May 2019
McKinsey Quarterly

Good decisions don't have to be slow ones

Executives often assume that speed comes at the cost of quality in decision making. A survey challenges this belief and offers tips on getting the best of both worlds.

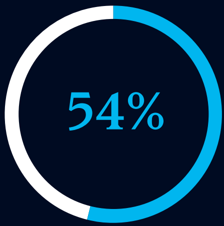
by Iskandar Aminov, Aaron De Smet, and Dan Lovallo

Say that the company, business unit, or function you lead faces an important decision requiring input from across the organization. Time, you think, for some trade-offs: a good decision means involving the right people (sometimes a lot of people) and sacrificing speed; a faster decision might not be quite as good—but might be "good enough." Either way, experience tells you that in decision making, speed comes at the cost of quality.

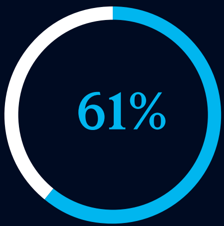
Except that it doesn't. Or rather, it doesn't have to.

Our survey of more than 1,200 respondents challenges this and other assumptions about decision making, while underscoring the frustrations many executives feel about it. One such finding: decision making uses up a lot of executives' time, and much of it is spent ineffectively.

Among all respondents:

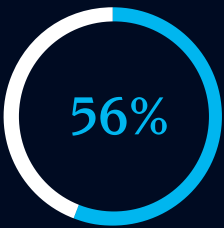


spend >30% of their time on decision making

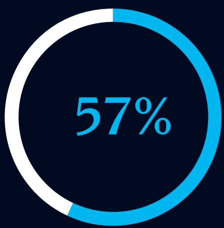


say that more than half the time spent is ineffective

Among C-level respondents:



spend >30% of their time on decision making



say that more than half the time spent is ineffective

Nonetheless, our findings identified a group of respondents who say their companies make high-quality decisions quickly, execute them quickly, and then enjoy higher growth, overall returns, or both than their counterparts do.[1] How? In addition to tailoring their approach to suit the type of decision at hand, such winning organizations appear to follow these foundational practices:

~7x

more likely to be among the winning organizations

- ***Make decisions at the right level.*** Delegating appropriately matters—a lot. Intriguingly, both better and quicker decisions appear to be much more common at organizations with fewer reporting layers, even controlling for company size.

~3x

more likely to be among the winning organizations

- ***Focus relentlessly on enterprise-level value.*** Sounds obvious, yet only 41 percent of respondents overall say their organizations make decisions that align with the corporate strategy and allocate people and financial resources toward high-value projects.

~7x

more likely to be among the winning organizations

- ***Get commitment from the relevant stakeholders.*** Winning organizations also build a commitment to executing decisions once they are made—especially among the executives most accountable for them. The key is to draw a clear line between debate before important decisions (when challenges help strengthen them) and the commitment necessary to move forward collectively afterward.

Exploring the organizational dynamics around this last finding can help to dispel the preconceived notions many executives have about balancing the speed, quality, and execution of decisions. To wit: while big-bet and cross-cutting decisions benefit from harnessing the diverse thinking inherent in a bigger group, this need not mean sacrificing speed. The trick is to involve people—substantively—but not necessarily to give them a vote or veto. With the right mix of processes and practices, decision makers can involve the right people, build consensus, and secure the commitment needed to ensure speedy execution. Q

---

[1] Respondents at these organizations are twice as likely as others to report financial returns of 20 percent or more from the most recent big-bet or cross-cutting decision.

Iskandar Aminov is an associate partner in McKinsey's Perth office; **Aaron De Smet** is a senior partner in the Houston office; **Dan Lovallo,** an alumnus of McKinsey's San Francisco office, is a professor of business strategy at the University of Sydney.

The authors wish to thank Kanika Kakkar, David Mendelsohn, Kiran Mijar, Gregor Jost, and Leigh Weiss for their contributions to this research.