



TIME TO DECIDE?

Few of my readers would seek to argue against an assertion which states that good business results from good management decisions. If, however, I were to assert that good business results from rapid management decisions, some readers might question my judgment. Yet, on the basis of my own personal observations, I could probably submit credible evidence in support of both of the above assertions. That which now surrounds the modern-day agribusiness manager is the epitome of "speed." In fact, speed and its analogue of operational efficiency provide the basis for electronic data processing systems, communications paraphernalia, transportation, and distribution practices in the modern business. As advanced technology impacts each of these important functions, the manager finds that the time frame in which important decisions must be made is further and further compressed. As the creation, assembly, and analytic analysis of business information is reduced to microseconds, many agribusiness managers are now burdened with the realization that the need for rapid decisions is commensurate with the more traditional need for good decisions. Worse yet, some managers have found that as the time to decide is reduced, so is their ability to make good decisions. The discussion which follows is designed to further evaluate this tempo in decision making and explore alternative means for management to adjust.

A Divergence of Patterns

Suppose for the moment that your agribusiness firm has enjoyed a decade-long history of success. During the period of the 1970s your firm grew and prospered. Sales volume and market penetration grew

regularly each year. To further compliment this successful pattern of horizontal expansion, your firm began to diversify its operations, integrating into other functions, adding to its product line, and moving into new markets never before served. These acts of growth and diversification contributed much to the profitability of your enterprise. Yet, these acts also imposed new burdens on management. Decisions are now more numerous and more complex. Channels of communications are now more lengthy and, perhaps, fragmented. As the decade of the 1980s ensued, the previously existing pace of decisiveness has slowed. In fact, at the very time when the business environment calls for more decision makers and faster decisions, your corporate entity is becoming less decisive and making decisions more slowly. Despite all the external appearances of success, your firm has failed to keep pace with those responses required by the abrupt changes taking place in your business climate and the current agricultural economy. Those structural adjustments which had accompanied the pattern of growth and diversification were, in fact, divergent from those patterns associated with more rapid decision making. If your experience fits this hypothetical scene, don't fret because you are not alone.

Decision-Making Tempo

Every agribusiness firm has a distinct tempo or speed with which it moves, makes and implements decisions, reacts to changes in economic climate, approaches its problems, and activates remedial programs. Much like the human pulse, this tempo may speed up during periods of stress and slow during brief periods of rest and recuperation. Yet, unlike the human pulse, this decision-making tempo is difficult to measure in conventional terms.

Being unable to calibrate this tempo, management often tends to ignore it. Herein lies the root cause of our dilemma. A slowdown in the decision-making tempo is often judged to be a normal consequence of corporate growth and operational complexity. As the manager of a small business, one finds that the channels of communication are simple, uncluttered, and direct. Little consultation is required (or available) and decisions are "one-person" made and "one-person" implemented. Even as the small firm begins to grow, traditional organizational structures are presumed adequate to adjust, i.e., one merely expands the base of the classic pyramid and adds functional specialists where needed. In true textbook form, one would expect to find many similarities between the organizational structure of a small agribusiness firm and a giant corporate counterpart. But in reality, textbook theory and industry practice often diverge. The reason for this divergence is not faulty theory. Rather, the problem lies in the inability of theory to reflect differences in people.

Traditional organizational structures assume that each member of the management team has certain strengths or specialized skills. The structure of an agribusiness firm, therefore, is built to capitalize on these strengths. Unfortunately; our theory fails to reflect the fact that each member of the management team also has a peculiar set of weaknesses or limitations. The process of firm growth and diversification may exploit individual strengths, but it may also uncover or accentuate the limitations of individuals. If the firm is unable to rapidly compensate for these limitations, continued growth is, therefore, accompanied by a slowdown in the decision-making process.

Looking at the same situation from a slightly different perspective, while the decision-making tempo may not actually slow under conditions of growth and diversification, the management team may simply be unable to respond to the need for more rapid decision reflective of our modern day

business climate. The time span for accessing new business opportunities is growing shorter. Reluctance and/or hesitation may foreclose on many opportunities or competition will simply beat you to the punch.

If the time to decide is being shortened, a firm must reorganize to facilitate faster decisions, to become more decisive, and to compensate for such human limitations as timidity, indecisiveness, and factionalism. Once these human factors are incorporated into our theoretical considerations, one quickly understands why pre-existing organizational structures which proved so successful in the 1970s may prove unsuitable for dealing with the rapidly changing tempo of the 1980s.

