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HOW TO UNDERSTAND OTHERS BETTER

HOW TO IMPROVE OTHERS

NOW IT'S YOUR TURN

INSTRUCTIONS FOR USE

WHY WE WROTE THIS BOOK

Some years ago we were struck by the sudden realisation that we found it hard to make decisions. Not only big, life-changing decisions, but everyday ones, too: what to buy, what to wear, which music to download, what to order at the bar. So we went in search of models and methods that would help us to structure and classify, analyse and weigh up options – in other words, that would help us make decisions.

The result of our research is the book that you have in your hands.

WHY YOU SHOULD READ THIS BOOK

This book has been written for anyone who has to deal with people on a daily basis. Whether you are a teacher, a professor, a pilot or a top manager, you will be confronted by the same questions time and again: Was there perhaps a better solution? What happens if I revise my decision? Do I have sufficient information?

WHAT YOU WILL FIND IN THIS BOOK

The fifty best decision-making models – well-known and not so well-known – that will help you tackle these questions are described in words and diagrams. Don't expect straight answers; be prepared to be tested. Expect food for thought.

HOW TO USE THIS BOOK

This is a workbook. You can copy out the models, fill them in, cross them out, and develop and improve them. Whether you need to prepare for a presentation or carry out an annual performance review,

whether a difficult decision lies ahead of you or a prolonged dispute is now behind you, whether you want to reassess your business idea or get to know yourself better – this book will guide you.

WHAT IS A DECISION-MAKING MODEL?

The models in this book fulfil the following criteria:

- They **simplify**: they do not embrace every aspect of reality, but only include those aspects that seem relevant.

- They **sum up**: they are executive summaries of complex interrelations.

- They are **visual**: using images, they convey concepts that are difficult to explain in words.

- They are **methods**: they do not provide answers, they ask questions; answers emerge once you have used the models, i.e. filled them out and worked with them.

WHY DO WE NEED DECISION-MAKING MODELS?

When we encounter chaos, we seek ways to structure it, to see through it, or at least to gain an overview of it. Models help us to reduce the complexity of a situation by enabling us to dismiss most of it and concentrate on what is important. Critics like to point out that models do not reflect reality. That is true, but it is wrong to claim that they compel us to think in a prescribed way. Models do not define what or how we should think; they are the result of an active thought process.

You can read this book in the American or the European way. Americans tend towards a trial-and-error approach: they do something, fail, learn from this, acquire theories and try again. If this approach

suits you, start at the beginning with 'How to improve yourself'. Europeans tend to begin by acquiring theories, then doing something. If they then fail, they analyse, improve and repeat the attempt. If this approach is more your style, begin with 'How to understand yourself better' (p. 51).

Each model is only as good as the person who uses it.

HOW TO IMPROVE YOURSELF

THE EISENHOWER MATRIX

HOW TO WORK MORE EFFICIENTLY

The US president Dwight D. Eisenhower supposedly once said: 'The most urgent decisions are rarely the most important ones'. Eisenhower was considered a master of time management, i.e. he had the ability to do everything as and when it needed to be done. With the Eisenhower method, you will learn to distinguish between what is important and what is urgent.

Whatever the job that lands on your desk, begin by breaking it down according to the Eisenhower method and then decide how to proceed. We often focus too strongly on the 'urgent and important' field, on the things that have to be dealt with immediately. Ask yourself: When will I deal with the things that are important, but not urgent? When will I take the time to deal with important tasks before they become urgent? This is the field for strategic, long-term decisions.

Another method of organising your time better is attributed to the multimillionaire Warren Buffett. Make a list of everything you want to get done today. Begin with the task at the top of the list, and continue only when you have completed it. When a task has been completed, cross it off the list.

Better late than never. But never late is better.

IMPORTANT

important, but not urgent	urgent and important
DECIDE WHEN YOU WILL DO IT	**DO IT IMMEDIATELY**

not important, not urgent	urgent, but not important
DO IT LATER	**DELEGATE TO SOMEBODY ELSE**

