

The Relationship between Decision Making and Company Performance

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Effective decision making is pivotal in shaping a company's performance, making it a crucial aspect of senior executive recruitment. In this blog, we will explore the significance of discussing decision making early on in the executive hiring process and how it helps foster a business environment geared for sustained success.

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How Decisions Shape Business Success

Decision effectiveness predicts financial performance at a [95% confidence interval](#), and recent reports by [McKinsey](#) show that senior executives spend about 40% of their time on decision making.

Leaders who are able to adeptly navigate tough decisions play a pivotal role in steering their organization toward success.

Explicit discussion of both the new leader and the organization's decision-making style can help both parties surface issues early and assess the likelihood of alignment/satisfaction.

Based on [new research](#) conducted with FT Longitude, Kingsley Gate has created a proprietary framework to help organizations understand their own decision-making environment (into which newly hired leaders will integrate) and the decision-making style or approach a candidate might intrinsically apply.

By understanding and visually mapping these two realities, Kingsley Gate as an Executive Search firm helps equip both parties with the language and knowledge necessary to influence organizational performance.

Mastering Decision-Making Process in Business

The typical Fortune 500 company wastes, on average, [500,000 days on ineffective decision making](#). Yet, astonishingly, the skill of making effective, timely decisions is often overlooked when assessing leadership candidates. As companies search for new hands on the tiller to navigate uncertain waters, it is becoming clear that it is essential.

For many senior executives, feeling empowered to make good decisions is a crucial aspect of their remit. Their approach will feed into many other areas of responsibility, such as good management practices, communication, strategy and more. However, a quarter of senior executives say they were not asked about their preferred approach to making decisions at the interview stage and only around a third (36%) say that their decision-making style aligns or is understood and integrated with that of their organization.

Therefore, it should fall upon the organization to ensure that decision making isn't just one element of the recruitment process; rather, it should play a considerable role in hiring senior executives.

The first step is to recognize that they have the education, experience, and leadership competencies to make effective decisions in the role. Following this, adding discussion about their [decision-making styles](#) provides critical insight. Not only is understanding the candidate's decision-making approach and how this would play out within the organization key to enabling them to thrive, but it could also be instrumental in improving the decision making of the organization once they join.

As well as discussing decision making before a senior executive is hired, introducing it into development plans, performance reviews, 'lessons learnt' sessions and other reflective milestones would feed into a 'virtuous upward cycle' that would see improvement of decision making on both individual and organizational levels.

Key Factors for Effective Decision Making

Ineffective decision making often occurs when individuals are not clear about their role in the process or when there is a lack of understanding of the different approaches within the team. Understanding and awareness play a key role in building the trust within teams that support effective decision-making.

Embracing Diverse Perspectives

Embracing diverse perspectives involves actively seeking input from individuals with varied backgrounds, experiences, and viewpoints. This goes beyond mere acknowledgment of diversity to creating an environment where these differences are valued. It requires fostering open communication channels that allow team members to express their unique perspectives without fear of judgment. By doing so, organizations can tap into a rich pool of ideas, leading to more innovative and [well-rounded decision-making](#) processes.

Celebrating Differences Within the Team

This is more than a superficial acknowledgment of diversity; it's about recognizing and leveraging the unique strengths and skills each team member brings to the table. It involves creating a culture that not only tolerates differences but actively encourages collaboration by highlighting how these differences complement one another. By emphasizing the value of diverse talents, organizations can cultivate an environment that promotes creativity and ensures that decision making is informed by a broad spectrum of insights.

Adopting a RACI Model (Responsible, Accountable, Consulted, Informed)

Adopting a RACI model, or a similar framework, provides a structured approach to decision making. By clearly defining roles and responsibilities, we mitigate confusion and ensure that each team member understands their involvement in the process. Assigning accountability to specific individuals fosters a sense of ownership and ensures that decisions are made efficiently. Moreover, consulting and informing relevant stakeholders at appropriate stages in the decision-making process enhances transparency and prevents potential roadblocks. This model helps streamline decision-making, making the overall process more organized and effective.

Continuous Evolution of Decision Making

Decision making is a continuously evolving skill. Companies should not expect a perfect decision-making process or style, but rather embrace analysis, continuous improvement, and adaptation. As the business landscape changes, decision-making requirements shift accordingly. Additionally, the onboarding process plays a crucial role in establishing effective decision making within a team. Building self-awareness, trust, and understanding of pivotal relationships among team members is fundamental to fast-tracking the performance of the team.

Navigating the Nexus of Decision-Making and Organizational Success

Effective decision making is a critical driver of company performance. By understanding the relationship between decision making and performance, companies can make informed decisions and foster a productive decision-making environment. Embracing diverse perspectives, establishing clear roles understanding, and celebrating differences within the team contribute to better decision making.

Additionally, surfacing potential differences in decision-making early in the hiring process and continuously evolving the decision-making approach are key for long-term success allowing organizations to effectively onboard the leaders who help them stay ahead of the competition.

Incorporating Decision Making in the Executive Hiring Process

Our research showed senior executives who didn't discuss the decision making topic before taking their current roles are 30% less satisfied with their current jobs overall and 54% less satisfied with decision making effectiveness at their companies, compared to those who did discuss decision making (e.g., during the interview stage).

Senior executives who discussed decision making before taking up their role are more likely to be satisfied:

- In their roles overall
- With their organization's decision-making process and ability to make decisions effectively
- With the degree to which they are empowered to make decisions
- With many elements of their roles, such as workplace culture and environment, opportunities for career growth, and having a sense of purpose
- Are also more likely to have seen an improvement in their organization's decision making over time

At Kingsley Gate, we incorporate understanding decision making into everything we do, ensuring you onboard an executive leader enabled to make the tough decisions that will unlock business performance.

Learn more about our solutions. [Talk to one of our experts today!](#)

