

DECISION MAKING

Let's Discuss...

\$ Steps for effective decision-making

Let's begin our look at decision making with a challenge for you. Consider the following situation.

There is a stretch of highway where ice is forming and causing accidents. A sign was set up last year to warn motorists, but it does not seem to have worked. Accidents are still occurring. Your task is to consider the problem and make a decision offering a possible solution.

How did you define the problem? Is the problem the sign? Does it have to be moved? Does it have to be made bigger? Brighter?

Is the problem the motorists? Is better instruction in winter driving necessary? Does the speed limit have to be reduced? Does the area have to be policed for speeders?

Is the problem the fact that there is ice on the road? Does the road have to be covered? How about a covered bridge? Does the ice have to be removed? Would salt do? Sand? How about heated water pipes under the road?



Is the problem that drivers shouldn't be on that road in the first place in the winter? Should the road be closed? Should traffic be rerouted? Should an alternate road be recommended?

Hopefully this little exercise helps to make an important point. How we define a problem will make a big difference in how we try to fix the problem. Each of the different ways we could define the problem would lead to a different solution. In addition, the expense of the solution will vary greatly depending on how we define the problem. Building a cover over the road is a lot more expensive than trying to keep the road salted. A bigger sign is an inexpensive solution. But the goal is to make a good decision – an effective decision – and an affordable decision. Therefore, when making any decision, it is very important to begin with a clear definition.

Think About It



How do you go about making decisions? Are you aware of any steps or process you use to try and make good decisions?



Is there a problem or decision in your life now that you are trying to deal with? If so, how would you define the problem or challenge that you are facing?

Six Steps for Effective Decision Making

In building this model, we will draw upon a number of things such as your values, goals, tastes and preferences, and so on – so be ready.

STEP #1: Clearly define the problem.

As an example for developing the steps to a good decision, let's define your problem or challenge as: What are you going to do after high school?

[Note: if you have already completed high school, consider "What am I going to do after college, university, or training program?"]

- meet new people
- further your education in general
- further your education in a specific field of interest
- gain work experience
- determine what career options are available/attractive to you
- have fun and enjoy yourself
- begin to establish a career
- develop more personal independence
- develop a specific skill/talent/trade
- be able to begin to earn an income
- improve self-confidence
- associate and join with friends
- consider what's important to parents/guardians

STEP #2: Establish your criteria (what is important to you).

Begin by identifying the factors that are most important to you as you consider what you will do after high school.

Many criteria could be important in making this decision. Which of those listed are most important to you? Are there other criteria that are important to you that aren't listed here?

Pick the 3, 4, or 5 criteria that are most important to you in making this decision.

STEP #3: List your alternatives.

Next, consider your options and possibilities. What could you do next year? Possibilities include: university; college; training; apprenticeship; getting a job; travelling; taking a year off; internship; volunteering; starting a business; and so on.

Pick the 3 or 4 options that are of most interest to you.

You now have a list of criteria – what is important to you in making this decision – and a list of possible options or alternatives to consider. Your task now is to decide which option is best for you.

STEP #4: Evaluate the alternatives based on your criteria.

To do that, put your five most important criteria across the top of a grid similar to that shown below. (Note that the criteria and alternatives shown are for illustration purposes only. Use those that you think are important.) Next, identify the four most attractive options and note each in one of the boxes on the left hand side of the grid. Again, those shown are for illustration purposes only. Use your own. Now it's time for you to do some thinking – and scoring.

	Develop a Skill/Talent	Meet New People	Have Fun	Explore Career Options	Gain Exposure	TOTAL POINTS
1. Work						
2. College						
3. Internship						
4. University						

SAMPLE GRID

Consider your first option. Think about it in terms of the criteria that you have identified – that is, what's important to you? Go along and consider each criterion one at a time.

If there is a really good fit – that is, that option would really fit well in achieving that criterion – give it a +2. If it fits, but just somewhat, give it a +1. If there is no link, positive or negative, give it a 0. If there is somewhat of a bad fit – that is, it is somewhat against what you think is important – give it a -1. If there is a really bad fit, and it would go quite counter to what you think is important, give it a -2.

Complete the grid for each of your options putting a score for each under each criterion.

After you have completed this exercise, add up the total points assigned to each of your options. Now you probably hope your job is done – and your decision is clear. Well, it may be. But that may not be the case. This is a process to help you make a good decision. It doesn't necessarily tell you what your decision should be.

