

Swiss Knife for Decision-Making*

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*David R. Henderson – Charles L. Hooper:
Making Great Decisions in Business and Life
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Who has not heard the argument that real life problems cannot be solved by models and methodology learnt in school or training, because such solutions only work in frame of educational programs in textbook examples and sterile environment? This argument often arises as an explanation or excuse for bad decisions, failed projects or inability to make decisions after or even before a decision is made, in order to exempt ourselves from the responsibility of decision making and the preparatory work or mental effort necessary to make good decisions.

The book of David R. Henderson and Charles L. Hooper targets people who would like to improve the quality of their decisions, instead of seeking preliminary or subsequent exemption from the mental effort and responsibility entailed with decision making. The book assists the reader in understanding how sensible and structured thinking helps in seeing the real, complex and non-sterile laboratory problems of life in such a manner that we can find the essence in those and we can apply those methods and models, which were discovered, distilled and clarified by people before us to useful and easier-to-teach theoretical models in the course of solving real problems that were otherwise similarly complex.

The most important message of the book is that conscious thinking and the correct approach assist in both capturing, understanding and solving the real problems of life. For this purpose, the authors also provide a simple, robust and applicable method to the readers. By dividing the process of decision-making to five steps, they assist in showing the route through which we can make good decisions even in real situations.

The first step is to consider what we want and what we need. Clarifying our own needs and expectations assists in avoiding traps later on. The next step is to make

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us aware of the typical traps, biases and distortions of human thinking, also in order to be able to avoid these. After this, we have to consider what the really important factors are in connection with the given decision-making situation. For example, where are the bottlenecks in a production or sales process? Taking these steps reveals what exactly we have to make the decision about and what values guide our decision-making; moreover, what are those factors that implicitly influence it and those factors the effect of which would be practical to eliminate. This is followed by the generation of alternative solutions and rethinking and considering the possible solutions. Only after these steps can we proceed to the comparison and evaluation of the individual alternatives and the selection of the best alternative.

Growth and development entail risks; thus, making good decisions involves the consideration of risks and conscious and prudent risk-taking as well. Risk means that things can turn out unfavourably for us despite our best efforts. Prudent risk-taking means that we examine in connection with the alternatives the extent of chance of unfavourable outcome and the extent of loss that we have to suffer if the unfavourable scenario occurs. It is also important in connection with the extent of the loss that the same extent of loss may mean something different in terms of its tolerability and subjective effect, which we have to take into account in relation to the decisions we make and the risk assessment. It is exactly in connection with risks that the book mentions whether the value of human life is indeed infinite? Our own decisions show that we do not consider as infinite even the value of our own life; thus, we usually make better decisions than otherwise. It is an interesting lesson that we can save or spare more lives with our decisions exactly by not considering the value of life as infinite.

Finally, it is an important message of the book that ethical behaviour is worth it, i.e. it is practical to strive for honesty and integrity in every case in our decisions, instead of cheating. Moreover, it is not only that it is more pleasant to live in a world where everyone is honest. Furthermore, it is not only that honest behaviour will have an effect on our environment as well and it will promote the improvement and development of the current standards of behaviour. Honest behaviour, simply, is worth the decision maker because this is the easiest way to earn money in the long term. Although in individual cases cheating might be worth it, but it has its price. The extent to which we will lose our subsequent potential business clients or partners is at least as significant as the temporary advantage we gain by cheating to their detriment. Thus, with unethical behaviour, whereas our short-term gain increases, our subsequent opportunities decrease.

Who do we recommend the book of David R. Henderson and Charles L. Hooper to? Briefly: to everyone. The authors make the process of decision-making and the description of the methods and logic applicable for the individual steps understandable with various different examples from both business life and our

everyday lives. Because of its easy-to-understand nature and cheerfulness, the book is especially suitable for introducing the unprofessional or inexperienced decision makers to the world of professional decisions. By organising the process of decision-making to a transparent, understandable and practical structure, to which it assigns a positive and effective approach, too, the book can say something new to the already experienced and professional decision makers as well.

Moreover, the methods presented in the book are simple and can be applied by anyone. For this reason, while decision makers and experts working with lots of data in corporate environments may miss the complex methods of analysis, the approach of the book can also be useful for them. However, the strength of the book, is not the decision supporting methods presented. The view and the approach of the authors to making the problems of the real life sensible and tangible for our decisions is much more important. This approach is especially important in Hungarian practice and Hungarian higher education, where the ability of the independent application of obtained knowledge to everyday situations is often missing, despite the strong theoretical foundations.

The approach of *"Making Great Decisions,"* therefore, is the missing link of Hungarian professional and academic life which makes the obtained or obtainable theoretical knowledge applicable in practice. In addition to the original English version, the book has been published in Korean and Japanese as well. In time, a Hungarian edition, assisting the decision makers of SMEs and shaping the approach of future Hungarian decision makers, could also contribute to the competitiveness of Hungary.