

## 9: The quantitative aspects behind decision making in real life

### Why it is so important to educate and organize for better decision making?

If you are familiar with companies and large organizations, you will know a lot about the resources used for decision making and the coordination of decision making. If you are not yet familiar with the operation of companies, it can be hard to imagine the magnitude and multitude of decisions that have to be discussed and made continuously to keep the company alive and well.

It may also be difficult, therefore, to understand the serious need to be able to control, organize, coordinate and raise the quality of the decisions and decision processes in a company on a continuous basis in order to make it stay competitive.

In the long run, this job is only done well if the number of highly-qualified decision making people in the company is maintained and developed.

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Just imagine that everyone at management level makes one important decision a day and the company has 20 people in management working 250 days a year. This will result in about 5,000 important management decisions every year.

Since it is likely that everyone in management makes more than one significant business decision every day, the number might be much bigger.

Many decisions will have required deep research and analysis and discourse about several alternatives before a decision can be made. And most decisions made will be related to other decisions taken before or to be taken later.

With so many decisions and the relations between them, the risk of not having them coordinated in the same direction is considerable, as managers know.

The more uncoordinated decisions that are made, the higher the risk of splitting the company into factions and conflict and dissatisfied and confused employees.



So, getting a number of people to coordinate their decisions within a limited time frame is a very important and difficult management task.

But that is not the only problem - getting them to make the right decisions correctly within the time frame is an even more demanding management responsibility.

**So we can conclude that, with a large number of decisions, the chances of omissions, mistakes and loss increase.**

**Managers must therefore be sure that they identify the right problems every day and make the right decisions concerning the solutions to these problems.**

**Making existing and future managers capable of doing this is what The Profit Chain™ is all about.**

This page is from the book "In Search of PROFIT - from value chain to profit chain".

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Author Finn Gilling.  
Published by  
The Human Decision Academy™

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