Managing in Uncertain Times, Part IV
By L. Douglas Mault

Our series on management techniques used during times of uncertainty continues. Last month we looked at four reasons why or how owners/senior managers make Bad Decisions and Bad Strategies¹, and this month we discuss five more.

Baby Steps

People tend to resolve problems or seize opportunities by taking baby steps. They think in small increments rather than in the bold steps that must be taken to bring about substantive fundamental changes. People tend to think in terms of modifying past behaviors and minor variations of past practises. As we saw last month the future seldom replicates the past. I am not suggesting that caution be thrown to the wind as there are times when one must be cautious. However, when it’s time to move, do so quickly and boldly.

Looking for the Good News

People look for the good news which supports their chosen perspective and action plans. They fail to, or choose not to, look for the bad news, such as information that points out the flaws in their plans and programs. There is an important role for the Devil’s Advocate. If there is no one looking for the flaws in the plan, process or approach, remember that the market place and the competition will not only find those flaws, but will exploit them to your disadvantage.

Words Mean Something

Prospect theory² shows that people make different decisions about whether the words used to describe a situation, especially in terms of profits or losses, are positive or negative. They tend to take more risks when the potential for gain is great or for loss is small; they tend to take much less risk when the potential for gain is small or for loss is great. Therefore, it is important to pick words carefully and to be more neutral in language.

Poor Metaphors/Analogy

“We want to be the Microsoft of the construction industry” or “We want to be the GE of the construction products industry” English professors have a saying that all analogies limp; in other words, they are not particularly useful. This is even more true when the metaphor or analogy is not apt or worse, misdirecting. If your company cannot mirror Microsoft’s or GE’s approach to the market, using them as models is not only inappropriate but can be disruptive of, and possibly destructive of, critical thought processes. If you need a model, consider creating your own. In other words, if you could design the ideal company, do so, and then model your company on your ideal. Surprisingly, it is likely that the company will turn out like the model.

Good Money After Bad

Research done by the Academy of Management shows that managers tend to invest even more if the plan or project is going downhill.³ This is often the case in spite of new information or because they fear the loss of station, money or reputation if they fail or quit. Too many companies fail to jettison losing programs. The only reason to keep a product, project or program is because it contributes its share of revenues and profits.

About the Author

L. Douglas Mault is president of the Executive Advisory Institute, Yakima, Wash.

¹ Adapted from E. Olmsted, HBSP, 9-391-172 (1991)