Decision-Driven Collaboration

Insights from Cisco IBSG *Horizons* Collaboration Research

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A Decision-Making Reality Check

When companies struggle, blame is usually placed outside of the organization. And whether the culprits include an economic downturn, unfavorable regulatory actions, or geopolitical challenges, conventional wisdom supports the notion that external disruptions – beyond a company's control – are most likely to seal its fate.

The reality, however, is far different. In many cases, outside market forces have little impact on companies that cede leading positions. The main force driving lost market incumbency? Overwhelmingly, it is a function of poor decision making – that is, factors within the control of the companies themselves.[1]

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This is a startling realization in any era. But in one plagued with wrenching competitive upheavals, it underscores the critical importance of good decision making. And for any company that hopes to outmaneuver its rivals and maintain a position of market leadership, a heightened emphasis on a fact-based decision-making process may be imperative.

To explore the current state of decision making, and the challenges that confront firms in making good decisions, the Cisco® Internet Business Solutions Group (IBSG) launched its *Horizons* Collaboration study. This was an eight-month research program surveying 1,028 executives and 993 junior managers and individual contributors in large U.S. enterprises.

To start, we investigated how firms viewed their own decision-making prowess. Immediately, a gap between perception and reality became clear. When Cisco IBSG asked executives about their companies' ability to make "successful" decisions on critical issues,[2] an astonishing 71 percent said that it was "good" or "excellent." But does the recent performance of large U.S. corporations support this glowing self-appraisal?

In Cisco IBSG's *Horizons* Collaboration study, we found that even decision makers in the financial services industry thought highly of their ability to make good or excellent decisions. This, despite the fact that poor strategic decisions and a wholesale misapprehension of risk have led to 439 bank failures since 2008,[3] while

The Terrible Cost of Bad Decisions

- In February 2011, **Borders,** the bookselling titan, filed for Chapter 11. Failing to understand the changing shopping and reading habits of its customers, Borders was slow to respond to the advent of online book retailing, which compressed the bookseller's margins and threatened its business model. After initially handing over the operation of its online bookselling business to rival Amazon.com in 2001, Borders only returned to e-commerce in earnest in mid-2008, launching a stand-alone Borders.com that was too little, too late. By then, Amazon had claimed both incumbent status and mindshare with millions of loyal consumers. Customer interest in e-books, the popularity of e-readers, and the emergence of tablet devices also caught Borders flat-footed.[6]
- Founded in 1880, **Kodak** was long one of the most venerable and valuable U.S. brands. By the mid-1970s, Kodak had a virtual monopoly on the photography business in the United States, accounting for 90 percent of camera and 85 percent of film sales. The company was also an innovator, developing one of the world's first digital cameras in 1975. Yet Kodak was unable to use its dominant market position to maintain growth, and failed to adapt as digital photography replaced its traditional businesses. Its revenues and brand value peaked in 1996, and went into rapid decline thereafter, with Kodak finally declaring bankruptcy in January 2012.[7] Its rival, Fujifilm, meanwhile, navigated the transition from film to digital more skillfully, focusing on areas like digital medical imaging.[8]

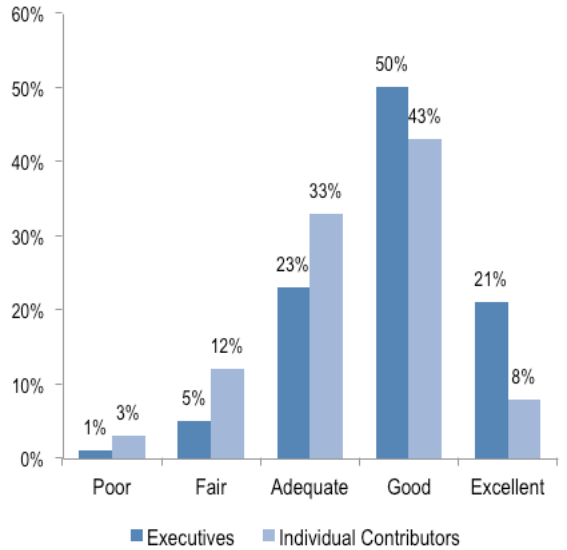
plunging the U.S. economy into prolonged economic malaise. Retail executives were similarly impressed with their own decision making, even though 37 major U.S. retail chains have sought bankruptcy protection in the past two years alone.

There is, in short, mounting evidence that a widespread epidemic of questionable decision making is destroying value: a "lost decade" for stocks; widening valuations between innovators and also-rans; and a scourge of lost market incumbency. Indeed, over the past 10 years, 159 (or 32 percent) of the 500 largest firms ranked globally by revenue have been displaced.[4]

In *How the Mighty Fall,*[5] Jim Collins warns that the "denial of risk and peril" often heralds the decline of leading corporations. According to the author, this syndrome is characterized by two distinguishing behaviors, both of which Cisco IBSG's research found in abundance. The first is "amplifying the positive and discounting the negative." As we shall see, Cisco IBSG's research uncovered multiple instances of executives who gave their own performances and decision making high marks. But when the same performances were rated by the junior managers and individual contributors who had executed the decisions, there was a significant gap in favorability.

The second symptom of a denial of risk and peril is an overreliance on "big bets and bold goals without empirical data." In effect, gut instinct trumps sound judgment. Cisco IBSG's research showed repeatedly that decision makers do not make optimal use of the data they already have; they do not consult experts within their organization frequently enough; and they do not use existing collaboration and analytical tools to support decisions rooted in fact-based data. All the while, many of these leaders perceive themselves to be making decisions based on a full comprehension of all the relevant information.

Figure 1. "Overall, how would you rate your company's ability to make successful critical decisions?"



Source: Cisco IBSG, 2011-2012 N = 1,205

What Is Decision-Driven Collaboration?

- A management framework focused on connecting people to share information and ideas, but that emphasizes the outcomes of collaboration (i.e., the quality of decisions) rather than just the volume of interactions.
- An approach to empowering employees as decision makers and experts in their own right, premised on three core components: engagement, evaluation, and execution.
- A strategy to unleash and harness employee-led innovation in a disciplined, aligned manner so that the overall decision-making intelligence of the business is increased.

Decision-Driven Collaboration ≠ decision making by committee!

Decision-Driven Collaboration

Cisco IBSG believes that savvy enterprises are on the cusp of tapping a wellspring for growth and competitive advantage. This new value will flow from a fundamental transformation in the way leaders perceive and manage collaboration. In this model, people won't just be connected, they will be empowered to make and execute better decisions. Cisco IBSG terms this "Decision-Driven Collaboration." It places a premium on how people connections are managed; how value is extracted from collaborative interactions and efforts; and how organizations make strategic use of their human and information capital. Decision-Driven Collaboration can help companies concentrate their collaboration efforts where they add the most value: in framing, making, and executing much better decisions.

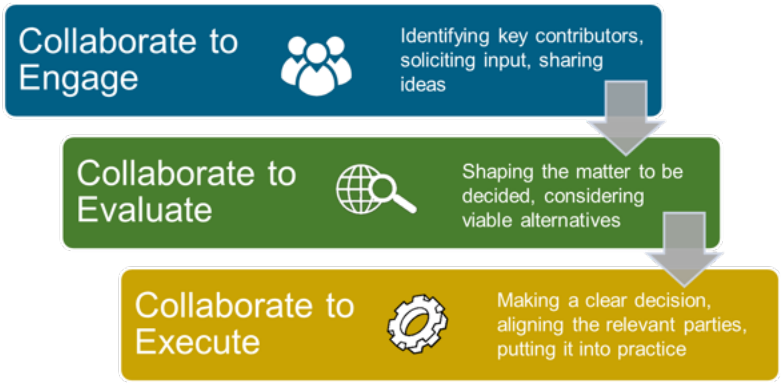
Of critical importance, Decision-Driven Collaboration does not imply a diffusion of decision-making authority. It is not collaborative decision making or "decision making by committee." Decision-Driven Collaboration instead focuses on increasing the intelligence of every decision taken in the business.