URGENT
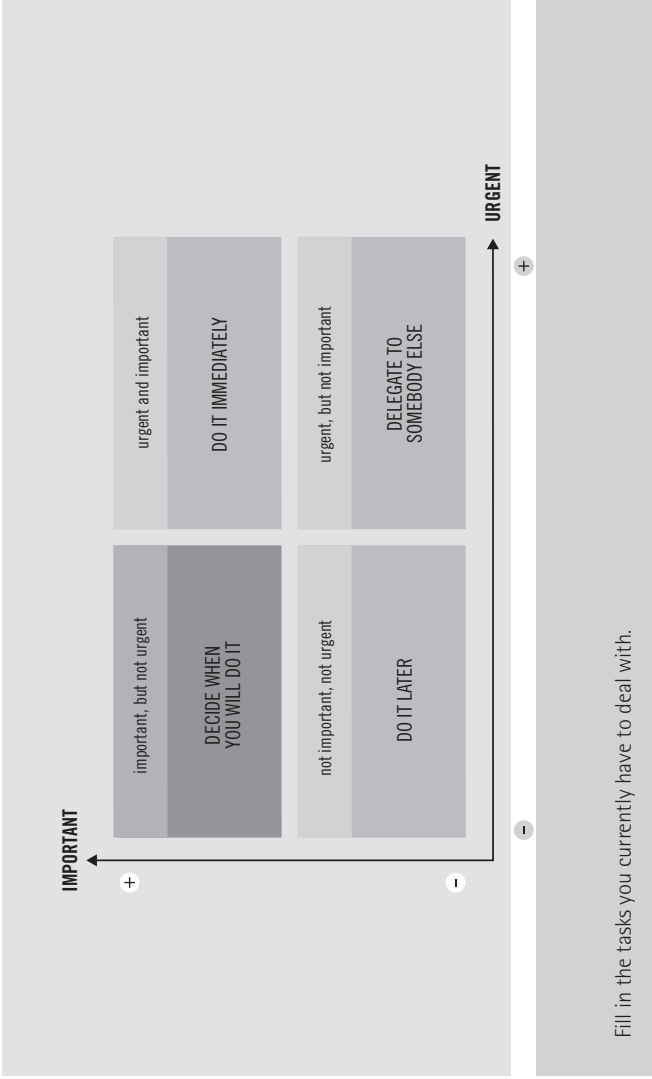
Fill in the tasks you currently have to deal with.

THE SWOT ANALYSIS

HOW TO FIND THE RIGHT SOLUTION

With SWOT analysis, you evaluate the Strengths, Weaknesses, Opportunities and Threats identified in a project. The technique is based on a Stanford University study from the 1960s which analysed data from Fortune 500 companies. The study found a 35 per cent discrepancy between the companies' objectives and what was actually implemented. The problem was not that the employees were incompetent but that the objectives were too ambiguous. Many employees didn't even know why they were doing what they were doing. SWOT was developed from the results of the study to help those involved in a project to gain a clearer understanding of it.

It is worth taking the time to think about each step of the SWOT analysis rather than just hastily fill it out. How can we emphasise our strengths and compensate for (or cover up) our weaknesses? How can we maximise opportunities? How can we protect ourselves against threats?

What is interesting about SWOT analysis is its versatility: it can be applied to business and personal decisions with equal success.

If you're not failing, you're not trying hard enough. *Gretchen Rubin*

| STRENGTHS + | OPPORTUNITIES |
| WEAKNESSES − | THREATS |
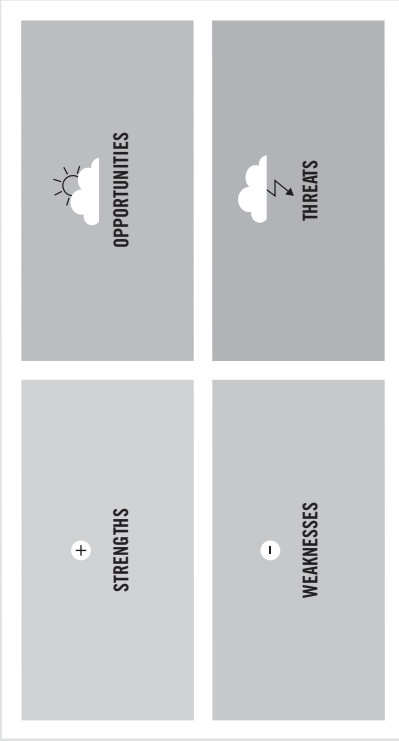
Think back to a big project in your life and about how you would have filled in a SWOT diagram at the time. Compare that with how you would fill it in today.

