

Solving Problems, Making Decisions, and Managing Change



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**After studying
this chapter, you
will be able to:**

- 1** Explain the importance of problem-solving and decision-making skills.
- 2** Describe and apply the basic steps and skills involved in the decision-making process.
- 3** Identify and describe various decision-making styles.
- 4** Discuss why a supervisor should not make hasty decisions.
- 5** Suggest approaches for introducing change to employees and for proposing change to higher-level managers.
- 6** Understand the formula for organizational renewal.

YOU MAKE THE CALL!



You are Brey Yancey, general manager of Kincaid Pharmacy's State Street store. Kincaid has pharmacies in Arkansas and Missouri, and business has been tough because of mail-order pharmacies, Wal-Mart, and the major pharmacies such as Rite Aid, Walgreens, and CVS. The pharmacist has responsibility for the pharmacy operations while you have total responsibility for the rest of the store. You report to Craig Ellis, vice president of operations for the 16-store chain. The pharmacy's philosophy emphasizes, "Customer service is your number one job. Do whatever is necessary to exceed the needs of the customer!" Your management style, in part, is based upon the following: "Brey will create a culture of high performance, satisfying customer needs and motivating employees. Brey will balance the employees' working life, so that the State Street store is an employer of choice."

Molly, one of your cashiers, is a single parent with several school-age children. She has exhausted her vacation hours for the year and has no personal time left. On a day she was scheduled to work, her youngest daughter developed a high temperature and seemed very ill. Even though a relative was willing to look after her daughter, Molly preferred not to do that. About 15 minutes before her shift began, Molly called the store.

Molly: "Brey, I am not feeling well this morning. I think I might have a strain of the new flu that is going around. I would hate to spread it around to anyone else, particularly the customers. I will call you later in the day and let you know how I am feeling, because I am scheduled to work tomorrow also."

Brey knows that it will be difficult to get coverage at this late hour and that the pharmacy staffing is lean to begin with.

Brey: "I am sorry that you are not feeling well, Molly. Take good care of yourself and get it under control. Please let me know as soon as possible regarding tomorrow."

The above scenario presents a supervisory situation based on real events to be used for educational purposes. The identities of some or all individuals, organizations, industries, and locations, as well as financial and other information may have been disguised to protect individual privacy and proprietary information. Fictional details may have been added to improve readability and interest.

Molly: "Thanks for your understanding, I really appreciate it."

You contemplated the work ahead. You called several employees, and none would be available to fill in for Molly until later in the day. You pondered some of the things you can do to help your pharmacy team get through the day. You knew that you could make it work.

About a week after Molly had called in sick, Ronnie, a coworker asked to speak with you.

Ronnie: "Brey, Remember last week when Molly called in sick and you couldn't find anyone to cover for her. I really hate to bring this up, but Molly never goes the extra mile. She always seems to find ways to take advantage of you and us."

Brey: "What, specifically, do you mean?"

Ronnie: "I know the last time she called in about being sick she wasn't really, her daughter was. I don't want to work with her, she lies all the time, and I know she is very dishonest."

Brey: "Ronnie, I can understand your anger over this, and I appreciate your sharing this with me. Now, to be fair to you and all the other employees, let me investigate this. I would appreciate it if you would keep this communication between us. Thanks for being a good employee."

You check with Molly, and she admitted lying about her illness. She is in clear violation of company policy. According to the Kincaid Pharmacy Employee Handbook, dishonesty may result in discharge. Firing someone is something that you have never done. As a matter fact, you have never had to deal with a problem of this nature. On the other hand, if Ronnie suspects that Molly is lying about such things, what did the other employees think? If you discipline Molly, how will they feel? You ponder your alternatives.

YOU MAKE THE CALL!

The Importance of Decision-Making Skills

All human activities involve decision making. Each of us faces problems at home, at work, at school, and in social groups for which decisions must be made. Problems can be large or small, simple or complex, life-threatening or trivial. Some problems can be dealt with almost automatically. Consider the following illustration:

Lori, a college student, has been juggling school work with her clerking job at Wal-Mart. As soon as her 7:00 A.M.-to-3:30 P.M. shift is completed, she runs to her car so she can get to class a few minutes early to review for her midterm

- 1 Explain the importance of problem-solving and decision-making skills.

exam that evening. The car won't start. She needs to get to campus quickly. She grabs her backpack out of the trunk and begs a coworker to give her a lift. "It shouldn't be too far out of your way, and I'm really in trouble if I miss this exam," she pleads. The coworker obliges and drops Lori off at the circle drive. Whew! Lori has solved one problem. It's almost 4:30 P.M., and she has just a few minutes to quickly review one last time before the exam. But now Lori is faced with another problem—answering the questions posed by the instructor. There are 30 multiple-choice questions, each one of which forces Lori to choose among four possible answers. The two essay problems require her to make additional choices. As the instructor collects the exam booklet, Lori heaves a sigh of relief. She really feels good about her performance on this test. As she walks out to the parking lot, she suddenly remembers that her car is back at the Wal-Mart parking lot. Even though Lori has solved several problems in the last few hours, there is another one waiting for her.

All of us have encountered similar situations. Look at the events you experience each day. You constantly have to make choices. Some choices may be easier to make than others. Others seem to be insurmountable. In these tough times, the decisions made by upper management will affect a variety of stakeholders. Every day people face a fateful turn of events. Suppose a family member or your best friend lost his or her job or had a major health issue. Who could you turn to for help? Many events today impact our family and friends in negative ways. Many of us can recall the song, "If you got a problem, don't care what it is, I can help!"¹ But what kind of help do we need? Like Lori and her broken-down car, most of us face problems each and every day, and we look for guidance from others. Often, each of us would like to know which direction to take, but we sometimes give little thought to the consequences of our choices (see Figure 8.1).

How many decisions have you made today? Each of us has to make choices, and sometimes we do not make the "right" ones. Think back to a couple of your

FIGURE 8.1 To make a decision, you must first know what you want to accomplish



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more recent decisions. Did you just “wing it?” Or did you use a systematic problem-solving approach? Decision making is an essential part of life and an integral part of all managerial functions. While it lies at the core of the planning function of management, we have placed this chapter on decision making in Part 2 of this text because the principles discussed here apply when supervisors carry out all their managerial functions and duties.

In work settings, when asked to define their major responsibilities, many supervisors respond that solving problems and making decisions are the most important components of what they do daily and throughout their ongoing supervisory management tasks. **Decision making** is the process of defining problems and choosing a course of action from among alternatives. The term *decision making* often is used together with the term *problem solving* because many supervisory decisions focus on solving problems that have occurred or are anticipated. However, the term *problem solving* should not be construed as being limited to decisions about problem areas. Problem solving also includes decisions about realistic opportunities that are present or available if planned for appropriately. Therefore, throughout the text, we use these terms interchangeably.

Many of the problems that confront supervisors in their daily activities recur and are familiar; for these problems, most supervisors have developed routine answers. When supervisors are confronted with new and unfamiliar problems however, many find it difficult to choose courses of action.

Managers and supervisors at all levels are constantly required to solve problems that result from changing situations and unusual circumstances. Regardless of their managerial levels, supervisors should use a similar, logical, and systematic decision-making process. While decisions at the executive level are usually wider in scope and magnitude than decisions at the supervisory level, the decision-making process should be fundamentally the same throughout the management hierarchy.

Of course, once a decision is made, effective action is necessary. A good decision that no one implements is of little value. In this chapter, we are unconcerned with the problem of getting effective action. Instead, we discuss the process before action is taken that should lead to the best decision or solution.

If you were to draw a picture of a decision maker, what would your picture look like? I suspect that your drawing would portray a person at the moment of choice, ready to choose an alternative. Supervisors must understand that information gathering, analysis, and other processes precede the moment of selecting one alternative over others.

Decision making is an important skill that can be developed just as skill at any sport is developed—by learning the steps, practicing, and exerting effort. By doing these things, supervisors can learn to make more thoughtful decisions and can improve the quality of their decisions.

At the same time, supervisors should ensure that their employees learn to make their own decisions more effectively. A supervisor cannot make all the decisions necessary to run a department. Many daily decisions in a department are made by the employees who do the work. For example, employees often have to decide, without their supervisors, what materials to use, how a job is to be done, when a job is to be done, and how to coordinate activities with other departments.

This forward thinking is embodied in the notion of **appreciative inquiry (AI)**. Professor David Cooperrider explains that “AI is the cooperative search for the best in people, their organizations, and the world around them. AI involves the art and practice of asking questions that strengthen a system’s capacity to heightened positive potential.”² Numerous organizations have embraced the concept in

Decision making

Defining problems and choosing a course of action from among alternatives

Appreciative inquiry (AI)

The cooperative search for the best in people, organizations, and the world around them

order to push performance to higher levels. What is appreciative inquiry? Read the following definitions to gain some insight.

- *Appreciate*: (1) To recognize the quality, significance, or magnitude of; (2) to be fully aware of; (3) to be thankful for; (4) to admire greatly; (5) to raise in value, especially over time. Synonyms: value, prize, esteem, treasure, cherish. These verbs mean to have a favorable opinion of someone or something.
- *Inquire*: (1) To seek information by asking a question; (2) to make an inquiry or investigation. Synonyms: discovery, search, study, systematic exploration.
- *Inquiry*: (1) The act of inquiring; (2) a question; (3) a close examination of a matter in the search for information or truth.³

According to Professor Cooperrider, “The excitement of discovering, dreaming, and designing can turn empowered employees into a revolutionary force for positive organizational change.” Instead of relying on traditional managerial decision-making processes, AI assumes that every living system has many untapped resources and unexplored potentials and, as such, managers must believe that their employees want to be involved and will ultimately make decisions that are in the best interests of their organization.⁴ Elsewhere in this text we discuss the importance of engaging, empowering, and encouraging employees. In practice, those companies that are the “best companies to work for” are giving employees more active roles in charting the future of their organizations.⁵

2 Describe and apply the basic steps of the decision-making process.

Decision-making process

A systematic, step-by-step process to aid in choosing the best alternative

The Decision-Making Process

When making managerial decisions, supervisors should avoid making choices on the fly without considering alternatives and consequences. Rather, they should follow a **decision-making process**, a logical series of steps to aid them in choosing the best alternative, the steps of which are described in detail in the next section (see Figure 8.2). First, supervisors must define the problem. Second, they must analyze the problem using available information. Third, they must establish decision criteria—factors that will be used to evaluate the alternatives. Next, after thorough analysis, supervisors should develop alternate solutions. After these steps, the

FIGURE 8.2 Effective supervisors follow the decision-making process



supervisor should carefully evaluate the alternatives and select the solution that appears to be the best or most feasible under the circumstances. The concluding step in this process is follow-up and appraisal of the consequences of the decision.

