



MICROGUIDES

# DECISION MAKING

Proven methods to take your team's  
performance to the next level

## CONTENTS

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00 Introduction p.2

01 *The Art of Choosing*  
by Sheena Iyengar p.4

02 *Decisive*  
by Chip and Dan Heath p.13

03 *Creating Great Choices*  
by Jennifer Riel and Roger  
Martin p.22

## INTRODUCTION

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The MicroGuides are your shortcut to staying current on the world's top Business, Leadership, and Personal Development books. They are used by individuals looking to better themselves, as well as by teams and organizations looking to create and foster cultures of continuous learning and development.

The MicroGuides are meant to serve as your starting point for identifying your goals and the obstacles that are standing in your way of achieving them. In addition to participation in regular ActionClasses, we urge leaders to use the content in these guides as inspiration for developing your own unique ActionPlan to make your ideal state a reality.



## DECISION MAKING

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The average person makes thousands of decisions every day. Most of them are meaningless, like what you will have for lunch, but others, like whether to hire or fire someone, can be extremely consequential. In today's fast-paced, ever-changing world, leaders must continually refine their decision-making processes to ensure that they are leading their teams and organizations on the path to success.

The best leaders are masters at balancing emotion and reason to make sound decisions that provide the most benefit for everyone involved. They know how to analyze all available information, weigh options, and deal confidently with uncertainty. Keep reading to learn more about making informed choices and what strategies you can employ to become a better decision maker.

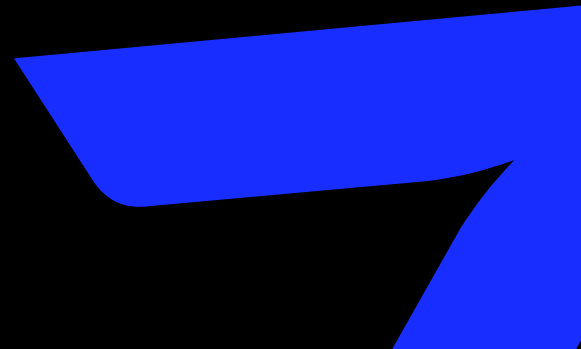




01

# The Art of Choosing

by Sheena Iyengar



# 01

## The Art of Choosing

by Sheena Iyengar

We are faced with choices almost every minute of every day. To open a document to take notes on this book, I had to choose whether or not I wanted to use a template. A few seconds ago you made the choice to watch or read this book summary. Some choices you'll make are mundane, like the ones I just described. Some of the choices you'll make are literally the difference between life and death, and Steven Callahan did when he found himself alone on a raft in the ocean - for 76 long and terrifying days, he made the choice to live rather than give up and die.

Sheena Iyengar takes us on a fascinating journey about how we can learn to make better choices. We'll explore the assumptions we make about choice, and how it differs depending on the culture and the context the choice is made in. Buckle your seatbelts and get ready for a roller-coaster ride through the fascinating world of choice.





## What is choice?

This seems like a question that should be answered in an undergraduate philosophy class at a liberal arts college. But it is critical to examine what we believe choice means before we can get down to the business of making better ones.

Most western cultures have grown up with the belief that choice is good. How else do you explain the thousands of different choices available to us at the grocery store alone? However, choice isn't always a good thing. In fact, there are some people in the world who believe that more choice is a negative thing.

In a fascinating study, Asian American and Anglo American children were given a set of schoolwork tasks to do. The study concluded that the Asian American children did much better when they believed they were doing what their mothers had picked out for them to do, and the Anglo-American children did much better on tasks where they felt they had the power to choose themselves.

In a similar study, a group of Asian and American students were asked to list what choices they make during a typical day. The American students listed 50% more choices, including things like brushing their teeth and putting the alarm clock on snooze as choices.

What does this say about choice? How you see the world greatly determines how your story plays out. This might seem like a small matter, but in reality it can make all the difference. For instance, how many times have you heard somebody complain that they were “stuck in a terrible job”? That person is likely to stay in that job (or a similar one) for the rest of their life, living for the weekend until they are six feet under ground. Another person might look at that situation and say “I don’t like my job right now, but today I’m going to look for another one.”

## How do we make choices?

So, now you are aware that we choose what we view as our choices, let’s move on to how we make those choices. The first thing to understand is that we have two systems available to us to make choices. The first one is the automatic system, which operates effortlessly and subconsciously. Because it never turns off and runs off of emotion, it’s always there influencing our decisions.

