, *inside versus outside partners,* has become familiar with the rise of outsourcing, joint ventures, strategic alliances, and franchising. In such arrangements, companies need to be absolutely clear about which decisions can be owned by the external partner (usually those about the execution of strategy) and which must continue to be made internally (decisions about the strategy itself). In the case of outsourcing, for instance, brand-name apparel and footwear marketers once assumed that overseas suppliers could be responsible for decisions about plant employees' wages and working conditions. Big mistake.

Clearing the Bottlenecks

The most important step in unclogging decision-making bottlenecks is assigning clear roles and responsibilities. Good decision makers recognize which decisions really matter to performance. They think through who should recommend a particular path, who needs to agree, who should have input, who has ultimate responsibility for making the decision, and who is accountable for follow-through. They make the process routine. The result: better coordination and quicker response times.

Companies have devised a number of methods to clarify decision roles and assign responsibilities. We have used an approach called RAPID, which has evolved over the years, to help hundreds of companies develop clear decision-making guidelines. It is, for sure, not a panacea (an indecisive decision maker, for example, can ruin any good system), but it's an important start. The letters in RAPID stand for the primary roles in any decision-making process, although these roles are not performed exactly in this order: recommend, agree, perform, input, and decide—the "D." (See the sidebar "A Decision-Making Primer.")

The people who *recommend* a course of action are responsible for making a proposal or offering alternatives. They need data and analysis to support their recommendations, as well as common sense about what's reasonable, practical, and effective.

The people who *agree* to a recommendation are those who need to sign off on it before it can move forward. If they veto a proposal, they must either work with the recommender to come up with an alternative or elevate the issue to the person with the D. For decision making to function smoothly, only a few people should have such veto power. They may be executives responsible for legal or regulatory compliance or the heads of units whose operations will be significantly affected by the decision.

People with *input* responsibilities are consulted about the recommendation. Their role is to provide the relevant facts that are the basis of any good decision: How practical is the proposal? Can manufacturing accommodate the design change? Where there's dissent or contrasting views, it's important to get these people to the table at the right time. The recommender has no obligation to act on the input he or she receives but is expected to take it into account—particularly since the people who provide input are generally among those who must implement a decision. Consensus is a worthy goal, but as a decision-making standard, it can be an obstacle to action or a recipe for lowest-common-denominator compromise. A more practical objective is to get everyone involved to buy in to the decision.

Eventually, one person will *decide*. The decision maker is the single point of accountability who must bring the decision to closure and commit the organization to act on it. To be strong and effective, the person with the D needs good business judgment, a grasp of the relevant trade-offs, a bias for action, and a keen

Paul Rogers (paul.rogers@bain.com) is a partner with Bain & Company in London and leads Bain's global organization practice. **Marcia Blenko** (marcia.blenko@bain.com) is a Bain partner in Boston and the leader of Bain's North American organization practice.

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awareness of the organization that will execute the decision.

The final role in the process involves the people who will *perform* the decision. They see to it that the decision is implemented promptly and effectively. It's a crucial role. Very often, a good decision executed quickly beats a brilliant decision implemented slowly or poorly.

RAPID can be used to help redesign the way an organization works or to target a single bottleneck. Some companies use the approach for the top ten to 20 decisions, or just for the CEO and his or her direct reports. Other companies use it throughout the organization—to improve customer service by clarifying decision roles on the front line, for instance. When people see an effective process for making decisions, they spread the word. For example, after senior managers at a major U.S. retailer used RAPID to sort out a particularly thorny set of corporate decisions, they promptly built the process into their own functional organizations.

To see the process in action, let's look at the way four companies have worked through their decision-making bottlenecks.

Global Versus Local

Every major company today operates in global markets, buying raw materials in one place, shipping them somewhere else, and selling finished products all over the world. Most are trying simultaneously to build local presence and expertise, and to achieve economies of scale. Decision making in this environment is far from straightforward. Frequently, decisions cut across the boundaries between global and local managers, and sometimes across a regional layer in between: What investments will streamline our supply chain? How far should we go in standardizing products or tailoring them for local markets?