THE BCG BOX

HOW TO EVALUATE COSTS AND BENEFITS

In the 1970s, the Boston Consulting Group developed a method for assessing the value of the investments in a company's portfolio. The four-field matrix distinguishes between four different types of investment:

- **Cash cows** have a high market share but a low growth rate. This means they don't cost much but promise high returns. Consultants' verdict: milk them.

- **Stars** have a high market share and a high growth rate. But growth devours money. The hope is that the stars will turn into cash cows. Consultants' verdict: invest.

- **Question marks**, or 'problem children', have high growth potential but a low share of the market. With a lot of (financial) support and cajolement, they can be turned into stars. Consultants' verdict: a tough decision.

- **Dogs** are business units with a low share in a saturated market. Dogs should be held on to only if they have a value other than a financial one (e.g. a vanity project or favour for a friend). Consultants' verdict: liquidate.

The most dangerous words in investing are 'this time it's different'.
Sir John Templeton

MARKET GROWTH

high

low

RELATIVE MARKET SHARE

low · high

QUESTION MARKS · STARS

DOGS · CASH COWS

Arrange your financial products, investments or projects in the matrix. The axes indicate growth potential and market share.
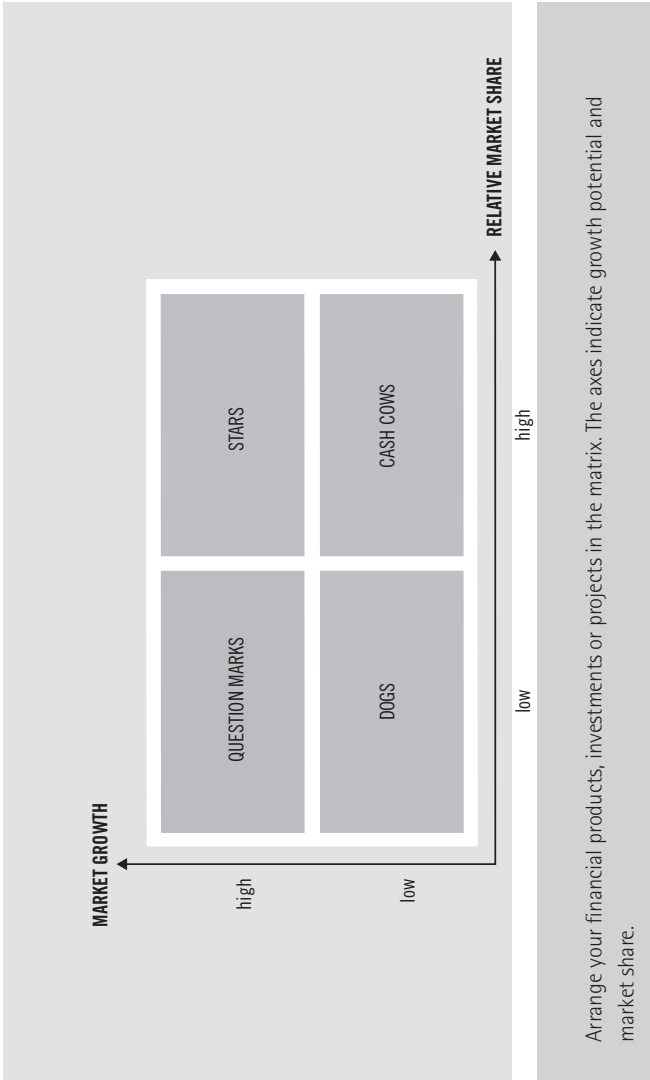
THE PROJECT PORTFOLIO MATRIX

HOW TO MAINTAIN AN OVERVIEW

Are you juggling several projects simultaneously? Then you are a 'slasher' (/). The term was coined by the New York author Marci Alboher and describes people who cannot give a single answer to the question 'And what do you do for a living?'

Suppose you are a teacher/musician/web designer. The variety may be appealing, but how can you balance all these projects? And how do you ensure a regular income?

To get an overview, you can classify your current projects, both work-related and private, with the help of the project portfolio matrix according to cost and time (see model on pp. 18–19). Think of costs not only in terms of money but also in terms of resources such as friends involved, energy and psychological stress.

Cost and time are just two examples. You can use whatever parameters are relevant to your situation: for example, the x-axis could be 'How much my project is helping me achieve my overriding objective', and the y-axis 'How much I am learning from this project'. Now position your projects in the matrix in relation to the two axes 'objectives achieved' and 'amount learned'.

HOW TO INTERPRET THE RESULTS

• Reject projects if there is nothing you can learn from them and if they do not correspond to your overriding vision.