It’s the system that tells us that an approaching lion might be hazardous to our health, and it’s also the system that tells us that the can of Coca Cola on the table would taste really good right about now. The second system is our reflective system, which we need to consciously tap into. It’s the system that brings logic and reason into our lives.

When these two systems come up with the same answer, life is good. In the case of the approaching lion, it comes up with the same answer - WE NEED TO GET THE HELL OUT OF HERE! However, with the Coca Cola (if you happen to like it), you’ll probably have a conflict to resolve. On the one hand, they will taste great and probably quench my thirst immediately. However, your reflective system will tell you that it’s filled with empty calories, you’ll have a sugar crash in about 30 minutes from now, and it will also rot your teeth and give you cavities.

In an incredible study, children who are able to listen to their reflective system and exhibit self control have stronger relationships as adults, better coping skills, and even scored an average of 200 points better on their SATs. As Iyengar puts it, “they seemed to be healthier, wealthier, and wiser.”

People who are able to listen to their reflective system and exhibit self control tend to be "healthier, wealthier, and wiser."

So, when you are making choices, remember to tap into the reflective part of your brain to make sure you aren't doing something that you'll later regret. Just be careful, because it has also been proven that you (and I) are horrible judges of what will make us happy in the future. Remember to ask yourself whether or not the choice your reflective system is telling you to make will actually make you happy.

## The 4 missteps we all make

Our choices are so numerous, that it would be easy to get overwhelmed by it. In response to that, we develop shortcuts for making some decisions. Some people would call them rules of thumb, people with more degrees than you and I would call them heuristics. There are 4 common ways in which we create these shortcuts for ourselves. Unfortunately, they can often lead us astray, so learn these and then be aware of them when you are making decisions.

### Adaptive Reflection

**Question:** What shortcuts are you taking in your own decision making processes?



### The first shortcut is that of "availability"

The information that is stored in our brain has an enormous effect on how we make choices. And the information that gets stored in our brains the most, is the information that is filled with emotion and excites our senses. You've probably heard this before. But think about it this way: if the stuff that gets us excited and emotional is the the only stuff that's "available", there's a whole slew of other information that we decide not to store in our memory.

Which means that our memory is a skewed version of reality. For example, pretend that you want to remember your colleague's favorite shirt color so you can buy them an appropriate gift. If they wore a neon green shirt a few times, that might be the only information stored in your memory, and so that's how you'll make your choice.

### The second thing to be aware of is that we are extremely influenced by the way information is framed.

Consider the way that Roberto Goizeuta, the CEO of Coca-Cola in the 1980's, framed a challenge to his employees. The executive team was pretty proud of the fact that they owned 45% of the soft drink market. That's pretty impressive, right? That was until Roberto gently pointed out that while they owned 45% of the soft drink market, they only owned about 2% of the entire liquid market.

With one simple twist of language, he turned a group that was pretty happy and complacent into a hungry team that needed to think creatively about how they could grow their measly 2% market share. Today, we drink water, fruit drinks, sport drinks and energy drinks from this same company. I guess it worked. You can use this framing device to your advantage, but also be aware of when it's being used on you.







**Third, we are wired to make connections between things.**

Some of the greatest inventions of all time were created this way. Take a phone and an mp3 player and put them together - boom - you've got yourself an iPhone. Take the Internet and the Dewey Decimal system and put them together - boom - you've got Google. Take peanut butter and chocolate...we could go on. And this shortcut works incredibly well in the creative process. But in other areas, it can be a detriment to your success.

Like when Americans started to look at rising real estate prices over a ten year period, and made the connection that those prices would continue to rise well into the future, regardless of the evidence that it wasn't sustainable. So, check in and make sure you are not basing your most important choices on assumptions that go unchecked.

**Lastly, we also take the shortcut of seeking out information that supports a point of view that we've already decided on, and we will also vigorously defend any beliefs we have in the same way.**

For instance, Philip Tetlock showed that political authorities fall prey to this when predicting the outcome of global political events. He found that they did no better at predicting them than if they had flipped a coin. Remember, these are people who get paid for a living to make predictions! Why did they perform so poorly?

