Deloitte.

Decision intelligence:

The human discipline of high-quality choices



Insights2Action[™]



Table of contents



Introducing decision intelligence



The research



Finding 4: Decisions are strengthened through inclusion and debate, when guardrails exist

<u> </u>	5 8 0
	ī.
626	a v∿

Finding 5: Decisions should be approached with curiosity, not ego



Finding 1: Decision-making is a discipline



Finding 2: Technology can accelerate decision-making, but it can't replace human ambition



Finding 6: Effective decision-makers can adjust their focus



Decision maturity and the path to improvement



Finding 3: Leaders need the space to build 'mental muscles' for decision-making



First steps in the decision intelligence journey: An individual call to action

ecisions define our lives. As people and professionals, we make hundreds and thousands of decisions each day. Some are routine and straightforward—and likely don't require much thought. You probably picked your breakfast this morning based on a few simple parameters: time, availability, your appetite. Perhaps you skipped breakfast altogether. Other decisions can be momentous, life-defining events, like a wedding proposal or taking on a new job. Whatever the situation, the process is similar: we weigh certain factors, we make a decision, and we move forward, each choice setting us on a new course toward the next decision.

As leaders, we face a similar stream of decisions about work, the workforce, and the workplace. And these decisions are becoming more complex—continuous change makes for unstable ground, and the flood of noisy and conflicting information can be overwhelming. It can be hard to clearly identify deciders, stakeholders, and bystanders.

And yet the pressure to deliver results keeps growing, matched only by the ever-expanding number of paths to take. How do leaders move forward? How can organizations support smarter, faster decisions at scale?



ၜႍၟႜ႞ၜ ၣႍၟ႞ၟၣၜ ၜႃၜၜ

Introducing decision intelligence

iven the abundance of data and new technologies at hand, the reality is that organizations stand on the verge of a new era in decision-making. But realizing that potential calls for a different approach.

Some people—and some organizations—are simply better at making decisions than others. Our research sought to uncover why. The answer: they have honed their decision-making through practice, rigor, and the thoughtful application of data and tools. In short, they have developed *decision intelligence*.

At first blush, decision intelligence may conjure images of AI providing almost-magical answers to complex questions. However, decision intelligence is not just another technology-enabled process. It *involves* technology, but it is more than just having powerful tools and data. Decision intelligence focuses on how *humans* approach and make decisions, applying technologies and data to better sense what matters, analyze potential choices, and then act with confidence.

It is time to bring requisite attention and discipline to decisions. It is time for decision intelligence.

Technology—at least for now will only follow human directives. Humans define the '*why*' behind decisions.



Decision intelligence is a new discipline concerned with all aspects of selecting between options. It brings together the best of applied data science, social science, and managerial science into a unified field that helps people use data to improve their lives, their businesses, and the world around them."

-Cassie Kozyrkov, Chief Decision Scientist, Google



e engaged business leaders from hundreds of organizations around the globe to understand the following themes:¹



¹ From 2022 to 2023, Deloitte surveyed 574 leaders across the globe and conducted 17 validating interviews, resulting in six key findings.

What we found—and will address in this section—is the following:

Decision-making is a discipline—mastery comes from attention and focus.

High-performing organizations provide leaders the support they need to become better decision-makers.

Decision-makers are curious by design and approach decisions as hypotheses to be tested.

Technology can lead to higher-quality decisions—but it can't replace the role of people.

The best decisions are a product of well-framed questions and inclusive, healthy debate.

The best decision-makers understand the interconnected web of decisions and shift attention where needed.







FINDING 1 Decision-making is a discipline

hink about a skill—something at which you consider yourself an expert. Maybe you're an excellent baker or a classical violinist; perhaps you're an accomplished skier or can speak multiple languages. Reaching greatness in this skill was likely not an accident, but instead the product of focus, time, and intention.

High-quality decision-making—decision intelligence—is the same. It is a discipline that requires study and practice. Leading organizations in our research recognize and approach it this way. They understand not just that decisions matter—of course they matter—but that the *way we make* decisions has a direct impact on the resulting outcomes. These organizations seek to be experts at decision-making. An organization's decision intelligence is only as good as that of its people, across all levels.