• Projects that you can learn from but do not correspond to your vision are interesting but will not help you achieve your objective. Try to change the project so that it serves your vision.

- If a project corresponds to your vision, but you are learning nothing new, look for somebody else to do it for you.

- If you are learning something and achieving your vision, you have hit the jackpot!

Make sure you complete your projects properly. Even those that aren't successful.

COST

OVERSPENT

wedding

ON BUDGET

Christmas
presents

my blog

UNDERSPENT

LATE
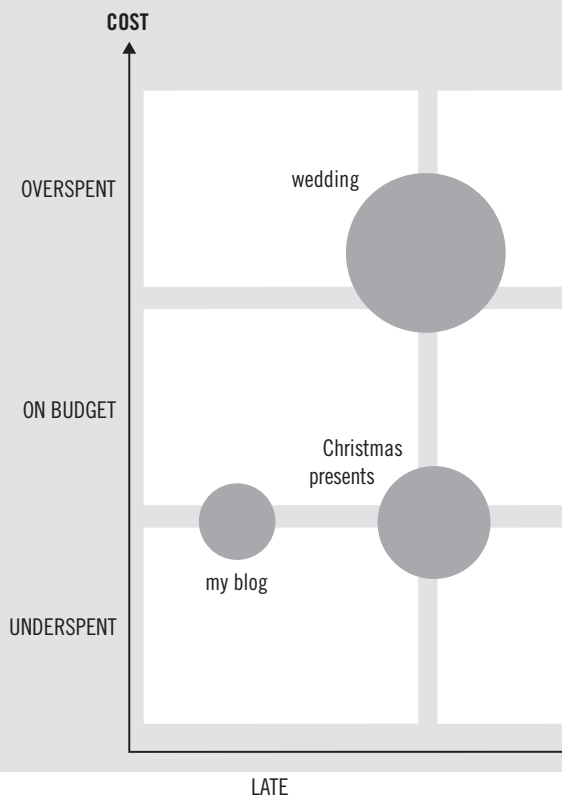
Arrange your current projects in the matrix: are you on budget
and on time?

divorce

organise school
reunion

French course

→ **TIME**

TO PLAN   EARLY
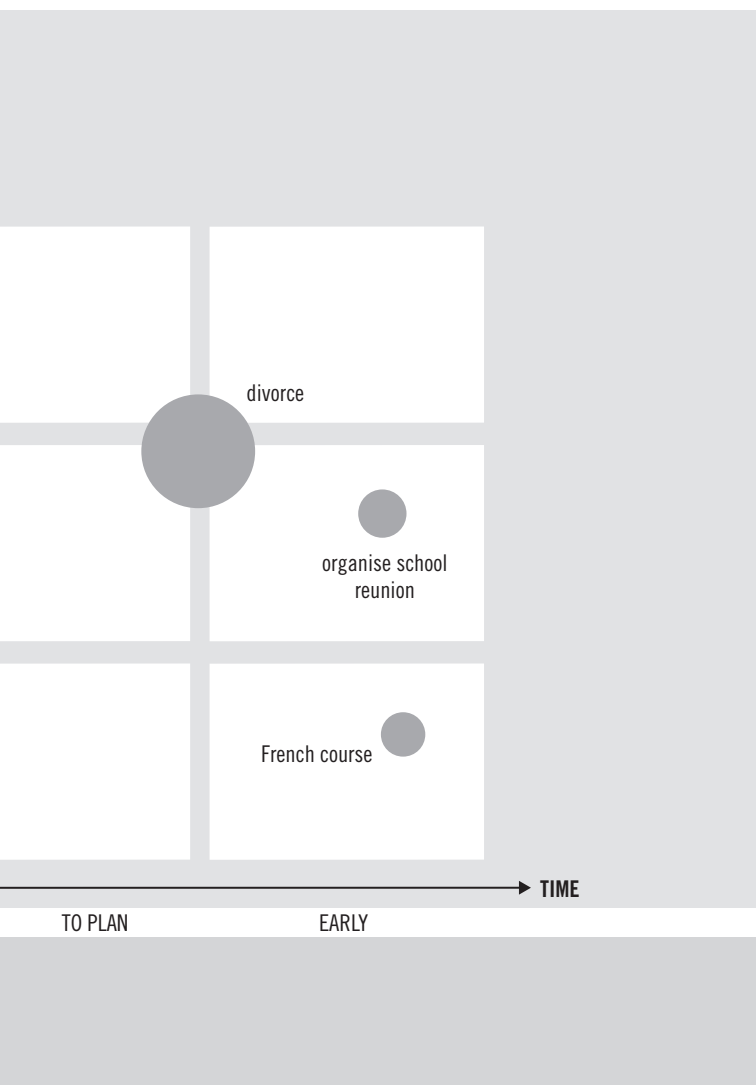
THE FEEDBACK ANALYSIS

HOW YOU CAN LEARN TO EVALUATE YOUR OWN WORK

What is your greatest strength?