Decision-Driven Collaboration has three core elements (see Figure 2):

- **Collaborate to Engage:** Identifying key contributors, soliciting input, sharing ideas. This stage is designed to frame the goals that decision makers should attain, and to identify the team members who will evaluate and execute decisions. Though a necessity, this step will not improve decision making by itself. And unfortunately, sharing ideas is where most companies stop collaborating. With Decision-Driven Collaboration, this is the starting point, not the finish line.
- **Collaborate to Evaluate:** Shaping the matter to be decided, considering viable alternatives. Once the objectives of a decision have been outlined and the team members with the right expertise have been identified, collaboration can focus on the matter to be decided. One crucial aspect of this stage is identifying alternative strategies for reaching the main goal. Disciplined leadership is required to ensure that experts with the necessary experience and access to data collaborate to provide well-reasoned, well-researched alternatives. From there, decision makers can choose the best option.
- **Collaborate to Execute:** Making a clear decision, aligning the relevant parties, putting it into practice. While this stage is an afterthought for many companies, with Decision-Driven Collaboration, the execution stage requires the most collaboration, and delivers the most value. Once the alternatives have been presented, decision makers must make a decision and share it with those who must execute it, as well as with those who will be affected by it. The overarching goal is to create a "virtuous circle" of execution, learning, and revision.

Far from being a time-wasting exercise, Collaborate to Engage is integral to making good decisions. If companies get this phase wrong, they lack the perspectives, breadth of ideas, and skilled individuals necessary for success.

Figure 2. Decision-Driven Collaboration elements.



Source: Cisco IBSG, 2012

Study Findings

The original research conducted by Cisco IBSG showed where companies are succeeding — and failing — in these three areas.

Collaborate to Engage

Collaborate to Engage is an essential, early-stage activity designed to get a broad range of perspectives, collect information, and identify individuals with the expertise to evaluate and execute decisions. Far from being a time-wasting exercise, Collaborate to Engage is integral to making good decisions. If companies get this phase wrong, they lack the perspectives, breadth of ideas, and skilled individuals necessary for success. In Collaborate to Engage, companies answer the following questions:

- Who are the stakeholders, and how do we reflect their needs accurately in the decision-making process?
- Where can relevant expertise be found: within the executive ranks, among individual contributors, in an overseas office, or outside the company?

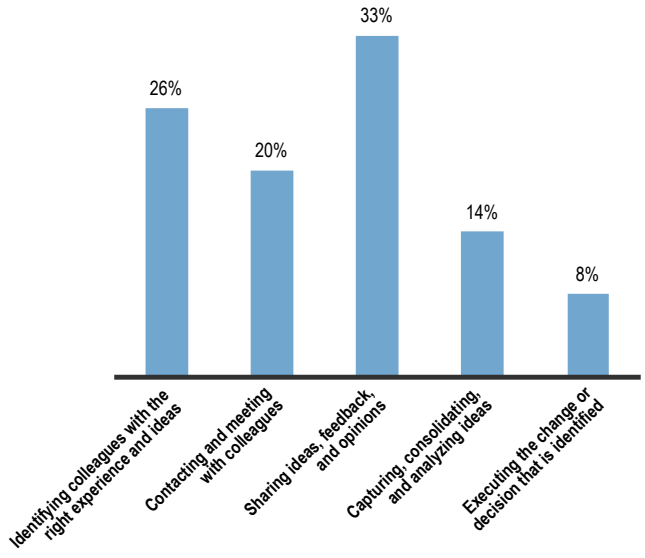
Most companies feel that they are good at meeting the main requirements of Collaborate to Engage: sharing ideas, identifying colleagues with the right expertise and viewpoints, and getting in touch with them efficiently (see Figure 3).

But while sharing ideas with colleagues is important, it should rarely be considered an end in itself. Rather, collaboration should be harnessed to generate tangible business benefit. Morten Hansen, a professor of management at the University of California, Berkeley, has noted that “bad collaboration” — that is, collaboration undertaken in the wrong circumstances, or without the proper goals in mind — is worse than no collaboration.[9]

Collaborate to Engage encourages companies to have a defined purpose for every meeting, with the goal of "priming" all those involved to evaluate and execute effectively.

To bolster his argument, Hansen quoted the former BP CIO John Leggate: "People always had a good reason for meetings. You're sharing best practices. You're having good conversations with like-minded people. But increasingly, we found that people were...simply sharing ideas without always having a strong focus on the bottom line."[10]

Figure 3. "Which of the following steps in the process of collaboration do you think is *most efficient* in your company today?"



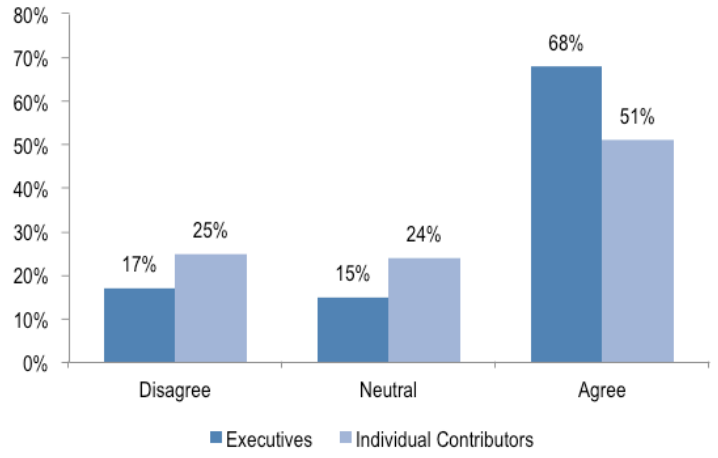
Source: Cisco IBSG, 2011-2012 N = 816

Decision-Driven Collaboration is not about achieving consensus per se, although buy-in from those responsible for executing decisions is important. Indeed, consensus — which is often seen as a traditional goal of collaboration — can imperil good outcomes by slowing decision-to-execution cycles. Decision-Driven Collaboration does not imply a more consensus-driven model. In fact, it hinges on clear lines of authority and encourages companies to rethink the purpose of collaboration, from simply sharing ideas to setting the foundation for decision making. Seen in this light, Collaborate to Engage ensures companies have a defined purpose for every meeting, with the goal of "priming" all those involved to evaluate and execute effectively.[11] This helps avoid the trap of employees sitting on conference calls while their minds are elsewhere. In the Cisco IBSG *Horizons* Collaboration study, "lack of engagement" was the top barrier to effective virtual meetings, with 43 percent of companies citing challenges in this area.[12]

Success in collaborating with others – during Collaborate to Engage and later stages – depends largely on providing collaboration tools to executives and individual contributors who will take part in the decision-making process.

It is especially important that team members have something essential to contribute – namely, relevant experience or information. Decision makers need to be able to locate those individuals in the company (and outside, when required) regardless of their position and location within the organization. While 68 percent of executives feel they regularly consult experts from all levels, only 51 percent of individual contributors agreed. In reality, many feel excluded from the decision-making process (see Figure 4).[13]

Figure 4. "My company's management (e.g., CEO, CFO, vice presidents, directors) regularly consults subject-matter experts from all levels and across the company when making critical decisions."

