



What's the best decision-making method?

You decide!

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Executive summary

Decisions – those inflection points which go on to shape whether a person or organization/business flourishes or flounders. No wonder, decision-makers are the biggest influencers in any set-up. The accuracy, speed, and effectiveness of any decision plays a critical role in its eventual success.

Are you tired of ineffective decision-making in your company? Do you want to help team members and leaders understand their roles in the various decision-making methods which can reduce conflicts and get focus in discussions? This whitepaper does a deep dive on the pros and cons of different decision-making methods!

Effective decision-making methods help team members and leaders understand their roles in the various decision-making methods, which can reduce conflicts and get focus in discussions.

Decisions in the company do not always have a large impact and they do not always have to be made based on long or exhaustive analysis every single time. Sometimes it is perfectly fine to decide intuitively, even in a professional context. There are many decisions that leaders, managers, or employees can make with the help of their expertise or professional experience.

Conversely, this is not always possible in many other situations, owing to the complexity of the issue or due to the multitude of choices or persons who can potentially be impacted either way by that decision.

Before we get into more details, let us first understand how best we can prepare for a decision, by checking on the following parameters:

- What is the purpose / goal of the decision?
- How much time do we have to make the decision?
- What are the “decision boundaries”?
- What level of agreement is required?
- What happens if we do not reach a decision?

Let’s look at the key aspects that are checked (or ought to be checked) to understand any existing decision-making process.

Who takes which decision in the company?

How can decision-making in an agile organization work now? Is it that easy to transfer decision-making responsibility to the team? Especially after the transformation from just being traditional companies to being more agile organizations, this is a topic that often causes problems. Teams and employees are quite accustomed to decisions being made for them. And it's rather easy (and even natural) to stay cocooned in that comfort zone. After all, the responsibility lies with the team lead or the top management. And now, they are suddenly supposed to decide themselves!

Often, top management is not aware of all the problems of the company, especially those that do not fall within their area of expertise. So how are they supposed to make the right decisions for such problems? In order to react effectively, the people who make the decisions and develop solutions must be the ones who have the best knowledge of the current problems: the subject matter experts.

For these reasons, it is always recommended to have a step-by-step transfer of decision-making responsibility. Teams and their leaders should first clarify the following questions:

- Who makes which decision?
- When do we involve other team members, the manager, or colleagues from other areas in the decision?
- Who take responsibility for the (wrong) decisions?
- How do we make decisions in the team?
- We also suggest strategizing the cultural transition as smoothly as possible while you move to the selected scaled framework. Or take into consideration the impact of your organization's culture to the scaled framework that you would like to adopt.

This white paper does a deep dive into all the different approaches through which decisions are taken, how they are delegated across teams, what each delegation level means, and which approach could apply best in any given situation.

The 7 delegation levels

Delegation is the process of assigning tasks and responsibilities to team members. But then, there are decisions that are not made in the team like strategic decisions, but by the managers. Delegation is not a binary thing between the manager and the team. There are seven levels of delegation, each with its own level of authority and responsibility:

- **Delegation Level 1 - Tell:** The manager decides for the team and may explain his motivation. A discussion about it is neither desired nor assumed.
- **Delegation Level 2 - Sell:** The manager decides for the team but also tries to convince them that he/she made the right choice and helps them feel involved.
- **Delegation Level 3 - Consult:** The manager asks for input first and takes it into consideration before taking a decision that respects people's opinions.
- **Delegation Level 4 - Agree:** The manager discusses with everyone involved, and they reach a consensus on a decision as a team.
- **Delegation Level 5 - Advise:** While the manager will offer his/her opinion to the team, the final decision will be of the team.
- **Delegation Level 6 - Inquire:** The manager first leaves it to the team to decide, and then asks them to convince him/her of the wisdom of their decision.
- **Delegation Level 7 - Delegate:** The manager leaves the decision to the team and doesn't even want to know about any other details.

Effective decision-making methods

1. Autocratic

Who decides?

Autocratic (ancient Greek: "self-rule") decision-making means the leader takes the decision on behalf of the team and has complete control over the delegation of tasks and responsibilities. Generally, this is a person with the authority to do so, or he/she presumes to have that power. The leader takes the decision by himself/herself and announces the decision without consulting the team.

While this method is used very often by managers in hierarchical organizations, even agile companies have instances where a leader decides alone.

How to do it?