Because they were willing to accept information that confirmed the opinions that they had already formed. Also, we all do it because it literally feels better to justify decisions we have made than to challenge them. While we can't afford to question every single decision we've ever made, for the important ones you should check in and make sure you aren't just collecting information to support your cause.

## 6 ways to make better choices

So now you have all the bad news, let's talk about how you combat these things and make better choices for yourself.

**First, you can make better choices by becoming an expert in a subject.**

Do you want to become an expert in making financial decisions? Become an expert financial advisor. However, as much as we'd like to become experts about every decision we need to make during the course of our lifetime, the reality is that we can't. So, we need some other ways to make choices in areas that we are not experts in.

**Second, we can take advantage of the expertise of others.**

This one should be obvious, but know that for just about anything you need to make a decision on, somewhere out there is a person who can guide you through the process of making a great decision in that area. The key here is to get over the fact that you don't need to have all the answers yourself, as we all like to think we do from time to time.

**Third, there are times when it might make sense to turn choice into a collaborative activity.**

For instance, you might convene a group in your company to make a decision on the direction of a certain project. Hearing and interacting with many viewpoints will ultimately help you make a better decision.



**Adaptive  
Reflection**

**Question:** What actions can you take to make better-informed decisions in your own life?

Fourth, you can turn to the wisdom of the crowds.

The Zagat restaurant guide and Amazon product rankings are a great example of this. It is much easier to make a choice when you know how the majority of people feel about a product or a service. Keep in mind that it doesn't mean you have to make the same choices as the market as a whole - perhaps you enjoy movies that the market usually scores very low. There are plenty of ways you can take advantage of the wisdom (or stupidity in some cases) of crowd.

Fifth, you can categorize options so that instead of 100 choices, you narrow it down to 5.

An obvious example is a department store dividing its goods into departments so that the number of choices is significantly narrowed down depending on what you are looking for. On the Internet, this is most often seen through the use of keywords and "tags" that allow you to filter through content on the web, and allows you to ignore irrelevant options.

Lastly, and most often ignored, is the opportunity to learn from ourselves.

Reflecting on how we've made our past decisions, and the biases we may have used to make them, is a key in determining how to approach future decisions.

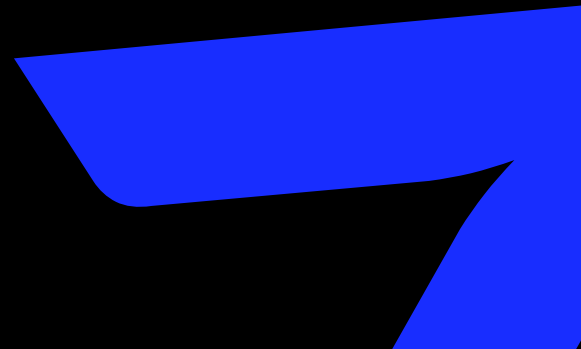
## Conclusion

We cannot avoid choice, even if we wanted to. We make hundreds of choices a day, and they literally shape the outcome of our life. If you want a handbook on how they are made, and how you can make them better, this book is for you.

02

# Decisive

by Chip and Dan Heath



# 02

## Decisive

### *How to Make Better Choices in Life and Work* by Chip and Dan Heath

Why is it that we can like or dislike people long before we know much about them? Why is it we distrust strangers without knowing why? Why on the other hand do we give too much weight to the information that's right in front of us, while failing to consider the information that's just offstage? These are the problems that Chip and Dan Heath have set out to address in their book *Decisive*. How can we do better?

The Heath brothers believe we need a process to help us make decisions - to be more decisive. So join us for ten minutes or so to find out exactly what that process is and how it can help us make better choices in life and work.





## Out with the Old

If we think about how we would formalize a decision, it's likely we'd opt for a pros and cons list. This process has been used for many years. But the Heath Brothers believe it is flawed.

### Flaw #1: Narrow framing

We define our choices too narrowly, setting them in binary terms: YES/NO. WIN/LOSE. FOR / AGAINST. Why does every decision need to be a competition? What if we could have both options? Looking with a wider frame, 'outside the spotlight' as the brothers describe, there are many other options. Because pros and cons are generated in our heads, it's easy for us to be biased. We think we are conducting a sober comparison but, in reality, our brains are following orders from our guts. Which brings us to the second flaw.