The trick in decision making is to avoid becoming either mindlessly global or hopelessly local. If decision-making authority tilts too far toward global executives, local customers' preferences can easily be overlooked, undermining

A Decision-Making Primer

Good decision making depends on assigning clear and specific roles. This sounds simple enough, but many companies struggle to make decisions because lots of people feel accountable—or no one does. RAPID and other tools used to analyze decision making give senior management teams a method for assigning roles and involving the relevant people. The key is to be clear who has input, who gets to decide, and who gets it done.

The five letters in RAPID correspond to the five critical decision-making roles: recommend, agree, perform, input, and decide. As you'll see, the roles are not carried out lockstep in this order—we took some liberties for the sake of creating a useful acronym.

Recommend. People in this role are responsible for making a proposal, gathering input, and providing the right data and analysis to make a sensible decision in a timely fashion. In the course of developing a proposal, recommenders consult with the people who provide input, not just hearing and incorporating their views but also building buy in along the way. Recommenders must have analytical skills, common sense, and organizational smarts.

Agree. Individuals in this role have veto power—yes or no—over the recommendation. Exercising the veto triggers a debate between themselves and the recommenders, which should lead to a modified proposal. If that takes too long, or if the two parties simply can't agree, they can escalate the issue to the person who has the D.

Input. These people are consulted on the decision. Because the people who provide input are typically involved in implementation, recommenders have a strong interest in taking their advice seriously. No input is binding, but this shouldn't undermine its importance. If the right people are not involved and motivated, the decision is far more likely to falter during execution.

Decide. The person with the D is the formal decision maker. He or she is ultimately accountable for the decision, for better or worse, and has the authority to resolve any impasse in the decision-making process and to commit the organization to action.

Perform. Once a decision is made, a person or group of people will be responsible for executing it. In some instances, the people responsible for implementing a decision are the same people who recommended it.

Writing down the roles and assigning accountability are essential steps, but good decision making also requires the right process. Too many rules can cause the process to collapse under its own weight. The most effective process is grounded in specifics but simple enough to adapt if necessary.

When the process gets slowed down, the problem can often be traced back to one of three trouble spots. First is a lack of clarity about who has the D. If more than one person think they have it for a particular decision, that decision will get caught up in a tug-of-war. The flip side can be equally damaging: No one is accountable for crucial decisions, and the business suffers. Second, a proliferation of people who have veto power can make life tough for recommenders. If a company has too many people in the "agree" role, it usually means that decisions are not pushed down far enough in the organization. Third, if there are a lot of people giving input, it's a signal that at least some of them aren't making a meaningful contribution.

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A good decision executed quickly beats a brilliant decision implemented slowly.

the efficiency and agility of local operations. But with too much local authority, a company is likely to miss out on crucial economies of scale or opportunities with global clients.

To strike the right balance, a company must recognize its most important sources of value and make sure that decision roles line up with them. This was the challenge facing Martin Broughton, the former CEO and chairman of British American Tobacco, the second-largest tobacco company in the world. In 1993, when Broughton was appointed chief executive, BAT was losing ground to its nearest competitor. Broughton knew that the company needed to take better advantage of its global scale, but decision roles and responsibilities were at odds with this goal. Four geographic operating units ran themselves autonomously, rarely collaborating and sometimes even competing. Achieving consistency across global brands proved difficult, and cost synergies across the operating units were elusive. Industry insiders joked that "there are seven major tobacco companies in the world—and four of them are British American Tobacco." Broughton vowed to change the punch line.

The chief executive envisioned an organization that could take advantage of the opportunities a global business offers—global brands that could compete with established winners such as Altria Group's Marlboro; global purchasing of important raw materials, including tobacco; and more consistency in innovation and customer management. But Broughton didn't want the company to lose its nimbleness and competitive hunger in local markets by shifting too much decision-making power to global executives.

The first step was to clarify roles for the most important decisions. Procurement became a proving ground. Previously, each operating unit had identified its own suppliers and negotiated contracts for all materials. Under Broughton, a global procurement team was set up in headquarters and given authority to choose suppliers and negotiate pricing and quality for global materials, including bulk tobacco and certain types of packaging. Regional procurement teams were now given input into global materials strategies but ultimately had to implement the team's decision. As soon as the global team signed contracts with suppliers, responsibility shifted to the regional teams, who worked out the details of delivery and service with the suppliers in their regions. For materials that did not offer global economies of scale (mentholated filters for the North American market, for example), the regional teams retained their decision-making authority.