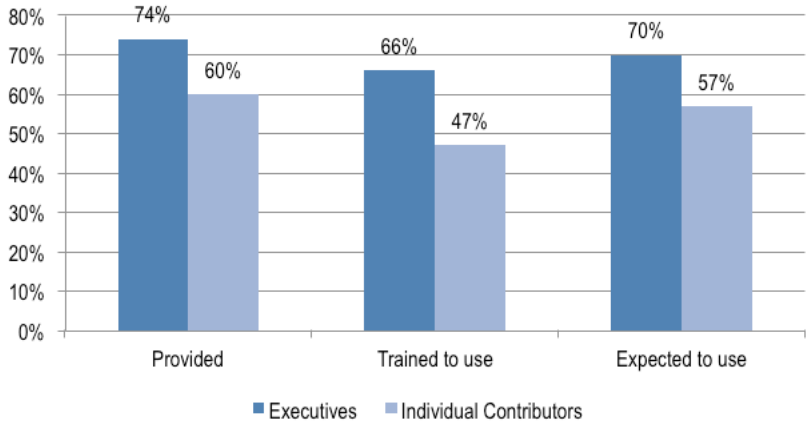


Source: Cisco IBSG, 2011-2012 N = 1,205

Success in collaborating with others – during Collaborate to Engage and later stages – depends largely on providing collaboration tools to executives and individual contributors who will take part in the decision-making process. Here, we see that companies have succeeded in providing collaboration tools to executives, as well as in training those senior leaders to use them. Moreover, executives feel that they are expected to use collaboration tools when making decisions. However, for individual contributors, there is a gap in obtaining both tools and adequate training (see Figure 5).

If individual contributors lack collaboration tools, proper training, or the expectation that these tools must be used to support decision making, contributors' talents and expertise are more likely to go unnoticed. This negatively affects job satisfaction.

Figure 5. Percentage of executives and individual contributors who indicate that they are provided with collaboration tools, are adequately trained in how to use them, and are expected to use them when making decisions or supporting decision making.



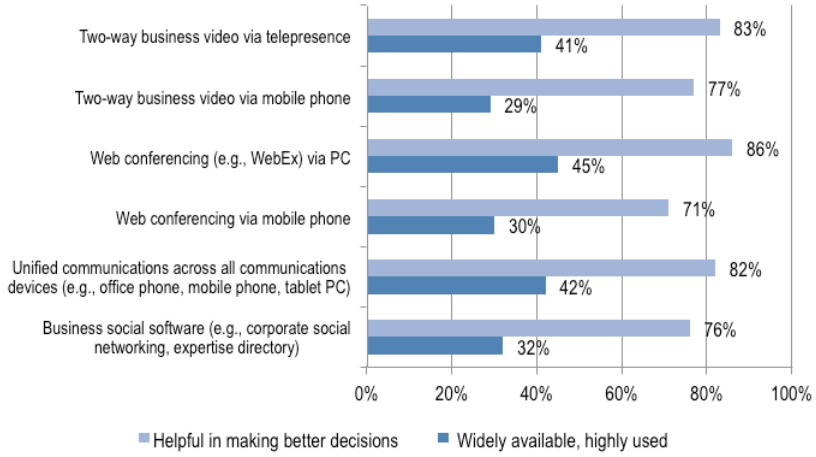
Source: Cisco IBSG, 2011-2012 N = 1,205

This gap could explain, in part, why the majority of individual contributors are not consulted by executives as decisions are being made. If individual contributors lack collaboration tools, proper training, or the expectation that these tools must be used to support decision making, contributors' talents and expertise are more likely to go unnoticed. This negatively impacts job satisfaction.[14] It also prevents companies from maximizing their investments in human capital. Even at junior levels, experienced employees and subject-matter experts are costly. If they are underutilized or, worse, ignored, companies are wasting money and making poor decisions.

Cisco IBSG also broke down the survey into specific collaboration tools (telepresence, web conferencing, etc.). Again, the research revealed that while respondents thought they would be (or were currently) helpful in making better decisions, companies have largely failed to ensure that these tools are both widely deployed and broadly used by those who make or support decisions (see Figure 6). Among the executive respondents, an average of 70 percent believe these collaboration tools can improve decision making, but at only 37 percent of their companies are these tools both widely available to – and widely used by – senior leaders. (For individual contributors, the numbers are 62 percent and 23 percent, respectively.)

However well or poorly companies perform in the Collaborate to Engage phase, far too many get stuck here without enjoying the fruits of higher-impact collaboration — the kind that melds intelligence and focus with a distributed network of diverse participants.

Figure 6. Executives: How helpful collaboration technologies are (or would be) in making better decisions; percentage of collaboration technologies that are both widely available *and* highly used.



Source: Cisco IBSG, 2011-2012 N = 604

We can see that the potential to improve collaboration, even at this first stage, is still significant. However well or poorly companies perform at the Collaborate to Engage phase, far too many get stuck here without enjoying the fruits of higher-impact collaboration — the kind that melds intelligence and focus with a distributed network of diverse participants. To improve decision making, and to maximize value, companies must amplify their collaboration efforts, particularly in the Evaluate and Execute phases, to which we now turn.

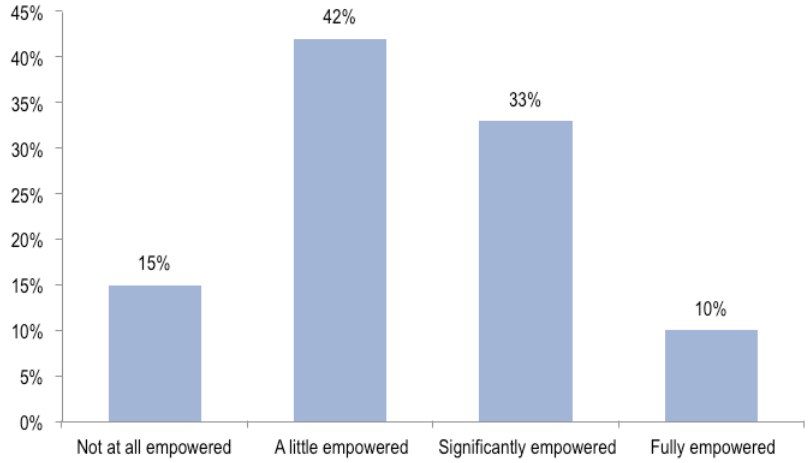
Collaborate to Evaluate

The Collaborate to Evaluate phase is where those with experience, expertise, and innovative ideas contribute to shaping the decision. They influence the process by analyzing relevant data, providing their perspectives, ruling out bad ideas, and presenting alternatives. This stage differs from Collaborate to Engage in that all activity is now focused on coming to a decision point. It involves determining what is going to be decided, and deliberating on viable options that could yield stronger results (or mitigate risks).

The executives surveyed by Cisco IBSG believe they are open to dissenting points of view: 65 percent say their companies encourage employees to present dissenting views (in a constructive, structured fashion) during the decision-making process. Their direct reports have a different view, with only 43 percent agreeing. Moreover, when asked whether they felt personally empowered, 57 percent felt “a little” or “not at all” empowered (see Figure 7).

While nearly 80 percent of executives said that they were expected to consider true alternatives when making a critical decision, only 50 percent of individual contributors agreed.

Figure 7. "As an individual contributor, how empowered do you feel to offer dissenting opinions and evidence when a decision is being made?"