### Flaw #2: Confirmation Bias

Our normal habit is to develop a quick belief about a situation and then seek out information that bolsters our belief. When we collect information to assess options, we are more likely to select information that supports our preexisting attitudes, beliefs, and actions. When we want something to be true, we spotlight the things that support it – leading to more pros than cons.



### Flaw #3: Short-term Emotion

When we've got a difficult decision to make, we can lose sleep over it. We replay the same arguments in our head. We agonize about our circumstances. What we need most is perspective. Looking at the pros and cons in isolation is inappropriate. Nothing – good or bad – stands alone. We need to look at the big picture, avoiding the fourth flaw.

### Flaw #4: Overconfidence

People, including us, think they know more than they do about how the future will unfold. We have too much confidence in our own predictions. When we make guesses about the future, we shine our spotlights on information that's close at hand, and then we draw conclusions from that information. We need to bring in a bit of realism. We need a sound benchmark.

## In with the New

So what's the process the Heath brothers suggest will help us overcome these flaws and make better choices? Here's what normally happens with decision making:

- We encounter a choice. But narrow framing makes us miss options. So the Heath brothers suggest we Widen Our Options.
- We analyze our options. But the confirmation bias leads us to gather self-serving info. So the Heath brothers tell us to Reality-Test Our Assumptions.
- We make a choice. But short-term emotion tempts us to make the wrong one. So the Heath brothers tell us to Attain Distance Before Deciding.
- Then we live with it. But we'll often be overconfident about how the future will unfold. So the Heath brothers advise us to Prepare to Be Wrong.

That's the process. That's the WRAP. Let's look at each step in slightly more detail.

### **Adaptive reflection question:**

What flaws can you identify in your own decision making process?  
How do you plan to address them?

## Widen Our Options

Ever find yourself asking the following questions? “How can I make this work? How can I get my colleagues behind me?” Yes? Then why do we never ask these... “Is there a better way? What else could we do?” Finding answers to this second set is the key to, widening our options.

The first approach is to learn to distrust “whether or not” decisions. Focusing is great for analyzing alternatives but terrible for spotting them. The brothers suggest we should adapt our situation and temporarily assume we cannot choose any of the current options available. What else could we do? This often gives rise to new and innovative alternatives.

A second approach is to multi-track and consider several options simultaneously. Direct comparison helps us compare options fairly and equitably and as a consequence it feels right. To get the benefits of multi-tracking, we need to produce options that are meaningfully distinct. We must be careful, too, to avoid sham options, which exist only to make the “real” option look better.



## Reality-Test Our Assumptions

We all have a common failing: a bias to favor our own beliefs. The confirmation bias leads us to hunt for information that flatters our assumptions. So how can we learn to overcome the confirmation bias and Reality-Test the Assumptions we're making?

The first step is to consider the opposite of our initial instincts beginning with a willingness to spark constructive disagreement. In our individual decisions, how many of us have ever consciously sought out people we knew would disagree with us? A devil's advocate? For high-stakes decisions, we owe ourselves a dose of skepticism. The Heath brothers point out that the Pentagon uses a 'murder board' staffed with experienced officers, to try to kill ill-conceived missions and suggest we do the same.

The brothers suggest we take each option, one at a time, and ask ourselves: What would have to be true for this option to be the right answer? If someone asks us to figure out what would have to be true for an approach to work, our frame of thinking changes, giving us a chance to back away from our beliefs and learn something new. It allows people to disagree without becoming disagreeable.

A second approach is to Zoom Out and Zoom In. When we zoom out, we take the outside view, learning from the experiences of others who have made choices like the one we're facing. When we zoom in, we take a close-up of the situation, looking for specific facts that could inform our decision. Either strategy is helpful, and when possible, we should do both.

According to the brothers, zooming out and zooming in gives us a more realistic perspective on our choices. We downplay the optimistic pictures we paint inside our minds and instead redirect our attention to the outside world, viewing it in wide-angle and then in close-up.

A third option is to dip a toe in the water before we dive in or as the Heath brothers call it, to 'Ooch'. To ooch is to construct small experiments to test our hypothesis.



Ooching is best for situations where we need more information. Ooching should be used as a way to speed up the collection of trustworthy information, not as a way to slow down a decision that deserves our full commitment. To ooch is to ask, Why predict something we can test? Why guess when we can know?