STEP 1: DEFINE THE PROBLEM

When confronted with a situation, the supervisor should step back, look at the situation, and specifically identify the real problem. Nothing is as useless as the right answer to the wrong question. Defining a problem is not easy. What appears to be the problem might merely be a symptom that shows on the surface. It is usually necessary to delve deeper to locate the real problem and define it.

Consider the following scenario. Tom Engle, an office supervisor, believes that his department has a problem of conflicting personalities. Two employees, Diana and Stuart, are continually bickering and cannot work together. Because of this lack of cooperation, their jobs are not being done in a timely manner. Engle must develop a clear, accurate problem statement. The problem statement should be brief, specific, and easily understood by others. A good problem statement addresses the following key questions:

- What is the problem?
- How do you know there is a problem?
- Where has the problem occurred?
- When has the problem occurred?
- Who is involved in, or affected by, the problem?

Expressing a problem through a problem statement can help the supervisor understand it. A careful review of the answers to key questions can lead to a problem statement, as shown in Figure 8.3. The statement reveals that the major problem is that the work is not getting done in a timely manner. When checking into this situation, the supervisor should focus on why the work is not getting done.

While defining a problem often can be time-consuming, it is time well spent. A supervisor should go no further in the decision-making process until the problem relevant to the situation has been pinpointed. Remember, a problem arises when there is a difference between the way things are and the way they should be. Effective supervisors use problem solving not only to take corrective action but also to improve the organization.

Unfortunately, many managers and supervisors do not spend the time necessary to frame the problems before them in proper terms. Often, they resort to making snap decisions and taking quick actions that do not solve the problems at hand.

STEP 2: ANALYZE THE PROBLEM—GATHER FACTS AND INFORMATION

After the problem—not just its symptoms—has been defined, the next step is to analyze the problem. The supervisor begins by assembling facts and other pertinent information. This is sometimes viewed as the first step in decision making,

FIGURE 8.3 Sample problem statement

Bickering between employees detracts from the completion of work assignments. Last Monday and Tuesday, customer callbacks were not completed. Customers, other department employees, and the shipping department all are affected.

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but until the real problem has been defined, the supervisor does not know what information is needed. Only after gaining a clear understanding of the problem can the supervisor decide how important certain data are and what additional information to seek.

Today so much information is available, and supervisors should understand the pitfalls and perils of using such data. The supervisor needs to pause and ponder whether the data are factual and relevant to the problem. Figure 8.4 illustrates the stress and frustration that occurs when needed information is not readily available.

Tom Engle, the office supervisor in Step 1, must find out why the work is not getting done. When he gathers information, he finds out that he never clearly outlined the expectations for his employees—where their duties begin and where they end. What appeared on the surface to be a problem of personality conflict was actually a problem caused by the supervisor. The chances are good that once the activities and responsibilities of the two employees are clarified, the friction will end. Engle must monitor the situation closely to ensure that the work is completed on time.

FIGURE 8.4 The supervisor needs alternative sources of information



Being human, a supervisor may find that personal opinion impacts decision making. This is particularly true when employees are involved in the problem. For example, if a problem involves an employee who performs well, the supervisor may be inclined to show that employee greater consideration than a poor performer. The supervisor should try to be as objective as possible in gathering and examining information.

Sometimes the supervisor does not know how far to go in searching for additional facts. A good practice is to observe reasonable time and cost limitations. This means gathering all information without undue delay and without excessive costs. In the process of analysis, the supervisor should try to think of intangible factors that play a significant role. Some intangible factors are reputation, morale, discipline, and personal biases. It is difficult to be specific about these factors, but they should be considered when analyzing a problem. As a general rule, written and objective information is more reliable than opinions and hearsay. Another way to depict Steps 1 and 2 of the decision-making process is the **fishbone technique (cause-and-effect diagram)**. As illustrated in Figure 8.5 and the appendix to this chapter, the technique will allow the problem solver not only to identify the various factors that have produced the problem but to consider the potential interrelatedness of the causes of the problem.⁶

Fishbone technique (cause-and-effect diagram)

Cause-and-effect approach to consider the potential interrelatedness of problem causes in decision making

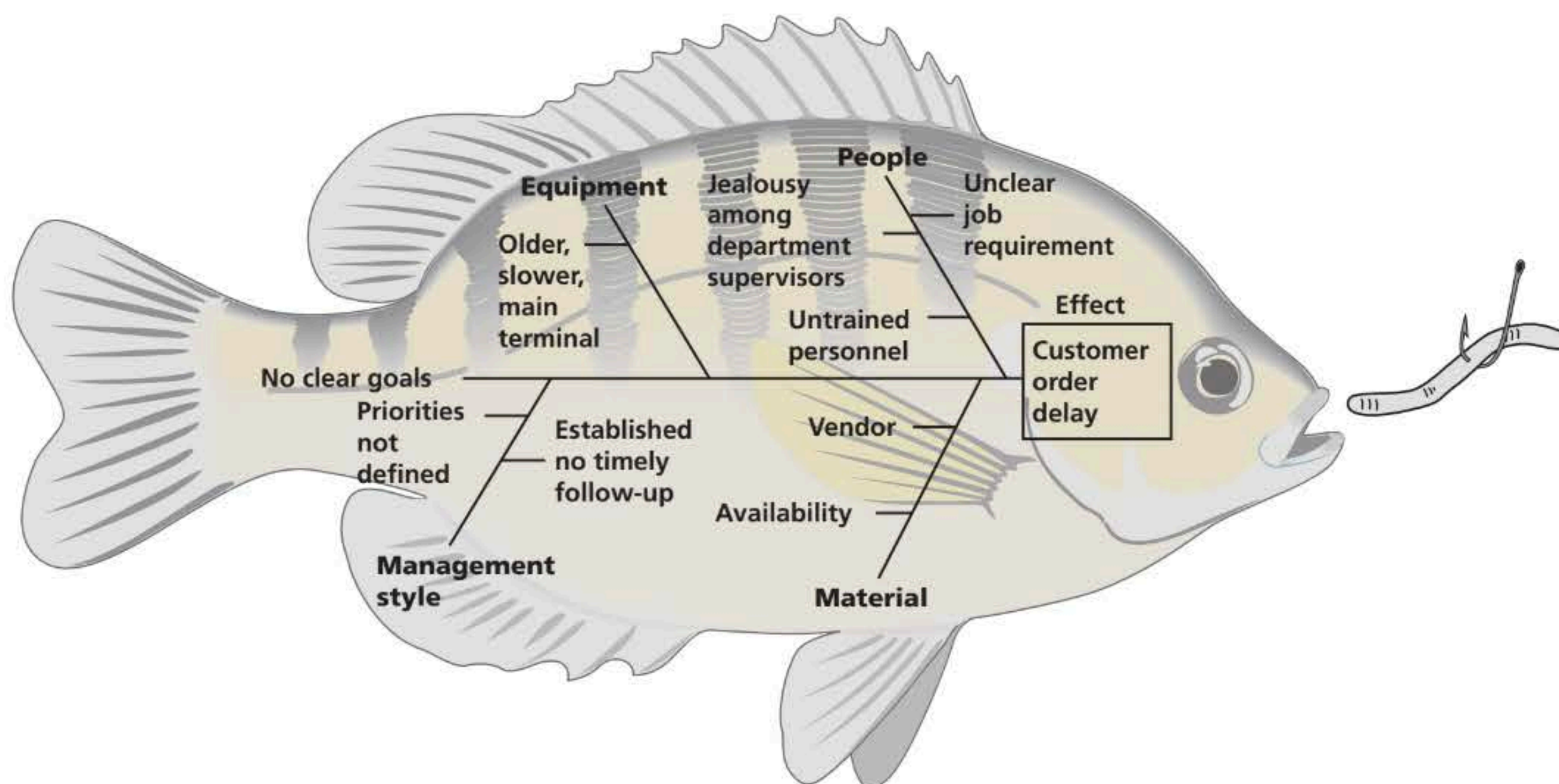
STEP 3: ESTABLISH DECISION CRITERIA

Decision criteria are standards or measures for evaluating alternatives; they are typically statements of what the supervisor wants to accomplish with the decision. Such criteria also can be used to determine how well the implementation phase of the process is going—that is, whether the decision is doing what it was intended to do. To illustrate, suppose that Tom Engle’s initial actions do not remedy the situation. It will be appropriate to establish decision criteria. Figure 8.6 provides examples of the decision criteria that can be used to evaluate other courses of action.

Decision criteria

Standards or measures to use in evaluating alternatives

FIGURE 8.5 Sample Fishbone (cause-and-effect) diagram



Source: Adapted from International Business Machines Corporation, (2011).

FIGURE 8.6 Sample decision criteria**THE SOLUTION TO A PROBLEM**

- Should result in the work assignments being completed on time.
- Should incur no financial cost.
- Must not impede quality of service to the customer.
- Should put no employee's job in jeopardy.
- Should allow differentiation of product or service in the marketplace.
- Should have no negative impact on employees.
- Must alleviate the problem within one week.

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Once the decision criteria are established, the supervisor must determine which criteria are necessary and must establish their order of priority. Because no solution alternative is likely to meet all the criteria, the supervisor must know which criteria are most important; thus alternatives can be judged by how many of those criteria the alternatives meet. The supervisor may want to consult with upper-level managers, peers, or employees when prioritizing criteria.

STEP 4: DEVELOP ALTERNATIVES

After the supervisor has defined and analyzed the problem and established decision criteria, the next step is to develop alternative solutions. The supervisor should consider as many solutions as can reasonably be developed. By formulating many alternatives, the supervisor is less apt to overlook the best course of action. Roger von Oech identified several phases of creative thinking: The *explorer* is one who looks for ideas (alternatives), and the *artist* plays with those ideas.⁷ Inventor Thomas Edison developed the incandescent electric light. Two of his many quotes are relevant here: “The electric light has caused me the greatest amount of study and has required the most elaborate experiments. Although I was never myself discouraged or hopeless of its success, I can not say the same for my associates,” and “Results? Why man, I have gotten lots of results! If I find 10,000 ways something won’t work, I haven’t failed. I have learned what not to do. I am not discouraged, because every worn attempt is a step forward.”⁸ Edison continued to look for a better way and to experiment until he got the one best result.