Source: Cisco IBSG, 2011-2012 N = 601

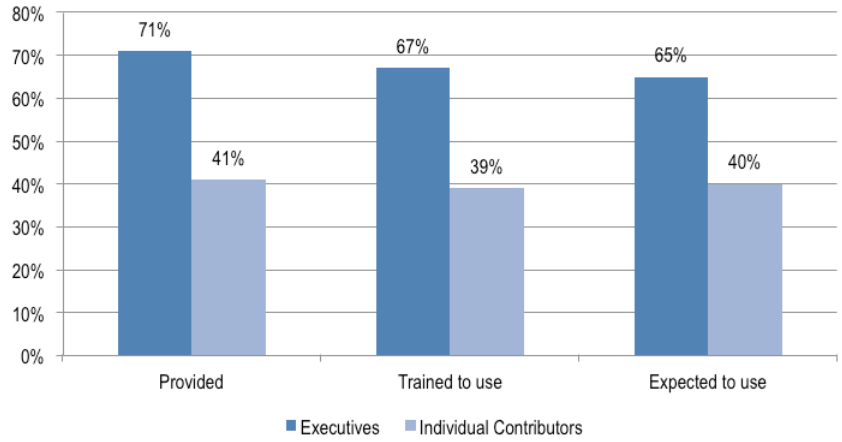
The threat of an "echo chamber" or "groupthink" effect among decision makers, in which only supportive evidence is presented because only supportive evidence is countenanced, seems clear. Moreover, individual contributors, perhaps unsurprisingly, said that a "closed decision-making process" in which "a small group of executives makes most decisions" was the top barrier to collaborating during the decision-making process.

A closed decision-making culture, and an unwillingness to consider dissenting viewpoints and evidence during the Evaluate phase, makes it impossible to decide between true alternatives. By "true alternatives," we mean that at least two scenarios have been carefully considered, are attainable, and the business cases for them have been quantified. In effect, this represents the institutionalization of devil's advocacy. While nearly 80 percent of executives said that they were expected to consider true alternatives when making a critical decision, only 50 percent of individual contributors agreed. This despite the fact that they are the most likely candidates to provide such alternatives.

To counter these trends, Cisco IBSG's research showed that companies must do a better job of providing executives, and especially individual contributors, with analytical technology (see Figure 8). The fact that only 40 percent of individual contributors feel they are provided with data-analysis tools, are trained to use them, and are expected to use them when supporting critical decisions raises alarm bells.

. . . when more employees have access to data analytics and collaboration technologies, a greater percentage of them can provide meaningful, quantifiable input when a matter under consideration falls within their area of expertise.

Figure 8. Percentage of decision makers and individual contributors who indicate that they are provided with data-analysis technology, are adequately trained to use it, and are expected to use it when making decisions or supporting with decision making.



Source: Cisco IBSG, 2011-2012 N = 1,205

In the Decision-Driven Collaboration framework, these individual contributors play a central role in providing leaders with quantifiable alternatives and other analysis needed in evaluating options and making an informed decision. If more than 60 percent of these employees lack access to these technologies, they cannot partake in this process.

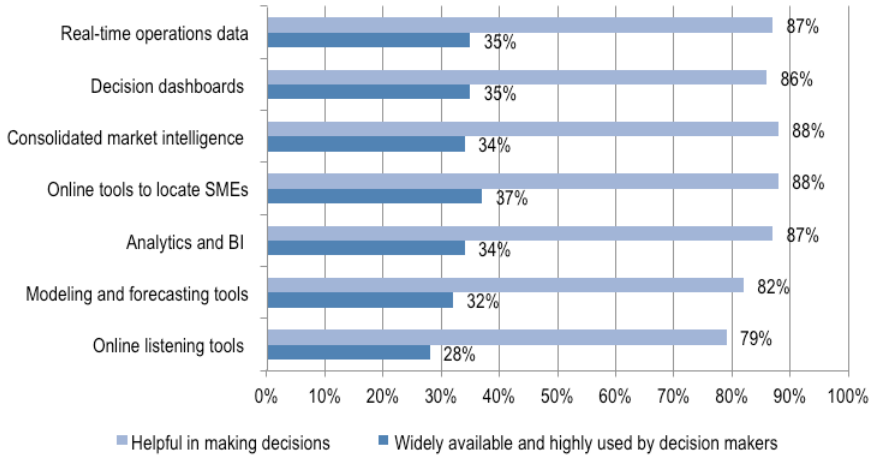
One could argue that companies purposely exclude many individual contributors from accessing data-analysis technologies (and collaboration tools). This may be because they are either irrelevant to their job roles, or because they wish to avoid "overcollaboration" that is dysfunctional or otherwise value-destroying. Cisco IBSG is not advocating that decisions involve every individual contributor with a point of view. Rather, we believe that when more employees have access to data analytics and collaboration technologies, a greater percentage of them can provide meaningful, quantifiable input when a matter under consideration falls within their area of expertise.

In addition, 51 percent of individual contributors say that they are empowered to make routine decisions within their own departments. The sheer number of decisions made by individual contributors at the department level dwarfs those made by executives, and the quality of these decisions has an enormous impact on companies' ultimate success or failure. Individual contributors, especially front-line staff, also tend to be "closer" to the customer than are executives. Fifty-seven percent of individual contributors agree that their companies effectively empower front-line or customer-facing staff to correct errors in customer service or to satisfy customer requirements. Providing individual contributors with the tools to make better-informed decisions at this level can be of great benefit.

Both executives and individual contributors see the enormous potential of data-analysis tools to improve decision making.

Cisco IBSG asked both executives and individual contributors to identify the data-analysis tools they thought would be (or were currently) helpful in making better decisions. We also asked them how widely deployed and used these tools actually were. As with engagement-oriented collaboration tools, we found significant opportunities for companies to extend the range and availability of data-analysis technologies to improve decision making (see Figure 9). In most cases, for individual contributors, the gap between the value of these tools to decision-making outcomes, versus their availability and optimal use, was even starker.

Figure 9. Executives: How helpful data-analysis technologies are (would be) in making better decisions; percentage of collaboration technologies that are both widely available and widely used.



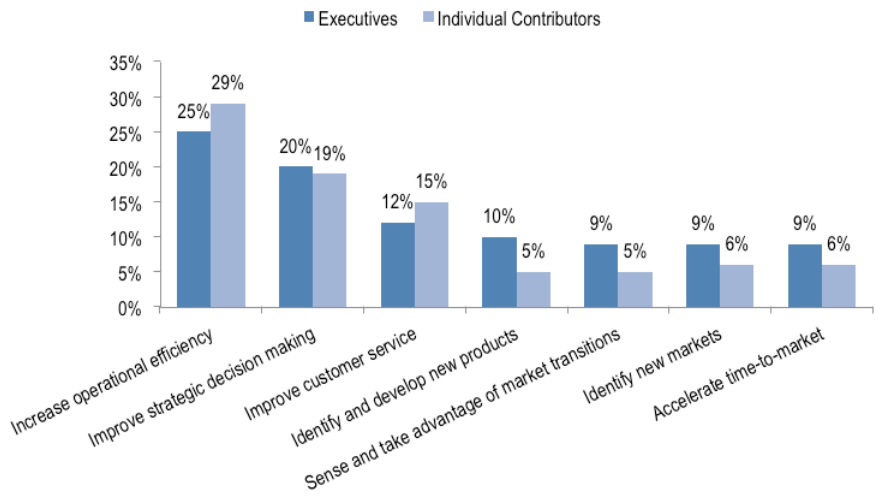
Source: Cisco IBSG, 2012 N = 604

Both executives and individual contributors appreciate the enormous potential of data-analysis tools to improve decision making. With better access to data, they see opportunities to improve operations, strategy, customer service, and innovation (see Figure 10).

Companies also cite an inability to analyze data quickly enough, to collect data from relevant sources, and inadequate employee training as barriers to accessing data in a timely manner. It is no wonder that 60 percent of decision makers say their companies struggle to analyze the amount of data they collect, with 70 percent acknowledging that the amount of data has grown in the past two years.