- Assess the situation and evaluate any alternatives and risks.
- Decide for yourself what to do, without any input or consultation from other team members.
- Communicate the decision to the team and if possible, the reasons to all those who will implement it.
- The decision-making authority rests solely with the leader.

Pitfalls

You can assign tasks to people, but you can rarely force them to carry them out. It is, therefore, helpful to explain why the decision has been made. So it is better to sell (delegation level 2) the decisions and communicate the reason that led to the decision. When people are told what to do, they give little thought to solving the task themselves or whether there are better alternatives, and get used to waiting for instructions. If autocratic decisions are made more often in your company, it is helpful to tell employees which aspects they can still decide for themselves.

2. Consultative

Who decides?

In consultative decision-making, while the ultimate decision is made by the leader or manager, he/she also involves all members of the team who have relevant expertise and knowledge, by asking them to share ideas, perceptions, and information concerning the decision. The leader maintains control and responsibility for the decision but considers the feedback provided by the group before making the final decision. This decision-making method is also possible the other way round (delegation level 5), where the team also seeks advice from the leader. The consultative model is used when additional expertise is needed. It is often done one-on-one but it can also happen in a small group setting.

How to do it?

- Assess the situation and evaluate alternatives and risks (leader or team).
- Decide on 1-3 relevant people who have the information, expertise or perspectives that can help to arrive at a decision.
- Provide context and information.
- Encourage open discussion.
- Ask for their feedback and allow them to express their opinions (leaving time for them to gather facts and supporting points, if needed).
- Analyze feedback, take a decision (leader or team) and communicate it.

Pitfalls

Asking inputs from someone who is not comfortable with sharing his/her opinion or who prefers a more traditional top-down decision-making approach may be met with resistance. If the decision is made against the advice, tell them why their recommendation was not chosen. Consultative decision-making may also lead to decision paralysis when there are too many options or viewpoints to consider. This can make it challenging to arrive (quickly) at a final decision.

3. Decider

Who decides?

Decider is a democratic decision-making method from the Core Protocols, where the leader gives up the ultimate decision-making authority and has an equal vote (in case of delegation level 4) in the decision-making process, where the majority wins. When the group votes and the majority leads, no one individual is responsible for the decision. After the decision is made, the entire team is responsible for it.

This approach can help build trust and buy-in among team members and can lead to more effective and sustainable decisions.

How to do it?

- Assess the situation and evaluate alternatives and risks (leader or team).
- Each member of the group silently considers the options for a set period, usually around 3 minutes.
- Everyone votes at the same time.
 - Thumb up signifies a “yes” (or agreement)
 - Thumb down signifies a “no” (or disagreement)
 - Palm up means I support the proposal / decision
- Count the number of thumbs up (including the palm ups) and thumbs down.
- The group discusses the ratings and the reasons behind them. If there is consensus, the decision is made. If not, the group repeats the vote.

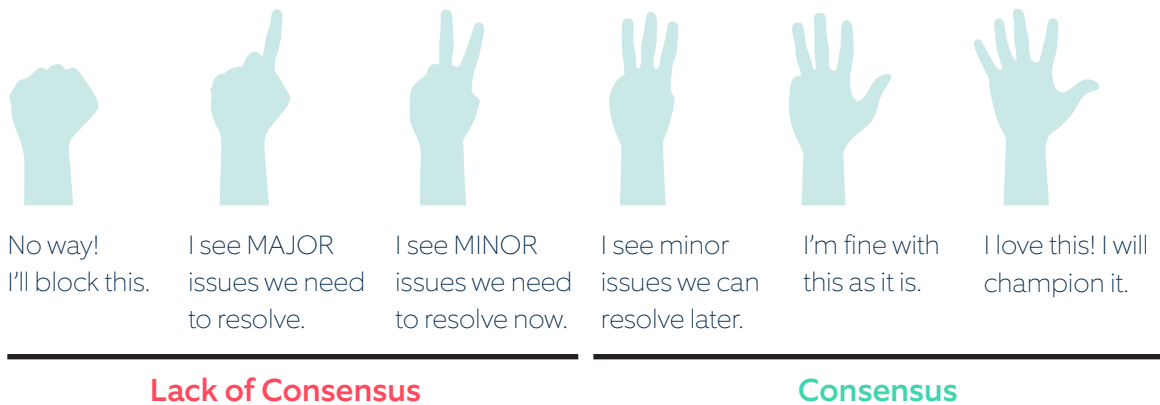
Pitfalls

The success of any decision-making method hinges on team members having a high level of trust - both in each other and in the process. If only a select few team members dominate the discussion or decision-making process, it may not result in a truly collaborative decision. It is important for the facilitator to ensure that all team members get an equal opportunity to participate in the process.