They also embody the belief that an organization's decision intelligence is only as good as that of its people, across all levels. These organizations provide their people with learning opportunities, guidance, tools, data, and above all, an honest and safe environment in which to become better decision-makers.

Decision intelligence: The human discipline of high-quality choices

High-performing organizations are . . .



more likely to openly discuss strategies for how decisions will be made



more likely to teach decision-making skills and capabilities



more likely to provide tools to support higher-quality decision-making

... than are low-performing organizations.

Source: Deloitte LLP, 2023.



We are not victims of our situation. We are the architects of it."

-Simon Sinek, Leaders Eat Last

FINDING 2



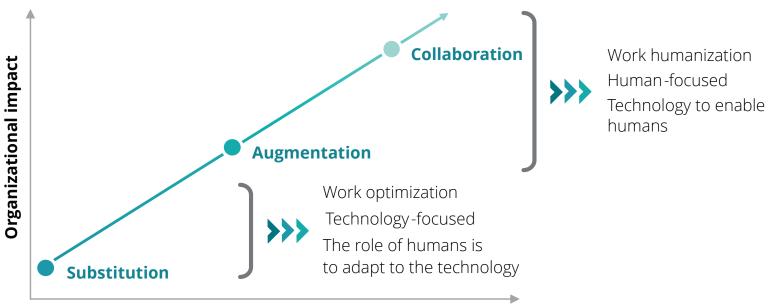
Technology can accelerate decision-making, but can't replace human ambition

n today's fast-paced and noisy world, technology is often seen as the cure for the complexities of everyday life. And it can certainly help. But technology, for all its strengths, cannot emulate what people bring to the table: values like empathy, courage, and compassion that define the purpose and goals behind decisions.

Technology and data can improve decision quality by sifting through swaths of information on our behalf, quantifying risks, and mitigating uncertainty—clarifying the context and freeing up mental capacity for humans to make the choices necessary to achieve goals. Consider self-driving cars: while they can free passengers Technology, for all its strengths, cannot emulate what people bring to the table: values like empathy, courage, and compassion.

from the burden of navigation and provide a safer, more efficient route, they cannot define their passengers' destination. The same principle applies to decision-making: humans and technology should collaborate by bringing the best of both to the decision-making journey (see Figure 1).

Figure 1: Impact of human-technology integration



Human-technology integration

Source: Deloitte LLP, 2023.



High-performing organizations are . . .

14x

more likely to use advanced technology to analyze information on the organization's workforce, customers, and external markets



more likely to use advanced technology to analyze risk associated with various decision options

... than are low-performing organizations.

Source: Deloitte LLP, 2023.



There are no morals about technology at all. Technology expands our ways of thinking about things, expands our ways of doing things. If we're bad people we use technology for bad purposes and if we're good people we use it for good purposes."

> —Herbert A. Simon, Nobel Prize winner for work in human decision-making

FINDING 3



Leaders need the space to build 'mental muscles' for decision-making

People need more than just the right tools to develop any skill. They need the right environment—physically, mentally, and emotionally. The most significant element of that environment is psychological safety—highperforming organizations empower individuals to lend their voice regardless of position or politics. High-quality decisions aren't made on the golf course, they're made in a dedicated place, one where individuals' decision-making capabilities take precedence over bureaucracy and power dynamics.

In an era in which workers increasingly expect their employers to help them grow², effective organizations are doing just that for their workers' decision-making capabilities. They provide people the environment—including the time High-quality decisions aren't made on the golf course, they're made in a dedicated place, one where individuals' decision-making capabilities take precedence over bureaucracy and power dynamics.

and resources—to develop the "mental muscles" necessary to make better decisions (see Figure 2).

² *New fundamentals for a boundaryless world*, Deloitte Insights / Christina Brodzik et al., 2023.

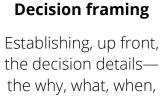
Figure 2: Mental muscles for decision-making





Decision integrity

Being honest with yourself and others when making decisions



the why, what, when, where, how, and who



Decision rigor

Bringing clarity, structure, and precision to the decision-making process



Decision basis

Objectively relying on data and evidence to inform decisions

Source: Deloitte LLP, 2023.