Almost all problems have a number of alternative solutions. The choices may not always be obvious, so supervisors must search for them. When supervisors fail to make this search, they are likely to fall into an either/or kind of thinking. It is not enough for supervisors just to decide from among alternatives that employees have suggested, because there may be other alternatives to consider. Therefore, supervisors must stretch their minds to develop additional alternatives, even in the most discouraging situations. None of the alternatives may be desirable, but at least the supervisor can choose the one that is least undesirable.

Suppose an office supervisor has been directed to reduce expenses by 20 percent because the firm is experiencing financial problems. After careful study, the supervisor develops the following alternatives:

1. Lay off employees with the least seniority, regardless of job or performance, until the 20 percent reduction is reached.
2. Lay off employees with the lowest performance ratings until the 20 percent reduction is reached.

3. Analyze department duties and decide which jobs are essential. Keep the employees who are best qualified to perform those jobs.
4. Lay off no one and reduce work hours for all employees to achieve a 20 percent reduction.
5. Ask employees to take a reduction in wages and benefits to achieve a 20 percent reduction in costs.
6. Subcontract out the work to another organization or contract employees offshore, and lay off a significant portion of the employees until a 20 percent reduction in expenses is met.
7. Develop ways to increase the organization's revenues so that no employees must be laid off.

While alternative 7 is most attractive, it may not be realistic given the current economic situation. Unfortunately, we all know of organizations that have used options 5 and 6. While no other alternative may be the ideal one to solve this unpleasant problem, at least the office supervisor has considered several alternatives before making a decision. Remember, a decision is only as good as the best alternative identified.

BRAINSTORMING AND CREATIVE PROBLEM SOLVING

When enough time is available, a supervisor should meet with a group of other supervisors or employees to brainstorm alternatives to a perplexing problem. Through the free flow of ideas in a group, with judgment suspended, the group should set out to identify as many alternatives as possible. Using this technique, the supervisor presents the problem, and the participants offer as many alternative solutions as they can in the time available. Any idea is acceptable—even one that may at first appear to be wild or unusual. Evaluation of ideas is suspended so that participants can give free rein to their creativity.

Of course, brainstorming requires an atmosphere that encourages creativity. When supervisors are unwilling to devote sufficient time to brainstorming, or



Using brainstorming, the supervisor presents the problem and the participants offer as many solutions as they can in the time available.

when supervisors try to dominate the process with their own opinions and solutions, the brainstorming effort is likely to fail.

Alex Osborn, an authority on creativity and brainstorming, suggests the following four guidelines for effective brainstorming:

1. Defer all judgment of ideas. During brainstorming, allow no criticism by the group. People suppress ideas consciously and subconsciously, and this tendency must be avoided. Even if an idea seems impractical and useless, it should not be rejected because rejection could inhibit the free flow of more ideas.
2. Seek many ideas. Idea fluency is the key to creative problem solving, and fluency means quantity. The more ideas that are generated, the more likely some ideas will be viable.
3. Encourage freewheeling. Being creative calls for a free-flowing mental process in which all ideas, no matter how extreme, are welcome. Even the wildest idea may, on further analysis, have some usefulness.
4. “Hitchhike” on existing ideas. Combining, adding to, and rearranging ideas often produce new approaches that are superior to the original ones. When creative thought processes slow down or stop, review some of the existing ideas and try to hitchhike on them with additions or revisions.⁹

The preceding guidelines apply to both individual and group brainstorming. When it involves a large group, unstructured brainstorming can become long, tedious, and unproductive because many ideas are simply not feasible and because conflicts may develop. The **nominal group technique (NGT)** involves having group members first write down their ideas and their alternatives to the problem. Then, group members share, discuss, evaluate, and refine their ideas. The group’s final choice(s) may be made by a series of confidential votes in which a list of ideas is narrowed until consensus is attained.¹⁰

It may not be feasible or convenient to get employees together, and the manager may prefer to use the **electronic brainstorming system (EBS)**. EBS allows participants to share ideas anonymously over the Internet. Another advantage of EBS is that ideas may be evaluated and discussed without going face to face with the person who introduced the ideas. Proponents of EBS claim that this technique reduces many of the problems of brainstorming discussed above.¹¹

Creative approaches and **brainstorming** meetings are particularly adaptable if the problem is new, important, or strategic. Even the supervisor who takes time to brainstorm a problem alone is likely to develop more alternatives for solving the problem than one who does not brainstorm.

ETHICAL CONSIDERATIONS

Both when developing and evaluating alternatives, a supervisor should consider only those alternatives that are lawful and acceptable within the organization’s ethical guidelines. Recall from our discussion of ethics in Chapter 5 that supervisors’ decisions should also demonstrate strong ethical values for their employees. In recent years, many firms have become concerned that their managers, supervisors, and employees make ethical decisions because they recognize that, in the long term, good ethics is good business.¹² Consequently, many firms have developed handbooks, policies, and official statements that specify their ethical standards and practices, or **ethical “tests.”**¹³

Nominal group technique (NGT)

A group brainstorming and decision-making process by which individual members first identify alternative solutions privately and then share, evaluate, and decide on an approach as a group

Electronic brainstorming system (EBS)

Using technology to share and evaluate ideas

Brainstorming

A free flow of ideas in a group, while suspending judgment, aimed at developing many alternative solutions to a problem

Ethical “tests”

Considerations or guidelines to be addressed in developing and evaluating ethical aspects of decision alternatives

The following guidelines for decision making are not comprehensive, but they are relevant when addressing the ethical aspects of most problem situations.

- *Legal/compliance test:* Laws, regulations, and policies are to be followed, not broken or ignored. The rationale and explanation that “everybody’s doing it” and “everybody’s getting away with it” are poor excuses if you get caught violating a law, policy, or regulation. If in doubt, ask for guidance from someone who knows the law or regulation. However, compliance should be only a starting point in most ethical decision making.
- *Public knowledge test:* What would be the consequences if the outcome of an alternative decision became known to the public, one’s family, the media, or a government agency?
- *Long-term consequences test:* What would be the long-term versus short-term outcomes? Weigh these outcomes against each other.
- *Examine-your-motives test:* Do the motives for a proposed decision benefit the company and others, or are they primarily selfish and designed to harm or destroy other people and their interests?
- *Inner-voice test:* This is the test of conscience and moral values that has been instilled. If something inside you says the choice is or may be wrong, it usually is. It is then prudent to look for a different and better alternative.
- *Fairness test:* Are the decision and corresponding actions fair to all concerned such as the various stakeholders? Will they be beneficial to all concerned? When in doubt about the impact of the decision on various stakeholder groups, check and recheck the process used to arrive at the decision.
- *The four-way test:* For Rotarians, this test serves as the foundation for their actions. (1) Is it the truth? (2) Is it fair to all concerned? (3) Will it build goodwill and better friendships? (4) Will it be beneficial to all concerned? We might want to keep this test in mind when we are confronted with a decision-making opportunity.¹⁴

It cannot be stressed enough that when supervisors believe an alternative is questionable or might be unacceptable within the firm’s ethical policies, they should consult their managers, the human resources department, or other staff specialists who can provide guidance on how to proceed. Many firms have an ethics hotline where individuals can call to seek assistance when confronted with ethical dilemmas. We believe that employees should have access to safe and confidential channels to raise concerns about possible ethics violations. It is not enough to just have an ethics policy. Supervisors are responsible for ensuring that the company’s ethical policies aren’t just nice words posted in the company handbook; they must be words to live by.

STEP 5: EVALUATE THE ALTERNATIVES

The ultimate purpose of decision making is to choose the course of action that will provide the greatest number of wanted and the smallest number of unwanted consequences. After developing alternatives, supervisors can mentally test each of them by imagining that each has already been put into effect. Supervisors should try to foresee the probable desirable and undesirable consequences of each alternative. By thinking alternatives through and appraising their consequences, supervisors can compare the desirability of choices.

The usual way to begin is to eliminate alternatives that do not meet the supervisor's decision criteria and ethical standards. The supervisor should evaluate how many of the most important criteria each alternative meets. The successful alternative is the one that satisfies or meets the largest number of criteria at the highest priority levels. Often, there is no clear choice.

The supervisor is frequently required to choose a course of action without complete information about the situation. Because of this uncertainty, the chosen alternative may not yield the intended results, and, as a result, there is risk involved. Some supervisors consider the risk and uncertainty of each course of action. There is no such thing as a risk-free decision; one alternative may simply involve less risk than others.¹⁵

Time may make one alternative preferable, particularly if a difference exists between how much time is available and how much time is required to carry out an alternative. The supervisor should consider the available facilities, tools, and other resources. It is also critical to judge alternatives in terms of economy of effort and resources. In other words, which action will give the greatest benefits and results for the least cost and effort?

When one alternative clearly appears to provide a greater number of desirable consequences and fewer unwanted consequences than any other alternatives, the decision is fairly easy. However, the best alternative is not always so obvious. At times, two or more alternatives may seem equally desirable. Here, the choice may become a matter of personal preference. It is also possible that the supervisor may feel that no single alternative is significantly better than any other. In this case, it might be possible to combine the positive aspects of the better alternatives into one composite solution.

Sometimes, no alternatives are satisfactory; all have too many undesirable effects, or none will bring about the desired results. In such a case, the supervisor should begin to think of new alternative solutions or perhaps even start all over again by attempting to redefine the problem.

A situation might arise in which the undesirable consequences of all alternatives appear to be so overwhelmingly unfavorable that the supervisor feels the best solution is to take no action. However, this may be deceiving because taking no action does not solve the problem. Taking no action is as much a decision as is taking another action, even though the supervisor may believe an unpleasant choice has been avoided. The supervisor should visualize the consequences that are likely to result from taking no action. Only if the consequences of taking no action are the most desirable should it be selected as the appropriate course.

STEP 6: SELECT THE BEST ALTERNATIVE

Selecting the alternative that seems best is known as **optimizing**. However, the supervisor sometimes makes a **satisficing** decision, selecting an alternative that meets the minimal decision criteria. A famous management theorist, Herbert Simon, once likened the difference to finding a needle in a haystack (satisficing) and finding the biggest, sharpest needle in the haystack (optimizing).¹⁶ Nevertheless, after developing and evaluating alternatives, the supervisor must make a choice.

Among the most prominent bases for choosing the best alternative are experience, intuition, advice, experimentation, and statistical and quantitative decision making. Regardless of the process, a supervisor rarely makes a decision that pleases everyone equally.