4. Fist to five

Who decides?

Fist to five is a consensus-building technique used by teams to rate their level of agreement or support for a proposed decision, on a scale from 0 (No way) to 5 (I love this). The leader gives up ultimate decision-making authority and has an equal vote (in case of delegation level 4). The team casts its vote by a show of hands. The ratings are then discussed to reach a consensus or majority agreement. In some cases, a facilitator may guide the process to ensure that all viewpoints are heard and considered. After the decision is made, the entire team backs it completely and takes full responsibility for it.



How to do it?

- Assess the situation and evaluate alternatives and risks.
- Discuss the options and explain the Fist to five scale.
- All team members will then respond by holding up a closed fist or their fingers, to demonstrate their level of support, as per the following indicators:
 - **Closed fist:** Total opposition. A closed fist is a way to block consensus.
 - **One finger:** I have major concerns.
 - **Two fingers:** I would like to discuss some minor issues.
 - **Three fingers:** I'm not in total agreement, but I feel comfortable enough to let this proposal pass without further discussion.
 - **Four fingers:** I think it's a good idea and will work for it.
 - **Five fingers:** It's a great idea, and we would like to take the lead when we implement it.
- If any team members display fewer than three fingers, they are given the opportunity to state their objections, and the team can then respond.
- The team keeps repeating the "Fist to five" method until they reach a consensus (everyone holds up three or more fingers).

Pitfalls

The method is best suited for decisions that are binary or have a limited number of options, as it may not be suitable for decisions with multiple, complex options. If not everyone in the team likes to openly share their opinion or concerns in the team, it is helpful to create the space for this and work on the culture. It is also important to note that since no agreement can be reached in case of a deadlock (where someone continues to display less than three fingers), it is important to have exit strategies for such scenarios as well.

5. Consensus

Who decides?

Consensus decision-making means that every team member comes to an agreement that is acceptable to everyone. The leader gives up total control of the decision to the team (in case of delegation level 4, he is part of the team). The participants in this decision-making process are usually encouraged to actively participate and contribute to the discussion until all concerns are addressed and all voices are heard. In the end, all team members are fully committed to the decision with a sense of ownership and responsibility. Consensus decision-making can be a time-consuming process too. It requires a high level of trust, respect, and communication among the participants.

How to do it?

- Assess the situation and evaluate alternatives and risks.
- Discuss the issue and encourage everyone to express their views and concerns. Ensure that everyone gets an opportunity to speak.
- Encourage everyone to contribute their ideas and ensure that all ideas are considered.
- Evaluate each proposed solution based on its feasibility, effectiveness, and impact on the group.
- Refine the proposed solutions based on the feedback received from the group. Try to find a solution that everyone can agree on.
- Once a solution has been identified, the group should try to reach a decision that everyone can support.

Pitfalls

In some cases, a few dominant members may monopolize the discussion, leading to a decision that may not be truly representative of the group. At times, it might also become difficult to reach an agreement on complex issues. This can lead to frustration and impatience among group members. It could also be possible that some group members may be uncomfortable with conflict and might avoid

expressing their true opinions or concerns. It's best to specify both a deadline and a fallback plan if the participants are failing to come to a consensus even after multiple attempts. There is no facilitator who owns the process of the decision-making. Use an experienced facilitator who will help the group keep the negotiation productive and respectful.

6. Consent

Who decides?

Consent-based decision-making is a facilitated, collaborative process where everyone in the decision-making group is invited to share any objections. They can consider and share information and knowledge among themselves to further evolve proposals or existing agreements. The group works together to find a solution that everyone can live with.

Ultimately, the key to consent-based decision-making is to ensure that everyone has a voice in the process. It also ensures that the group is committed to working together to find a solution that meets everyone's needs.

How to do it?