Most people think they know what they're good at, but they're usually wrong. So says Peter F. Drucker, one of the most important management thinkers of the last century. He came up with a simple yet clever technique for getting to know yourself better.

Whenever you have an important decision to make, write down what you expect to happen. After a year, compare your expectation with the actual outcome.

During his lifetime, Drucker continually compared his own expectations with the actual results. He learned to give himself feedback, and over time he began to recognise where and what kind of improvement was needed. Or to put it another way, he worked out where his strengths lay, and where they didn't.

Sounds easy? Calvinist ministers and Jesuit priests used this method as early as the mid-seventeenth century – and, according to some historians, the global impact of both religious orders is at least partially due to their use of feedback analysis, and using this technique to manage themselves.

Knowing what your strengths are is the most important thing an individual can know about himself or herself. *Peter F. Drucker*

RESULT

EXPECTATION

The bigger the overlap, the better you are at evaluating your work.
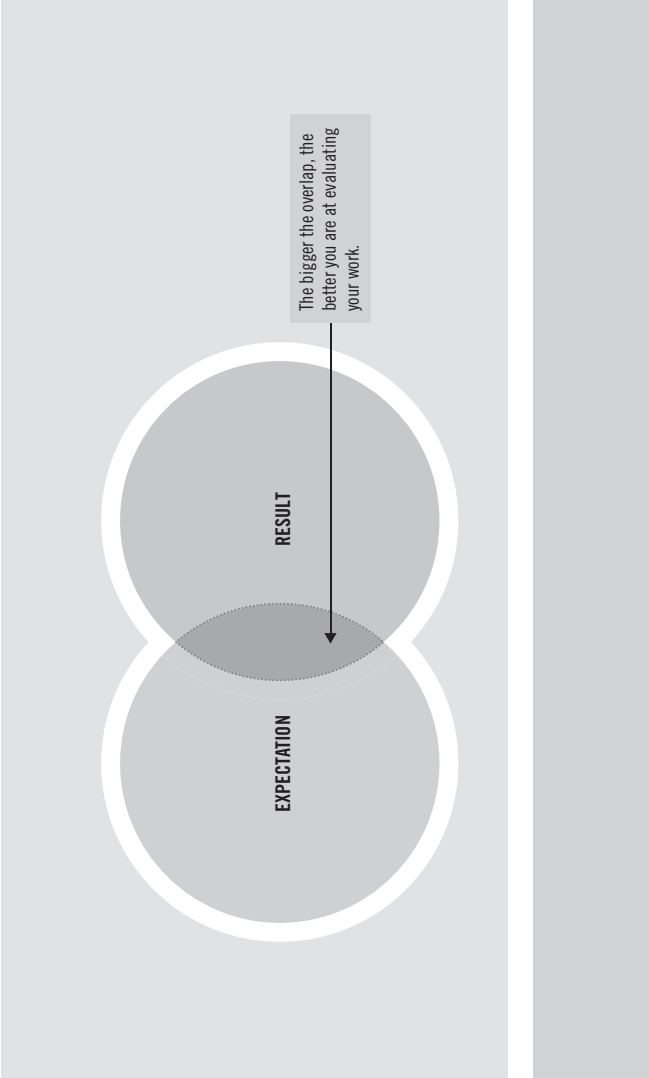
THE JOHN WHITMORE MODEL

AM I PURSUING THE RIGHT GOAL?

If you set yourself goals, you should distinguish between final goals and performance goals. A final goal might be 'I want to run a marathon'; a performance goal helps you achieve this aim, for example 'I will go jogging for thirty minutes every morning.'

Write down your goal and check, step by step, whether it correlates with the fourteen requirements in the model.

