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Problem?
What Problem?

The Art and Science of Decision-Making and Problem-Solving

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“Nothing is more difficult, and therefore more precious, than to be able to decide.”

- Napoleon, I804

Problem-Solving

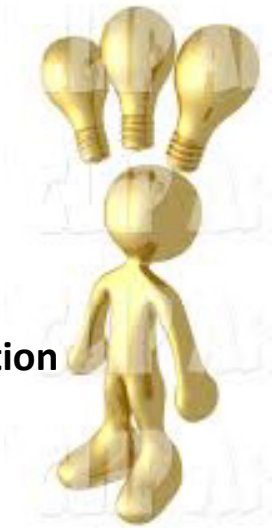
Option 1
2
3
4
5
n

- There's a problem to solve when you want to have more *options.*
- *Creating* means *expanding and exploring.*
- Education in the U.S. has historically suppressed creativity in favor of *correctness.*

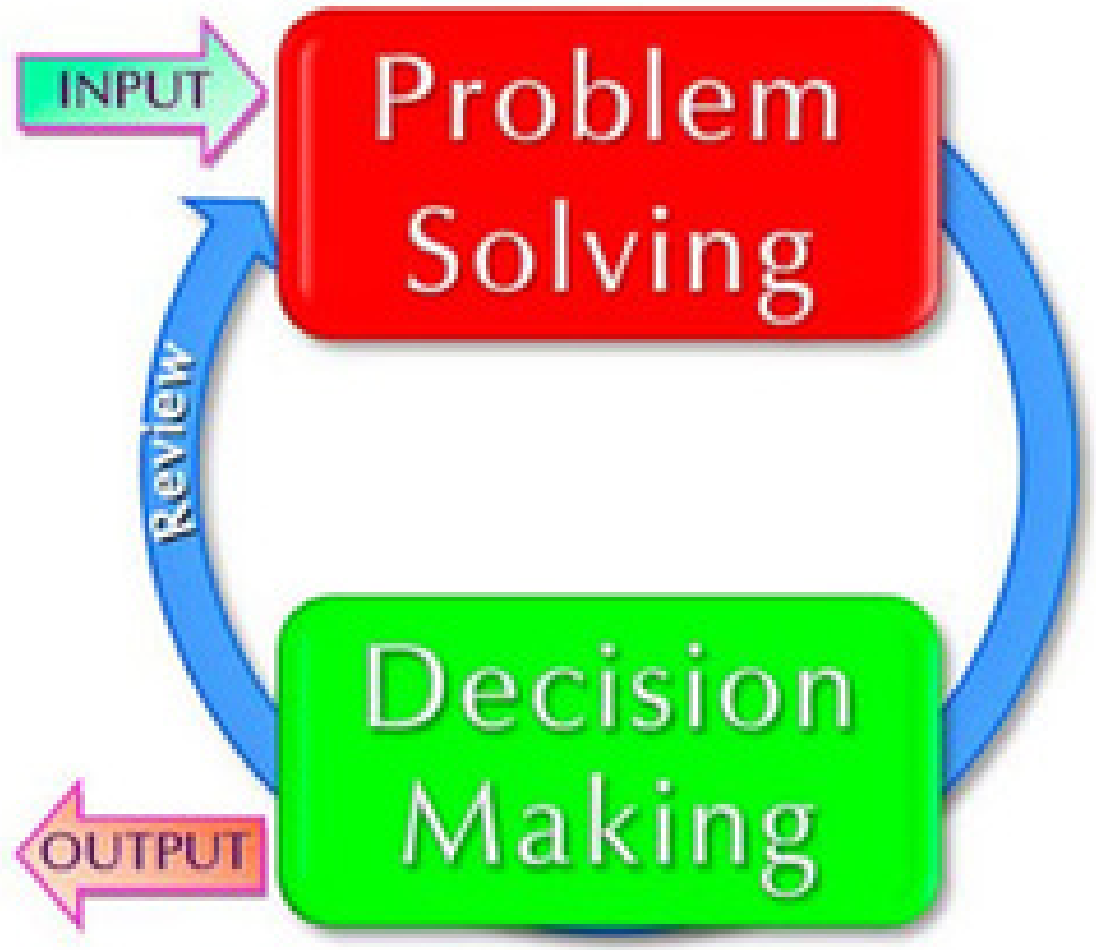
Decision-Making

Option 1
2
3
4
5
n

Solution



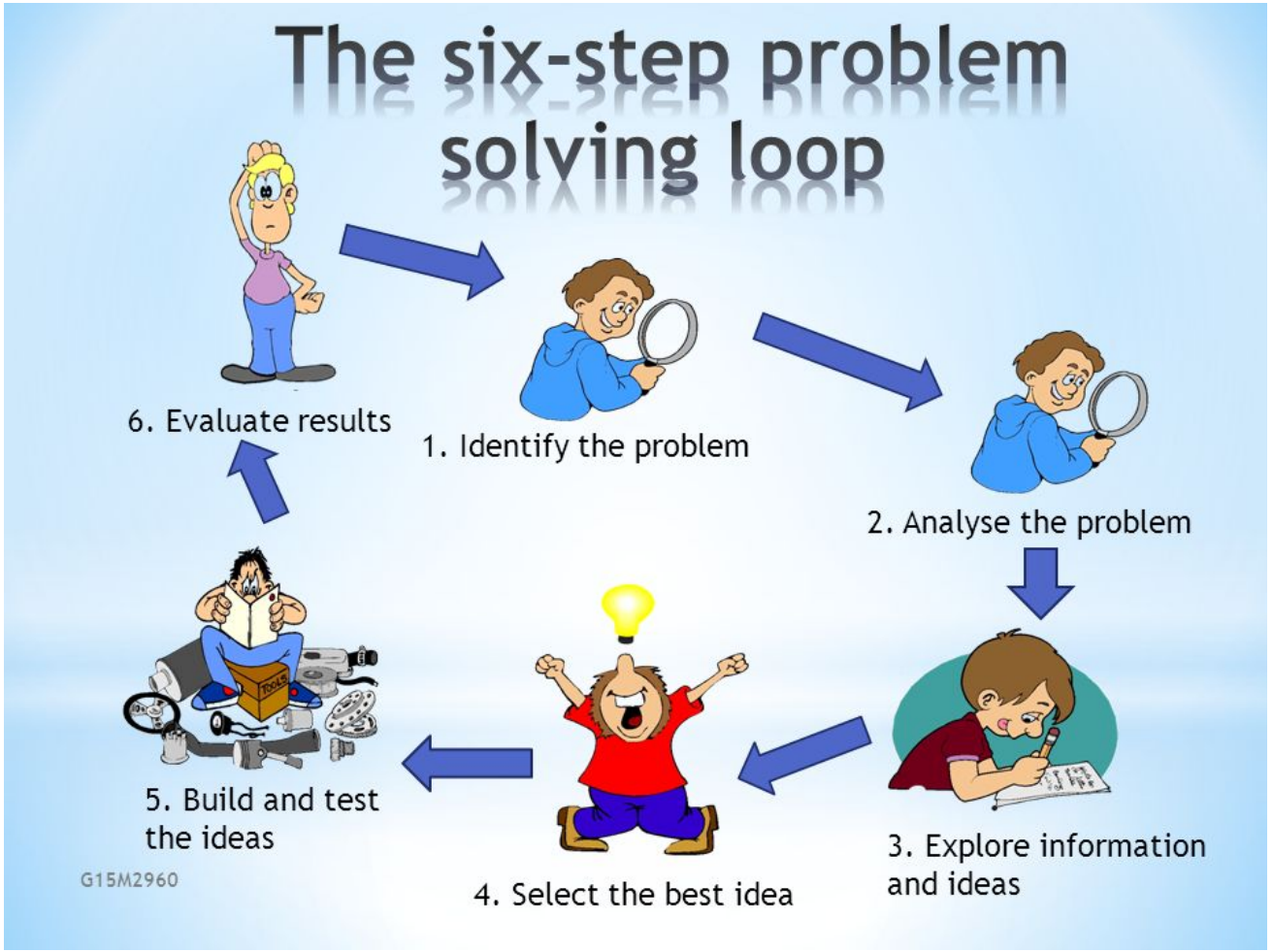
- A decision is a *selection.*
- We often base current decisions on *past decisions.*
- Each decision should be based on *the current situation and context.*
- To do that, you must have *clarity* about the desired outcome
- **A good decision = one that most closely *matches* desired outcome.**



The Problem Solving Process

- Models generally range from 4 to 7 steps

- The basics are:
  - Identify the problem
  - Analyze the problem
  - Create alternatives
  - Choose an alternative
  - Implement and follow up



A Crucial Missing Step

. Understand everyone's interests.

- Interests are the needs you want satisfied by any given solution. We often ignore our true interests as we become attached to one particular solution.
- The best solution is the one that satisfies everyone's interests.
- This is the time for active listening. Put down your differences for awhile and listen to each other with the intention to understand.
- *Separate the naming of interests from the listing of solutions*.

LeaderFuelNOW
enGAUGE people. SHIFT mindset. BOOST performance.

