

**CSC Leadership and Strategy Series**  
**“Strategic Thinking and Decision-Making”**

**by Michael Useem, Professor of Management and Director,  
Center for Leadership and Change Management,  
Wharton School, University of Pennsylvania**

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Professor Michael Useem, an expert on strategic thinking and decision-making, was at the Civil Service College to share his insights on improving in the art and science of being decisive.

He prefaced his lecture with an observation made from the years of teaching and research: the ideas and principles of strategically thinking and decision-making are not in short supply. The primary challenge of the field is not with refining the concepts, but translating them to actual behaviour. One of the most effective and enduring ways to learn, he observed, was to study what others have done, and extract lessons from their experience. His lecture was therefore centred on case studies and examples that illustrated strategic thinking and decision making or the lack thereof.

**What Slows Down Your Decision Making?**

Prof Useem focused the first half of his presentation on events that took place at Salomon Brothers, in the wake of its illegal bidding scandal. In 1991, Salomon Brothers was 1 of only 39 primary dealers in the US bond market at Wall Street. On 27 April that year, Mozer, a skilful, but sometimes unorthodox dealer, and the head of the bond trading unit, went to his vice-chairman, Meriwether, and confessed to making an illegal bid. In February that year, Mozer submitted a 35% bid in the name of Salomon Brothers, and added to it, another 35% which he bid in the name of a Salomon Brothers client, Warbug, without their knowledge or permission.

Mozer abused their client's trust, but had also flouted the Treasury's rule, which limited traders to a maximum bid of 35% for any bond issue. Meriwether was struck by the severity of the situation. His CEO, Gutfreund, however, was overseas and would only return two days later. As he conferred with other senior colleagues, Meriwether was pressed to his core: should he inform the Treasury Secretary now, two days later, or after a week, or a month? What ensued, Prof Useem detailed, was a series of poor decisions: Meriwether waited for Gutfreund to return; Gutfreund, angered by the incident, reprimanded Meriwether, but told him that he would settle the problem and that he would inform the Treasury Secretary casually over cocktail drinks very soon, but he never did so. As time passed, Meriwether knew that penalty would only balloon. When the media picked up on the story, it was too late. Mozer's history of repeated offences was exposed, and Meriwether (together with several colleagues) became implicated for keeping silent.

Prof Useem used this story to emphasize the importance of **courage**. Had Meriwether spoke up earlier, Salomon Brothers could have averted a massive fine and a disastrous fallout. He failed to think strategically, and when his boss came up with a flawed solution, he did nothing to address it. Strategic thinking and decision-making include having the courage to confront and address issues in a good and timely manner.

As he concluded this example, Prof Useem challenged the audience to reflect on the things that slowed down their decision-making process. Certain delays may be welcome, however, if they improved the overall outcome. One example was public consultation, which was raised by a participant.

In the same thread, Prof Useem shared the principles practiced by the Marine Corps, an organisation known for swift decision making. These include:

- Marine commanders seek a “70%” solution, not 100% consensus.
- Officers learn to explain unambiguous objectives, and then leave their subordinates to work out all the details.
- Mistakes are tolerated, even encouraged, if they point to stronger performance next time.
- Indecisiveness is a fatal flaw — worse than making a mediocre decision, because a mediocre decision, especially if swiftly rendered and executed, at least stands a chance.
- Commanders avoid micro-management. They make sure the team is well trained, offer their intent, and let the soldiers to do the job.

### **Is Strategic Thinking and Decision Making Everything?**

Although strategic thinking and good decision-making are critical, they are not always sufficient. Prof Useem moved on to the tragedy of the Mann Gulch fire in 1949, which claimed the lives of 13 airborne fire fighters and saw only 3 survivors.

On a hot, dry, and windy day in Montana, 15 “fire jumpers” — joined later by a 16th on the ground — were parachuted into the area to extinguish a small forest fire. They were a young but experienced group under the leadership of Dodge, aged 33, a technically skilled fire jumper but “a man of few words”. By all accounts, Dodge was a man who displayed brilliant strategic thinking. With careful survey of the terrain, he deployed his team in one of the safest positions. As the blaze proved too strong to contain and impossible to outrun, Dodge devised an innovative escape plan — striking a match, he set fire on a nearby grass patch, and created a burnt-out zone for his team and him to jump in safely.

This brilliant idea saved his life but not his men’s. At this important juncture, they broke away and sought their own escape path. The precise reasons cannot be ascertained, but many believe that the team had failed to understand what Dodge was doing, or had lost their faith in him. Prof Useem noted that Dodge had made most decisions alone, and

did little to explain his actions to his team. This tragedy highlighted crucial aspects in leadership that need to accompany strategic thinking and decision-making. Leaders would do well to bear them in mind, and Prof Useem recommended the following:

- Prepare the leadership foundations early to help ensure that
  - communication from you is clearly understood
  - credibility is high when others need to understand and accept your decisions.
- Prepare others to make effective decisions by
  - continuously sharing your knowledge, information, & experience
  - empowering them to make decisions.
- Exercise consistent leadership
- Develop allies among those who work with you
- Build teams for high performance under stress
- Design organisations to foster leadership capabilities

One participant remarked that the Mann Gulch tragedy took place as Dodge had operated in an overly rational manner. He did not act on the tension that was building up in his team nor address the fears and apprehensions his men experienced. Prof Useem stressed that emotional intelligence — the ability to put yourself in another person's shoes — was indeed vital.

When asked to share on organisations with strong strategic capabilities and what they had done, Prof Useem commented that Toyota's practice of "continuous improvement" was worth emulating. General Electric was another noteworthy organisation, which aggressively trained its staff in multiple ways to improve their skills (incorporating 360-degree feedback, job rotation, leadership programmes and other interventions).

In the final analysis, leaders face many difficult challenges. In some instances, intervention is risky and could generate negative repercussions for the individual. Prof Useem concluded by exhorting the audience to act with pragmatism, and courage.

*Recorded by:*

Andrew Kwok

Researcher, Centre for Governance and Leadership, Civil Service College