Optimizing

Selecting the best alternative

Satisficing

Selecting the alternative that meets the minimal decision criteria



A manager rarely makes a decision that pleases everyone

ColorBlind Images/Comet/Corbis

EXPERIENCE

When selecting from alternatives, the supervisor should rely on experience. Certain situations will recur, and the adage, “Experience is the best teacher,” applies to a certain extent. A supervisor can often decide wisely based on personal experience or the experience of some other manager. Knowledge gained from experience is a helpful guide, and its importance should not be underestimated. On the other hand, it is dangerous to follow experience blindly.

When looking to experience as a basis for choosing among alternatives, the supervisor should examine the situation and the conditions that prevailed at the time of the earlier decision. It may be that conditions are nearly identical to those that prevailed on the previous occasion and that the decision should be similar to the one made then. More often than not, however, conditions change considerably, and the underlying assumptions change. Therefore, the new decision probably should not be identical to the earlier one.

Experience can be helpful when supervisors are called on to substantiate their reasons for making certain decisions. In part, this may be a defense, but there is no excuse for following experience in and of itself. Experience must always be viewed with the future in mind. The circumstances of the past, the present, and the future must be considered realistically if experience is to help supervisors select from alternatives.

INTUITION

At times, supervisors base their decisions on intuition. Some supervisors even appear able to solve problems by subjective means.¹⁷ However, a deeper search usually reveals that the so-called intuition on which the supervisor appeared to

have based a decision was really experience or knowledge stored in the supervisor's memory. By recalling similar situations that occurred in the past, supervisors may be better able to reach decisions, even though they label doing so as having hunches.

Intuition may be particularly helpful when other alternatives have been tried with poor results. If the risks are not too great, a supervisor may choose a new alternative because of an intuitive feeling that a fresh approach might bring positive results. Even if the hunch does not work out well, the supervisor has tried something different. Supervisors will remember doing so and can draw upon those experiences in future decisions.

ADVICE FROM OTHERS

Although a supervisor cannot shift personal responsibility for making decisions in the department, the burden of decision making often can be eased by seeking the advice of others. The ideas and suggestions of employees, other supervisors, staff experts, technical authorities, and the supervisor's own manager can be of great help in weighing facts and information. Seeking advice does not mean avoiding a decision because the supervisor still must decide whether to accept the advice of others.

Many believe that two heads are better than one and that input from others improves the decision process.¹⁸ The following four guidelines can help the supervisor decide whether groups should be included in the decision-making process:

1. If additional information would increase the quality of the decision, involve those who can provide that information.
2. If acceptance of the decision is critical, involve those whose acceptance is important.
3. If people's skills can be developed through participation, involve those who need the development opportunity.
4. If the situation is not life-threatening and does not require immediate action, involve others in the process.¹⁹

Generally, the varied perspectives and experiences of others add to the decision-making process.

EXPERIMENTATION

In the scientific world, where many conclusions are based on tests in laboratories, experimentation is essential and accepted. In supervision, however, experimentation is often too costly in terms of people, time, and materials. Nevertheless, in some instances a limited amount of testing and experimenting is advisable. For example, a supervisor may find it worthwhile to try several different locations for a new copy machine in the department to see which location employees prefer and which location is most convenient for the workflow. There also are instances in which a certain amount of testing is advisable to allow employees to try new ideas or approaches, perhaps of their own design. While experimentation may be valid from a motivational standpoint, it can be a slow and relatively expensive method of reaching a decision.



In decision making, two heads can be better than one.

Richard Drury/The Image Bank/Getty Images

QUANTITATIVE DECISION MAKING

Numerous quantitative techniques and models are available for helping managers improve the quality of their decision making. Decision trees, operations research, payback analysis, probability, and simulation models are but a few of these tools.²⁰ They require the decision maker to quantify most of the information that is relevant to a decision. But one desirable feature of quantitative decision making is the ability of the user to perform what if scenarios—the simulations of business situations over and over using different data for select decision areas.

For many supervisors, these quantitative decision-making techniques are not practical. For example, the decision that the pharmacy manager, Brey Yancey, needs to make in the You Make the Call! feature of this chapter cannot be made using statistical or quantitative models.

STEP 7: FOLLOW UP AND APPRAISE THE RESULTS

After a decision has been made, specific actions are necessary to carry out that decision. Follow-up and appraisal of a decision's outcome are part of decision making.

Follow-up and appraisal of a decision can take many forms, depending on the decision, timing, costs, standards, personnel, and other factors. For example, a minor production-scheduling decision could be evaluated easily based on a short written report or perhaps even by the supervisor's observation or a discussion with employees. In contrast, a major decision involving the installation of complex new equipment requires close and time-consuming follow-up by the supervisor, technical employees, and high-level managers. This type of decision usually requires the supervisor to prepare numerous detailed, written reports of

SUPERVISORY TIPS

Suggestions for Improving Problem Solving and Decision Making

1. Take enough time to state the problem accurately and concisely and to identify the objectives you want to accomplish with your decision.
2. Whenever appropriate, seek opinions and suggestions from others who can contribute their ideas toward solving the problem.
3. Before deciding what to do, gather ample facts and information that will help define/clarify the problem and suggest solutions.
4. Stretch your mind to develop numerous alternative solutions; brainstorm with others when practical.
5. Make your decision based on objective criteria; avoid letting personal biases and organizational political considerations direct your choice.
6. When implementing and following up on your decision, do not hesitate to admit and rectify errors in the decision, even if doing so causes some personal embarrassment. (Admitting mistakes early is prudent and builds your integrity with others.)

equipment performance under varying conditions that are compared closely with plans or expected standards for the equipment.

The important point to recognize is that the decision-making task is incomplete without some form of follow-up and action appraisal. When the supervisor establishes decision criteria or objectives that the decision should accomplish, it is easier to evaluate the decision's effects. When the consequences are good, the supervisor can feel reasonably confident that the decision was sound.

When the follow-up and appraisal indicate that something has gone wrong or that the results have not been as anticipated, the supervisor's decision-making process must begin all over again. This may even mean going back over each of the steps of the decision-making process in detail. The supervisor's definition and analysis of the problem and the development of alternatives may have to be completely revised in view of new circumstances surrounding the problem. In other words, when follow-up and appraisal indicate that the problem has not been solved, the supervisor should treat the situation as a completely new problem and go through the decision-making process from a completely fresh perspective. See the accompanying Supervisory Tips box for some specific suggestions for improving your decision-making process.

3 Identify and describe various decision-making styles.

Decision-Making Styles

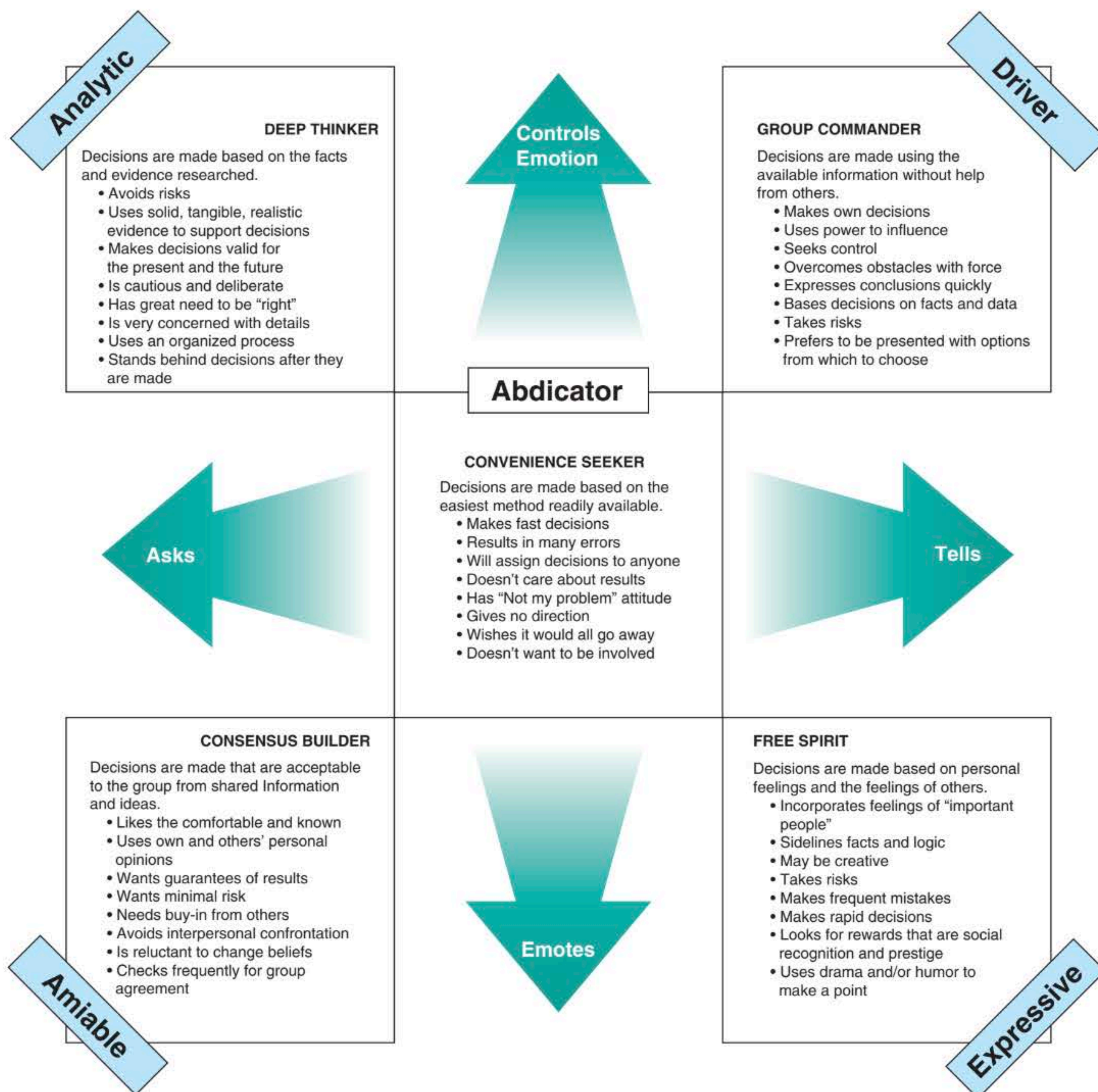
Decision making is influenced by many forces, making it difficult to formulate a simple to-do checklist that applies to every situation in the same way. Earlier in this chapter, we stressed that when supervisors are faced with complex, unusual, or new problems, they must use good judgment, intuition, and creativity in the decision-making process. What processes do managers actually use when making decisions? We know from observing others and our own experiences that people make decisions differently. We have observed the two extremes: some people are like the "waffler" (see Team Skill Builder 8-2) who takes forever to study the problem and never makes a decision, while others like the "gunner" pull the trigger (fire-aim-ready) quickly, and if things don't go the intended way, they fire again and again until they hit the target (achieve the intended results).