As the effort to revamp decision making in procurement gained momentum, the company set out to clarify roles in all its major decisions. The process wasn't easy. A company the size of British American Tobacco has a huge number of moving parts, and developing a practical system for making decisions requires sweating lots of details. What's more, decision-making authority is power, and people are often reluctant to give it up.

It's crucial for the people who will live with the new system to help design it. At BAT, Broughton created working groups led by people earmarked, implicitly or explicitly, for leadership roles in the future. For example, Paul Adams, who ultimately succeeded Broughton as chief executive, was asked to lead the group charged with redesigning decision making for brand and customer management. At the time, Adams was a regional head within one of the operating units. With other senior executives, including some of his own direct reports, Broughton specified that their role was to provide input, not to veto recommendations. Broughton didn't make the common mistake of seeking consensus, which is often an obstacle to action. Instead, he made it clear that the objective was not deciding whether to change the decision-making process but achieving buy in about how to do so as effectively as possible.

The new decision roles provided the foundation the company needed to operate successfully on a global basis while retaining flexibility at the local level. The focus and efficiency of its decision making were reflected in the company's results: After the decision-making overhaul, British American Tobacco experienced nearly ten years of growth well above the levels of its competitors in sales, profits, and market value. The company has gone on to have one of the best-performing stocks on the UK market and has reemerged as a major global player in the tobacco industry.

Center Versus Business Unit

The first rule for making good decisions is to involve the right people at the right level of the organization. For BAT, capturing economies of scale required its global team to appro-

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priate some decision-making powers from regional divisions. For many companies, a similar balancing act takes place between executives at the center and managers in the business units. If too many decisions flow to the center, decision making can grind to a halt. The problem is different but no less critical if the decisions that are elevated to senior executives are the wrong ones.

Companies often grow into this type of problem. In small and midsize organizations, a single management team—sometimes a single leader—effectively handles every major decision. As a company grows and its operations become more complex, however, senior executives can no longer master the details required to make decisions in every business.

A change in management style, often triggered by the arrival of a new CEO, can create similar tensions. At a large British retailer, for example, the senior team was accustomed to the founder making all critical decisions. When his successor began seeking consensus on important issues, the team was suddenly unsure of its role, and many decisions stalled. It's a common scenario, yet most management teams and boards of directors don't specify how decision-making authority should change as the company does.

The trick in decision making is to avoid becoming either mindlessly global or hopelessly local.

A growth opportunity highlighted that issue for Wyeth (then known as American Home Products) in late 2000. Through organic growth, acquisitions, and partnerships, Wyeth's pharmaceutical division had developed three sizable businesses: biotech, vaccines, and traditional pharmaceutical products. Even though each business had its own market dynamics, operating requirements, and research focus, most important decisions were pushed up to one group of senior executives. "We were using generalists across all issues," said Joseph M. Mahady, president of North American and global businesses for Wyeth Pharmaceuticals. "It was a signal that we weren't getting our best decision making."

The problem crystallized for Wyeth when managers in the biotech business saw a vital—but perishable—opportunity to establish a leading position with Enbrel, a promising rheumatoid arthritis drug. Competitors were working on the same class of drug, so Wyeth needed to move quickly. This meant expanding production capacity by building a new plant, which would be located at the Grange Castle Business Park in Dublin, Ireland.

The decision, by any standard, was a complex one. Once approved by regulators, the facility would be the biggest biotech plant in the world—and the largest capital investment Wyeth had ever undertaken. Yet peak demand for the drug was not easy to determine. What's more, Wyeth planned to market Enbrel in partnership with Immunex (now a part of Amgen). In its deliberations about the plant, therefore, Wyeth needed to factor in the requirements of building up its technical expertise, technology transfer issues, and an uncertain competitive environment.

Input on the decision filtered up slowly through a gauze of overlapping committees, leaving senior executives hungry for a more detailed grasp of the issues. Given the narrow window of opportunity, Wyeth acted quickly, moving from a first look at the Grange Castle project to implementation in six months. But in the midst of this process, Wyeth Pharmaceuticals' executives saw the larger issue: The company needed a system that would push more decisions down to the business units, where operational knowledge was greatest, and elevate the decisions that required the senior team's input, such as marketing strategy and manufacturing capacity.