Acquisition of skills requires a regular environment, an adequate opportunity to practice, and rapid and unequivocal feedback about the correctness of thoughts and actions."

-Daniel Kahneman, Thinking, Fast and Slow

Decision intelligence: The human discipline of high-quality choices

High-performing organizations are . . .



more likely to encourage open discussion about biases and assumptions related to decisions



more likely to clarify the decision details ahead of making decisions



more likely to evaluate decision quality based on the quantity of data and information used

... than are low-performing organizations.

Source: Deloitte LLP, 2023.

Finding out that you are wrong is even more valuable than being right, because you are learning."

-Amy Edmondson, *The Fearless Organization*

FINDING 4



Decisions are strengthened through inclusion & debate—when guardrails exist

aturally, an environment in which workers are empowered to speak up is one that will stimulate a fair amount of debate. This isn't something to be dreaded or avoided, but rather embraced. High-performing organizations recognize that any decisions—even seemingly unimportant ones—deserve to be pressuretested. Diverse perspectives and thinking challenge assumptions and biases, and help provide a more holistic view of the decision context beyond what technology and data could surface alone.

A notable caveat here is that at some point, decisions have to be made. Endless debate stalls the decision-making process and can sap people's enthusiasm for it altogether. Effective organizations establish guardrails to maintain High-performing organizations recognize that any decisions—even seemingly unimportant ones deserve to be pressure-tested.

agility and momentum. Doing so involves framing the decision by establishing, up front, aspects such as the *why* behind the decision, the goals, the context and constraints, the strategy, and decision-makers' roles and responsibilities (i.e., "decision rights"). When these elements are established, the people involved are aligned to a common goal and transparent process. Decision intelligence: The human discipline of high-quality choices

High-performing organizations are . . .



more likely to ensure many voices are heard in the decision-making process



more likely to debate decisions thoroughly



more likely to frame decisions

... than are low-performing organizations.

Source: Deloitte LLP, 2023.



We're going to need to intentionally be with people who are different than us . . . We're going to have to learn how to listen, have hard conversations, look for joy, share pain, and be more curious than defensive, all while seeking moments of togetherness."

-Brene Brown, Braving the Wilderness

FINDING 5



Decisions should be approached with curiosity, not ego

ffective decision-making involves accepting that we don't have all the answers. And effective organizations empower their people to approach decisions this way—with an openness to new ideas and the motivation to learn. We call this a *researcher's mindset*: the perspective that views each decision as a hypothesis to be tested, a journey to be undertaken. This mindset values the questions themselves more than the answers; it focuses on the process and discipline of decisionmaking separate from the resulting outcomes.

Organizations with higher decision-making capabilities encourage decision-makers to approach decisions without ego by allowing them to take calculated risks and "fail forward" without penalty. Not only that, but they also actively Researcher's mindset: the perspective that views each decision as a hypothesis to be tested, a journey to be undertaken.

reward decisions driven by curiosity, purpose, and process. They value and emphasize these behaviors as cultural norms. Openness to new ideas unlocks the potential for new outcomes, but individuals are more likely to step outside their comfort zone when the organization is the one giving them the push. High-performing organizations are . . .

7x

more likely to evaluate decision quality based on lessons learned



more likely to value experimentation and iteration

... than are low-performing organizations.

Source: Deloitte LLP, 2023.

When we're in scientist mode, we refuse to let our ideas become ideologies. We don't start with answers or solutions; we lead with questions and puzzles. We don't preach from intuition; we teach from evidence. We don't just have healthy skepticism about other people's arguments; we dare to disagree with our own arguments."

–Adam M. Grant, Think Again

FINDING 6



Effective decision-makers can adjust their focus

Itimately, there's an even broader perspective to be adopted in the process of decision-making, one that goes beyond openness to new ideas. The most effective decision-makers are able to not only focus on the choice at hand, but also recognize how it fits into the context of other decisions that have come before, the ones that will likely follow, and the overarching goals of those interrelated decisions.

Beyond just "zooming out," effective decisionmakers can also focus on more everyday choices that contribute to this decision network. And, though this report has mostly discussed decisions as the notable, pivotal choices we make, the reality is that decision intelligence concerns itself with the everyday choices we make in service to our overarching goals. Effective decision-makers are able to not only focus on the choice at hand, but also recognize how it fits into the context of other decisions.

