



# Decision-Making 101: Rules of Thumb

By Dr. Woody

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Whether you are a hardened executive or a fresh-faced intern, successfully navigating the obstacles of your daily life requires making decisions. And when it comes to managing people, the burden of decision making takes on an even more prominent role as the stakes are often much higher.

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As an executive coach, I often come across clients who are facing decision-making challenges. Making the right call isn't always easy. To delve more deeply into the decision-making process, I sat down with Mitch Maidique, executive director of the Florida International University Center for Leadership, to detail what goes into making a decision.

According to Maidique, "experienced managers tend to resort to judgmental heuristics" that he refers to as "rules of thumb" or ROTs for short. He defines a ROT as "a principal derived from personal experience that provides almost immediate guidance for behavior in certain situations." In other words, it's a simple shortcut that we fall back on when faced with a choice: Most of us tend to think of this as a gut reaction or intuition.

It's important to note that because ROTs are rooted in our personal experiences, they can get us into trouble. In our conversation, Maidique pointed out that "we all have rules of thumb for decision making. Some are well founded, while others are distortions of reality." The challenge for managers and executives is recognizing and sorting out the positive and negative ROTs and understanding where they come from.

Dr. Maidique strongly believes that in order to effectively make good decisions, you have to identify your ROTs, isolate them and challenge them. When it comes to identifying ROTs, he believes there are three basic types: green, yellow, and red.

**Green (Portable):** Green ROTs tend to be universal and apply in any situation. According to Maidique, green ROTs are often "tied to basic humanistic values." An example of a Green ROT is "treat people with respect and listen to them." Regardless of the circumstance, green ROTs tend to lead to positive outcomes and typically come from positive childhood learning experiences and past successes. In a sense they are a positive fall back when navigating uncharted territory.

**Yellow (Contextual):** Not all rules of thumb work in every situation. Often times, we will develop rules of thumb that work well within a certain environment like a particular business or industry, however, these rules can be problematic if applied outside that context. According to Dr. Maidique, "you have to look at the characteristics of each situation and determine whether the rule you typically follow is applicable. "Always driving for innovation may be a fall-back rule you follow at a tech startup, but it may not be quite as applicable to running a chain of barber shops."

**Red (Destructive):** The most common, and potentially most dangerous, driver of decisions is emotion. Emotion can often cloud judgment and we have all let emotion creep into our decision-making process. According to Maidique, red ROTs can come from negative sentiments like hatred, revenge and fear.

He cites a dictator seeking personal aggrandizement and gratification at the expense of his/her people as a red ROT. Often these red ROTs can be seen in those who believe they are above the law or don't have to follow the same rules as others.

When it comes to identifying your own ROTs, Maidique recommends that you ask yourself the following:

What are your typical fall back rules of thumb for making major decisions?

What life experiences do these ROTs come from?

When have they worked for you and when have they worked against you?

At the end of the day you have to know yourself before you can make good decisions and effectively lead others. The rules of thumb you develop determine how you make decisions and the decisions you make are the key to your success in both business and in life. There is no doubt that good decision making is a mix of both art and science. At the very least, take a look at your rules of thumb and consider which ones really do work for you and which ones don't.

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