

National Association of Corporate Directors Texas TriCities Chapter
Austin | Who Decided That? Effective Board Decision-Making

Austin, TX | September 10, 2015

Program Moderator

- **Rebecca McInroy:** Senior Producer and Host, KUT, Director, Pecha Kucha – Austin

Program Speaker

- **Robert “Bob” Duke:** Professor of Music and Human Learning, University of Texas – Austin, Director, Center for Music Learning
- **Arthur Markman, Ph.D.:** Professor, Department of Psychology, University of Texas – Austin

Program Summary:

Individuals make decisions based on a variety of factors. Understanding those factors can help improve the decision-making process, and hopefully result in better outcomes. To open, Moderator, Rebecca McInroy, asks the panelists to discuss some of the common myths about decision-making.

Bob Duke replied that the first myth is that people actually make decisions – *the idea of conscious decision making is misleading*. Art Markman added that people often try to make “rational” decisions, without realizing how important a role emotions play. He added that suppression of those emotions can actually lead to worse decisions. Duke followed up that the idea of “going with one’s gut feeling” should not be dismissed offhand. In fact, most decisions are multivariate; the world is not always distillable into bullet points. Accordingly, that “gut feeling” is actually a collection of memories stored deep down in the brain that are driving decision-making. Markman added that the rational thinking section of the brain is not connected perfectly to the motivational system. Often that gut feeling is a signal that your motivational system has flagged a strong emotion that the rational brain may not be able to put its finger on. When this happens, ask yourself: ‘Why is there a misalignment with what I’m thinking and what I’m feeling? What is my brain overlooking?’

McInroy followed up with the *idea of decision-making inertia*. Duke noted that our brains are good at telling stories. Consider the timing: we learn things in a sequential manner, we expect our lives to work the same way. Our brains make up stories to explain or justify our decisions – but often these stories have only a faint connection to the reality of how the decision was actually made. Our brains try to convince us that our decisions are good, added Markman. This is why it is important to create external records to remind you that there were alternative viewpoints, contrary to the decision you’ve made. Those points are valid, but your brain causes you to discount them. Duke added that, “**good decisions usually think right and feel right.**” Use that adage as a litmus test to judge the quality of a given decision.

Markman followed up that once someone starts speaking to a group, a type of consensus begins to form and the group gets contaminated – *everyone is then ‘thinking’ the same thing*. This is why brainstorming in a group is a terrible idea: groups tend to converge,

individuals diverge. If you want a variety of viewpoints, ask people to consider a problem individually before coming together as a group and send in thoughts in advance; avoid “productivity loss brainstorming.” This can be very beneficial in committee meetings when new ideas and innovative thinking are critical. Markman also added that boards should strive to **reclaim the word ‘why.’** We are so polite that we don’t want to confront people directly. Instead, we ask: ‘Why?’ This is our way of signaling disagreement. As a result, ‘why’ has come to be interpreted negatively. When you disagree, say so. Save ‘why’ for when you really want to understand something better.

McInroy then asked about another myth: making little decisions requires less energy than big ones. She asked the panelists to talk about *decision fatigue*. Markman first noted that the frontal lobe of the brain is relatively new in evolutionary terms. It is also responsible for deliberation. When you make a decision, you not only choose a course of action, but you also inhibit other courses of action. This takes energy and weakens the frontal lobe, which in turn makes it harder to make subsequent decisions. Accordingly, boards should not tackle minor matters before the big ones on board agendas– by the time you get to the big decision, you’ll be drained of energy and it won’t get your best effort and attention. Duke emphasized that people underestimate how quickly our brains tire out. The panelists also discussed the importance of good listening skills in leaders. Many directors listen long enough until they can say what they want to say and then they just stop listening once it has been said. Keep the brain busy and take notes during discussions.

McInroy turned the discussion to **gender dynamics in the boardroom and the idea of *sameness***. Duke observed that attempts at achieving a diversity of opinion often fails because people pretend that everyone is the same. He stressed that everyone is *not* the same. The key to valuing differences is not to pretend that they don’t exist, but rather to recognize and accept them for what they are. Markman noted that it’s often difficult to achieve diversity because when we try to construct groups, we often look to recommendations. When asked for a recommendation, people often respond with the first thing that comes to mind. The result is more of the same. Markman suggested that Nominating and Governance committee members should constantly be thinking of potential new board members – even when not actively trying to fill a position.

Audience Q&A:

Question: “How can I be an effective leader? How can I create an environment that facilitates discussion?”

Answer: Markman noted that whenever we express an idea there are three components: what we say, what we do, and what we reward. People appreciate these things in reverse order when looking to a leader. Duke added that good leaders know when not to dominate a conversation. Instead, they allow things to unfold naturally. They also ask the opinion of those who have yet to contribute to the discussion. Effective leaders recognize that everyone has something of value to contribute.

Question: “How can I justify making a decision based on a gut feeling? How do we know when a decision is good?”

Answer: Markman first suggested that people should learn more about how decisions are made. There is valuable information in that gut decision, and you should strive to parse it out if possible. Duke added that you should get rid of the phrase “that’s just an emotional reaction.” Sometimes emotions are unfounded. But other times they signal complex ideas that are not easily digestible by the rational brain. Nevertheless, these ideas can be extremely powerful and worthwhile.

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