Problem Statements
are vital for clarity
in the problem-solving process.

A good problem statement is at least
50% of good problem-solving.

Problem Statements

A problem statement is a tool that will help you deal with the **gap** between **what is** and **what is desired**

Example

Your company sells cereal. After hermetically sealing the cereal in pouches, you package it in cardboard boxes. The price of the cereal is permanently marked on the box. You sell about 10,000 boxes of cereal a week. Senior management has decided that a price increase of ten cents per box is necessary within two weeks if the product is going to remain profitable.

You have 100,000 units on hand.

Why Is a Good Problem Statement So Critical?

How you word the problem statement
automatically LIMITS
what you see, consider, and think about.

It also GUIDES and BIASES you
toward a certain set of solutions.

Short Case Study

Your team conducted an audit of the UGO program, including budget and expenditures on items such as meetings. You checked with the hotels where meetings were conducted to confirm the nature and amount of the charges for the various meetings, which were provided to you by the program. You found some unusual charges, such as a line item of $16 per person for muffins showed as a charge – and the hotel confirmed that was correct. One of your findings was that the program inappropriately spent public funds by significantly over-paying for certain items, such as the muffins.

What do you believe was the problem in this case?

The right combination of problem-solving and decision-making helps avoid scope creep, missing the mark, and other serious audit shortcomings.

Decision Traps

Source: Russo & Shoemaker

1. Plunging In
2. Frame Blindness
3. Lack of Frame Control
4. Over-Confidence in Your Judgment
5. Short-sighted Shortcuts
6. Shooting From the Hip
7. Group Failure
8. Fooling Yourself About Feedback
9. Not Keeping Track
10. Failure to Audit Your Decision Process

Other Traps

- Unconscious bias
- Assumptions
- Habits
- Rushing
- Failure to get to the root cause
- Soloman's Paradox

- Failure to get to the root cause

Five Why's

1. WHY did my car stop?
2. WHY did it run out of gas?
3. Why didn't I buy gas?
4. WHY didn't I have any money this morning?
5. WHY did I lose it at poker last night?

Problem Statement

Agency X is buying products at higher prices than bid.

Five Why's

1. **Why** are prices routinely higher than bid?
2. **Why** are bid time fames running out?
3. **Why** is the contracting officer waiting so long?
4. **Why** is that approval needed?
5. **Why** does that official need to 'be in the loop'?

- Stopping short

"As a young internal auditor, I found the identification and communication of a problem (condition) to be exhilarating. I felt I had truly demonstrated my value when I was able to point out a control failure or waste, inefficiency, or mismanagement … there are still too many internal auditors who get more satisfaction out of identifying the problem rather than how to solve it."

- Richard Chambers *CIA, QIAL, CGAP, CCSA, CRMA*

- *President & CEO of IIA*
- *former deputy IG - U.S Postal Service*
- *former IG - Tennessee Valley Authority*
- *former director - Pentagon's U.S. Army Worldwide Internal Review Organization*

- Failing to use your "gut" appropriately

- Daniel Kahnman, Nobel Prize-winning psychologist and behavioral economist

- Decision-making involves two systems:
  1. System 1 is gut instinct
  2. System 2 is analysis and reflection

2 Dangers:

- **not using your intuition**
- **using your intuition the wrong way**

- "Once you have begun to reach a conclusion, the rest of the time is basically wasted because you are finding … reasons for doing what you already decided to do."

- **Solution:** analyze FIRST, intuit SECOND

- **Reason:** "Intuitions are better and more accurate if you delay until you have all the information organized and you have a profile of the information.

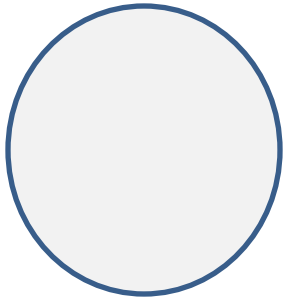
Bottom Line:

DELAY INTUITION, DON'T IGNORE IT.