A few things to note: if a goal is unattainable, there is no hope, and if it is not challenging it will not motivate you. If the fourteen steps are too complicated for you, keep in mind the following ground rule when establishing your goal:

KISS – Keep It Simple, Stupid!

The greatest danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it. *Michelangelo*

S	SPECIFIC	**THE RIGHT GOAL**		C	CHALLENGING
M	MEASURABLE	P	POSITIVELY STATED	L	LEGAL
A	ATTAINABLE	U	UNDERSTOOD	E	ENVIRONMENTALLY SOUND
R	REALISTIC	R	RELEVANT	A	AGREED
T	TIME-PHASED	E	ETHICAL	R	RECORDED

Once you have established a goal, check whether it correlates with these fourteen requirements.

THE RUBBER BAND MODEL

HOW TO DEAL WITH A DILEMMA

Is this a situation you are familiar with? A friend, colleague or client needs to make a decision that could irrevocably alter their future: for example to change career, move to another city or take early retirement. The arguments for and against are evenly balanced. How can you help them out of their dilemma?

Copy out the rubber band model, and ask the person to ask themselves: What is holding me? What is pulling me?

At first glance the method seems to be a simple variation of the conventional question 'What are the pros and cons?' The difference is that 'What is holding me?' and 'What is pulling me?' are positive questions and reflect a situation with two attractive alternatives.

A peacefulness follows any decision, even the wrong one.
Rita Mae Brown

WHAT IS PULLING YOU?
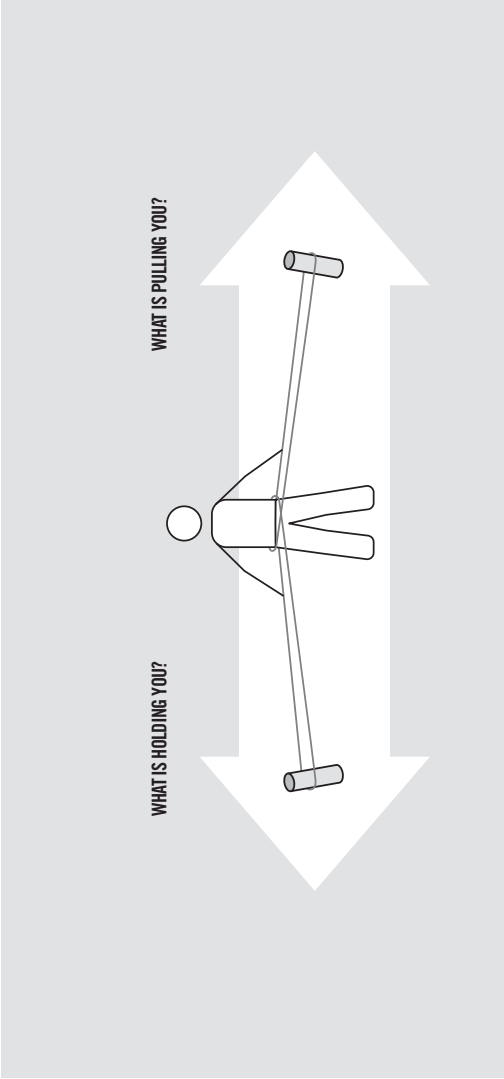
WHAT IS HOLDING YOU?

If you have to decide between two good options, ask yourself what is holding you, and what is pulling you.

THE FEEDBACK BOX

DEALING WITH OTHER PEOPLE'S COMPLIMENTS AND CRITICISMS

Feedback is one of the most difficult and sensitive processes in groups. It is easy to hurt people with criticism, but false compliments are also unhelpful. Compliments often make us too complacent, while criticism damages our self-esteem and can lead us to make unwise choices.

The one-dimensional question 'What did you find good, what did you find bad?' is therefore not necessarily helpful. In terms of what can be learned from feedback, it is better to ask yourself 'What can I do with this criticism?' In other words, see what can stay as it is, and what needs to change (but may have been good up till now).

It is not only about working out what has not succeeded, it is also about deciding whether and how to react. The model will help you to categorise the feedback you receive in order to clearly establish a plan of action.

It is also important to ask yourself honestly: 'Which success or failure was in fact due to luck?' Were you the winner of a match because the ball found its way into the net purely by chance? Do you really deserve this compliment?