### **Attain Distance Before Deciding**

Sometimes we'll encounter a truly tough choice, and that's when we've got to attain distance. As the brothers say, it's easy to lose perspective when we're facing a thorny dilemma. But we are not slaves to our emotions. Visceral emotion fades. As Meat Loaf says, we should sleep on it. It's sound advice, and we should take it to heart. For many decisions, though, sleep isn't enough. We need strategy.

The Heath brothers suggest we use 10/10/10. How will we feel about it 10 minutes from now? How about 10 months from now? How about 10 years from now? It helps us get some distance on our decisions. 10/10/10 forces us to shift our spotlights, asking us to imagine a moment 10 months from now to understand whether we'll feel the same way. That way, our short-term emotions can be kept in perspective.

Why does “distance” help so much? It de-personalizes the situation. It’s easy to give advice to friends – it doesn’t really affect us, more hard to think out our own dilemmas. As the brothers succinctly put it, “when we think of our friends, we see the forest. When we think of ourselves, we get stuck in the trees.”

## Prepare to be Wrong

The final stage is to prepare to be wrong. We need to realistically consider what the future might bring, both good and bad. When we think about the extremes, we stretch our sense of what’s possible, and that expanded range better reflects reality. One method is to conduct a pre-mortem.

Everyone on the team takes a few minutes to write down every conceivable reason for the project’s failure. Once all the threats have been surfaced, the project team can adapt its plans to mitigate as many of the negative scenarios as possible. The pre-mortem is, in essence, a way of charting out future possibilities and plotting ways to avoid ending up there.

On the flip side we can consider a “pre-parade.” A pre-parade envisages complete success: Our decision has been a wild success and there’s going to be a parade in our honor. Given that future, how do we ensure that we’re ready for it?

Both of these techniques allow us to visualize and prepare for the future. But what about awareness setting in anticipation of events? The suggestion is to set a tripwire.

The goal of a tripwire is to jolt us out of our unconscious routines and make us aware that we have a choice to make. The brothers share the tripwire of David Lee Roth, of Van Halen - a brown M&M in the bowl backstage at the band’s concerts. In his rider he wanted bowls of M&M’s – but no browns – back stage. Brown M&M’s present suggested to him that the contracts hadn’t been properly read and warned him to pay careful attention to the complex staging where injury may occur if similar neglect had occurred.

### Adaptive reflection question:

How do you prepare for scenarios of both success and failure?

Tripwires tell you when to jump. Setting tripwires don't guarantee the the right decisions. But tripwires at least ensure that we are aware it's time to make a decision, that we don't miss our chance to choose because we've been lulled into autopilot.

So there you have it, a handy guide to making the decisions that will affect every part of your future success.

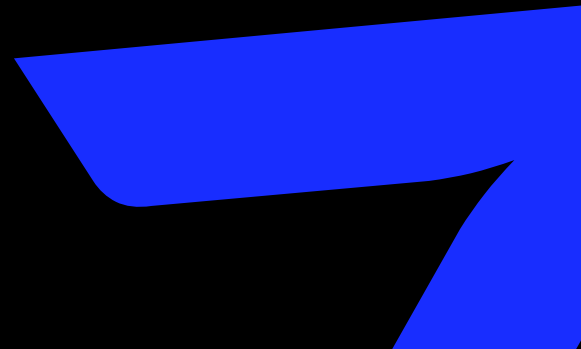




03

# Creating Great Choices

by Jennifer Riel and  
Roger Martin



# 03

## Creating Great Choices

*A Leader's Guide to Integrative Thinking*

by Jennifer Riel and Roger Martin

Here's a question to consider: when you are making decisions in your business and your life, are you making choices, or are you creating choices?

There's a difference, and that's what this book is all about. Most people make decisions by looking at the options, and choosing what author Roger Martin calls the "least worst" option.

Effective decision making requires more than that. It demands that we actively create new choices instead of accepting the ones that are presented to us.

Join us for the next 12 minutes as we explore a methodology for creating great choices, every single time.

### Adaptive Reflection

**Question:** When you are making decisions in your business and your life, are you making choices, or are you creating choices?





## Mental Models: How We Make Sense of the World

As human beings, we don't make decisions based on rational, unbiased logic. There are a bunch of reasons for this, but two of them stand out in particular.

First, we are all biased towards data that is immediately available to us. It's as though all we see is all there is.