When the context, rationale, success factors, expectations, dependencies, and so forth are transparent to those affected, execution improves.

Figure 10. "What would be the biggest opportunity for your company if you had better access to more timely data?"



Source: Cisco IBSG, 2011-2012 N = 1,205

Collaborate to Execute

The final component of Decision-Driven Collaboration is Collaborate to Execute. Once decision makers have been provided with attainable, quantifiable alternatives, and have consulted with relevant experts and stakeholders about the proper course of action, they can make a decision, and see to its execution.

Leaders at this stage must:

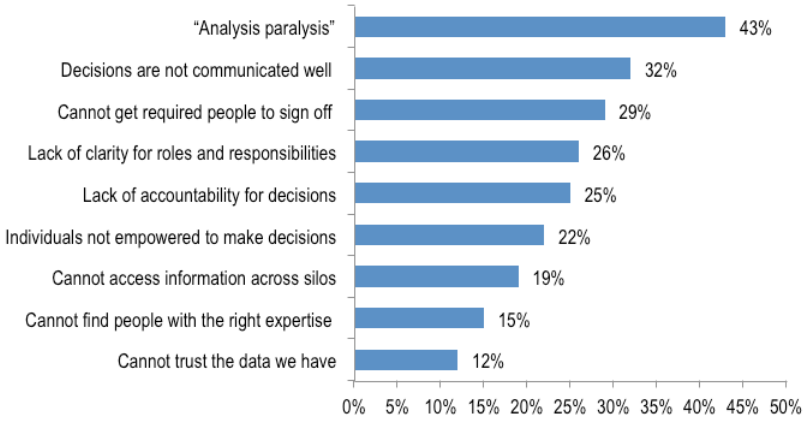
- Make a clear decision
- Communicate the decision to those who will execute it, and to others who will be affected by it
- Determine who is going to execute the different aspects of the decision, and the results for which they are responsible
- Determine the metrics of success and evaluation
- Incorporate improvements and document lessons learned

Typically, making the actual decision is not considered part of execution. It is important to situate taking a decision as the first step in execution, however, rather than the last step in evaluation. This is because the decision is the "big bang" event: everything follows from that point. When the context, rationale, success factors, expectations, dependencies, and so forth are transparent to those affected, execution improves. For a variety of reasons, decisions often bog down, leading to the dreaded "analysis paralysis." In Cisco IBSG's study, analysis paralysis was seen by executives as the top decision-making challenge facing firms (see Figure 11).

While the majority of both executives and individual contributors believe they are effective at executing decisions once they have been made, there is a significant divergence between them, especially regarding a shared understanding of what is required to execute a decision.

This is, in part, why it is crucial to conceive of a decision as an element of execution itself, since the inability to make a clear decision (i.e., analysis paralysis) is the single factor – more than "dropped balls" or "opting out" by individual contributors – most likely to inhibit strong execution. In the end, nothing may happen because no clear decision was taken.

Figure 11. Executives: "What are the key challenges your company faces in terms of decision making?"



Source: Cisco IBSG, 2011–2012 N = 604

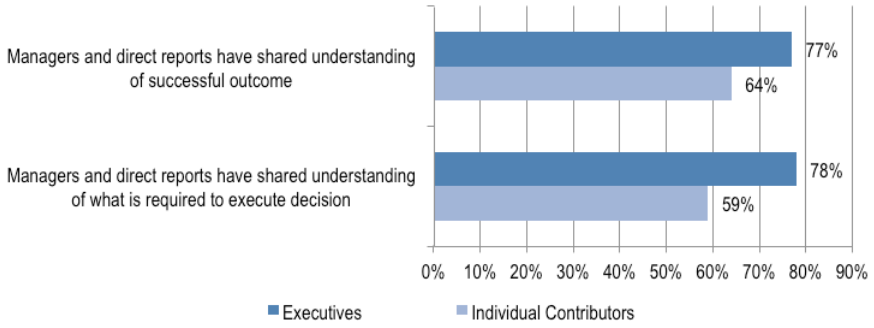
Confusion can result from decisions that are not clearly made, especially when the decision point is not articulated, and decision makers do not expressly agree on the outcome of deliberations. Most of us have left an important meeting wondering, "Did we make a decision on that?" or "What did we decide?" In addition to being a difficult start to launching a new initiative, such confusion can insulate decision makers from accountability, which was another top decision-making barrier cited by executives.

While the majority of both executives and individual contributors believe they are effective at executing decisions once they have been made, there is a significant divergence between them, especially regarding a shared understanding of what is required to execute a decision (see Figure 12).

When it comes to a shared understanding of execution requirements, there is a 19 percent difference between executives and individual contributors. For critical decisions, in which vital company interests or corporate strategy are often at stake, the shared understanding breaks down further, with 79 percent of executives believing they are on the same page with their direct reports, but with only 57 percent of their reports agreeing. Such disconnects often arise from ineffective collaboration, especially among teams spread across geographies and time zones. Here, rich collaboration tools can prevent miscommunication in execution requirements before serious trouble arises.

One of the central precepts of Collaborate to Execute is the ability to assess the effectiveness of a decision once it has been made, in order to make course corrections where possible, and to improve future outcomes.

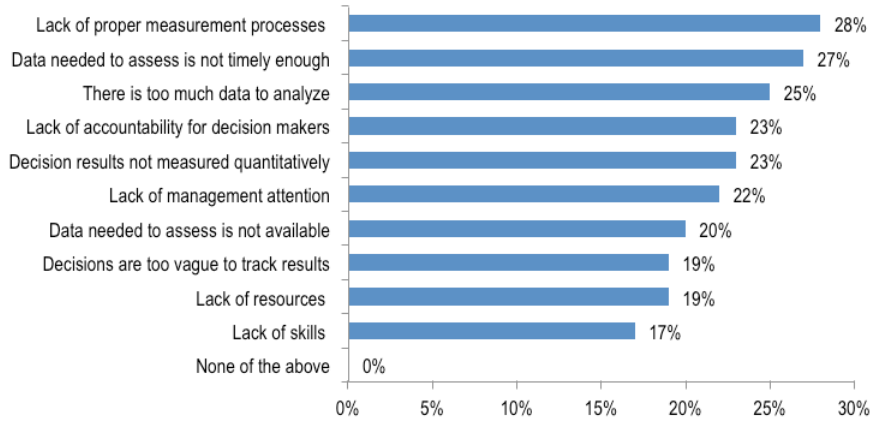
Figure 12. Shared understanding of a decision's successful outcome; how to execute decision



Source: Cisco IBSG, 2011-2012 N = 1,205

One of the central precepts of Collaborate to Execute is the ability to assess the effectiveness of a decision once it has been made, in order to make course corrections where possible, and to improve future outcomes. Yet firms face several challenges that impair their ability to determine the impact of decisions (see Figure 13).

Figure 13. Executives: "At your company, what are the main challenges in assessing the results of a decision?"



Source: Cisco IBSG, 2011-2012 N = 604

Nearly half of individual contributors said they had “no opportunity” or only “a little opportunity” to offer feedback that could improve the decision-making process.