- Assess the situation and evaluate alternatives and risks.
- Give consent to the driver: Make sure the key driver is summarized clearly enough and is relevant for the group to respond to.
- Present the proposal: Share the proposal with everyone. Proposals are typically created in advance by an individual or a group but can also be suggested on-the-fly.
- Understand the proposal: Make sure everyone understands the proposal.
- Briefing of the response: Get a sense of how this proposal lands with everyone.
- Check for possible objections: People consider the proposal and then indicate if they have possible objections or concerns.
- Test if an argument qualifies as an objection: Use your limited time and resources wisely by testing if arguments qualify as objections and act on only those that do.
- Resolve the objection: Improve the proposal as per the information revealed by any objections shared in the previous step.
- Celebrate! Take a moment to acknowledge the fact that an agreement has been made.
- Consider concerns: After celebrating, consider if you still have any concerns that are worth voicing to the group, before moving on to the next topic. If not, at least record them after the meeting, along with the evaluation criteria for this agreement.

Pitfalls

The consent-based decision-making process can feel overly rigid, dogmatic, and foreign to cultures that have only practiced consensus or autocracy. It can also seem challenging and stressful for people who need time or conversation to formulate their opinions. There can be confusion around what makes for a valid objection and what does not. Participants may not feel accountable for the decision if they feel that their concerns were not adequately addressed, leading to a lack of ownership and responsibility.

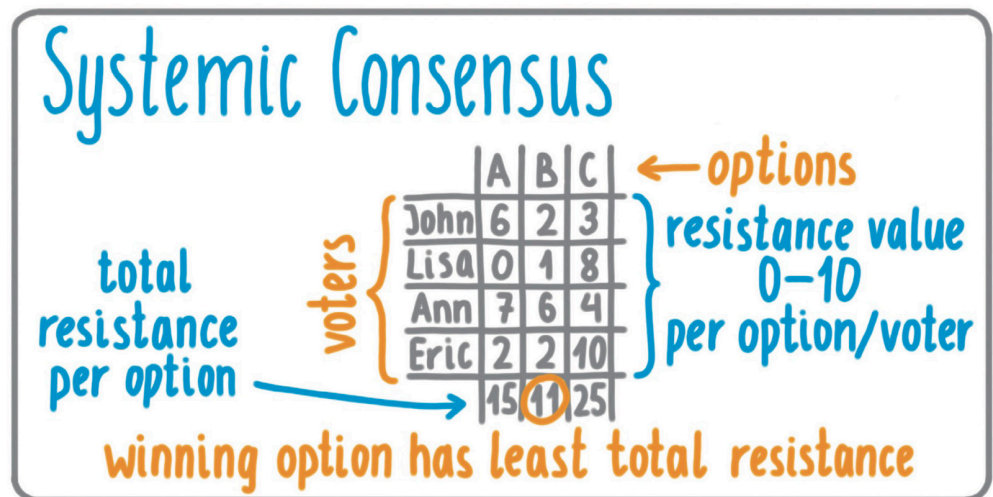
7. Systemic Consensus

Who decides?

Systemic Consensus refers to a facilitated decision-making process that involves all stakeholders affected by a decision, in a collaborative and inclusive manner. There should be more than one option for the decisions. The basic idea of the systemic consensus is to identify the proposal with the minimal level of resistance within the group. For this, a scale ranging from 0 to 10 is used:

- “0” means absolutely no resistance, i.e. complete agreement with the solution or proposal. — “I have no objection, I support this proposal strongly.”
- “10” means maximum resistance, i.e. total objection. — “I have huge objections, I refuse this proposal heavily.”
- The values between are set according to the subjective feelings/opinions of the individual.

The so-called Zero option is added to the existing proposals. The zero option is context-specific and could be formulated like: “Keep everything as it is”, “Do nothing”.



Source: <https://www.leanovate.de/decide/>

How to do it?

- Assess the situation and evaluate any alternatives and risks.
- For the problem to be solved, the participants collect multiple options.
- Compare and assess several options within the team.
- Formulate a zero option.
- Arrive at a decision by assigning resistance points, given by each participant.
- Check if there are concerns (with high resistance points) and request to explain them.
- Keep refining the options till resistance to them gets reduced.
- Vote again for the new options.
- The option with least resistance is the eventual winner.

Pitfalls

If the participants are not well prepared, they may have difficulty expressing their opinions or explaining their reservations. This can impede the decision-making process, leading to possible frustration. Some of the dominant participants can influence the decision-making process, which can make their preferred solution to be favored above the group's consensus. Some resistance points could also lead to confusion if the process is not well-known or not well-described.