Second, we take the data we have at our fingertips and create mental models of the world. So although our mental models get closer and closer to reality over time as our experience expands, they never quite reach full resolution. All models are an approximation, an incorrect version of the world as it actually is.

Our mental models are flawed in the following ways:

- Our models are implicit. We are not consciously aware of our mental models. Again, we believe that we are just seeing reality.
- Our models are sticky. We naturally seek out more information that confirm that our current mental models are true, so they tend to get stronger over time - whether or not they are an accurate representation of reality.

- Our models are simplistic. Our minds are lazy and crave simplicity. This almost always leads to models that break down in a critical way because they aren't detailed enough.

This leads us to be overconfident in our understanding of the world, and jump to solutions that agree with our mental models.

## Integrative Thinking: A New Way to Make Decisions

As the authors point out, there are three core principles at the heart of the Creating Great Choices decision making process.

### Metacognition

The first principle is that we need to have a better understanding of our own way of thinking, starting with our existing mental models and their limitations.

### Empathy

The second principle is that we need to have a deeper understanding of other people and how they think, ultimately uncovering the gaps in our own thinking and opportunities for collaboration.

Some people mistake empathy for asking how you would feel in the shoes of another person. Instead, it's getting a deep understanding of how the other person is feeling, right now. That means asking questions and showing a genuine desire to understand other people and avoiding making assumptions about the way they feel and think.

Luckily, empathy is a two way street. The more empathy you show for other people, the more they will show for you.

### Creativity

The last principle is that we need to understand how to leverage our creative capacity to find the choices that help us break free from the trap of choosing the "least worst" option.

#### Adaptive reflection question:

Our mental models aren't perfect. What flaws can you identify in the way you approach decision making? How can you overcome these flaws?

As you work on your creativity muscle, here are 5 principles to keep in mind.

1. Start with the problem to be solved. Creativity needs constraints.
2. Escape the tyranny of the blank piece of paper. Don't be afraid to start generating ideas based off of existing ideas and mental models. Creativity needs a place to start.
3. Learn the value of bad ideas. Great ideas come from having a lot of ideas. Sometimes bad ideas have the kernel of a great one.
4. Build to think. Don't generate abstract theories and ideas. Otherwise you'll have nothing to test.
5. Give yourself time. Great thinking, like any creative pursuit, requires time.

Now that we've got the basics covered, we'll spend the rest of the time in this summary focussing on a four stage process to create great choices.



## Stage 1: Articulate the Models

The first phase of the process is all about understanding the problem in as much detail as you can, and setting yourself up to think differently about it.

There are four steps.

### 1. Define the problem

Start by defining the problem in a short statement. Don't spend too much time worrying about getting it perfect - you can always revise it later if you need to. Just make sure that everybody involved in solving the problem understands it, and that you create a shared commitment to solving it.

The best problem statements start off with "How might we..."

### 2. Identify two extreme and opposing answers to the problem

You start with two models for a couple of reasons.

First, because two models are better than one and starts the process by admitting that there is more than one "right answer" to the problem. Two is also better than ten, because it is a manageable number of solutions to evaluate. Remember, you are unlikely to end up with either solution in the end.

Second, by creating opposing models, you create productive tension. There will be debate and dialogue because people will naturally gravitate towards one model or the other. This creates the environment for creativity you need in order to create a great choice.

Here are a few opposing models to get your creative juices flowing:

- Revenue growth vs. Profit growth
- Customization vs. Standardization
- Local vs. Global
- Broad vs. Deep
- Short term success vs. Long-term success

*The first phase of any process is understanding the problem in as much detail as you can.*





### 3. Sketch the two opposing ideas

The goal in this step is to make sure that everybody understands the core elements of each model. It doesn't have to be exhaustive, just provide enough knowledge for everybody to get on the same page.

### 4. Lay out the benefits of each model and the way it works

In the final step of the first stage, you lay out the benefits of each model. The important distinction here is that you focus only on the positives of each solution, and not the negatives.

This will ensure that each solution gets properly considered in the following stages, which will make sense when we get to Stage #3.

## Stage 2: Examine the Models

Once the first stage is complete, we move on to a deeper consideration of each model.

### Points of Tension

First, we look at the points of tension between the models.

Where are the points that make it difficult to just mash up the two solutions into one? For instance, if you were using the models of short-term profit and long-term profit, what elements of your solutions make it difficult to do both at the same time?