We feel it is important for supervisors to know that different types of decisions require different decision-making styles. Supervisors are continually being asked to make decisions, and how they make those decisions is under constant scrutiny. Supervisors have many people looking over their shoulders, not necessarily to get their cues on how to make decisions but to criticize the decisions made. What can we learn from the decisions that we made earlier in our careers? How many times have you heard someone say, "If I had been in that situation, I would have done . . ." Our current scientific method focuses almost exclusively

on identifying what worked best or what went wrong. Few have studied the decision-making process. When asked to think of words that describe one's decision-making process, what comes to mind?

Relying heavily on the social styles model, Mike Lynch and Harvey Lifton developed the decision-making styles model to describe how people make decisions. Think of the most recent major purchase that you or someone in your family made. What process did you or they go through to make the final decision? To help you analyze your decision-making style, see Figure 8.7.

FIGURE 8.7 What is your decision-making style?



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To assist you in understanding how you make decisions, look back at your recent decisions. Analyze them from the following perspectives:

- What worked?
- What actually happened as a result of the decision?
- What kind of feedback did you receive about the success of a decision?
- What style did you use to make the successful decision?
- What didn't work?
- Why didn't it work?
- How much tweaking did you have to do to make it work?
- What caused the differences between the intended outcome and what actually occurred?
- What kind of feedback did you receive about a failed decision?
- What decision-making style did you use to make the failed decision?

The better you understand the answers to these questions, the better your decision-making skills will become. Learning may not be so much what we learn to do but what we learn not to do in the future.

4 Discuss why a supervisor should not make hasty decisions.

Time Impacts the Decision-Making Process

In some situations, supervisors may feel they lack the time to go through the decision-making process outlined here. Frequently, a manager, a coworker, or an employee approaches the supervisor and says, "Here's the problem," and looks to the supervisor for an immediate answer. However, supervisors cannot afford to make decisions without considering the steps outlined here. Most problems do not require immediate answers.

Often, when an employee brings up a problem, the supervisor should ask questions like the following:

- How extensive is the problem?
- Does the situation need an immediate response?
- Who else (the stakeholders) is affected by the problem?
- Should they (the stakeholders) be involved in this discussion?
- Have you (the employee) thought through the problem, and do you have an idea of what the end result should be?
- What do you recommend? Why?

This approach is a form of participative supervision and can help to develop the employee's analytical skills. The supervisor then can better think through the problem, apply the decision-making steps, and make a decision.

Many supervisors get themselves into trouble by making hasty decisions without following all the steps in the decision-making process. During any stage of the process, if supervisors tell other people they "will get back to them," the supervisors should state a specific time and act within that time. When supervisors fail to make decisions or to give feedback to other people by the specified time, they may sacrifice trust.

Remember back to your early school years when the teacher called on you for the answer to the question: "What is two plus two?" Everyone looked to you for an answer. You didn't have time to consult with others. And the teacher expected you to provide the "one and only right answer." The pressure was on. In all likelihood, you paused, gathered your wits, thought of the alternatives, drew a deep

breath, and answered “Four!” How did you feel? The joy that comes from doing the right thing at the right time is priceless. Even if you had given the incorrect answer, you would have learned “what not to do in the future.”

Introducing Change

Often when a decision is made by a leader or a supervisor, that decision will indicate that a change is imminent in the department or the whole organization. Change is expected as part of life, and the survival and growth of most enterprises depend on change and innovation. Many books and articles have been written concerning the imperatives for change faced by most organizations. Indeed, the survival of a firm may depend on the abilities of its managers to make fundamental changes in virtually all aspects of operations while facing the risks of an uncertain future. The impact of change has become so common that security and stability are often concepts and practices related to the past.²¹

We are all familiar with planned change. For example, at some point in the term, students will start planning their schedules for the next term. After having met with their advisers, they may have a list of four courses they need to take to finish the degree. Two of those are required courses, and the others are electives. Now imagine they browse through the course schedule to find when those two required courses are offered, and discover that one of the courses they need to complete the degree requirements is not being offered next term. They didn’t plan on that. Their blood pressure rises, and their frustration level increases. Why? Because they did not anticipate this situation. **Unplanned change** comes as a result of circumstances beyond our control. For example, a hurricane hits the Gulf Coast and destroys your manufacturing plant; a competitor launches a new product that makes your best-seller obsolete; or a colleague or close friend dies unexpectedly. As mentioned in Chapter 3, we can have a crisis plan in place, but only minimal precautions can be taken. The student’s situation discussed above presents a new challenge along with fears—the fear of not being able to graduate at the end of next term. Then they pause, collect their thoughts, and ponder a strategy for coping with the unexpected situation.

MAKING CHANGE MEANS SUPERVISORY INVOLVEMENT

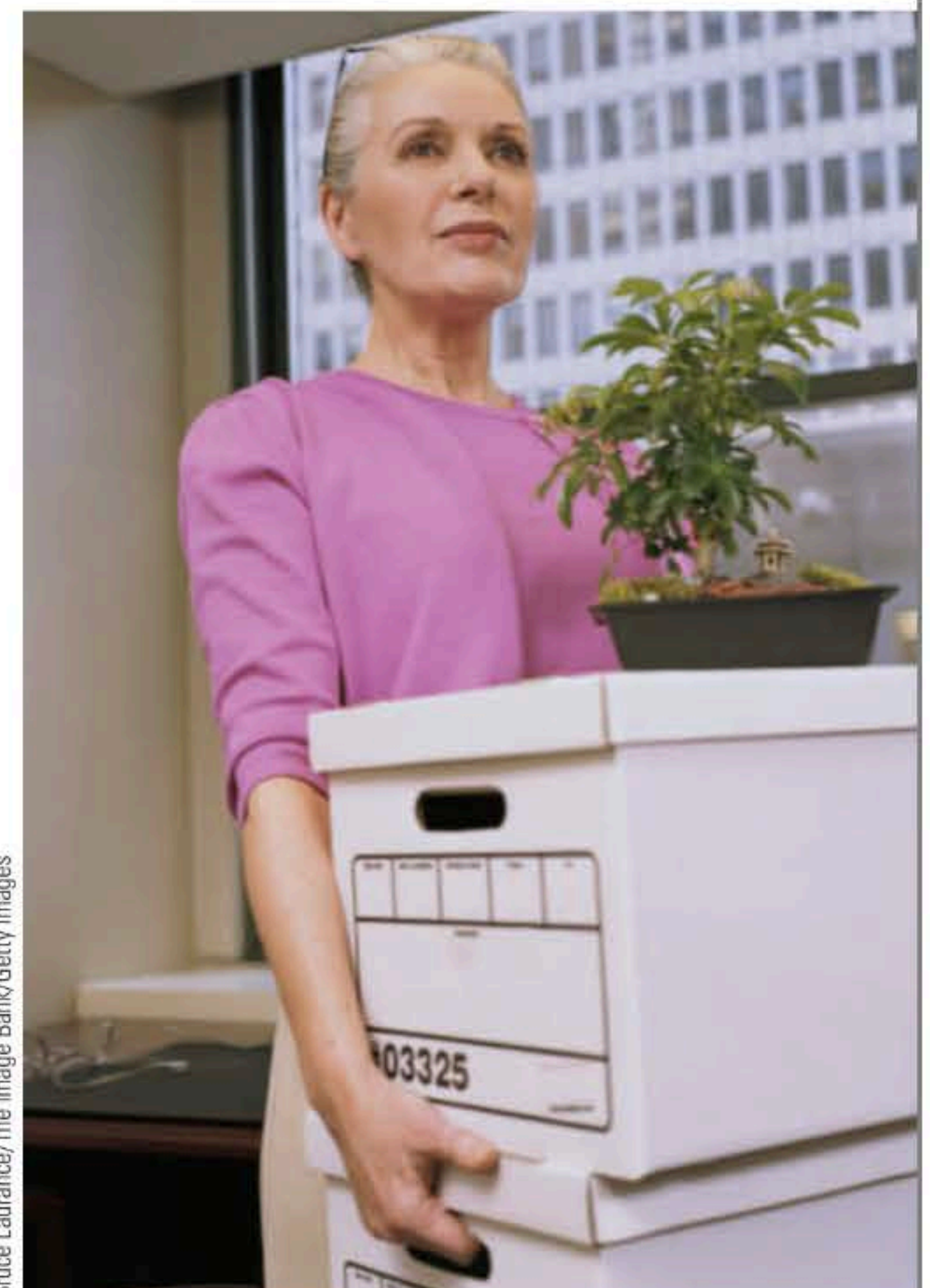
Despite the emphasis on change, there still appear to be numerous problems and considerable resentment concerning both the introduction and effects of many organizational changes. There is an adage that says, “All progress is change, but not all change is progress.” In some cases this is true, particularly when managers identify problems, initiate change, then look for a quick response in their organizations, and they become frustrated when expected results are not achieved. Mediocrity is then tolerated, and the net result is that the more things have changed, the more they have stayed the same. Conversely, well-performing organizations can potentially exist for years without making any changes,

5 Suggest approaches for introducing change to employees and for proposing changes to higher-level managers.

Unplanned change

An unexpected situation causes you to initiate a strategy for change

People don't resist change—they resist being changed



Bruce Lawrence/The Image Bank/Getty Images

but they run the risk of eroding employee motivation and effectiveness as organizational silos, departmental routines, and entrenched interests begin to weigh down organizational processes. In situations like this, restructuring business units or employees' responsibilities can energize a stagnant company.²² These contrasting perspectives reinforce that supervisors *must* consider the pervasiveness of change in organizations, the goals of change, and its impact on employees, bringing to mind another adage we can translate to the organizational context, "Change is the only constant."

Our focus in the remaining part of this chapter is not on comprehensive strategies for total organizational change,²³ but rather on the introduction and management of change from the supervisory perspective. This is another challenging aspect of a supervisor's leading function of management. As with so many other areas of concern, the introduction of change, such as a new work method, a new product, a new schedule, or a new human resources policy, usually requires implementation at the departmental level. In the final analysis, whether a change has been initiated by upper management or by the supervisor personally, it is the supervisor who has the major role in effecting change. The success or failure of any change is usually related to a supervisor's ability to anticipate and deal with the causes of resistance to change.

