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# High-Stakes Leadership: How CEOs Navigate Critical Decisions



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## **Strategies to help leaders make better, more confident decisions under pressure.**

Imagine you are a CEO immersed in deep thought alone in your office. You need to make a high-stakes decision by the end of the week. You are under intense time pressure and feel that there is no single good choice. If you make a mistake, the result could be detrimental, both for the company and its external stakeholders.

How would you approach such a difficult decision? Would you trust your gut, the data or both? What would be your guiding principles? Who would you involve in the decision-making process? Who do you trust enough to openly share your thoughts and emotions with? How can you gain more clarity about the right choice before it's too late?

Leaders often find themselves at a critical juncture – be it deciding on [major investments](#) or the future of the company, handling mergers and acquisitions, responding to critical client issues or navigating [organisational changes](#) and crises. These situations demand not only

strategic foresight but also the ability to manage stress and conflicting interests under pressure.

## **Common challenges of decision-making**

A recent study we conducted provides insights into how leaders navigate high-stakes decisions. We asked 111 CEOs to share their experiences using both online questionnaires and interviews. The findings shed light on the personal and organisational hurdles that executives face when making difficult choices and highlight effective strategies to cope with [decision-making challenges](#).

The study participants spanned a diverse professional spectrum, and two-thirds had held a CEO position at least twice. Geographically, they were mainly based in Europe and Asia, with others spread across North America, the Middle East, Africa, Australia and South America. The companies they helmed ranged from small enterprises with annual revenues under €1 million to large conglomerates bringing in over €1 billion. Such diversity provided a rich backdrop for understanding the complex challenges of high-stakes decision-making in different business environments.

The CEOs highlighted several personal challenges they faced when making crucial decisions. A significant number were concerned about striking the right balance between intuitive judgment and analytical thinking. Psychological pressure and the impact of personal biases also emerged as common issues, with many leaders fearing that their emotions could cloud their judgment.

Underlying organisational challenges were equally daunting. Over 65 percent cited balancing competing stakeholder interests as one of the most complex aspects of decision-making, while over 60 percent said that unpredictable market conditions and a lack of reliable data further complicated the process. Other factors included resistance to change within companies, a misalignment among the members of their decision-making team and difficulties with balancing risk and reward.

The CEOs had already experienced severe repercussions for wrong decisions in the past. Many mentioned not only financial losses, operational disruptions and a loss of competitive advantage but also a negative impact on employee morale and stakeholder relationships. Burnout or decision fatigue in the leadership team often ensued.

Interestingly, almost all CEOs explicitly emphasised their personal responsibility for making the final decision. While this sense of accountability is admirable, it's not hard to imagine that genuinely caring about a difficult decision may make the challenges associated with it particularly hard to handle. The good news is that the study provides several insights on how effective leaders deal with such challenges.

### **Key insights from seasoned leaders**

Our study revealed interesting differences between more seasoned CEOs and their less experienced peers. First, experience appeared to play a crucial role in mitigating the pressures of high-stakes decision-making. The more experienced CEOs reported a repertoire of robust coping strategies they would use when under pressure.

These included, first, what we call “living one’s life as a whole person”. For instance, experienced CEOs made sure to have downtime for clearing their minds, regular physical exercise and/or meditation. Many prioritised maintaining a healthy work-life balance, including spending sufficient time with their families or keeping up with their favourite hobbies. This helped them sustain their mental health and prevent burnout.

Experienced CEOs also had a **strong network** of trusted advisers they could consult on tough decisions. These leaders nurtured ties with peers, mentors, close friends or family members and executive coaches that provided not only strategic advice but also emotional support, which is crucial when facing high-stakes decisions. In contrast, less experienced leaders that had yet to develop effective coping strategies often felt an acute sense of loneliness and struggled more with the pressures.

In addition, experienced leaders often surrounded themselves with teams that offered diverse perspectives. They also recognised the value of fostering a culture of open feedback, dialogue, clear and transparent communication and collaborative problem-solving.

Finally, experienced CEOs accepted stress as a natural part of the role and made sure not to rush important decisions. Less experienced CEOs appeared to be more controlled by stress and pressure instead of allowing themselves to take a step back to ensure broader awareness and clarity.

### **The mindset of great leaders**

The leaders in our study who appeared to deal better with high-pressure situations also had a growth mindset. First, they seemed deeply aware of their blind spots, continuously working on personal growth. They also strove to constantly improve the decision-making capabilities of their leadership team. Doing so allowed them to be better prepared for unpredictable situations, including drawing on the psychological resources needed.

Second, effective leaders factored emotions into difficult decisions. They appeared adept in recognising their feelings and those of others, which helped them both manage their own biases and deal with others' emotional responses. This ensured their decisions were well-informed and balanced, as opposed to being reactive.

Third, effective leaders appeared to harness intuition in their areas of expertise. They tapped their gut feelings when making decisions but took care not to rely too much on intuition. When data were scarce, leaders listened to their inner voice and sought advice from team members, trusted advisers and industry experts, demonstrating a well-rounded approach to decision-making.

## **Enhancing your decision-making skills**

Here are six strategies that could enhance your ability to make tough decisions in high-stakes environments:

1. Hone your hard skills in decision-making. Learn about different decision-making frameworks, approaches to data analysis, scenario-planning, risk assessment and mitigation strategies, etc. This is an indispensable foundation when the stakes are high.
2. Develop effective coping strategies for stress and isolation. Your ability to remain calm and balanced when facing tough decisions is crucial for making optimal choices – both for yourself and for your leadership team.
3. Cultivate a network of trusted confidants for exchanging ideas during challenging times. A personal board of advisers can provide support, diverse perspectives and valuable insights to ensure your choice is not clouded by biases or strong emotions.

4. Enhance your self-awareness and emotional intelligence. If you know your own biases and can manage your emotions as well as those of others, your decisions are more likely to be wise and balanced.

5. Promote an inclusive culture. Fostering an environment that welcomes diverse perspectives and promotes psychological safety, constructive feedback and open dialogue can drive more innovative and effective decision-making in your team.

6. Understand and integrate your intuition into decision-making wisely. Recognising when and how much to trust your gut feelings can enhance decision quality, especially in data-poor scenarios or when there is an overwhelming amount of data.

Making high-stakes decisions under pressure can be **stressful** and lonely. Our study suggests that the challenges leaders face when making these difficult decisions are quite common. We also mined several practical insights that leaders can use. Cultivating self-awareness and resilience against stress, paying attention to the “whole self”, incorporating intuitive insights wisely and building a network of supportive yet honest advisors are some key steps towards effective leadership and better decisions.

In essence, mastering high-stakes decision-making is not just about making the right choice at a particular time. Great leaders know that to get there, they need to prepare both themselves and their team for sound critical thinking and attention to the process.

#### **Find article at**

<https://knowledge.insead.edu/leadership-organisations/high-stakes-leadership-how-ceos-navigate-critical-decisions>

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