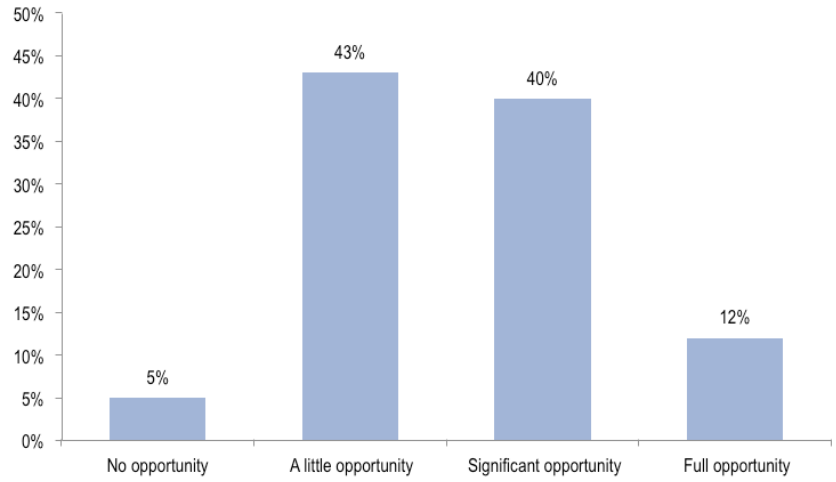
The top challenge is that companies do not have the processes in place that would enable them to determine the success or failure of a decision. Without a consistent set of rules for assessing decisions, declarations of success rely upon ad-hoc criteria, gut instinct, or the participation of powerful individuals. Comparing the results of different approaches, or finding common success factors, is impossible.

A second challenge is the quality and availability of the data needed to analyze a decision. In some cases, decisions cannot even be measured quantitatively. Finally, it is clear that many executives do not believe that assessing the results of decisions is a priority for their peers and superiors, or feel that decision makers should not be held accountable for producing results.

These findings raise troubling questions. On what basis do decision makers believe that their companies are “good” or “excellent” at making decisions? If so many of them struggle with the fundamentals of assessing the results of decisions, how can they be sure these decisions have successful outcomes? After all, if you cannot measure success, how do you know if you have attained it?

Companies also underutilize the experience and opinions of their employees. Nearly half of individual contributors said they have “no opportunity” or only “a little opportunity” to offer feedback that could improve the decision-making process (see Figure 14).

Figure 14. Individual Contributors: “How much opportunity do individual contributors have to offer feedback and suggestions to their managers in order to improve the decision-making process?”



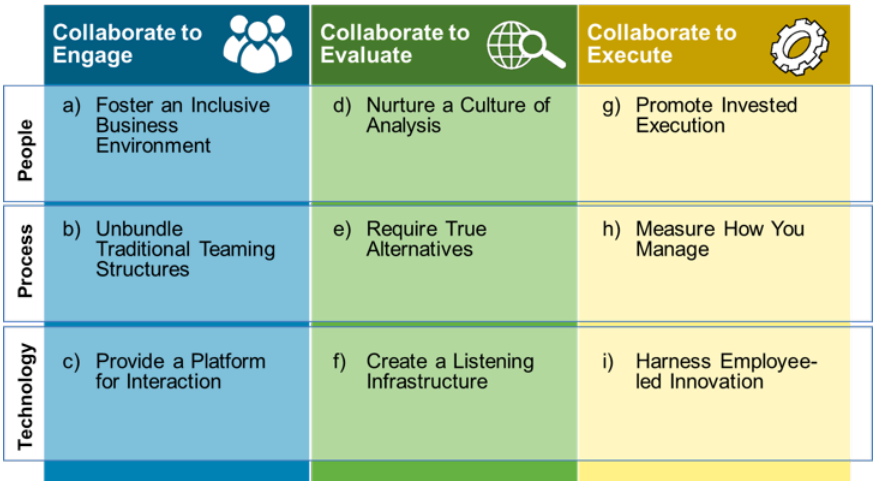
Source: Cisco IBSG, 2011-2012 N = 601

Firms must create an inclusive business environment in which all employees are encouraged to share their information and expertise.

Enabling Decision-Driven Collaboration

Each of the three core phases in Decision-Driven Collaboration can be analyzed in terms of three key enablers: people, process, and technology. The following section details how each of these ingredients plays a prominent role in implementing Decision-Driven Collaboration in the enterprise (see Figure 15).

Figure 15. Decision-Driven Collaboration Enablers.



Source: Cisco IBSG, 2012

Collaborate to Engage

a) People: Foster an Inclusive Business Environment

Firms must create an inclusive business environment in which all employees are encouraged to share their information and expertise. Everyone must feel welcome – and indeed, be expected – to participate and add value, whenever it is appropriate and any time they can improve the outcome of a decision by lending their knowledge or sharing relevant data. All employees should be able to make their voices heard and add their contributions, regardless of their functions, their locations, or any other factors.

Inclusiveness goes beyond diversity. While diversity is indispensable in bringing unique generational or cultural ideas, heuristics, and mental models to an organization, in many companies that wealth of knowledge remains latent. That is because the business environment is often not conducive to sharing the diverse perspectives held by employees. An inclusive business environment, on the other hand, is designed deliberately to leverage unique individual perspectives to meet business goals effectively. In this regard, the people-centric dimension of Decision-Driven Collaboration becomes a key plank in the company's management of human capital. Strong, inclusive leadership ensures that those who can contribute meaningfully to improve an outcome can do so. It also makes sure that interactions are time-bound; are structured around specific decision points; and tie back to strategic priorities and targeted stakeholder impacts.

Firms that facilitate access to expertise throughout the entire company and beyond will position themselves for success.

b) Process: Unbundle Traditional Teaming Structures

A major challenge confronting leaders seeking to enable Decision-Driven Collaboration is the persistence of organizational behaviors rooted in insularity and isolation. A 2008 study by the Harvard Business School examined communication patterns within a large firm, analyzing more than 100 million email messages and 60 million electronic calendar entries to explore how people connect. The study found that employees are 1,000 times more likely to communicate with colleagues who share the same business unit, job function, and geographic location than with those with whom they do not share such organizational or physical proximity.[15] While this finding is perhaps to be expected, it also highlights the opportunity for firms looking to connect more people, from wherever they may be in the organization.

Firms that facilitate access to expertise throughout the entire company and beyond will position themselves for success. To that end, traditional teaming structures must be unbundled to provide connections and greater adaptability.[16] In such an arrangement, clusters of experts can form temporary team connections to address fast-moving developments. More durable, issue-specific virtual communities can form around people who wish to share their knowledge and passion.

In such an arrangement, the organization can and should remain in command-and-control mode, never losing sight of the strategic context and directives from leadership. But talented people should not feel straitjacketed by conventional limits of place, time, or job role. The right balance between unbundling and active direction from management will ensure clear demarcations on how and where swarming should occur, so that it does not devolve into "overcollaboration" that will consume valuable time and resources.

c) Technology: Provide a Platform for Interaction

The role of technology here is to drive inclusiveness and provide for new opportunities to team and problem-solve – with experts in the next cubicle, in other offices, or outside the walls of the firm. The Collaborate to Engage phase requires enabling employees to exchange ideas in information-rich, context-aware interactions, and to access embedded institutional knowledge in a timely manner. Firms must put in place a technology platform for these interactions to reach critical mass. This can include video conferencing and virtual meetings; enterprise social networking; online portals and user communities; expert locators; knowledge management; "presence-aware" applications; and unified communications (including email, instant messaging, fax, etc.). All of these tools should be further enabled with mobile access and a personalized end-user experience. Cisco IBSG's research has uncovered enormous potential in the proper utilization of existing collaborative tools, finding a significant gap between availability and effective usage.

During the Collaborate to Evaluate phase, decision makers must embrace critics as a valuable source of perspective and as a welcome challenge to entrenched beliefs.