Why is that? Why isn't the option with the highest score the one you should select? The reason is because there is no real way of accurately measuring the intensity of the feelings inside of you – how strongly you really feel about something. What this exercise does is force you to think about each option in relation to what is important to you. The numbers will give you some idea of what seems to be right for you and what isn't. But, when all is said and done, you'll have to look at each option and decide how strongly you feel about it. It may be that the option with the highest point total may drop to number two in terms of what you really want to do. Number three may move to the top. The process helps you to consider options, weigh options, think about things, and so on. It does not make the decision for you. It is up to you to make the decision. And, that brings us to Step #5.

STEP #5: Make a decision.

Once you have been through steps #1 to #4, it is time to make a decision. This is the step that people often want to delay or avoid altogether. It can be the hardest step of all because we often want "to know for sure." We want to be "right" – and make a decision we know is best. But, quite frequently, that certain "right" answer won't be there. You will have to make the decision – and it may be a hard decision. But, if you follow these steps, they should help you to make the best decision you can. But there is one more step.

STEP #6: Review the decision. Learn from it if you can.

When you can, look back later and evaluate your decision. If necessary, and if possible, change the decision based on what you have learned or experienced. Some decisions, of course, you can't change. If you decided to go to university, and you did, and it didn't work out for you, and you were disappointed and wish that you had done something else – well, chalk that up to experience. The decision was made and the action was taken. But you can now factor that decision, and what you learned, into future decisions. But you will have used the available time, money, and other resources to go to university. They are not available now for another choice.

Let's summarize the steps in this six-step decision-making model:

1. Clearly define the problem.
2. Establish your criteria – what's important to you.
3. Identify your alternatives or options.
4. Evaluate your alternatives based on your criteria.
5. Make a decision.
6. Review and evaluate your decision and alter it if you can – or learn from it.

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But one key factor to think about before making any final decision is “what is your opportunity cost?” This is something that we mentioned earlier – but it is important enough to note again. Your opportunity cost is the next best alternative or option you are giving up in making this decision. What would be the trade-off you would be making – both today and possibly in the future? This is a key part of any important decision.

If, before you make a decision, you pause to consider your opportunity cost and if it seems like an acceptable trade-off to you, then that can help you feel more confident that you are making a good decision.

There is another point we made earlier that is worth repeating here. Research has shown that “metacognition” – thinking about our thinking – prior to making a decision, is a very key step in making a good decision. Even for a brief moment, consider: why am I making this decision; what am I trading off; is it a necessary or needed decision; can I live easily with this decision?

Develop your own key questions to think about before making your important decisions. Then, when it's time, take one minute to ask them of yourself – and answer them.

These, then, are suggestions for making good decisions for you:

- Follow the step-by-step process for important life decisions.
- Always consider your opportunity cost, possible trade-offs, and what you may be giving up (today and in the future) before making decisions.
- Take a moment to think about the thinking behind your decisions. Ask yourself a few key questions that help you to make good decisions. And, then answer them as honestly as you can before making the decision.

Decision-making is an important life skill. Make sure you do what you can to make the best decisions you can. The impact of some decisions can last a lifetime.

Module Summary

Say What? Possible New Terms!

1. **Intensity of feelings:** how strongly you feel about something. This is hard to measure or put a number on. But it will be important in making decisions.
2. **Opportunity cost:** the next best alternative given up, when you make a decision.
3. **Metacognition:** thinking about your thinking – and to pause and take time to think about what you are going to do – and any decision you are about to make.

Did It Stick? Can You Recall?

1. What is the important first step in making a decision?
2. What are the key steps you can take to try and make a good decision?
3. What are the important things to consider in trying to make a good decision?

Thinkabout... or Discuss:

- What are some of the best decisions you think you have made? What helped you to make good decisions?
- What bad or questionable decisions have you made? What factors led to those decisions?
- What factors tend to get in the way of making good decisions – in general and when it comes to money decisions?

Tips & Suggestions

- Don't hesitate to seek out help with your decisions – but be careful and selective about your sources of help.
- Be cautious in using the Internet when getting information to help make decisions. Make sure the information is accurate and from a reliable source.
- Many people seek help and advice from friends and family members when making money decisions. Be cautious of this – especially if they don't have the background, training, or experience that can help.
- When making some money decisions, you can seek advice from trained and qualified professionals. It may cost money to get good advice – but it may be worth it. Some money decisions are quite complex. But, if you do seek advice, make sure the person is trained and qualified.

Tech Talk

On the internet, you may want to search for the following:

- Decision-making
- Making good money decisions
- Making good decisions
- Opportunity cost
- Making good consumer decisions
- Metacognition
- Making good saving decisions
- Finding good financial advice