When holding the models in tension, consider the following:

- What do we notice is similar in the models?
- What do we notice is different between the models?
- What do we value most from the two models?
- What are the real points of tension?
- What assumptions might we be making?
- What important cause-and-effect forces are at play?
- What really is the problem we're trying to solve?

### **Stage 3: Explore the Possibilities**

In this stage we are looking to explore new possibilities to create that better, third choice.

The authors suggest that there are three pathways that they have seen leaders use successfully in their work. The goal is to create a number of possible solutions that you can prototype, test and improve as you move forward.





### Pathway #1: The Hidden Gem

In this pathway you take one golden nugget (a deeply valued benefit) from each of the opposing models and then throw away the rest of the model. Then, using the golden nuggets as the core of the new approach, you come up with a brand new model.

The key to this pathway is to ensure that the two golden nuggets you choose are not in direct tension with one another. That means that you'll need to replace all of the elements you are throwing away with something else.

As an example, Tennis Canada reinvented their tennis program by looking at the models of two successful tennis nations - the United States and France.

The American system used a decentralized model, allowing young players to work their way up from various tennis academies around the nation, and then letting the cream rise to the top.

The French system used a centralized model, where rising stars were identified at a very young age, and put into a system that developed them in rigid structure.

Tennis Canada chose elements of both systems when they created a centralized structure for national training weekends that give them access to world-class competition and coaching, but left the development the rest of the time up to the players and their local coaches.

### Pathway #2: The Double Down

In this pathway, you ask yourself the following question:

Under what conditions would a more intense version of one model actually generate one vital benefit of the other?

In this situation, you have one model that you prefer, but it's missing something vital that the other model provides. Then, you figure out how to get that vital benefit by "doubling down" on your preferred model.

As an example, Jack Bogle, the founder of The Vanguard Group, was the first to introduce index funds as an investment vehicle. He struggled with the tension between the financial industry's operating model of charging high fees regardless of the return (which benefited the shareholders), and operating on behalf of customers.

He solved that tension by changing the legal structure of his firm so that the customers owned the majority of the stock (think mutual company or cooperative). Then, doubling down on the customer focus, he created the index fund, which strips most of the fees out of the administration of the fund.

Today, 20 percent of all US investment dollars are in index funds of some form.

### Pathway #3: Decomposition

In this pathway, you actually keep most or all of the existing models. However, the key is that you decompose the actual problem you are working on so that you apply each of the models in the right circumstances.

Rather than applying solution A or solution B all of the time, you figure out when/where to apply solution A and when/where to apply solution B.



## Ground Rules

In this stage, as with any creative process, there needs to be a few ground rules to ensure it goes well:

- Use all three pathways as thought starters.
- Defer judgment. Don't dismiss ideas at this point.
- Build on the ideas of others. Use the "yes, and..." approach.

## Stage 4: Assess the Prototypes

Finally, we find ourselves at the stage where we need to assess the prototypes to determine which solution we'll ultimately roll with.

There are three main steps.

1. Concretely define each possibility, articulating how each of them might work in practice. Use storytelling, visualization and physical modeling here. The trick is to create a realistic picture of the solution without actually building it out completely.
2. Understanding the conditions under which each of your new possibilities would be a winning solution to the problem you want to solve. Make sure you've considered whether or not the assumptions you've built into the model are actually true.
3. Design and conduct tests of each possibility, collecting data you'll need to make the ultimate decision. The mindset you should use in this stage is that you are designing tests to try and prove your ideas wrong, not right. This has the benefit of exposing the solution to conditions where your solution won't work, so you get to find your blind spots and improve it before you launch.

## Conclusion

So there you have it - everything you need in order to create great choices instead of choosing between mediocre ones.

### Adaptive Reflection

**Question:** Which of the 4 stages are you strongest in? Which one do you need the most work in?

## ABOUT ACTIONCLASS

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ActionClasses are short interactive workshops on the Business and Leadership skill that matter most.

Based on 40+ critical leadership and soft skill competencies, ActionClass provides your team members with "no fluff," pragmatic, and action-packed workshops that put goals and objectives at the center of learning.

Our live, interactive workshops host leaders from all around the world, making them a great place to build your network and experience diverse perspectives on your most pressing business and leadership challenges.