REASONS FOR RESISTANCE TO CHANGE

Some supervisors are inclined to discount the existence and magnitude of human resistance to change. What may seem like a trifling change to the supervisor may bring a strong reaction from employees. Supervisors should remember that employees seldom resist change just to be stubborn. They resist because they believe a change threatens their positions socially, psychologically, or economically. Therefore, the supervisor should be familiar with the ways in which resistance to change can be minimized and handled successfully.

Most people pride themselves on being up to date. As consumers, they expect and welcome changes in material goods such as automobiles, convenience items, electronic appliances, and computers. As employees, however, they may resist changes on the job or changes in personal relationships, even though such changes are vital for the operation of the organization. If an organization is to survive, it must be able to react to prevailing conditions by adjusting.

Change disturbs the environment in which people exist. Employees become accustomed to a work environment in which patterns of relationships and behavior have stabilized. When a change takes place, new ideas and new methods may be perceived as a threat to the security of the work group. Many employees fear change because they cannot predict what the change will mean in terms of their positions, activities, or abilities (Figure 8.8). It makes no difference whether the change actually has a negative result. What matters is that the employees believe that the change will have negative consequences. For example, the introduction of new equipment is usually accompanied by employee fears of losing jobs or skills. Even if the supervisor and higher-level managers announce that no employees will be laid off, rumors circulate that layoffs will occur or that jobs will be downgraded. Employee fears may still be present months after the change.

Change affects individuals in different ways. Remember that a change that greatly disturbs one person may create only a small problem for another, while it may actually inspire or energize some. A supervisor must learn to recognize how changes affect different employees and observe how individuals develop patterns of behavior that serve as barriers to accepting change.

FIGURE 8.8 Many people fear change because they cannot predict what the change will mean in terms of their future in the organization



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OVERCOMING RESISTANCE TO CHANGE

Probably the most important factor in gaining employee acceptance of new ideas and methods is the relationship between the supervisor who is introducing the change and the employees who are affected by it. If the relationship has confidence and trust, employees are more likely to accept the change.²⁴ This relates to our earlier discussion of trust and its role in reducing employees' fear of change. If a supervisor has regularly interacted with employees with constancy, caring, candor, and competence, all of which lead to a trusting relationship, employees are more likely to proceed confidently with the directives they are given because they will trust that the change being proposed will be facilitated with those same virtues.

PROVIDING ADEQUATE INFORMATION

In the final analysis, it is not the change itself that usually leads to resistance, but rather the way the supervisor introduces the change. Resistance to change, when it comes from fear of the unknown, can be minimized by supplying all the information employees consciously and subconsciously need to know. Presenting employees with the vision, or idealized picture of the future once a change is fully implemented, can help supervisors introduce change. In a study of the reactions of 102 employees to organization-wide restructuring, most employees tended to adapt more readily to the change and became proactive in the change process when supervisors shared a clear, compelling view of the future and how it would be different.²⁵

Whenever possible, a supervisor should explain what will happen, why it will happen, and how the employees and the department will be affected by the change. If applicable, the supervisor should emphasize how the change will leave employees no worse off or how it may even improve their present situation. This information should be communicated as early as appropriate to all employees who are directly or indirectly involved, either individually or collectively. Only then can employees assess what a change will mean in terms of their activities. This result will be facilitated if the supervisor has made consistent efforts to give ample background information for all directives.

Cascade

Rapidly engaging supervisors and employees at all levels of an organization in education, training, and the establishment of clear accountability for change processes and tasks

Robert H. Miles warns that the information dissemination process must take place rapidly and sequentially throughout all levels of an organization once a change is announced in order to get all employees to accept and commit to the initiative. He describes a global semiconductor company that spent three months equipping top management to execute a change and then sent an HR team out for five days to train 50,000 employees across the globe. It wasn't until two years later that all employees had participated in the engagement, alignment, and commitment follow-up program. By that time, the company had already started the next phase of the transformation, while many employees still weren't quite sure how they were supposed to engage to the first phase. Miles suggests that organizations **cascade** key information and skills related to the change, a process in which employees at all levels of the organization are rapidly engaged with their direct supervisors in education, training, and the establishment of clear line-of-sight accountability for change processes and tasks. In his second example, Miles described a 40,000-employee organization that was educated, engaged, and committed in less than a month to a transformation that was successfully rolled out to 800 stores simultaneously, crediting the cascade process for building employee buy-in and capacity.²⁶

Employees who are well acquainted with the underlying factors of departmental operations usually understand the need for change. They will probably question a change, but they then can adjust to that change and go on. When employees have been informed of the reasons for a change, what to expect, and how their jobs will be affected, they usually make reasonable adaptations. Instead of insecurity, they feel relatively confident and willing to comply.

A change that involves closing certain operations and losing jobs should be explained openly and frankly. It is especially important to discuss which employees are likely to be affected and how the job cuts will be made. If higher-level managers have decided not to identify which individuals will be terminated until it actually happens, the supervisor should explain this as a reality and not try to hide behind vague promises or to raise unrealistic expectations.²⁷

ENCOURAGING PARTICIPATION IN DECISION MAKING

Another technique for reducing resistance to change is to permit the affected employees to share in making decisions about the change. If several employees are involved in a change, group decision making is an effective way to reduce their fears and objections. When employees have an opportunity to work through new ideas and methods from the beginning, usually they will consider the new directives as something of their own making and will give those changes their support. The group may even apply pressure on those who have reservations about going along with the change, and it is likely that each member of the group will carry out the change once there is agreement on how to proceed. According to organizational anthropologist Judith Glasser, "When successful change occurs, employees feel like *authors* not *objects* of change. They feel fully invested, accountable and energetic about the future, regardless of challenges."²⁸

Group decision making is especially effective when the supervisor is indifferent about the details of the change. In these cases, the supervisor must set limits for the group. For example, a supervisor may not care how a new departmental



Employee involvement and empowerment are the keys to overcoming resistance to change

work schedule is divided among the group as long as the work is accomplished within a prescribed time, with a given number of employees, and without overtime.

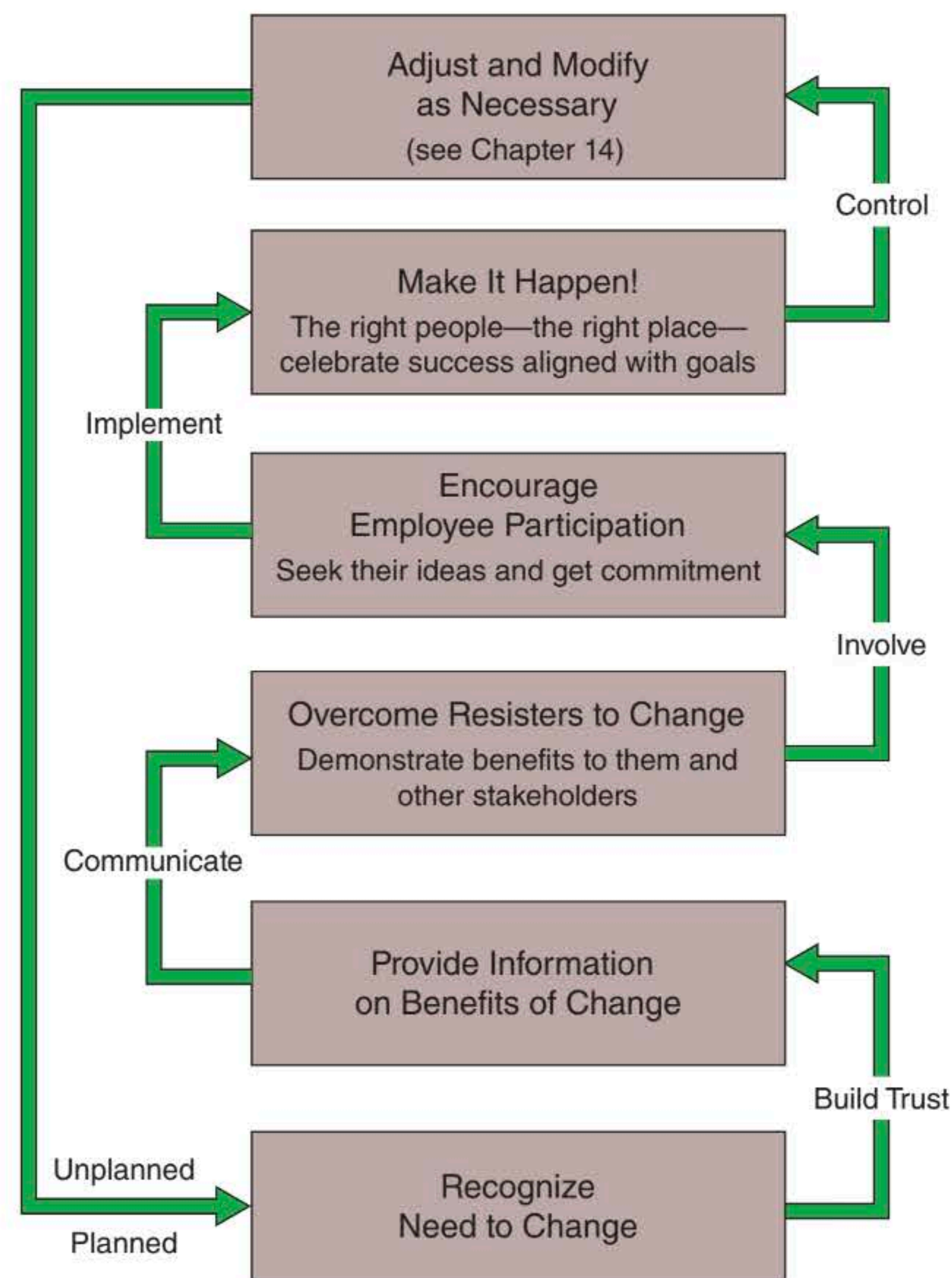
Change affects every aspect of what the organization does and how it does it. Typically, employee responses to changes taking place in the organization have been lukewarm at best. Figure 8.9 provides a guide for supervisors to use to help overcome the barriers to change.

