

How Effective Leaders Think Strategically and Make Winning Decisions

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years

25,000
companies

3,000,000
individuals assessed

Presenters



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Caliper



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The Wharton School



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President, North America
Avis Budget Group

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Discussion Points

- How notable leaders think strategically in a fast-paced, uncertain business climate
- Which obstacles get in the way of effective decision making
- Skills the best business leaders use to make successful decisions

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Strategic Decision Making

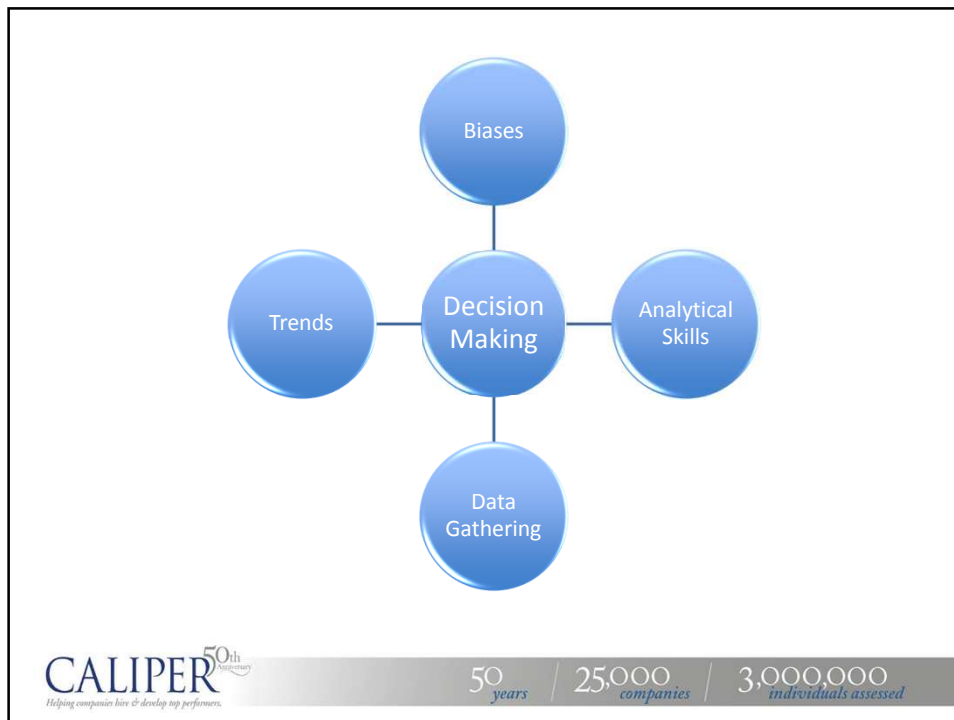
- Complex decision making requires critical thinking and leadership judgment.
- A robust decision-making process can include:
 - Systems Thinking
 - Scenario Thinking
 - Critical Thinking

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How the Past Affects Decision Making

- Many organizations and leaders use predictive models to identify trends and make decisions.
- Predictive models are typically based off of what happened in the past.
- Market knowledge, in addition to predictive models, allow companies to make adjustments.

Decision-Making Biases

- Overconfidence Bias
 - Leaders are best at articulating what they know.
- Confirmation Bias
 - Leaders tend to gravitate toward information that supports their favored solution.

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Managing Uncertainty

- Forecasters can provide evidence for many different scenarios.
- Data gathering can only help leaders to a certain point; uncertainty still exists.
- Calculating uncertainty into decisions is critical.

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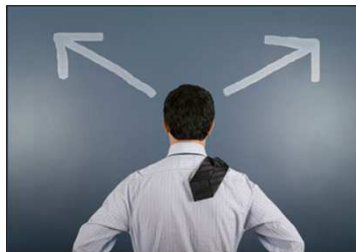
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How Uncertainty Affects Decision Making

- For some leaders, uncertainty can cause:
 - Paralysis
 - Risk Aversion
- Building adaptability into decisions can help leaders adjust to uncertainty.



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Building Optionality

- Building optionality can help bring a better return.
- Rather than making a decision one way or the other, leaders can make “small bets” that can account for unforeseen circumstances.
- Leaders should readily factor uncertainty into decision-making.

