

Chapter

4

Decision Making

Let's begin our look at decision making with the need for a decision.

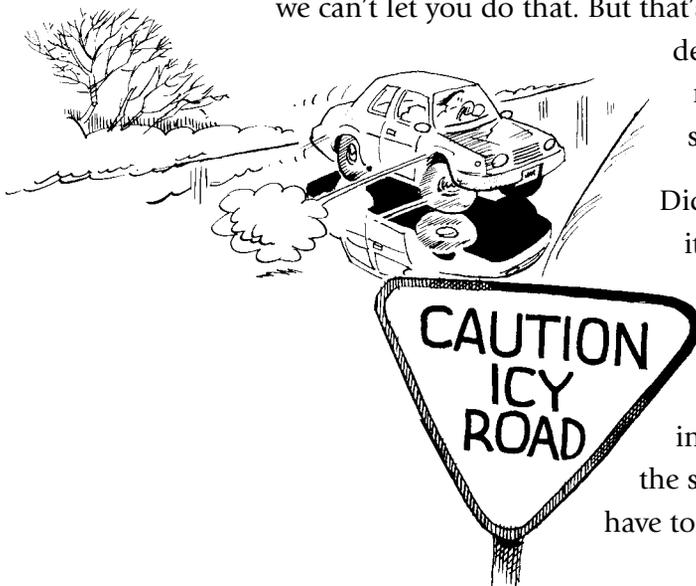
There is a stretch of highway where ice is forming and causing accidents. A sign was set up last year to warn motorists, but it does not seem to have worked. Accidents are still occurring. Your task is to consider the problem and make a decision offering a possible solution.

Now, in confronting this problem, you would probably want to gather more information, go and inspect the site, observe the cars and motorists, get some of the statistics, and so on. That would certainly make sense. Unfortunately, we can't let you do that. But that's not going to stop us from asking you to

define what you see as the problem. Before reading on, take a second to define what you see as the key problem in this situation.

Did you define the problem? What did you say it was? Is the problem the sign? Does it have to be moved? Does it have to be made bigger? Brighter?

Was the problem the motorists? Is better instruction in winter driving necessary? Does the speed limit have to be reduced? Does the area have to be policed for speeders?



Is the problem the ice on the road? Does it have to be covered? How about a covered bridge?

Does the ice have to be removed? Would salt do? Sand? How about pipes under the road?

Is the problem that drivers shouldn't be on that road in the first place in the winter? Should the road be closed? Should traffic be rerouted?

Obviously, how we define the problem will make a big difference in how we try to fix the problem. Furthermore, the expense of the solution can vary greatly depending on how we define the problem — just look at the options noted above. Therefore, when making any decision, it is very important to begin with a clear definition of the problem. Without defining the problem it is very difficult to make an effective decision.

SIX STEPS FOR EFFECTIVE DECISION MAKING

In building this model, we will draw together a number of the things we have covered along the way such as your values, goals, preferences, and so on — so be ready.

STEP #1: Clearly define the problem.

For the purposes of this book, and this particular chapter, let us assume that the problem/issue/challenge is to:

Identify the financial goals that are most important in your life.

STEP #2: Establish your criteria (what is important to you).

This brings us back to your values. They, more than anything, will determine the factors that will be important to your decisions — decisions such as determining your financial goals in life. Refer to previous activities that provided an opportunity for you to think about your values and your goals and the factors that influence them.

STEP #3: List your alternatives.

What are the options and possibilities? Refer back to Activity 3.2 and list all of your possibilities here. This step involves identifying your possible financial goals.

You now have a list of criteria (what's important to you — your values) and a list of possible financial goals. Your task now is to determine which of these goals are most important to you. They may all be important. But which are the *most* important. If you can't achieve them all, which do you most hope to achieve? As with every decision, this requires some evaluation.

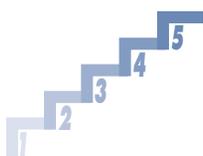


STEP #4: Evaluate the alternatives based on your criteria.