In short order, Wyeth gave authority for many decisions to business unit managers, leaving senior executives with veto power over some of the more sensitive issues related to Grange Castle. But after that investment decision was made, the D for many subsequent decisions about the Enbrel business lay with Cavan Redmond, the executive vice president and general manager of Wyeth's biotech division, and his new management team. Redmond gathered input from managers in biotech manufacturing, marketing, forecasting, finance, and R&D, and quickly set up the complex schedules needed to collaborate with Immunex. Responsibility for execution rested firmly with the business unit, as always. But now Redmond, supported by his team, also had authority to make important decisions.

Grange Castle is paying off so far. Enbrel is among the leading brands for rheumatoid arthritis, with sales of $1.7 billion through the first half of 2005. And Wyeth's metabolism for making decisions has increased. Recently, when the U.S. Food and Drug Administration granted priority review status to another new

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drug, Tygacil, because of the antibiotic's efficacy against drug-resistant infections, Wyeth displayed its new reflexes. To keep Tygacil on a fast track, the company had to orchestrate a host of critical steps—refining the process technology, lining up supplies, ensuring quality control, allocating manufacturing capacity. The vital decisions were made one or two levels down in the biotech organization, where the expertise resided. "Instead of debating whether you can move your product into my shop, we had the decision systems in place to run it up and down the business units and move ahead rapidly with Tygacil," said Mahady. The drug was approved by the FDA in June 2005 and moved into volume production a mere three days later.

Function Versus Function

Decisions that cut across functions are some of the most important a company faces. Indeed, cross-functional collaboration has become an axiom of business, essential for arriving at the best answers for the company and its customers. But fluid decision making across functional teams remains a constant challenge, even for companies known for doing it well, like Toyota and Dell. For instance, a team that thinks it's more efficient to make a decision without consulting other functions may wind up missing out on relevant input or being overruled by another team that believes—rightly or wrongly—it should have been included in the process. Many of the most important cross-functional decisions are, by their very nature, the most difficult to orchestrate, and that can string out the process and lead to sparring between fiefdoms and costly indecision.

The theme here is a lack of clarity about who has the D. For example, at a global auto manufacturer that was missing its milestones for rolling out new models—and was paying the price in falling sales—it turned out that marketers and product developers were confused about which function was responsible for making decisions about standard features and color ranges for new models. When we asked the marketing team who had the D about which features should be standard, 83% said the marketers did. When we posed the same question to product developers, 64% said the responsibility rested with them. (See the exhibit "A Recipe for a Decision-Making Bottleneck.")

The practical difficulty of connecting functions through smooth decision making crops up frequently at retailers. John Lewis, the leading department store chain in the United Kingdom, might reasonably expect to overcome this sort of challenge more readily than other retailers. Spedan Lewis, who built the business in the early twentieth century, was a pioneer in employee ownership. A strong connection between managers and employees permeated every aspect of the store's operations and remained vital to the company as it grew into the largest employee-owned business in the United Kingdom, with 59,600 employees and more than £5 billion in revenues in 2004.

Even at John Lewis, however, with its heritage of cooperation and teamwork, cross-functional decision making can be hard to sustain. Take salt and pepper mills, for instance. John Lewis, which prides itself on having great selection, stocked nearly 50 SKUs of salt and pepper mills, while most competitors stocked around 20. The company's buyers saw an opportunity to increase sales and reduce complexity by offering a smaller number of popular and well-chosen products in each price point and style.

When John Lewis launched the new range, sales fell. This made no sense to the buyers until they visited the stores and saw how the merchandise was displayed. The buyers had made their decision without fully involving the sales staff, who therefore did not understand the strategy behind the new selection. As a result, the sellers had cut shelf space in half to match the reduction in range, rather than devoting the same amount of shelf space to stocking more of each product.

To fix the communication problem, John Lewis needed to clarify decision roles. The buy-

A Recipe for a Decision-Making Bottleneck

At one automaker we studied, marketers and product developers were confused about who was responsible for making decisions about new models.

When we asked, "Who has the right to decide which features will be standard?"

64% of product developers said, "We do."

83% of marketers said, "We do."

