DEALING WITH BLIND SPOTS IN DECISION-MAKING

A study by the AFM shows that blind spots can occur in the decision-making process of management boards that hinder a balanced weighing of interests. This handout provides a number of techniques that can help reduce the impact of blind spots. These techniques are relevant for management boards and management teams where strategic decision-making takes place, but also for departments such as Compliance, IAD and Risk that supervise balanced decision-making in the organisation.

AVOIDING TUNNEL VISION

Management boards often operate from a shared frame of reference: a set of shared experiences, beliefs and behaviours that generally arise from the raison d'être of the organisation or the stage of growth that the organisation is in. This can lead to a form of tunnel vision causing some arguments to be given more weight than others or not being debated or only being debated to a limited extent. Tunnel vision is maintained because board members have often been working with each other for a longer period of time and come from the own organisation (or very similar organisations). Attention for diversity in background in the recruitment, selection and reappointment of board members is therefore important.

1. Premortem technique

Before the choice is made to start a project or initiative the hypothesis is put forward during the meeting that the project was executed and resulted in a disaster. Subsequently, each board member is asked to take two minutes to write down what he/she believes to have been the reasons that the project failed and these reasons are then discussed by the whole board.

The premortem technique, developed by Gary Klein, is a manner to stimulate thinking like 'the devil's advocate' within a group. Explicitly considering the risks and drawbacks and discussing these helps to temper enthusiasm and to avoid self-overestimation.

2. Making risks and dilemmas explicit

Make risks and dilemmas tangible and discussable by thoroughly elaborating these in the preparatory documents. The more explicit, the better. This means, for example, that a risk has to be evaluated by making an inventory of the consequences and by specifying mitigating measures. A dilemma must also be made concrete, without making use of general terms.

Elaborating risks and dilemmas concretely and clearly helps to discuss these thoroughly in the board meeting. If risks and dilemmas are not elaborated, the discussion will remain superficial or the board members will only discuss the most obvious topics.

STEERING ON GROUP DYNAMICS

Management boards often still regard balanced decision-making as a rational weighing of interests. The influence of group dynamics is hardly recognised as part of a balanced decision-making process. This could cause boards not to reflect on the influence of their actions and not to be able to take this into account in their guidance.

3. Check-in method

Take time for a short break before the meeting to enable the board members to give their full attention to the meeting.

The schedules of board members are often full with back-to-back appointments. The danger of this is that which took place in the previous meeting (subconsciously) can have an effect on how someone joins the meeting and behaves during the meeting. This influences the dynamics of the group. Providing an opportunity to completely focus on the meeting and to make one's frame of mind known to each other, helps to better understand each other's behaviour and to take this into account.

4. Check-out method

Conclude the board meeting with a moment of rest and provide the opportunity for a brief reflection on how the meeting went. Examine the process of the meeting and not the contents.

The check-out technique helps you to evaluate your decision-making process and can strengthen cooperation. The check-out also offers the opportunity to examine whether the customer's perspective has been discussed sufficiently during the meeting or perspectives that naturally fall outside the shared frame of reference of the board members (for example attention for operational feasibility of initiatives).

5. Decision challenger on role responsibility

Ensure that for each board member at least one other board member is appointed who has the task to be critical with regard to the role responsibility of the board member. This decision challenger should ensure that the other board members do not place too much confidence in the expertise of the colleague board member during the meeting and that specific questions are asked to, for example, verify assumptions. Decision challengers can rotate after a period of time in order to stimulate a fresh perspective.

Appointing decision challengers prevents too much confidence from being placed in the role responsibility of board members during the meeting as a result of which critical questions are not asked and topics are not really debated. By making this task explicit in advance, board members can expect feedback from each other and thus possible confidence issues that negatively influence the group dynamics can be avoided.

SAFEGUARDING THE CUSTOMERS' INTERESTS

Management boards still focus (subconsciously) on customer satisfaction instead of on the customers' interests. The difference between customer satisfaction and the customers' interests is not only a difference in wording, it is a crucial distinction. Put briefly, customer satisfaction focuses on the customer receiving what the customer wants, for example, fast service, good accessibility or fast complaint handling. Giving central priority to customers' interests focuses on what customers need, now and in the future.

6. Sanity check customer satisfaction or customers' interests

Set time aside, also early in the process, at which it is examined explicitly whether customer satisfaction or the customers' interests are being discussed. This is possible, for example, by 1) reflecting during the check-out (see above) on the degree and manner in which the customer's perspective had been discussed 2) appointing a decision challenger with the task to ask in-depth questions when customers are discussed or 3) including the customers' interests as a standard item in the format of the preparatory documents. It is, however, important for the last example that the given input is discussed in the meeting. If this does not take place, there is the risk that this item is ultimately not filled in seriously and simply becomes a perfunctory check list.

Specific questions can be asked to check whether customer satisfaction or the customers' interests are the frame of reference. These could be questions such as:

1. Which problems are we solving for the customer with this?
2. Are there sufficient safeguards that the right target group makes use of this?
3. Are we doing this because it provides added value primarily for the bank or for the customer?
4. Which risks for the customer (on the short term and the long term) are connected to this product/service?

Awareness about when customer satisfaction or the customers' interests are being discussed helps to conduct an effective discussion and to include the customer's perspective in a good manner.