Which of the goals that you have listed are the most important based on your values and what you want out of life. To evaluate the options and to help determine the most important, list all of the possible goals down one side of a grid. Then list all of your most important values along the top. Then, review each of the possible goals based on each of the values. If the goal is very consistent with a particular value in your life, give it a +2. If it is quite consistent, give it a +1. If it really doesn't relate, give it a 0. If it is somewhat inconsistent with a particular value, give it a -1. If it is quite at odds with a particular value, give it a -2. See the following grid as an example.

VALUES POSSIBLE GOALS	Value A	Value B	Value C	Value D	Total Points
1. Goal A	+2				
2. Goal B	-2				
3. Goal C	+1				
4. Goal D	0				

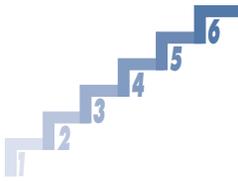
After you have completed this exercise, add up the total assigned to each alternative. The highest total won't necessarily indicate your top priority financial goal. It just isn't as simple as that. This is because there is no real way of accurately measuring the *intensity* of the feelings inside of you — how strongly you really feel about something. What this exercise does is force you to think about each option in relation to your key values. The numbers will give you some idea of what seems to be right for you and what isn't. But, when all is said and done, you'll have to look at each alternative and decide how strongly you feel about it. It may be that the alternative with the highest point total may drop to number two in terms of your financial priorities, and number three may move to the top. That is for you to decide, which brings us to Step #5.



STEP #5: Make a decision.

Once you have been through steps #1 to #4, it is time to make a decision. This is the step that people often want to delay or avoid altogether. It can be the hardest step of all because we often want "to know for sure." But, quite frequently, that certain sure answer won't be there.

Looking at your criteria (values), select from the possibilities your most important financial goal, and then rank the others that you selected as important. But our decision-making model isn't complete yet.

**STEP #6: Review the decision.**

When you can, evaluate your decision. If necessary, and if possible, change the decision based on what you have learned or experienced. Some decisions, of course, you can't change. If you decided that one of your goals was to visit Greenland, and you did, and you were disappointed and wish that you had done something else — well, chalk that one up to experience and factor it into future decisions. But it's all water under the bridge once the trip is taken. You used the available time, money, and other resources for that trip. They are not available for another choice.

However, nothing would have prevented you from altering your decision any time prior to the trip. You could have chosen a trip to Florence, or a new computer or ... That's the point of considering some key factors when making decisions. What are you trading off or giving up in making the decision? How much benefit are you likely to get from this decision compared with your second choice? How does this decision fit with your preferences, priorities, options, and overall goals and objectives?

LET'S SUMMARIZE THE STEPS IN THIS SIX-STEP DECISION-MAKING MODEL:

1. Clearly define the problem.
2. Establish your criteria — what's important to you.
3. Identify your alternatives.
4. Evaluate your alternatives based on your criteria.
5. Make a decision.
6. Review and evaluate your decision and alter it as possible/necessary/appropriate.



School — Then What?

Let's see how the model could be applied to a sample problem.

1. **Problem/Decision:** *What to do after high school?*
2. Identify what factors would be important in making such a decision (the possible criteria that could influence your decision).

Many criteria could be important in making this decision, including the desire to:

- ▶ meet new people
- ▶ further education
- ▶ gain experience
- ▶ determine what career options are available/attractive
- ▶ have fun
- ▶ begin to establish a career
- ▶ develop independence
- ▶ develop a skill/talent
- ▶ be able to earn a reasonable income
- ▶ improve self-confidence
- ▶ associate with friends

3. Identify possible alternatives that could be considered after high school. Consider such things as university, community college, work, travel, training program, internship, volunteering, starting a business, and so on.
4. Identify the five most important criteria for you across the top of a grid similar to that shown below. (Note that the criteria and alternatives are for illustration purposes only.) Next, identify the four most attractive alternatives in your opinion and note each in one of the boxes on the left hand side of the grid. Then, evaluate each alternative by assigning +2 to -2 based on how well it fits with each of your criteria.

Sample Grid

CRITERIA	Develop a skill/talent	Meet new people	Have fun	Explore career options	Gain exposure	TOTAL POINTS
POSSIBLE ALTERNATIVES						
1. Work						
2. College						
3. Internship						
4. University						

5. Make a decision. Look at the totals for each alternative. Does the one with the highest total fit with your expectations? Does the ranking of any option surprise you? What decision do you think would be best for you?