PROPOSING CHANGE TO HIGH-LEVEL MANAGERS

In many organizations, high-level managers complain that supervisors are too content with the status quo and are unwilling to suggest new and innovative ways to improve departmental performance. Supervisors, on the other hand, complain that higher-level managers are not receptive to ideas they suggest for their departments. There is probably some truth to both allegations. In Chapter 9, we discussed the concept of the learning organization. Author Peter Senge says that big companies that wish to succeed must start acting like gardeners: “I have never seen a successful organizational-learning program rolled out from the top. Not a single one. Conversely, every change process that I’ve seen that was sustained and that spread has started small. Just as nothing in nature starts big, start creating change with a pilot group—a growth seed.”²⁹

It should be clear that top management’s job is to pollinate those seeds (ideas) and help them to bear fruit. Unfortunately, that is not the way it works. If supervisors wish to propose changes, it is important that they understand how to present ideas not only to their employees, but to higher-level managers as well. “Selling” an idea to a manager involves the art of persuasion, much as a good salesperson uses persuasion to sell a product or service to a reluctant customer. What do I really do about my boss, if he or she is a tough sell? Cartoonist Scott Adams of *Dilbert* fame makes the following suggestion:

FIGURE 8.9 Overcoming the barriers to change



Whatever you do, never use the so-called direct approach: “I have an idea. Let’s do this.” Dilbert would take exactly that approach because he’s an engineer and totally ignorant of the human condition. But the only way that a boss will respond to a reasonable suggestion is unreasonably—like with some of those great-idea-sinker questions: “If this is such a good idea, why isn’t everybody doing it?” Or, “Have you asked everybody in the organization—all 1,000 of them—to buy into your idea?” The worst thing you can do is assume that your boss is a thoughtful person who will immediately recognize a good idea and take a personal risk to implement it. Instead, I suggest using the hypnosis approach. Lead your boss to your idea through subtle questioning—giving the impression that it was his idea in the first place.³⁰

As unlikely as it may seem, at times the supervisor must use various strategies to convince the boss that a proposal was the boss’s idea.

OBTAINING NEEDED INFORMATION

A supervisor who has a good idea or who wishes to suggest a change should first ask, “What aspects of the idea or change will be of most interest to the boss?” Higher-level managers usually are interested if a change might improve production, increase sales and profits, improve morale, or reduce overhead and other costs. It is important

to do considerable homework to see whether a proposed change is feasible and adaptable to the departmental operation. By thinking through the idea carefully and getting as much information as possible, the supervisor will be better positioned to argue strong and weak points of the proposal. In addition, the supervisor should find out whether any other departments or organizations have used the proposed idea—successfully or unsuccessfully. The manager will be impressed that the supervisor has invested time and effort to investigate the best practices of other organizations.

CONSULTING WITH OTHER SUPERVISORS

To get an idea or a proposal beyond the discussion stage, the supervisor should consult with other supervisors and personnel who might be affected and get their reactions to the proposed change. Checking an idea out with them gives them a chance to think the idea through, offer suggestions and criticisms, and work out some of the problems. Otherwise, some supervisors may resist or resent the change if they feel they have been ignored.

If possible, it is helpful to get the tentative commitment of other supervisors. It is not always necessary to obtain total approval, but higher-level managers will be more inclined to consider an idea if it has been discussed at least in preliminary form with knowledgeable people in the organization.

FORMAL WRITTEN PROPOSAL

At times, a manager may ask a supervisor to put a proposed idea in writing so that copies may be forwarded to higher-level managers, other supervisors, or other personnel. This requires effort. The supervisor may have to engage in considerable study outside of normal working hours to obtain all the needed information. Relevant information on costs, prices, productivity data, and the like should be included in the proposal, even if some data are only educated guesses. Highly uncertain estimates should be labeled as tentative, and exaggerated claims and opinions should be avoided. Risks, as well as potential advantages, should be acknowledged in the formal proposal.

FORMAL PRESENTATION

If a supervisor is asked to formally present the proposal, ample planning and preparation are required (see the tips presented in Chapter 5 for managing up). The presentation should be made thoroughly and unhurriedly, allowing sufficient time for questions and discussion.

A supervisor who has carefully thought through an idea should be unafraid to express it in a firm and convincing manner. The supervisor should be enthusiastic in explaining the idea, but at the same time should be patient and empathetic with those who may not agree with it. A helpful technique in a formal presentation is to use some type of chart, diagram, or visual aid.

ACCEPTANCE OR REJECTION OF CHANGE BY HIGH-LEVEL MANAGERS

A supervisor who can persuade higher-level managers and other supervisors to accept a proposed change will likely feel inner satisfaction. Of course, any good idea requires careful implementation, follow-up, and refinement. Rarely does a change follow the suggested blueprint. Following up and working out the problems with others are important aspects of making a change effective.

However, despite a supervisor's best efforts, an idea may be rejected, altered greatly, or shelved. This can be frustrating, particularly to supervisors who have worked diligently to develop ideas they believed would lead to positive results. The important thing is to avoid becoming discouraged and developing a negative outlook. There may be valid reasons for the rejection of an idea, or the timing may not have been right. A supervisor should resolve to try again and perhaps to further refine and polish the idea for resubmission.

A supervisor who has developed an idea for change, even if it has not been accepted, usually will find that higher-level managers appreciate such efforts. Moreover, the experience of having worked through a proposal for change will make the supervisor a more valuable member of the organizational team, and there will be many other opportunities to work for change.

6 Understand the formula for organizational renewal.

Organizational renewal
A continuous process for long-term success

A Formula for Organizational Renewal

We must accept the reality that organizations must change or die. Many organizations, like people, wait until they are near death before they recognize the need to make changes. Harvard professors Michael Tushman and Charles O'Reilly pointed out that "leading an organization is an ongoing process."³¹ One of your authors has found that when he asks a business leader what his or her most formidable challenge is, the answer is usually, "Figuring out how to do a better job of doing what we are doing." Unfortunately, that answer is only partially right. Are they doing the right things that will position their organizations for tomorrow? Renewal requires doing the right thing today so that they are prepared to meet the challenges of tomorrow. In short, **organizational renewal** means that management must improve upon and sustain what they are doing today while creating processes for long-term success.

Think of it this way. A good friend—let's call him Alex—goes to the doctor for his annual physical examination. You know that Alex is carrying a few extra pounds. When the two of you dine out, you always order smaller portions, but Alex orders the king-size portions. After conducting a series of tests, the doctor tells Alex that he must shed 30 or more pounds, take blood pressure medicine, and commence a rigorous, supervised exercise program. For the past several years, everyone could see that Alex was having problems, but he was either ignoring the reality or couldn't see it. The same is true for certain persons in leadership positions. Hopefully, Alex will be up to the challenge and will make the appropriate changes. It is difficult to do. Alex must be willing to accept the recommendations and implement the change strategy or suffer the consequences.

Throughout this chapter, we have discussed various leadership styles and methods for overcoming the barriers to change. The following section provides a conceptual framework of initiating and implementing the process of organizational renewal and the SKAs needed to accomplish it.

RECOGNIZING THE NEED FOR RENEWAL: ONE ORGANIZATION'S QUEST FOR EXCELLENCE

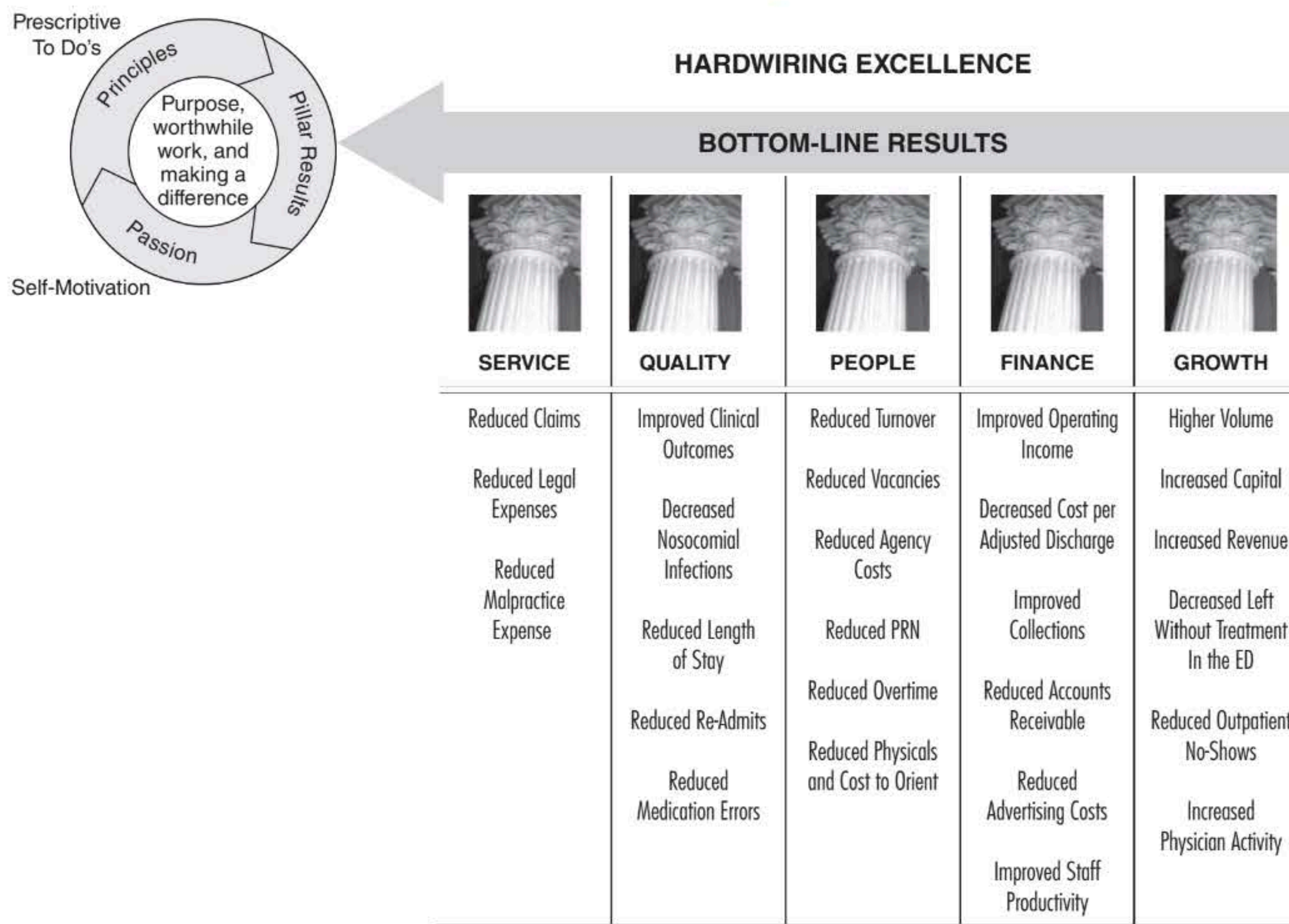
Let's rewind to 1996. At that time, Jim Vickary was president of Baptist Health Care (the system) in Pensacola, Florida, and Al Stubblefield was president of Baptist Hospital, Inc. (the hospital). Vickary created a new position of executive vice president (of the system) and promoted Stubblefield, leaving the administrator position for the hospital open. Stubblefield recruited Quint Studer from Holy Cross Hospital in Chicago to replace him as administrator of Baptist Hospital.