Differences between each decision-making approach

	Autocratic	Consultative	Decider	Fist to Five	Consensus	Consent	Systemic Consensus
Delegation-level	1, 2	3, 5	4, 6, 7	4, 6, 7	4, 6, 7	4, 6, 7	4, 6, 7
Who decides	One person	One person or the team	Team	Team	Team	Team	Team
Complexity	Easy	Medium	Easy	Easy	Medium	Difficult	Medium
When to use	<ul style="list-style-type: none"> Budget and costs and strategic decisions Only in emergency situations 	<ul style="list-style-type: none"> Simple and complex decisions Small or large implications 	<ul style="list-style-type: none"> Requires quick decisions Decide immediately and anonymously 	<ul style="list-style-type: none"> Suitable for fundamental decisions. 	<ul style="list-style-type: none"> Strategic plan, policies for a community Resource allocation project or event 	<ul style="list-style-type: none"> Requires buy-in and participation from all Needs flexibility and adaptability 	<ul style="list-style-type: none"> Suitable for strategic decision-making Recruiting process and product design
Benefits	<ul style="list-style-type: none"> Can be made quickly and without complications Ensures that the decisions align with the organizations' goals and values. Provides clarity and direction to the company and the team 	<ul style="list-style-type: none"> Can improve decision quality and reduce the likelihood of errors or oversights. Improves communication and understanding Involves team members are more likely to be committed 	<ul style="list-style-type: none"> All members of the group have the opportunity to contribute Ensures open and honest discussion among team members Helps to build consensus Makes decisions more efficiently and effectively 	<ul style="list-style-type: none"> Every participant to have a voice Identify when there is a consensus and when further discussion is needed Different perspectives and ideas It is simple and easy to use 	<ul style="list-style-type: none"> All feel committed and take ownership Promotes a more positive group dynamic Better quality decisions Fully prepared to implement the decision 	<ul style="list-style-type: none"> Good enough for now and safe enough to try Support change and experimentation Greater commitment and accountability. Finding solutions to complex problems. Everyone's concerns are addressed 	<ul style="list-style-type: none"> Close to consensus without being blocked by vetoes Considers even the silent team members Minimizes the potential for conflict in decision-making Decreases endless discussions about different options
Challenges	<ul style="list-style-type: none"> Sub-optimal decisions can accumulate due to lack of input from others. Can lead to resistance, conflict, and decreased morale Can lead to a lack of commitment to the decision 	<ul style="list-style-type: none"> It's time-consuming because of the need to consult with people and give them the time they need to return a considered response People may feel excluded because too many people should not be involved 	<ul style="list-style-type: none"> May not be as effective for decisions that require specialized expertise or knowledge Can be time-consuming, particularly if the group needs to repeat the rating and discussion process 	<ul style="list-style-type: none"> With larger teams it can be difficult to get everyone to participate and share their opinions Clarification is needed beforehand as prerequisites for using Fist to Five 	<ul style="list-style-type: none"> Can be time-consuming when there are many different opinions Difficulty increases as group grows larger Involves compromise, which means that the final decision may not always be the best one. 	<ul style="list-style-type: none"> Obtaining consent from everyone can take more time It requires a high level of trust, collaboration, and communication Can lead to conflict if disagreements 	<ul style="list-style-type: none"> Method is not well known Difficult to do without facilitation Proposed solutions must be formulated unambiguously

Conclusion

Choosing the right decision-making method is essential for effective decision-making in any organization and the level of delegation can also have a huge bearing on this. While the autocratic method is best-suited for quick decisions at the lowest levels of delegation, the consultative method is effective at the middle levels of delegation when input from different departments or teams is required. The democratic method empowers teams at highest levels of delegation to make decisions, while the consensus method requires the team to reach a consensus decision. Each method has its benefits and drawbacks, and choosing the right method depends on a variety of factors and needs experience, practice, and knowhow. By understanding these decision-making methods, people within an organization can make more effective decisions that promote team engagement, ownership, and better outcomes for their organization.

Reach out to us for a deep dive together or even to just understand your challenges around making decisions in your environment. Contact us: aqt@nagarro.com

About the author



Andreas Mayerhofer-Bollek is an Agile Catalyst who helps teams, organizations, and leaders on their agile journey. His focus is always on people, mindset, and purpose. These are also the cornerstones necessary for self-organization and agility in general. As an expert in coaching for leaders and teams, culture change is always an essential part of his daily work.

About Nagarro

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