It might seem on its face that concentrating on smaller, "less important" decisions would hinder decision-making speed, but our research found the opposite. Approaching decisions iteratively enhances agility, allowing leaders to pivot quickly when new information presents itself. At an organizational level, it facilitates smaller, more frequent investments and encourages risk-taking while minimizing potential negative consequences. High-performing organizations are . . .

10x

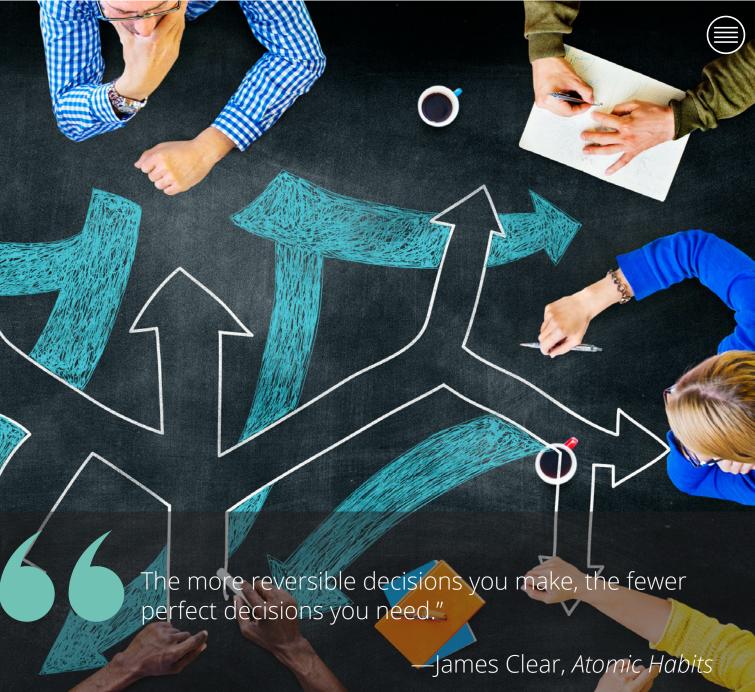
more likely to consider decisions as "moments in time" by approaching each decision in its unique context



more likely to encourage decision-makers to pivot quickly given decision outcomes or new information

... than are low-performing organizations.

Source: Deloitte LLP, 2023.





Decision maturity and the path to improvement

s an everyday activity, refining decisionmaking capabilities—and decision intelligence—comes from a continuous focus on understanding, learning, and improving. Like any capability, decision-making isn't a switch to be flipped or a task to be completed. It's about challenging oneself to master the fundamentals, refine the nuances, and continue on the path toward excellence. Consider the focus and discipline Olympic athletes—the best of the best—put into refining their abilities. Decision intelligence is about the journey to improvement.

As individuals and teams seek to develop their decision-making capabilities, the way decisions are made across the organization and the way

Decision-making is about challenging oneself to master the fundamentals, refine the nuances, and continue on the path towards excellence.

organizations support decision intelligence starts to transform. Different stages of this transformation can be thought of as *decision intelligence maturity* (see Figure 3). Figure 3: Developing decision intelligence maturity

Underdeveloped

Early in the decision maturity process, decisions tend to be made reactively, based largely on first-order concerns like political considerations rather than broader context and evidence. Few, if any, tools exist to aid decisionmaking. When decisions are made, they're over and done with, with little thought given to the process and context that drove the decision in the first place.