Human Factors as Deterrents to Rapid Decision Making

If yours is a traditional organizational structure, you are no doubt aware that despite what appear as clear lines of authority, are rarely so. Despite clear lines of authority for decision making, the real world of business creates situations which are seldom the sole concern of one individual, department, or function. This unavoidable overlapping of interests frequently clouds your best effort to identify the single individual responsible for a given decision. Herein lies the first of several human factors which serve to detract from rapid decision making.

An apple packing and storage warehouse may consider the deletion of a special pack from its packing line operations. Insofar as such a decision will impact plant operations, marketing strategy, sales, and perhaps even accounting, several persons and/or departments are involved. Within this context, the decision can bounce around indeterminately waiting for someone to step forward and render the final judgment. Unanimity of agreement is seldom achievable. Further, people tend to shy away from making a decision in an atmosphere rife with conflicting views. As human factors come into play, the state of indecision

persists until a crisis point is reached and a forced decision results.

A second human factor concern arises when the authority to make a decision rests with a person who is remote from the problem and who may, therefore, not possess the same sense of urgency as do those persons closer to it. I'm sure we have all experienced the feelings of exasperation resultant from the knowledge that a problem dear to our hearts is dealt with loosely and with little concern by those persons to whom we report. As a naive young academician, I was working diligently to construct a slide-rule device for comparing the feed equivalents for various grains. To manufacture and distribute this device, a patent was required, and for this, university approval was needed-rapidly! So deeply was I involved in this project that I was convinced my entire academic career rested upon the university's release. Yet, my administrators treated the matter as if it were inconsequential and delays followed endless delays. Words could not describe the level of frustration which ensued. While authority was eventually granted, my views of university governance were badly damaged, almost irreparably so. This simple incident is not novel, nor is it unique to educational entities. Every person serving today in a management position can surely recall a similar experience during his/her career.

A third human factor relates to the theory that the fewer controversial decisions a manager makes, less are the chances that he/she will have to accept the consequences associated with making a wrong one. This general proposition has numerous variations, but the message remains the same, i.e., keep your record clean by avoiding all that which is judged to be controversial. We have all met individuals who have adhered so closely to this theory that their avoidance skills are so finely tuned as to prevent detection. Regardless, as this human factor manifests itself, important decisions hang in limbo as executives search for someone with enough fortitude to assume final responsibility.

A fourth human factor we must contend with evolves from our own reaction to the era of the computer. This reaction is an erroneous belief that, with the advent of computers, management has now become a precise science within which we can apply precise measurements. Within this belief, bad decisions are viewed simply as the result of our failure to adhere to what these precise measures have told us. Our tolerance for mistakes is, therefore, lowered and an executive's career is placed on the line each time a mistake is detected. To avoid this unpleasant outcome, managers spend endless hours reviewing lengthy computer reports and when unsatisfied, ask that more reports be prepared. If this pattern is allowed to persist, rather than speeding up the process of decision making, computerization has contributed towards a slowing down of the process.

Finally, we cannot ignore those human factors associated with factionalism, zealous quarreling over departmental prerogatives, and executive competition. In a multifaceted business, these nasty factors contribute towards intentional delays, political posturing, and the insidious tendency to claim credit where it is unearned or pass the blame on to others when the desired results fail to materialize.

Advancing the Decision-Making Tempo

If the time for rendering decisions is being compressed, or if your firm's current decision-making tempo has failed to keep pace with the demands of your business environment, there is need for corrective action. My recommendation calls for the creation of practical decision points at which decisions are made, implemented, and coordinated. These strategically placed decision points would be occupied by persons referred to as decision authorities (D.A.s). Whereas Persons Positioned within a traditional organization chart represent functional specialties, those persons identified as D.A.s would serve as centers for decision-making responsibility. D.A.s may

represent permanent appointments, or, more likely, they may be temporarily appointed by the manager to deal with a specific matter. Once appointed, their powers supersede, for purposes of pursuing a specific decision only, those normally assigned to department heads or functional specialists. Finally, D.A.s need not represent a net addition to administrative personnel as they may be selected from within the existing ranks of employees.

The D.A.'s responsibility would be to initiate and/or make a specific decision (selected by the manager) and/or to coordinate such information, opinions, and advice as he/she might feel were needed at such time as the manager renders the final judgment.

Those persons superior to the D.A.s on the firm's organizational chart would be authorized to ask for a decision, but not control its content. Once the D.A. renders that decision, but prior to its implementation, superiors could add their views as an addendum to the decision at the time it is passed on to the manager. In any event, the decision will be made and middle management cannot delay, subvert, or otherwise circumvent the individual actions of the appointed D.A. Within the context of the specific decision, the D.A. has both the responsibility and the authority to communicate, rapidly, his/her decision recommendation to the manager.