When we asked, "Who has the right to decide which colors will be offered?"

77% of product developers said, "We do."

61% of marketers said, "We do."

Not surprisingly, the new models were delayed.

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ers were given the D on how much space to allocate to each product category. If the space allocation didn't make sense to the sales staff, however, they had the authority to raise their concerns and force a new round of negotiations. They also had responsibility for implementing product layouts in the stores. When the communication was sorted out and shelf space was restored, sales of the salt and pepper mills climbed well above original levels.

Crafting a decision-making process that connected the buying and selling functions for salt and pepper mills was relatively easy; rolling it out across the entire business was more challenging. Salt and pepper mills are just one of several hundred product categories for John Lewis. This element of scale is one reason why cross-functional bottlenecks are not easy to unclog. Different functions have different incentives and goals, which are often in conflict. When it comes down to a struggle between two functions, there may be good reasons to locate the D in either place—buying or selling, marketing or product development.

Here, as elsewhere, someone needs to think objectively about where value is created and assign decision roles accordingly. Eliminating cross-functional bottlenecks actually has less to do with shifting decision-making responsibilities between departments and more to do with ensuring that the people with relevant information are allowed to share it. The decision maker is important, of course, but more important is designing a system that aligns decision making and makes it routine.

Inside Versus Outside Partners

Decision making within an organization is hard enough. Trying to make decisions between separate organizations on different continents adds layers of complexity that can scuttle the best strategy. Companies that outsource capabilities in pursuit of cost and quality advantages face this very challenge. Which decisions should be made internally? Which can be delegated to outsourcing partners?

These questions are also relevant for strategic partners—a global bank working with an IT contractor on a systems development project, for example, or a media company that acquires content from a studio—and for companies conducting part of their business through franchisees. There is no right answer to who should have the power to decide what. But the wrong approach is to assume that contractual arrangements can provide the answer.

An outdoor-equipment company based in the United States discovered this recently when it decided to scale up production of gas patio heaters for the lower end of the market. The company had some success manufacturing high-end products in China. But with the advent of superdiscounters like Wal-Mart, Target, and Home Depot, the company realized it needed to move more of its production overseas to feed these retailers with lower-cost of-

The Decision-Driven Organization

The defining characteristic of high-performing organizations is their ability to make good decisions and to make them happen quickly. The companies that succeed tend to follow a few clear principles.

Some decisions matter more than others. The decisions that are crucial to building value in the business are the ones that matter most. Some of them will be the big strategic decisions, but just as important are the critical operating decisions that drive the business day to day and are vital to effective execution.

Action is the goal. Good decision making doesn't end with a decision; it ends with implementation. The objective shouldn't be consensus, which often becomes an obstacle to action, but buy in.

Ambiguity is the enemy. Clear accountability is essential: Who contributes input, who makes the decision, and who carries it out? Without clarity, gridlock and delay are the most likely outcomes. Clarity doesn't necessarily mean concentrating authority in a few people; it means defining who has responsibility to make decisions, who has input, and who is charged with putting them into action.

Speed and adaptability are crucial. A company that makes good decisions quickly has a higher metabolism, which allows it to act on opportunities and overcome obstacles. The best decision makers create an environment where people can come together quickly and efficiently to make the most important decisions.

Decision roles trump the organizational chart. No decision-making structure will be perfect for every decision. The key is to involve the right people at the right level in the right part of the organization at the right time.

A well-aligned organization reinforces roles. Clear decision roles are critical, but they are not enough. If an organization does not reinforce the right approach to decision making through its measures and incentives, information flows, and culture, the behavior won't become routine.

Practicing beats preaching. Involve the people who will live with the new decision roles in designing them. The very process of thinking about new decision behaviors motivates people to adopt them.

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A Decision Diagnostic

Consider the last three meaningful decisions you've been involved in and ask yourself the following questions.

1. Were the decisions right?
2. Were they made with appropriate speed?
3. Were they executed well?
4. Were the right people involved, in the right way?
5. Was it clear for each decision
- who would recommend a solution?
- who would provide input?
- who had the final say?
- who would be responsible for following through?