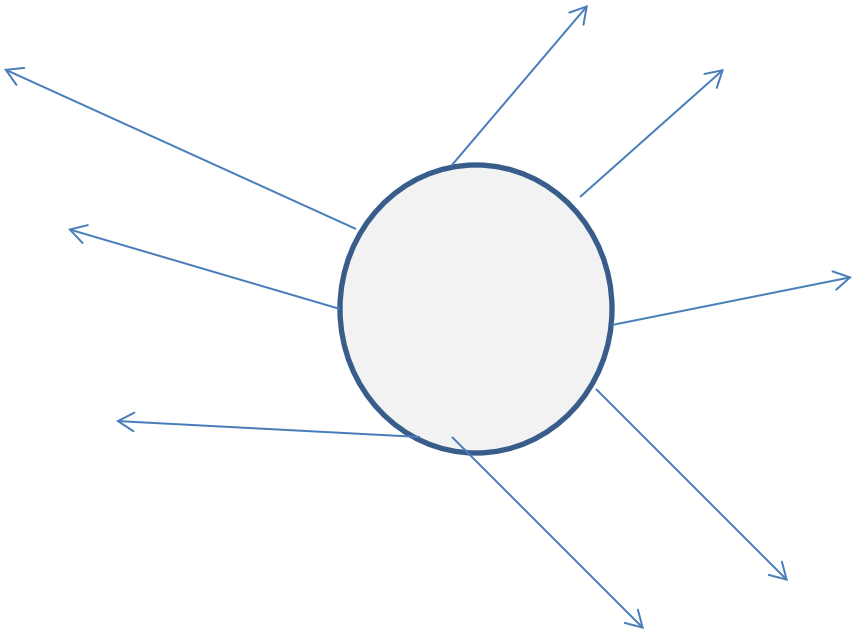
Some Tactics to Avoid the Traps

- **Decomposition**
  - Mindmapping
  - Rule of 3
- **Root Cause Analysis**
- **Contextualization**

Mindmapping

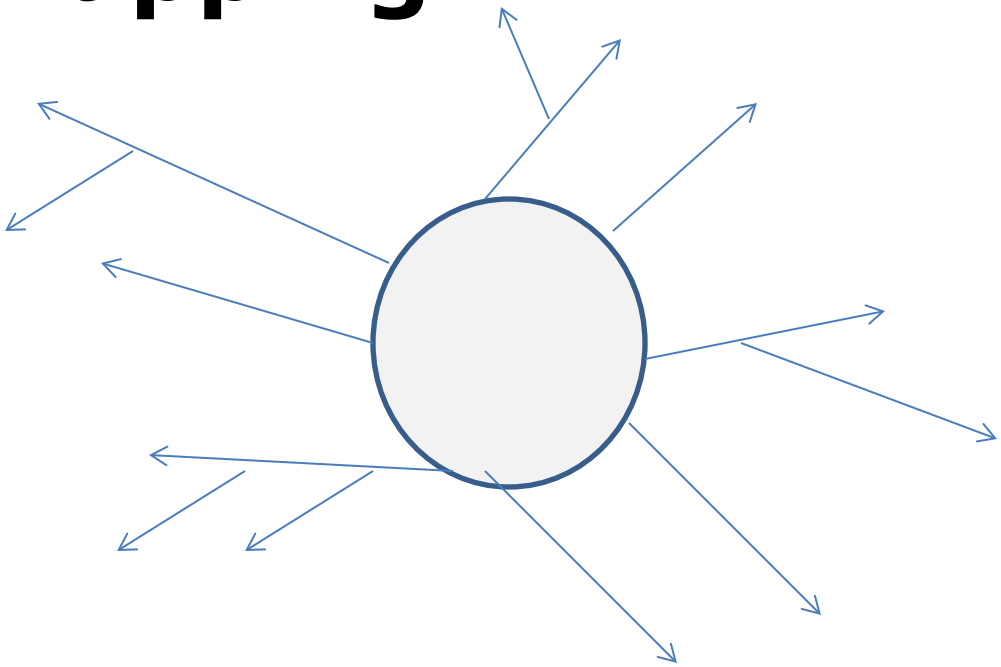


Mindmapping



CONTENT

Mindmapping



RULE #1: be messy, random, fast

RULE #2: do NOT worry about spelling, punctuation, neatness or the like

Mindmap


P&P
legalities
safety
HR
wording
compliance
consequences
who enforces
formatting
ease of use
plain language
look things up
sections
planning

1. [redacted] planning
2. wording
3. [redacted] ease of use
4. .
5. .
6. .
7. .

SEQUENCE

ORGANIZE and GROUP

planning

legalities

wording

formatting

Why?

promissory language

Process?

ORDER

planning

legalities

wording

formatting

Why?

promissory language

Process?

PRIORITY and IMPACT

Important Notes

- There are tons of decision making models out there
- Remember that all models require two major elements:
    1. Reason
    2. Intuition / Judgment
- Everyone has their own decision-making style and problem-solving approach – there is no one "ideal" way to do it.

My Next Steps

As a result of this discussion, I plan to:

Start Doing	Stop Doing
Do more of	Do less of

Other Ideas for Implementation:

_____

_____