

in this issue

Strategic Thinking

Doing Your Homework

Strategic Action

Making Decisions on the Fly

Reading List

Hard Facts - Dangerous Half-Truths & Total Nonsense: Profiting from Evidence-based Management

By Jeffrey Pfeffer and Robert Sutton

Blink: The Power of Thinking without Thinking

By Malcolm Gladwell

Announcements

About Trek

trekking

a newsletter on practical strategic thinking and action
issue #26: blink or stare?

editor's message

Two recent books that have received significant attention, *Blink* by Malcolm Gladwell and *Hard Facts* by Jeffrey Pfeffer and Robert Sutton, seem to advocate completely different decision-making processes—the first examines the power of intuition in decision-making, and the other examines the need for better fact-based approaches.

So what's the answer, should you go with your gut or do your homework? The answer is both—and in this month's issue, we'll tell you how to achieve this. In Strategic Thinking, we'll look at the flow of information you will need to develop and maintain; and in Strategic Action, we'll look at how to use your knowledge, experience, and preparation so that you can make split-second decisions when necessary. Our Reading List will look at the two books that started this controversy. And, if you are interested in intellectual capital or knowledge management, be sure to check out our Announcements for an upcoming presentation on the intersection between these two fields.

strategic thinking

Doing Your Homework

The truth is that brilliant flashes and split second decisions succeed because of all the time you have spent "staring" and working with the facts prior to that moment. We often speak of the value of fresh information—it's the fuel for all good thinking, instant or not. What is the best kind of information? We suggest a real variety that balances:

- Hard and Soft
- External and Internal
- Written and Verbal
- Quantitative and Qualitative
- Facts and Instincts
- Managers and Employees
- Customers and Prospects

After you immerse yourself in all these kinds of information, you should have the background you need to make decisions when necessary. However, to make a good decision you must deliberately close the books, take off your analytical hat, and shift your stare to the horizon. In fact, this could be described as the essence of strategic thinking—achieving synthesis—taking your understanding beyond all the details, and identifying the best answer for the moment.

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fresh information. smarter decisions. great results.



Do your homework so that you are ready to make better decisions when the moment arises.

-Mary Adams (adams@trekconsulting.com)

strategic action

Making Decisions on the Fly

Sometimes, circumstances force you to synthesize on the fly. You have little time to think, and you are forced to act.

Good planning and preparation helped McDonald's Corporation when crisis struck a few years ago. The company's CEO had a heart attack and died in the middle of the night. The Board of Directors was alerted. Based on their prior succession planning processes, they made their decision on a replacement and announced it by 9:30 AM the same day. Having a plan in place enabled McDonald's to react quickly in the face of tragedy, calming investors, employees and the market. Being prepared sometimes makes it that easy to make a decision.

In other cases—in fact, in most cases—you can never be completely prepared. This is where the art of execution comes in. However, even with quick decisions, you have a variety of resources to call upon:

- Your knowledge – from all the preparation and work you do to stay current in your field that was described by Mary in Strategic Thinking.
- Your goals – keeping your eye on where you want to be in the long term is often a great guide to what to do in the short term. This is where tactics meet strategy.
- Your experience – from your years in business and having seen similar situations before.
- Input from others – unless you literally have seconds to make a decision, the quickest way to expand your perspective is to consult with your colleagues and others whom you respect both inside and outside your team and company.
- Your instinct – this is actually the most powerful resource you have. The key is to trust it. Sometimes your instinct will tell you what to do, and sometimes it will tell you to wait.

The good news is that if you have done your homework, no decision is made completely on the fly or in isolation. There are many sayings to the effect that “luck happens to those who are prepared.” Doing your homework and using your resources well will help make every decision the right one for the moment.

- Michael Oleksak (oleksak@trekconsulting.com)

reading list

Hard Facts - Dangerous Half-Truths & Total Nonsense: Profiting from Evidence-based Management

By Jeffrey Pfeffer and Robert Sutton

Hard Facts was written by two academics from Stanford. The book is somewhat dry and feels like it was indeed written by academics with not enough real-world perspective. However, it does tell interesting stories about attacking conventional wisdom and half-truths.