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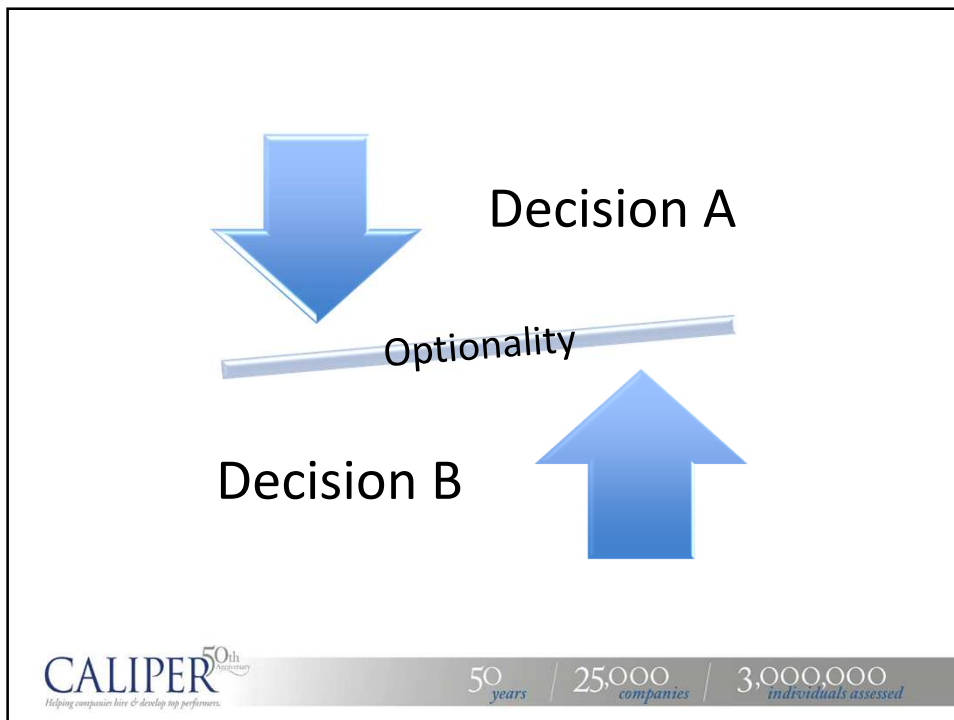
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SECOND LIFE

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Systems Thinking

Systems Thinking says:

An entire system cannot be optimized simply by optimizing each interdependent part.

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Systems Thinking

- When attempting to optimize interdependent parts of a system, there is a need for resources.
- Internal struggles can occur when compensation is based on optimizing a department.
- There is a tricky balance between doing what is best for the entire system and rewarding based on individual performance.

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Middle managers are often conditioned to meet their own expectations and goals. As a result, the bigger picture could be missed.

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Innovation in Uncertain Times

Organizations with long-term sustainability are:

Innovative

Financially Conscious

Willing to Invest in Experimentation

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Investing in Innovation

- Successful companies set aside resources to invest in innovation and experimentation.
- Such an investment increases shareholder value.
- Long-term sustainability brings a greater return than short-term results.

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The Leadership Personality

- From Caliper's perspective, there are personality traits that distinguish successful decision-makers.
 - Willing to Collaborate
 - Tolerant of Risk
 - Decisiveness
- Critical thinking, in terms of uncertainty, is being added into the business school curriculum.

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Preconceived Notions

- Preconceived notions tend to become a part of the decision-making process.
- Being action-oriented in decision making should include an in-depth analysis of all the data gathered.
- Experience comes into play in decision making – leaders have to recognize where they do not have expertise and seek diverse viewpoints.

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- Tom Gartland – newly appointed President, North America.
- Background in Sales.
- Proponent of understanding one's skills, developing them, and committing to excellence.

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Leadership Philosophy



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Employee Development

- An effective leader collaborates with, develops, and understands his or her team.
- Effective decision-making involves the perspectives of the entire team.
- Ultimately, the decision is left up to the leader.



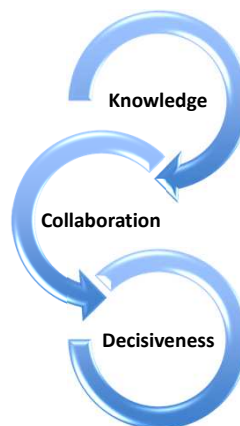
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Strategic Decision Making



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Personality assessments and Three Sixty processes can help a team gain a better understanding of each others' strengths and developmental areas.

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Diverse Perspectives

- Leaders who encourage collaborating on a decision will likely avoid an “echo chamber.”
- Leaders should inspire a culture that helps build a healthy dialogue.
- Having different perspectives available can help leaders gather more relevant information for decisions.

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Bringing About Change

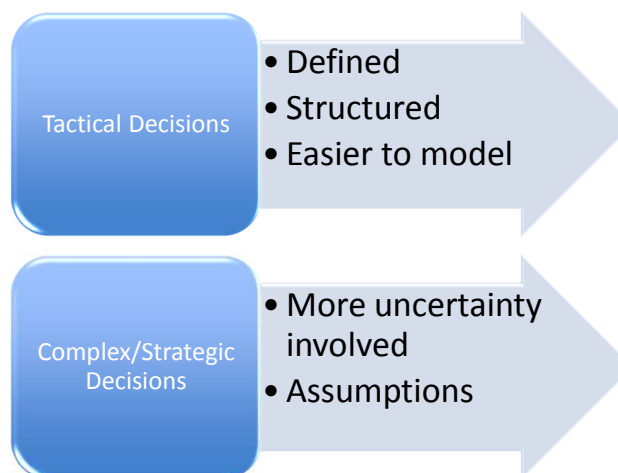
- Those opposed to your decision could possess disconfirming evidence.
- Opponents of a decision may be a leader's most valuable resource.
- Diverse views are critical to a successful decision-making process.
- Leaders are, ultimately, accountable for the decision.

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Company Structure and Culture

- Some companies have become decentralized by not collaborating effectively.
- Each organization should determine the structure that works – and embrace it.
- Think global, act local: there is not a standardized solution.
- Pushing decisions downward allows for better results and applicable expertise.

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**For information on Caliper's approach
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www.calipercorp.com

or e-mail

info@calipercorp.com

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