Developing

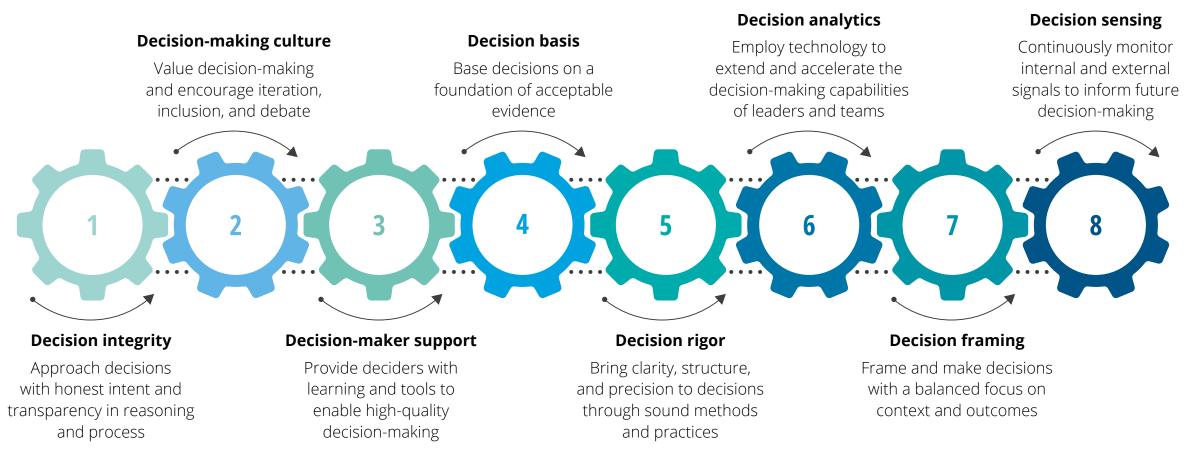
Organizations with developing maturity recognize the importance of decision-making as a necessary capability. Standardized processes and tools have made their way into leaders' hands, although the skills necessary to be effective are still underdeveloped in some leaders. Decision-makers understand that decision quality is better judged by process and context over results. Inclusion of voices and debate are encouraged, but cultural conditions haven't evolved to make it the norm.

Well-developed

High decision intelligence maturity is marked by transparent and iterative decision-making, facilitated by healthy and inclusive debate. Leaders, at all levels, have a collective understanding of effective decision-making and take accountability for anticipating future decisions that will need to be made. They are able to focus on the forest and the trees, giving each choice its due attention in the context of achieving broader goals. The organization supports their efforts to improve their decision-making capabilities through environment, learning opportunities, tools, and technology.

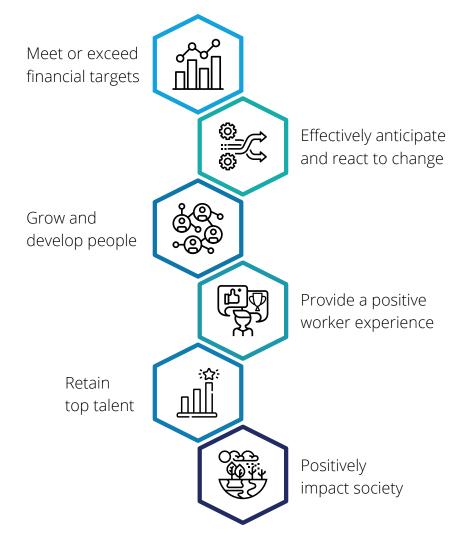
Maturity drivers and outcomes

Our research found 8 core drivers of decision intelligence maturity. These drivers are what separate leading organizations from their competitors in terms of their decision-making ability. Not only that, leading organizations—those with high decision intelligence maturity—demonstrated a range of tangible business, workforce, and societal results.



Decision intelligence: The human discipline of high-quality choices

Organizations with high decision intelligence maturity, compared to those with low maturity, were significantly more likely to:



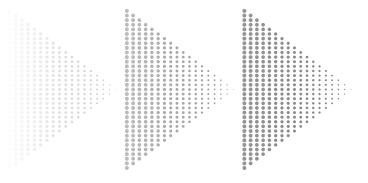




First steps in the decision intelligence journey: An individual call to action

eveloping decision intelligence is a transformation, a fundamental shift in the way workers approach choices and challenges. Organizations' decisions are their people's decisions. And when every day brings a score of new decisions to make at all levels across the organization, this type of shift requires nothing less than a cultural and strategic overhaul.

Transformational change can feel overwhelming, almost by definition. And decision intelligence is no different. But the starting point doesn't have to be. Improving decision-making capabilities should not be solely a top-down initiative. In fact, developing decision intelligence can start from a bottom-up focus on the everyday decisions made by you and your team. Decision intelligence may be an organizational capability, but it comes to life through the everyday behaviors and choices of *individuals*.