Collaborate to Evaluate

d) People: Nurture a 'Culture of Analysis'

The Collaborate to Evaluate phase is underpinned by what might be called a "culture of analysis" throughout the company – democratizing analysis so that everyone benefits from good information when considering alternatives. Ultimately, analysis must move beyond the domain of executives and "number crunchers." It should be brought to bear closer to the point of business need, enabling all employees to analyze information in an intuitive, role-appropriate manner. The result will be better decisions, at all levels.

e) Process: Require True Alternatives

False assumptions are a recurrent sticking point in any examination of destructive decisions. During the Collaborate to Evaluate phase, decision makers must embrace critics as a valuable source of perspective and as a welcome challenge to entrenched beliefs. Too many business leaders fear that criticism, however well intentioned and constructive, undermines their authority or makes them look less competent. Thus, they often surround themselves with like-minded colleagues. Critics, however, can help create a crucible where solid evidence is weighed and good decisions are made. By embracing critics and fostering an atmosphere where opposing evidence and frank evaluations are part of the normal conduct of business, executives and individual contributors alike will ultimately make better decisions.

How can leaders ensure they are not operating on the basis of false assumptions? To start, they must institute a decision-making process that requires what Cisco IBSG terms "true alternatives." This calls for at least two scenarios that have been carefully considered, are attainable, and have had their business cases quantified. This should be a standing expectation and process gate when arriving at any major decision. Too often, decisions take on momentum for political or personal reasons. While there is a place for spontaneity, bold action, and reliance on past experience, Decision-Driven Collaboration focuses on the need for fact-based, empirical data as a recurring input in evaluating options. There may be some truth in the old adage that there are "lies, damned lies, and statistics" – and leaders should not be blindly beholden to data. But a default requirement that true alternatives be weighed, at least for "critical" decisions, is an important first step toward upending cherished fictions that may lead to less-than-optimal results. Decision makers cannot question core beliefs and assumptions solely on intuition; the compilation and sharing of data must be a holistic, organization-wide undertaking.

f) Technology: Create a Listening Infrastructure

With more people being empowered with unprecedented volumes of information, the ultimate arbiters of the decision-making process must be able to listen. Companies must focus on developing a set of tools for the systematic capture of relevant internal and external data – a "listening infrastructure" for the business. The firm's listening infrastructure will collect information proactively from customers, employees, the partner ecosystem, social media, third-party research, and company

Decision-Driven Collaboration is about a pervasive understanding of how the organization creates value.

data stores so that a fact-based conversation can thrive. These data must then be channeled to appropriate individuals in a consumable fashion (e.g., decision dashboards) that explicitly supports workflows, rather than creating "noise."

But what about so-called "big data," the vast deluge of online, social, mobile, video, and machine-to-machine information in which companies are now awash? Big data has garnered a great deal of recent attention, and it clearly provides both a stark challenge and a tantalizing opportunity for many firms. However, Cisco IBSG's research revealed that there is still much work to be done on "small data" – the information and wisdom already within the business. Clearly, companies are struggling with the data they already possess and are still far from exhausting the value they could derive from it. Cisco IBSG's study stresses that the vexing question for leaders is not so much "What do we do about big data?" Instead, it is "How do we enable 'big judgment'?"

Once again, Cisco IBSG's research identifies major shortcomings in the optimal use of "listening" tools and available data (both big and small); individual contributors, in particular, would benefit from expanded access to these capabilities. A listening infrastructure can glean meaningful data and insights from many information streams, whether unstructured data, dynamic multimedia and video, or the blogosphere. It then applies a holistic framework of people, process, and technology to the mission of making better decisions, rather than solving data-driven challenges as if they were a discrete IT problem.

Collaborate to Execute

g) People: Promote Invested Execution

Decision-Driven Collaboration is about a pervasive understanding of how the organization creates value. This involves empowering everyone to support the decision-making process, and determining what it will take for the company to grow and sustain its competitive advantage. As noted, employees who feel they are part of a decision demonstrate higher levels of job satisfaction. So, integrating employees who are experts in a given matter and/or who will play a role in implementing a decision is wise on two counts: the company benefits from knowledge (in some cases, "true alternatives") that might not otherwise have surfaced; and it secures greater buy-in from those who execute the next steps. As a result, there is less likelihood for an individual or sub-team to dispute or nullify the decision offline, which is precisely where execution often breaks down.

Cisco IBSG calls this "invested execution" because those involved have an enriched understanding of how and why a decision was taken and feel a measure of ownership of that decision. As a result, invested execution makes decisions "stickier." Again, creating a dynamic of invested execution does not naively imply getting everyone to agree; the decision-making hierarchy remains unchanged and those in authority still make the final call. Rather, it is about providing transparency as to how and why a decision was made and what the expectations and requirements are for effective execution.

More than anything, objective information can enable a final, fact-based verdict, thereby breaking the hold of analysis paralysis, the foremost decision-making challenge companies face.

Invested execution does not imply bigger teams or even getting more people "involved" — in fact, nebulous goals such as these often contribute to ineffective collaboration.[17] Instead, it is focused on enabling a clear understanding of expected impacts and the sharing of insights among those charged with a decision's execution, irrespective of team size. There are many examples of companies that have had discontinuous "leaps" in innovation thanks to the efforts of a very small number of passionate, brilliant, or exceptionally focused people. This may even be the norm, and it is not in any way challenged by a Decision-Driven Collaboration paradigm. On the contrary, these types of innovation patterns can flourish under Decision-Driven Collaboration by providing the vehicles and tools to bring talented people together.

h) Process: Measure How You Manage

World-class execution of a decision demands a high degree of clarity: What was the decision? Why was it taken? What does success look like? Who will be affected? Who is responsible for specific steps? However, a key element of Decision-Driven Collaboration is driving increased accountability, for both the decision makers and those who execute the decisions. Cisco IBSG's research found that the success of many decisions cannot be judged for the simple reason that the results are not measurable. This underscores the importance of a "culture of analysis," but it must also be part and parcel of how the company executes on decisions.

In the Collaborate to Execute phase, therefore, a premium must be placed on measuring how effectively execution occurs, as well as on the ultimate results of the decision: Was it successful? Did it exceed, meet, or fall short of expectations? Have the learnings been documented and shared?

As we have seen, quantification is a key enabler of the "true alternatives" explored in the Collaborate to Evaluate phase. But quantification is crucial in the Collaborate to Execute phase as well. Leaders must embed measurement in the process of execution by furnishing those involved in executing a decision with the analytical tools, skills, and data to monitor execution and make course corrections. In fact, measurement must be ingrained throughout the decision-to-execution lifecycle. More than anything, objective information can enable a final, fact-based verdict, thereby breaking the hold of analysis paralysis, the foremost decision-making challenge companies face.

These same measurement capabilities must be applied post-hoc, to assess the wisdom of the decision and the quality of execution. This promotes clarity and accountability, but also provides a basis for organizational learning, so that those in similar situations in the future do not reinvent the wheel or fail to benefit from previous experience. Cisco IBSG's research showed that many individual contributors do not feel free to suggest improvements to decision making, which further divorces them from the process.

Business leaders must move away from being merely buffeted by chaotic network effects in their environment. Instead, they need to generate them and direct them to specific purpose.

i) Technology: Harness Employee-Led Innovation

The consumerization of corporate IT – what has come to be called "bring your own device" (BYOD) – has enabled employees to introduce consumer devices (and applications) into the enterprise environment. This is a *cri de coeur* from the workforce for control over how they execute their work. When employees are not supplied with the tools to do their jobs productively, they simply circumvent existing organizational strictures on how work is done and find new and better ways to accomplish tasks, on their terms.