Pay attention to your thoughts, because they become words.
Pay attention to your words, because they become actions.
Pay attention to your actions, because they become habits.
Pay attention to your habits, because they become your character.
Pay attention to your character, because it is your fate.
Lao Tzu

'I thought it was good, but it still needs to change!'	'I thought it was good, and it can stay as it is in future!'
ADVICE	**COMPLIMENT**
'I thought it was bad and it has to change!'	'I thought it was bad, but I can live with it!'
CRITICISM	**SUGGESTION**

Arrange the feedback you have received in the matrix. What advice do you want to follow? Which criticisms prompt you to take action? Which suggestions can you ignore?
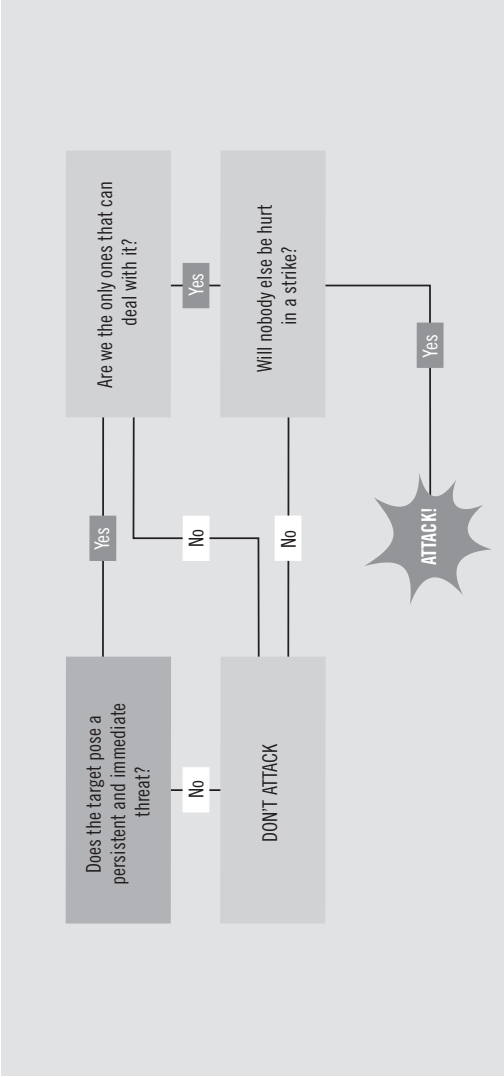
THE YES/NO RULE

HOW TO MAKE A DECISION QUICKLY

A good way to quickly reach a decision is to use the Yes/No rule. It comes into its own when you have to weigh up risks, but have little time. Take the example of somebody who goes to the doctor feeling ill. The doctor makes a diagnosis based on a process of elimination (Does he have a fever? Is his blood pressure too low?).

The Yes/No rule is based on clear parameters, something that can be beneficial not only in medicine but also in management, private life or politics. In 2013, US president Barack Obama established three Yes/No rules to reach a decision about drone strikes: Does the targeted person pose a persistent and immediate threat to the American people? Is the USA the only country that can deal with this threat? Will civilians almost certainly not be harmed? Only if all three questions could be answered with a 'Yes' was a drone strike approved.

The oldest, shortest words – 'yes' and 'no' – are those that require the most thought.

Does the target pose a persistent and immediate threat?

No

Yes

Are we the only ones that can deal with it?

Yes

No

Will nobody else be hurt in a strike?

No

Yes

DON'T ATTACK

ATTACK!

The former US president Barack Obama used this formula to decide for or against a drone strike.

THE CHOICE OVERLOAD

WHY YOU SHOULD LIMIT YOUR OPTIONS

Intuitively you might think that more means more. The more options we take into consideration, the better our final decision. The more choices we have, the happier we are. But sometimes the opposite is true: the greater the choice, the higher our expectations – and the more we worry that we will make the wrong decision. It is the so-called paradox of choice that the American business professor Sheena Iyengar demonstrated in a legendary experiment.

In a supermarket she offered a variety of jams for shoppers to try: six different varieties on one day, twenty-four varieties on another. With the smaller selection, 40 per cent tried the jams and 30 per cent bought a jar. The bigger selection attracted 60 per cent of the shoppers, but only 2 per cent bought a jar of jam. The conclusion: choice is alluring but confusing.

How do we solve this paradox of choice in our day-to-day lives? The psychology professor Barry Schwarz has a simple recommendation: reduce your choice. For example, in a restaurant, pick the first dish on the menu that you like the look of, and then immediately close the menu. Because the more options you juggle in your mind, the more dissatisfied you will be.

More is difficult.