Start with yourself. Consider the decisions you make every day and the ways in which you make them. Approach decisions with openness and curiosity—focusing on the underlying questions to be answered separate from the goals to be achieved. Bring honesty and transparency to the decision-making process by framing, up front, the *why*, *what*, *where*, *when*, *how*, and *who* of decisions. Revel in the process and the rigor that you bring to answering questions through qualitative and quantitative data. Model the decision-making capabilities that you'd like to see reflected in your teams.

Support those around you. Consider not only your personal decision-making behaviors, but the ways you support others', as well. Candidly recognize decision-making as a critical capability and establish decision-making norms to be part of everyday discussions—for instance, clarifying the purpose, strategies, constraints, and responsibilities around a decision. Provide a safe environment for the team to discuss decisions and grow their capabilities, together, without fear of failure or criticism. Encourage others to sense what's happening around them to anticipate future decisions, analyze multiple sources of information to make their choices, and take iterative action to course-correct as needed.

Advocate for change. Organizational change starts with individual action, and as a leader, your actions speak loudly. You serve as not just a model, but an advocate for your people's needs. Provide your teams with the tools they need to be better decision-makers—basic instruments like process guides and decision trees can be impactful, but comprehensive and powerful platforms, dashboards, and systems can amplify decision quality by providing access to credible, reliable information. Moreover, help clarify the core decision drivers in your organization. Think about how the organization's values are reflected in the way you approach problems. Creating a culture of high-quality decision-making means ensuring clarity on the organizations' core values and strategies.



Sense, Analyze, Act: A framework for human capital decision intelligence

As you begin the path to higher-quality decision-making, let us leave you with a framework to inform your approach. The approach to *any* decision, of any size, can be structured around three steps³:



Sense

Identify what matters most—the problems and opportunities that have the potential to affect the organization on a timely and ongoing basis.



Analyze

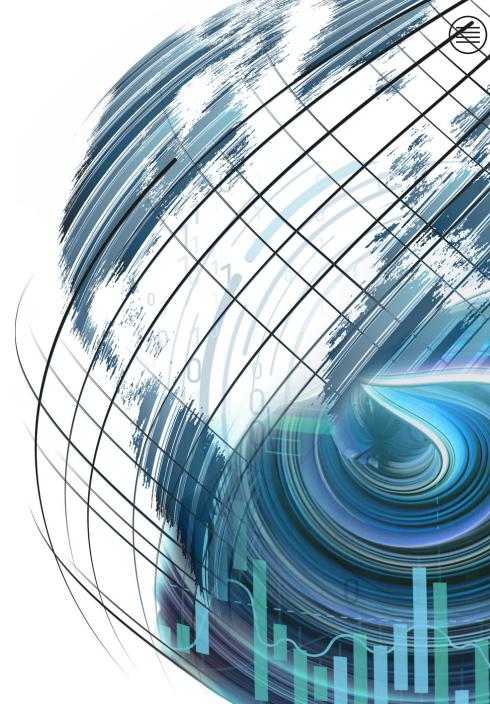
Act

Define the problems and opportunities in the context of work, workplace, and workforce, zeroing in on the pivotal issues and assessing choices in a way that accounts for uncertainty and risk.

Take the decisions most likely to achieve the best outcomes and implement them in an effective and timely manner.

You have a partner in the process. Use Insights2Action[™] as a resource to seek out and highlight the trends affecting your people, your industry, and your world. The decision to improve begins here.

³ A Field Guide for Human Capital Decision Intelligence, Deloitte LLP / Dan Roddy, David Mallon, and Marc Solow, 2022.



Authors



Michael Kemp, PhD

AVP & Human Capital Insights Lead Deloitte Consulting LLP mickemp@deloitte.com



David Mallon

Chief Analyst &

Insights2Action™ Offering Leader

Deloitte Consulting LLP

dmallon@deloitte.com

Denise Moulton

AVP & Human Capital Insights Lead Deloitte Consulting LLP dmoulton@deloitte.com

Contributors

Brandon Barker
Christian Craig
Manshreya Grover

Yuejia (Mandy) Teng Sampath Kumar Toka Chris Tomke



Deloitte.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

Copyright © 2023 Deloitte Development LLC. All rights reserved