Time-Limiting Restrictions. The procedural recommendation described above will hopefully solve some of the human factor problems associated with lengthy decision making, but must be accompanied by some time-limit restriction. Quite simply, at the outset of D.A. identification, the manager must affix a date by which the decision recommendation must be submitted to him/her. Obviously, this date must recognize the nature and complexity of the problem assigned to the designated D.A. and provide for this person the authority to obtain needed data and support personnel. In reality, time has been formally incorporated as an integral part of the process.

As tempo is a function of time and decision making is a function of tempo, each is related one to the other. The tighter the dates assigned, the more rapidly the D.A. must draw together the necessary components of his/her decision recommendations to the manager.

The feasibility of this restriction imposition rests upon two general observations.

First, it has been my observation that the time actually spent in making a decision bears little resemblance to the time a decision takes. Despite the semantics of this statement, what I have observed is that while the time actually devoted to a decision may consume but a few hours, most decisions drag out over days or weeks because of the lack of focus.

Second, experience has shown that most decisions can be made quickly and forthrightly. In fact, the pressures of a time restraint may actually foster, rather than stifle, the application of imagination and innovation to the decision itself. Often when pressured by time, a person abandons the traditional and searches for a new, perhaps even bizarre, way of solving a problem.

If, however, a time limit restriction is to be imposed, the power to time-limit must be multi-directional, i.e., possess the ability to move up and down the existing chain of command. In essence, the D.A. must possess the authority to secure whatever help is needed when it is needed from both his/her superiors as well as subordinates. In short, the decision-making process takes precedence over the prerogatives of superiors to impede and/or delay the decision.

Written Endorsements. One final human factor must be addressed, i.e., the tendency for persons to duck a difficult or unpopular issue. Many management executives have developed a talented nimbleness in associating themselves with right decisions or ducking those which proved to be wrong. Often these people will seek refuge in

numbers, siding with the majority view even though they may, individually, hold an opposing view. To close this loophole, the D.A. must be required and empowered to seek written endorsements from those with whom he/she has consulted. The term "written endorsement" is not meant to imply "approval." Rather, the emphasis rests with the word "written" in the sense that each executive is asked to officially sign "for" or "against" the findings. One might argue that the need for a sign-off by each reviewer would only lengthen the decision-making process. Such delays might materialize when an individual is seeking a way to avoid an issue. Yet, when it is known that a signature is required, and the D.A. retains the authority to secure it, then it is likely the executive will hasten his/her review of the matter and

investigate it more thoroughly. Ultimately, the recommended decision is transmitted by the D.A. to the manager and the document itself represents a record of everyone's reaction, pro or con, to the recommendation.

Advantages to Management

The practice of assigning D.A.s to the process of decision making is designed to shorten the time period required for business decisions. Such a proposed change in procedures has the following advantages for management:

First. The selection and appointment of D.A.s will render the organization more responsive to management's leadership. For example, such actions serve to emphasize the manager's view that decisions cannot languish or be avoided. The savings in time associated with long, often unproductive, committee meetings would be substantial. Points of view reflecting each reviewer's analysis are communicated to the manager in a more streamlined manner.

Second. The manager's control of his/her business is tightened in the sense that matters are reviewed thoroughly at lower levels of the organization without becoming

bogged down in interdepartmental rivalries, power politics, and/or personality feuds.

Third. The attachment of time limits encourages the entire organization to become cognizant of time constraints. In this sense, of course, the manager has direct control over the general tempo of decision making.

Fourth. Through the process of selecting D.A.s, the manager is better able to evaluate the skills of his personnel, determining if those responsibilities have been misplaced or handled by persons with abilities beyond those currently being utilized.

Fifth. The ability of the D.A. to supersede the traditional lines of command for a selective matter may create a firm which is flexible and more adept at responding to abrupt changes in the agricultural economy.

Few agribusiness firms have the luxury of operating at a pace of their own choosing. Business cycles, seasonal adjustment, and the general sense of competitive business pressures combine to create an environment wherein the time to decide has been greatly compressed. We have always been warned that to rush inattentively through the decision-making process is to invite failure. Yet, the real world does not provide for a setting in which the passage of time slows to the pace set by the business firm. Conversely, the business must speed up its decision-making tempo, streamline organization communications, and avoid human factor delays such that rapid decisions are no longer the antithesis to good decisions.

Sincerely,



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