When Studer arrived at Baptist Hospital in 1996, admissions were flat and patient satisfaction, as measured by a national survey, was slightly below average. Stubblefield had hired Studer to implement many of the organizational change tools that were developed during Studer’s tenure at Holy Cross. The goal was to improve both patient and employee satisfaction. Studer refined those tools and developed others while at Baptist.³²

Studer left Baptist Hospital, in 2000 and formed the Studer Group to take his methods of cultural change to other organizations. He now coaches other organizations on how to create a culture of excellence.³³ Jim Collins, author of *Good to Great*, wrote, “Great organizations benefiting from the Flywheel effect where the power of continued improvement and the delivery of results creates momentum.”³⁴ The Studer Group developed the Healthcare Flywheel (see Figure 8.9) to help organizations understand their role in creating great places for employees to work, physicians to practice, and patients to receive care. Working in healthcare organizations for over 20 years and studying “the best of the best,” Studer found that what motivates people is the accomplishment of desired results. By tying results back to purpose, worthwhile work, and making a difference, the organization is inspired to follow more prescriptive behaviors to achieve even greater results, thereby creating a self-perpetuating culture of excellence, fueled by the momentum of the flywheel.³⁵

According to Studer, the beginning of the journey starts with a focus on the organization’s core values. The five-pillar resources (Figure 8.10) serve as a

FIGURE 8.10 A process for organizational renewal! StuderGroup



Source: Adapted from *Hardwiring Excellence* Copyright 2003, Studer Group, All Rights Reserved, Used with Permission.

starting point for establishing organizational objectives: service, quality, people, finance, and growth. Once objectives are set for each pillar, they are cascaded throughout, from division to department to unit to individual. These pillars then lay the metrics and framework for consistent evaluations. Studer suggests that additional pillars can be added to meet the uniqueness of a particular organization.³⁶ Studer believes that you create movement by connecting the dots to the hub so that people truly know they can make a difference. This allows organizations to implement initial changes.³⁷

Among the true tests of leadership are (1) whether anyone follows and (2) the legacy the leader leaves. That is, what does the organization look like three years after they leave? At this point, you are probably wondering what has happened to Baptist Hospital, Inc. Did Studer leave a legacy? You be the judge.

The rest of the story: As of mid-2011, the Baptist Health Care system included four hospitals—Atmore Community Hospital, a 49-bed facility; Baptist Hospital, a 492-bed tertiary-care and referral hospital; Gulf Breeze, a 60-bed medical and surgical hospital; and Jay Hospital, a 55-bed facility—as well as Andrews Institute for Orthopaedics and Sports Medicine Baptist Manor, a 51-bed long-term skilled nursing and rehabilitation facility; Lakeview Center for residential and outpatient behavioral health, vocational, and child protective services; Baptist Medical Park, an ambulatory-care complex that delivers an array of outpatient and diagnostic services; and Baptist Leadership Group, a consulting practice that provides custom, individualized coaching, training, and learning resources for patient care facilities across the United States. During this century, patient satisfaction has been near or above the 99th percentile every quarter. Patient surveys of staff sensitivity, attitude, concern, and overall cheerfulness of hospital staff all have been near the 99th percentile. Employee turnover rates have declined substantially since 1996 and are at the best-in-class levels nationally.³⁸

The connection between happy employees and outstanding customer service is most evident at Baptist Health Care. Baptist Health Care (the system), Baptist Health's parent, has been ranked among the "Best Companies to Work for in America" by *Fortune* magazine's annual survey for 12 consecutive years.³⁹ In 2005, Baptist Health Care's efforts in engaging employees received the Leadership Award for Operational Excellence from VHA, the nation's largest healthcare alliance, and between 2009 and 2013, four Baptist Hospital branches earned the VHA's Leadership Award for Clinical Excellence. In addition, the American Society for Training and Development presented Baptist Health Care with the BEST award for excellence in training and development programs 12 times; Stubblefield, who retired from the post of CEO of Baptist Health Care in 2012, received the American Hospital Association Award of Honor in 2008, and, most recently, U.S. News and World Report honored Baptist Health among the top 15 percent best hospitals in the nation.⁴⁰

A MODEL FOR RENEWAL

Can the model for organizational change used by Stubblefield and Studer be applied to other organizations? Yes, but remember that what works in one organization may not work in another. While most organizations are impacted by external forces, for example, rising gas prices, an uncertain economy, and the threat of increasing government intervention, the internal forces for change

vary greatly. If we could look inside two organizations, we would find them to be very different. Each organization has its own culture. Managers vary in leadership styles and communication skills. Employees bring different values and SKAs to the workplace. Clearly, when the need for change is recognized, management will respond in radically different ways. Ordinarily, management may agree that change is needed but may have difficulty agreeing on the process to follow. To that end, we offer the following to point you in the right direction:

- Remember that as leader of the team, you are also a member of the team.
- Identify the issues confronting the organization.
- Analyze how those issues prevent goal attainment.
- Recognize the difference between needed change and change for the sake of change.
- Identify metrics that will be used to monitor and evaluate the change process.
- Communicate to and involve all who have a stake in the change.
- Understand what needs to be changed.
- Seek consensus, but recognize when to sacrifice unanimity for decisiveness.
- Confront the resisters to change.
- Establish clear targets.
- Take risks, experiment, and innovate.
- Spend money to develop (train) employees so they have the competencies to implement the change.
- Focus on the outcome(s).
- Monitor progress and make adjustments as necessary.
- Provide feedback and encouragement.
- Guarantee total commitment to organizational renewal—to be the “best of the best.”
- Celebrate victories.

Noted leadership theorist John Kotter said, “Behavior change happens mostly by speaking to people’s feelings.”⁴¹ Clearly, Studer and Stubblefield created passionate, empowered employees who made a difference in their organization and, ultimately, in the lives of those they serve.

SUMMARY

1. Everything we do revolves around the decisions we make. Supervisors like Lori, the college student, encounter many situations that force them to carefully analyze the available information and ponder various courses of action. Supervisors must find solutions for problems that result from changing situations and unusual circumstances. Decision making is a choice between two or more alternatives, and the decisions made by supervisors significantly affect departmental results.

Appreciative inquiry (AI) is a cooperative search for the best in people, their organizations, and the environment around them. At the heart of AI is asking questions.

Decision making is a skill that can be learned. Organizations are giving employees a more active role in decision making today. A decision made today often sets a precedent for decisions made tomorrow.

2. Better decisions are more likely to occur when supervisors follow these steps of the decision-making process:
 1. Define the problem.
 2. Gather facts and information and analyze the problem.
 3. Establish decision criteria.
 4. Develop a sufficient number of alternatives.

5. Evaluate alternatives by using the decision criteria or by thinking of the alternatives as if they had already been placed into action and considering their consequences.
6. Select the alternative that has the greatest number of wanted consequences and the least number of unwanted consequences.
7. Implement, follow up, and appraise the results.

Corrective action may be necessary if the decision is not achieving the desired objective.

The supervisor should develop a problem statement that answers the questions of what, how, where, when, and who. Proper problem definition clarifies the difference between the way things are and the way they should be.

After defining the problem, the supervisor must gather information. Decision criteria, which are measures or standards of what the supervisor wants to accomplish with the decision, should be specified. In developing alternatives, supervisors can use brainstorming and creative thinking techniques.

Only alternatives that are lawful and ethical within the organization's guidelines should be considered. In the process of evaluation and choice, a supervisor can be aided by ethical guidelines, personal experience, intuition, advice, experimentation, and quantitative methods.

Once the decision has been made, specific actions are necessary to carry it out. Follow-up and appraisal are essential.

3. Supervisors constantly make decisions that vary in scope, complexity, and impact on stakeholders. Figure 8.7 is used to illustrate five decision-making styles: *abdicator*, *free spirit*, *amiable*, *analytic*, and *driver*. Most supervisors will use all of the styles depending on the complexity of the problem, who is involved, and how much time the supervisor has. The key to effectiveness is matching the appropriate style to the situation.
4. Supervisors risk getting themselves into trouble unless they follow the steps of the decision-making

process, which is time-consuming. Most problems do not require immediate answers. It is often valuable to allow subordinates to help make decisions. They may see the problem from a different perspective, and they may have information that bears on the problem.

5. To cope with employees' normal resistance to change, supervisors must understand why resistance surfaces and what can be done to help employees adjust to and accept changes. Preparing employees for change by being open and honest, providing information and training early in the process, and encouraging participation in decision making will help employees take ownership of changes and make the transition more smoothly to new tasks and processes. A supervisor also should learn the principles of selling change to higher-level managers. Sometimes, supervisors may have to subtly convince their managers that changes were the managers' ideas. Regardless of the approach, the supervisor must persuade all affected personnel that accepting proposed change will benefit them and the organization.
6. Organizational renewal is a continuous process, often resulting from the synergy of leadership and change. Baptist Health Care serves as an example of how one organization consistently responds over time to the swiftly changing healthcare environment and effectively manages the changes necessary to achieve success. Striving for a culture of continuous improvement where employees understand their role is a critical component. The process is cyclical, beginning with setting objectives (the five pillars). Then metrics are established against which to measure progress. Once progress is made and measured, new objectives are set, based on internal and external changes, and the cycle of improvement continues. The implications for supervisors are that they need to fix the problems of today while focusing on where they want to be tomorrow.

KEY TERMS

Appreciative inquiry (AI) (p. 285)
 Brainstorming (p. 292)
 Cascade (p. 304)
 Decision criteria (p. 289)
 Decision making (p. 285)
 Decision-making process (p. 286)

Electronic brainstorming system (EBS) (p. 292)
 Ethical "tests" (p. 292)
 Fishbone technique (cause-and-effect diagram) (p. 289)
 Nominal group technique (NGT) (p. 292)

Optimizing (p. 294)
 Organizational renewal (p. 308)
 Satisficing (p. 294)
 Unplanned change (p. 301)