

Why Good Leaders make Bad Decisions ?

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Boots Story



- Steve Russel, Chief Executive of Boots, the UK drug store, launched a health care strategy to differentiate the stores from competitors and grow through new health care services as dentistry.
- It turned out though, that the Boots managers did not have the skills needed to succeed in the health care services, and many of these markets offered little profit potential.
- The market share of Boots fell causing a lot problems for the Russel
- The strategy contributed to Russel's early departure from the top job.

A General Picture



- Decision making lies at the heart of our personal and professional lives. We take decisions everyday, some are small, mundane and the others which affects peoples lives ,livelihoods and well being.
- The daunting reality is that some enormously important decisions made by extremely intelligent people are sometimes flawed.
- Neuroscience reveals what distorts a leader's judgment.
- Here's how you can keep your head clear



Raising the Red Flags



The presence of
inappropriate self interest



The presence of distorting
attachments



The presence of
misleading memories

How to safeguard?



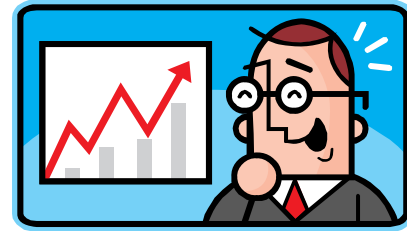
- **Injecting fresh experience or analysis:** By exposing the decision maker to new information and a different take on the problem
- **Introducing further debate and challenge:** This can ensure that biases are confronted explicitly.
- **Imposing a stronger governance:** The requirement that a decision be ratified at a higher level provides a final safeguard. It prevents distorted thinking leading to a bad outcome

Tailor your tactics!



- Lay out a range of options, these provide boundaries for the decision
- List the main decision makers
- Choose on one decision maker to focus on
- Check for inappropriate self-interest or distorting attachments
- Check for misleading memories
- Repeat the analysis with the next decision maker
- This way it's easy to identify the Red flags and keep distortions on check

Sources



- Campbell Andrew, Whitehead Jo and Finkelstein Sydney “Why Good leaders make bad decisions”
- www.artie.com
- www.wikipedia.com