6. Were the decision roles, process, and time frame respected?
7. Were the decisions based on appropriate facts?
8. To the extent that there were divergent facts or opinions, was it clear who had the D?
9. Were the decision makers at the appropriate level in the company?
10. Did the organization's measures and incentives encourage the people involved to make the right decisions?

ferings. The timetable left little margin for error: The company started tooling up factories in April and June of 2004, hoping to be ready for the Christmas season.

Right away, there were problems. Although the Chinese manufacturing partners understood costs, they had little idea what American consumers wanted. When expensive designs arrived from the head office in the United States, Chinese plant managers made compromises to meet contracted cost targets. They used a lower grade material, which discolored. They placed the power switch in a spot that was inconvenient for the user but easier to build. Instead of making certain parts from a single casting, they welded materials together, which looked terrible.

To fix these problems, the U.S. executives had to draw clear lines around which decisions should be made on which side of the ocean. The company broke down the design and manufacturing process into five steps and analyzed how decisions were made at each step. The company was also much more explicit about what the manufacturing specs would include and what the manufacturer was expected to do with them. The objective was not simply to clarify decision roles but to make sure those roles corresponded directly to the sources of value in the business. If a decision would affect the look and feel of the finished product, headquarters would have to sign off on it. But if a decision would not affect the customer's experience, it could be made in China. If, for example, Chinese engineers found a less expensive material that didn't compromise the product's look, feel, and functionality, they could make that change on their own.

To help with the transition to this system, the company put a team of engineers on-site in China to ensure a smooth handoff of the specs and to make decisions on issues that would become complex and time-consuming if elevated to the home office. Marketing executives in the home office insisted that it should take a customer ten minutes and no more than six steps to assemble the product at home. The company's engineers in China, along with the Chinese manufacturing team, had input into this assembly requirement and were responsible for execution. But the D resided with headquarters, and the requirement became a major design factor. Decisions about logistics, however, became the province of the engineering team in China: It would figure out how to package the heaters so that one-third more boxes would fit into a container, which reduced shipping costs substantially.

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If managers suddenly realize that they're spending less time sitting through meetings wondering why they are there, that's an early signal that companies have become better at making decisions. When meetings start with a common understanding about who is responsible for providing valuable input and who has the D, an organization's decision-making metabolism will get a boost.

No single lever turns a decision-challenged organization into a decision-driven one, of course, and no blueprint can provide for all the contingencies and business shifts a company is bound to encounter. The most successful companies use simple tools that help them recognize potential bottlenecks and think through decision roles and responsibilities with each change in the business environment. That's difficult to do—and even more difficult for competitors to copy. But by taking some very practical steps, any company can become more effective, beginning with its next decision.

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Further Reading

ARTICLES

Want Collaboration? Accept—and Actively Manage—Conflict
by Jeff Weiss and Jonathan Hughes
Harvard Business Review
March 2005
Product no. R0503F

Even if you've clearly defined roles, decision makers can experience conflict—for example, disagreements among people who must "Agree." The authors present **six strategies for managing conflict** in a way that promotes smart decisions: 1) Devise and implement a common method for resolving conflict. 2) Provide people with criteria for making trade-offs. 3) Use escalation of conflict as an opportunity for coaching. 4) Establish and enforce a requirement of joint escalation—sharing a disagreement's escalation up the management chain. 5) Ensure that managers resolve escalated conflicts directly with their counterparts. 6) Make the process for escalated conflict-resolution transparent. By applying these strategies, you integrate conflict resolution into day-to-day decision-making—removing barriers to cross-organizational collaboration.

What You Don't Know About Making Decisions
by David A. Garvin and Michael A. Roberto
Harvard Business Review
November 2003
Product no. R0108G

The authors provide guidelines to help "Recommenders" gather high-quality input. The key? **Inquiry**—carefully considering a variety of opinions, working with others to discover the best ideas, and stimulating creative thinking rather than suppressing disagreement. To use inquiry, master these "three C's": 1) **Conflict:** Ask tough questions and invite people to play devil's advocate while evaluating your recommendation. 2) **Consideration:** Ensure that input providers perceive your decision process as fair—by conveying openness to new ideas, listening attentively, and explaining the rationale behind your decisions. 3) **Closure:** Resist any temptation to decide too early so as to avoid extensive disagreement among input providers. But don't delay decision making too long, either, just because you think you must resolve every last issue or concern before making any decision.

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