

PROACT

Source: Smart Choices, John S. Hammond, Ralph L. Keeney, Howard Raiffa

common mistakes in decision-making

- **begin analysis by formulating conclusions**
- **focus on solutions our intuition favors**
- **satisficing = satisfying + sufficing**
- **confuse hard discussion with analysis**
- **focus on content more than process**

...many others...

making a decision with P.R.O.A.C.T

1. PR: Problem

2. O: Objective

3. A: Alternatives

4. C: Consequences

5. T: Tradeoffs

a systematic way to make decisions....

PROACT

a few words on problem

- **start at the right place...**
- **several problems?**
- **be aware of assumptions**
- **state the problem as clearly as possible...and challenge it!**
- **a poor problem definition limits options...**

“A good solution to a well-posed problem is almost always a smarter choice than an excellent solution to a poorly posed one”

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10 tips on problem formulation

1. start with a few problems
2. focus on the big problem ✓
3. look at the problem as an opportunity
4. state the problem in a creative way ✓
5. assess what triggers the problem
6. identify the essential elements of the problem
7. look at the context and its impact on the problem ✓
8. get other people's insight on the problem
9. revisit the problem (formulation) from time to time ✓

PROACT

a few words on objectives

- needs
- priorities
- goals
- hopes
- dreams

objectives guide the decision-making process and can be considered as **decision criteria**

7 steps to set up objectives

1. list down all the concerns you have about the situation
2. focus on the worst scenario... ✓
3. prioritize your concerns
4. translate your main concerns into priorities ("save the company") ✓
5. challenge your priorities by asking "why?"
6. finalize the 3 concerns/priorities
7. see if your last selection addresses your problem ✓

PROACT

a few words on alternatives

definition

- potential ways to achieve the objectives

key points

- raw material of decision making
- “you can never choose an alternative you haven’t considered”

5 techniques to generate alternatives

- ask the question “how can I achieve this?”
- “break free from traditions and habits”
- “if everything was possible, i/we.....” ✓
- learn from the past...and from others
- do not judge the relevance of the alternatives too quickly ✓

...and never stop looking for alternatives...and yet know when to stop!

PROACT

a few words on consequences

definition

- **assessing how well the alternatives satisfies your objectives**

key points

- **negative consequences may make regret your choice**
- **describe consequences with accuracy and completeness**
- **look for win-win alternatives**

PROACT

a few words on tradeoffs

- none is perfect! (pros and cons)
- (a) might be better than (b) on some aspects and worse on others
- there is often a need to give up something on one aspect to achieve more in terms of others
- what do you really want?

decision making not only...but also...