One example is, interestingly enough, from the gambling industry. The current CEO of Harrah's Casino in Las Vegas is Gary Loveman. He is a former Harvard Business School professor and a believer in evidence-based decision-making. Under Loveman, there are three ways to get fired at Harrah's: stealing, sexual harassment, and introducing new ideas without evidence or research to show why it should be successful.

Loveman's research had focused on identifying the most profitable target markets for their marketing promotions. At that time, conventional wisdom in the industry said that families with small children were the way to greater profits for Las Vegas. Loveman discovered through market research and experimentation that this segment had little time or discretionary spending for casinos. The best segment for his casino was local people, often retired, who visited for entertainment. The best enticement for them was an offer of free chips, not dinners or rooms.

The book spends a great deal of time on people issues within companies, including incentive-based management, with a number of interesting conclusions. There are also some good tidbits on evidence and decisions that have changed our lives. For example, it was research by a French doctor in 1836 that disproved all benefits of bloodletting as a cure for anything, an evidentiary outcome that came too late for George Washington who died in 1797 from having five pints of blood removed to cure a sore throat.

For more information about this book, visit Harvard Business Online at http://harvardbusinessonline.hbsp.harvard.edu/b01/en/common/item_detail.jhtml;jsessionid=BPXQ4TCK3XKIWAKRGWCB5VQBKE0YOISW?id=8622.

Blink: The Power of Thinking without Thinking

By Malcolm Gladwell

This book, as well as Gladwell's previous work, *The Tipping Point*, has attracted much attention. Many of the reviews we read focused on *Blink's* subtitle, so we were curious to see what he had to say.

It turns out that it is a bit misleading. The examples of "thinking without thinking" are mostly about experts who have honed their skills to the point where they



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can make amazing “instant” observations. These include the psychologist that can identify a couple who will divorce just by watching them in conversation for thirty seconds, the art expert who can spot a fake despite a year-long analysis by other experts, and the tennis coach that is close to perfect in his ability to predict a double fault in professional matches.

The one example in the book that is applicable to most people is the understanding of human expressions—it points out that we all have strong abilities to recognize emotions. However, even here, there is an expert who has dissected each muscle group and the combined movements that form expressions that we all understand intuitively.

Gladwell warns us of the dangers of trusting “blink” reactions in market research and even more so in human interaction. Read this book for insights into the work of experts but don’t expect to become an instant genius.

For more about this book, visit the author’s web site at <http://www.gladwell.com/blink/index.html>.

announcements

Read a new article by Trek authors, “Where’s the Beef?” on American Venture Magazine’s website:

Venture capitalists have been key agents in the development of today’s knowledge economy. This work has put you in the vanguard of analyzing and valuing the potential of knowledge-based businesses. But are you now being left behind? Is your investment analysis process the same as it was twenty years ago? Or are you taking advantage of advances in management studies to improve your own business process?

Read the full article at: <http://americanventuremagazine.com/articles/364>.

Mary Adams spoke recently to a gathering of real estate executives convened by the Bulfinch Group on the topic of “Developing and Implementing an Effective Business Plan in Changing Times.” Bulfinch plans other activities for the real estate industry, so let them know if you are interested in receiving more information. Visit <http://www.bulfinchgroup.com/new/bulfinchgroup/> to leave your feedback.

Mike Oleksak is ending his two-year post as President of Winchester *A Better Chance*, a program that hosts and educates young men from less-advantaged communities. For more information, visit www.winchesterabc.org.



Mary Adams has been elected President of the Institute of Management Consultants New England Chapter. For more information, visit www.imcne.org.

Watch for Trek at the July 20th meeting of the KM Forum from 4 to 6 PM in Waltham where we will speak about the intersection between knowledge management and intellectual capital. For more information, visit <http://www.kmforum.org/>.

In next month's issue, we talk about Powerful Conversations.

about trek consulting

Trek Consulting LLC helps companies to face the challenges of growth, building value and dealing with change. Since 1999, we have been a valued partner to business owners and leaders on their arduous journey to business success. We know that we cannot make this journey for our clients, but we can make it easier and more successful. We focus on getting you the best information available, facilitating sound planning and decision-making, making sure you have the right skills and resources to face your challenge, and coaching you through the roadblocks that invariably arise along the way.

Our clients report improved market focus, greater revenues, better margins and increased profits. To learn more about Trek Consulting and how we can help you improve your company's results, visit us on the web at www.trekconsulting.com or call us at 781-729-1008.