

### Decision Making in a State of Uncertainty

**The strategic approach to decision-making involves making sense of what's evolving in the world and using that sense to enable your business to seize emerging opportunities and minimise emerging threats.** Even in business-as-usual contexts this necessitates some bold decision-making.

#### Lockdown is Anything but Business-As-Usual

If the two factors that most complicate decision-making are uncertainty and chaos, then Covid-19 has given us a double whammy – the unknown effect the virus may have on our population, and the chaos of radically unfamiliar regulations and practices imposed by the lockdown.

How do you, as a business leader, make the most effective decisions at this point of the lockdown? By simplifying - having the right tools to work through the process helps.

#### The First Step to Simplifying

**Identify the context that describes your current business situation:**

**Obvious** — where everything about the situation is known; cause and effect are observable, the requirements around any solution are clear — there's a right answer.

**Complicated** — in which you know what you don't know; cause and effect are discoverable, but expert analysis is required to determine the solution — more than one right answer may exist.

**Complex** — you don't know what you don't know about the situation; causes can only be determined in hindsight; there's internal turbulence, as many ideas compete as possible solutions — there's no right answer.

**Chaotic** — turbulence exists both inside the organisation and outside of it; there are too many unknowables to allow for effective analysis and multiple decisions to be made simultaneously – nobody has enough time to think solutions through.

Many businesses right now fall into the chaotic category. If that applies to you, then here's what to do next.

#### If the Current Business Situation Is Chaotic

**Your goal is to shift the context to complex. That means eliminating panic and stabilising the situation.** Act first and think later, because it's only by getting the ball rolling that you'll be able to see what works.

**Here are four decisive actions to take right now:**

**Communicate openly, frequently, calmly and decisively** — nobody expects you to know all the answers in a time of crisis. But the people who rely on your leadership need to know where you're at and how your decision-making is evolving. Silence breeds anxiety if not panic; dishonesty breeds confusion.

**Command and control** — give clear directives to your business team so they know what to do and how to recognise whether they've done it successfully; having something constructive to do in a time of uncertainty increases peoples' sense of confidence and usefulness. However, they must understand its relevance to the company's current needs.

**Divide and conquer** — if you have enough people to form into teams, create two. (a) A **"rapid response" team**, tasked with managing critical functions (finances, health and safety, stakeholder communications, and any others that are essential for business survival).

**(b) A “problems-as-opportunities” team**, tasked with observing the challenges the lockdown is creating for your market and your operation, and proposing innovations that could be implemented to take advantage of them once the situation permits it.

**Challenge your thinking** – with so much at stake, and so many unknowables to deal with, you run the risk of going down rabbit holes. Take advantage of experts in your network as sounding boards; encourage them to provide critique that ensures you're maintaining a big-picture view.

We are currently in the crossover of the **Survival Phase** and the **Adaptation Phase** of the COVID-19 crisis; things can and will change quickly in Australia one suspects. So, the business operators that embrace the chance to plan for not only “the now” but also the post pandemic period – the **Recovery Phase**, will be much better positioned than those businesses that are caught up fighting the daily issues and survival pressures of continuing in business.

**The International Monetary Fund (IMF) has forecast that Australia will have a reduction in GDP for the 2020 year of about -7.0%, however they are also forecasting a rebound to a +6% in GDP in 2021, so preparing for the opportunities that economic growth will provide, is not to be missed by astute business leaders. Let’s hope the IMF is correct and we do have a relatively quick turn-around and strong economic growth in 2021.**

Please click on any of the following links that provide further useful information on this topic: -

- [Bain & Company – Summary: “Act Now, Plan Now” for your Business – here;](#)
- [Bain & Company – Article- “COVID-19 Protect, Recover and Retool” – here;](#)

*Disclaimer:*

*Business Plus is distributed monthly by CBSW Tax & Business Advisors to provide information of general interest to our clients. The content of this newsletter does not constitute specific advice. Readers are encouraged to consult their CBSW advisor for advice on any specific business matters.*

Providing you  
professional  
direction



***Our liability may be limited by a scheme approved under Professional Standards Legislation.***