By trusting employees to innovate – whether by adopting a new cloud-based workflow tool they have themselves found on the web; creating an on-the-fly dashboard that "mashes up" multiple data sources; or presenting information to a customer via his or her personal tablet device – the company amplifies the level of investment employees feel as they execute their activities. Device proliferation, application development "for the masses" (that is, the ability for non-technical business users to piece together software functionality in a matter of hours or minutes, without the involvement of programmers or a company's IT resources), and the advent of mobile apps that provide enterprise-class software capabilities (but cost many orders of magnitude less than traditional corporate deployments) combine to create enormous productivity and innovation potential.

Employee-led innovation can and should be linked to how the company engages, evaluates, and executes, so that decision making itself profits from a "wisdom-of-crowds" dynamic. Earlier Cisco IBSG research showed that employees overwhelmingly want this empowerment and see the promise of video, mobility, and collaborative applications as tools in unshackling them from the "old way of doing things."[18] BYOD is a trend that leaders are indeed welcoming, as firms are now seeing the productivity gains from employees using their preferred technology to perform their work. But there is also a wider lesson on the need to marshal this creativity, innovation, and engagement, and channel it to strategic priorities. Employee-led innovation offers many benefits, not least of which is "invested execution" among workers, but it must also be carefully governed to ensure consistent quality, security of company assets, and compliance with policies and regulations.

Organizations must focus on enhancing the quality of every decision taken.

Conclusion: Millions of Better Decisions

Curtis Carlson, president and CEO of SRI International, an independent research and development firm, has observed that top-down innovation (that is, from executives to their employees) tends to be "orderly but dumb," whereas bottom-up innovation tends to be "smart but chaotic."[19] This creates a dilemma for leaders: how do they create a dynamic in their organizations that is both orderly *and* smart?

It is important to note that Decision-Driven Collaboration does not entail any changes to firms' organizational structures per se, and as stressed earlier, does not imply a diffusion of authority – in fact, clear hierarchies remain as pivotal to strong execution as ever. But business leaders must move away from being merely buffeted by chaotic network effects in their environment. Instead, they need to generate them and direct them to specific purpose. And they must create and empower connections among employees, partners, customers, and the wider world, in a way that retains the benefits of bottom-up innovation while finding a way to guide and optimize this "chaos," to use Carlson's term, so that it is constructive and aligned to the aims of the business. Firms that create organizational dynamics that are simultaneously disciplined and distributed, orderly and smart, will overlay a collaborative fabric of people, process, and technology atop the existing corporate hierarchy. This will enable improved decisions by every participant in that company's network of contributors. This collaboration must be steered at all layers of management.

Leaders must recognize that every single employee, in every company, is a decision maker. And while all decisions are not created equal – and some have the potential to alter fundamentally the direction of the business (for good or ill) – "big decisions" are not the only ones that matter. In total, the decisions taken by individual contributors figure enormously in the success or failure of the enterprise. They can have a major impact on its operational efficiency or its ability to sense a market transition.

Organizations must focus on enhancing the quality of every decision taken. The way to do this is by adopting a scalable management model that endows employees with the requisite tools, data, processes, and interactions they need to engage, evaluate, and execute in every aspect of their work.

For the enterprise, Decision-Driven Collaboration promises a deep and far-reaching payoff: millions of better decisions, both large and small, that are fact-based, highly informed, and ever more efficient and effective.

Endnotes

1. *Stall Points,* Matthew S. Olson and Derek van Bever, Yale University Press, 2008. Olson and van Bever's analysis of 639 large firms over a 54-year period sought to explain why firms experience "stall points," which are inflection points in company revenues, where growth falls sharply, and a decline sets in. Ninety percent of firms in their sample experienced a revenue stall, with the average annual company growth rate for the five years preceding the stall being 10.7 percent, compared to an annual growth rate of just 1.7 percent for the five years post-stall. The study showed that in just 13 percent of cases, such stalls could be attributed to external forces beyond the company's control. In 87 percent of cases, the stalls were the result of factors within the company's control – either strategic decisions (70 percent) or other organizational factors (17 percent).
2. Throughout the course of the Cisco IBSG *Horizons* Collaboration research, we asked respondents about how their companies make two kinds of decisions: critical and daily. Critical decisions are big decisions a company makes that affect things such as corporate strategy, acquisitions, product launches, and entering new markets. At the business-unit level, critical decisions include things such as whether to fund research for a new product, or whether to invest in a new technology. "Daily decisions" are routine, such as prioritizing projects, executing corporate priorities at the department level, and hiring staff. Unless otherwise noted, we refer in this paper to decisions of both kinds.
3. Federal Deposit Insurance Corporation, 2012.
4. Cisco IBSG analysis of company data, collected from Thomson Reuters. Based on a comparison of the 500 largest companies in the world, as measured by sales, from 2001 to 2011. Includes those firms displaced or acquired by rivals.
5. *How the Mighty Fall: And Why Some Companies Never Give In,* Jim Collins, Collins Business Essentials, A Collins Business Book, An Imprint of HarperCollins*Publishers,* 2009.
6. "Chapter 11 for Borders, New Chapter for Books," *The Wall Street Journal,* Feb. 12, 2011.
7. "The Last Kodak Moment?" *The Economist,* Jan. 14, 2012.
8. "With Film Passé, Fujifilm Highlights Its Other Units," *The New York Times,* March 21, 2012.
9. *Collaboration: How Leaders Avoid the Traps, Create Unity, and Reap Big Results,* Morten T. Hansen, Harvard Business School Press, 2009.
10. "Getting Collaboration Right," Morten T. Hansen and Herminia Ibarra, Harvard Business Review Blog, May 2011, http://blogs.hbr.org/cs/2011/05/getting_collaboration_right.html
11. Some individuals may participate in only one of the next phases, Collaborate to Evaluate or Collaborate to Execute. The main point, however, is that Collaborate to Engage enables executives to move forward with the right team in place, and the range of perspectives that must be considered when framing, making, and executing the decision.

12. Respondents could select up to three of 11 possible choices.
13. Figures for consulting subject-matter experts from outside the company were similar.
14. For a recent academic treatment of the role participation in decision making plays in job satisfaction, see "The Relationship Between Participation in Decision Making and Job Satisfaction," *Journal of Human Resources Management Research,* Vol. 2011 (2011). "The findings indicate that the level of job satisfaction for workers . . . increases proportionately with an increase in their level of participation in decision making."
15. "Communication (and Coordination?) in a Modern, Complex Organization," Adam M. Kleinbaum, Toby E. Stuart, and Michael L. Tushman, Harvard Business School Entrepreneurial Management Working Paper, No. 09-004, July 2008.
16. "The Comparative Advantage of X-Teams," Deborah Ancona, Henrik Bresman, and Katrin Kaeufer, MIT Sloan Management Review, Vol. 43, No. 3, Spring 2002.
17. Research has shown that individual effort can decline as team size increases. See, for example, Mark De Rond, "Why Less Is More in Teams," HBR Blog Network, August 2012, http://blogs.hbr.org/cs/2012/08/why_less_is_more_in_teams.html. In this light, Decision-Driven Collaboration focuses on enabling teamwork when and where needed, rather than representing an abstract notion of sharing work (a traditional conception of "co-laboring").
18. See "BYOD and Virtualization: Insights from the Cisco IBSG Horizons Study," May 2012, http://www.slideshare.net/CiscoIBSG/byod-and-virtualization-insights-from-the-cisco-ibsg-horizons-study
19. http://medinnovationblog.blogspot.com/2011/09/carlson-law.html

About Cisco IBSG Horizons

Horizons is a multimodal research and analysis program designed to identify business transformation opportunities fueled by technology innovation. Horizons' multimodal approach focuses on three core areas: (1) primary research such as customer surveys, focus groups, and subject-matter-expert interviews; (2) in-depth secondary research from market leaders and influencers; and (3) the application of predictive analytics to garner insights about technology innovations and quantify their impacts.

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