The Key to Cultivating Agility in Decision Making

**Decision-making excellence requires self-awareness and the ability to choose how to think in different situations.**

Let’s say a store has been selling large snow shovels for $15. The morning after a major snowstorm, the store raises its price to $20. Is this acceptable?

A large majority of business people in my seminars answer that yes, it is acceptable to raise the price of shovels after a storm. They invoke the law of supply and demand; they quote the example of street selling of umbrellas when it rains; they explain that the competitive context would not let them survive otherwise; they blame the customers for not having anticipated the storm, and many other reasons that resemble excuses.

In reality, they don’t really think about whether it is acceptable or not for the store to raise its prices. They react, and then they think about how they can justify their “choice”.

Their reaction mostly comes from an implicit and unconscious identification with the business owner. From this perspective, they expect that raising the price of the shovels will help them make more profit. This is the way they think.

But a seminal study found that 82 percent of people (not business people but a representative sample) do not think it is acceptable to raise the price of the snow shovels after a storm. If the local customers are similarly minded, they are likely to be angry and lose trust in the shop if it does so. They will certainly refrain from buying anything else they do not absolutely need, and will consider that the shop is out to exploit them as much as it can.

Over the long term, then, it could be bad for business to raise the price of snow shovels after a storm.

It is thus crucial to realise how business leaders tend to be conditioned to think a certain way, e.g. the idea that they should exploit all available opportunities for profit maximisation. When this way of thinking directly clashes with the ethics of their customers, respect for nature or the will of their government, it can lead them to take wrong decisions and eventually destroy opportunities and lose profits.

**Thinking about how we think**

The way we think is a part of our experience of life, but also helps shape it. It is what makes us smart, or not so smart after all.

Each one of you has a very unique way of thinking. I do too. No two people’s minds operate in precisely the same way. Furthermore, each of us is capable of many different kinds of thinking, not only depending on what we think about, but also depending on what
we want to do, say, understand, or even who we want to be.

Being aware of our way of thinking, of its uniqueness and at the same time of its commonality with others’ ways of thinking, helps us exercise one of our most critical abilities as decision makers: namely, choosing the way we think.

At the global level, our historical moment demands that we make this choice carefully, because new technologies and political events are critically altering our world, including how we do business. Such sweeping transitions are dangerous and we often prefer not to think about them. Still, they can also be an opportunity to make things better. Above all, we need to adjust our ways of thinking to meet the fast-changing world around us. As Einstein put it, “A new type of thinking is essential if mankind is to survive and move toward higher levels.”

Of course, we know that we are free to think what we want. But choosing how we can think about something is difficult. Often, we believe that there is only one way to think about something, as in our example of business owners esteeming five additional dollars per shovel above their most valuable asset: customer relationships. However, there are always many ways to think about something.

Consciously choosing the way we think is the expression of a unique freedom that human beings possess and can nurture. It is a way to be free, at the most evolved and beautiful level.

In my teaching, I invite participants to learn different ways of thinking in order for them to nurture their freedom and their power. With freedom and power comes responsibility. I am inviting them to be responsible for what they do with this thinking agility. They can use it to think more, or less, to think in a more altruistic manner, or in a more self-interested direction. They can use it to better understand the world of business and be more agile in their way of thinking.

Decision making for leaders

This is a crucial skill for today’s leaders. Being able to understand different perspectives helps to anticipate the reaction of customers and to evaluate ethical risks in decision making. It is also critical to genuinely assess how various options align with the values of the organisation and of its people. Business people need to be trained not to make decisions blindly, especially decisions where core values are implicated. They need to learn to avoid the trap of justifications, to analyse and to think about all dimensions of a decision before acting, and especially before communicating.

For example, if you owned the store that sold shovels, the better business decision might be to lower prices after a snowstorm. How many more customers may come as a result? What would be the effect of securing their trust? How would this newly generated goodwill impact sales more broadly, beyond the snowstorm emergency? There is no definite answer to whether one should raise the price or not after a storm, but we should not simply react because there are compelling reasons to think seriously about both alternatives.

Leadership is an art as much as a science. It can be learnt by nurturing conversations where the mind is not necessarily driving the decision, but where the heart and the soul help remind it to stay open to other avenues of thinking.

Marc Le Menestrel is a Visiting Professor of Corporate Governance and Sustainability at INSEAD.

Follow INSEAD Knowledge on Twitter and Facebook.

Find article at https://knowledge.insead.edu/blog/insead-blog/the-key-to-cultivating-agility-in-decision-making-9821

Download the Knowledge app for free