



LEADING EFFECTIVE DECISION-MAKING



Yale SCHOOL OF MANAGEMENT

Program Overview

Leaders must make pivotal decisions while contending with an ever-expanding range of considerations within a quickly shifting landscape. This program prepares executives to confront complex decisions with confidence, adjust decision velocity to situational demands, and enable intelligent risk-taking.



OVERCOME PSYCHOLOGICAL AND EMOTIONAL LIMITATIONS

Recognize how natural psychological tendencies and emotional influences revealed by the science of behavioral economics can derail decisions



PAUL BRACKEN



DAYLIAN CAIN



NATHAN NOVEMSKY

LEADING EFFECTIVE DECISION-MAKING

Lessons from the Front Lines:

PepsiCo Chairman and CEO Indra Nooyi

❖ Led global PepsiCo product portfolio

- Including brands such as Frito-Lay, Gatorade, Pepsi-Cola, Quaker, and Tropicana
- Generated \$63B+ in net revenue in 2017

❖ Directed global strategy for 10+ years

- Divestiture of restaurants into successful YUM! Brands
- Acquisition of Wimm-Bill-Dann (largest international acquisition in PepsiCo's history)

❖ Served as PepsiCo President and CFO beginning in 2001 (prior to becoming CEO, 2006) and named to PepsiCo's Board of Directors

- Responsible for corporate functions: finance, strategy, business process optimization, corporate platforms and innovation, procurement, investor relations, IT

❖ Chief architect of Performance with Purpose, PepsiCo's pledge to do what's right for the business by being responsive to the needs of the world around us

- This transformative initiative made her one of the most successful CEOs of her generation.



Indra K. Nooyi

*Chairman and Chief
Executive Officer*



In a series of exclusive video discussions, Mrs. Nooyi takes us step-by-step through the decision-making process that led to the "Performance with Purpose" pledge, including how she:

- Identified the challenges confronting her business
- Elicited multiple perspectives on the issue
- Dealt with conflicting interests and priorities
- Identified and assessed risks
- Weighed ethical considerations
- Evaluated her options and eventually chose a winning path forward



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Curriculum: Week by Week



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MODULE

LECTURES [VIDEOS]

KEY LEARNING

One: Frame Your Problem

Video Lectures: 60 Minutes
Assignments: 60 Minutes

- Why Problem Framing Matters
- Fundamentals of Problem Framing
- Useful Alternative Framing Approaches
- Practical Aids to Better Problem Framing
- Some Ways to Multiframe

Decision-Making Pitfall #1: *Settling for your own limited view of the issue.*

Professor Paul Bracken will introduce the process of Multi-Framing, a powerful tool that will help you see beyond the perceptual limitations that typically confront us when we attempt to address a challenging issue. You will choose a key business decision confronting your organization, identify your own "first frame" on that decision, and reach out to others to get multiple perspectives – or "frames" – on the issue.

Two: Broaden Your Lens

Video Lectures: 80 Minutes
Assignments: 120 Minutes
Live Virtual Events: 90 Minutes

- What Are Group Discussions Good For?
- The Power of Averaging
- Influences During Group Discussions
- Prediction Markets: A New Way to Share Information

Decision-Making Pitfall #2: *Convening a group too early.*

You will then translate these new "frames" into potential options, revealing previously undiscovered avenues, and ensuring you're not only making the right choice, but considering the right options. Meanwhile, Professor Nathan Novemsky will discuss when and how groups can improve decision making, so you can better integrate groups into your process at the right time and in the right way.

Three: Assess Your Risks

Video Lectures: 90 Minutes
Assignments: 90 Minutes

- Why Scenarios?
- Fundamentals About the Future
- Scenario Methods
- Natural Risk Taking Habits
- Taking More Good Risks
- The Broad Portfolio Approach

Decision-Making Pitfall #3: *Viewing risk as a challenge to be overcome instead of an intelligent gamble.*

You will then identify and assess the key risks associated with your various options. Professor Bracken will introduce Scenario Analysis, a proven method of structuring the chaos that is future, in order to isolate the most relevant risks to success. Then Professor Novemsky will discuss the often flawed ways we typically approach risk. He'll then introduce corrective measures to help you more accurately assess the likelihood of each risk, ensuring that you're taking "more better" risks.

Four: Narrow Your Options

Video Lectures: 90 Minutes
Assignments: 90 Minutes
Live Virtual Events: 90 Minutes

- The Limits of Intuition
- Why Linear Models Outperform People
- Moneyballing vs. Expert Intuition
- Implementing the Excel Sheet
- Ratios and Relative Judgments
- Making Tough Trade-Offs

Decision-Making Pitfall #4: *Going with your gut.*

Leveraging the latest insights from behavioral economics, Professor Novemsky will explain why intuitive judgments, even those of experts, are often hindered by biases that can lead to sub-par decisions. Then, Professor Daylian Cain will then introduce simple modeling techniques you will use to hone in on a favored decision option, while avoiding the pitfalls of intuitive judgements.

Five: Consider the Opposite

Video Lectures: 80 Minutes
Assignments: 90 Minutes

- Avoiding Overconfidence
- Confirmation Bias
- Corrective Methods
- Red Teaming
- Scaling Your Efforts

Decision-Making Pitfall #5: *Confirmation bias*

Professor Cain will then introduce some additional decision making tendencies, such as overconfidence, and confirmation bias, which can blind us to key aspects of the total situation, and prevent us from adequately challenging our assumptions. He'll then present a series of tactics that not only bring others into the process in order find potential holes in your decision, but also preserve the independence of opinion of those involved. You will then use these tactics to "stress test" your favored option before committing to a decision.

Six: Implement in an Uncertain World

Video Lectures: 60 Minutes
Assignments: 120 Minutes
Live Virtual Events: 90 Minutes

- Signposts
- Assumption-Based Planning
- Trip Wires
- Ethics and Conflicting Interests
- Political Risk
- Decision Fatigue and Cognitive Load

Decision-Making Pitfall #6: *Ignoring changes in the landscape during implementation*

You've made your decision. But how do you implement it in a way that maintains flexibility and agility? Professor Bracken will address these questions by introducing two key implementation tools: Assumption-Based Planning and Signposting. These will provide a systematized method to monitor for emergent risks, and allow you to pivot quickly and effectively to adapt to a changing world.



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Project Examples

NAME	DESCRIPTION	PROJECTED BUSINESS IMPACT	PROJECTED FINANCIAL IMPACT
Decision-Making Structures	In order to increase the speed of decision-making at her organization, a Director of Global Marketing at a pharmaceutical company defined a new functional decision-making structure.	Increased Speed	Currently Measuring
Internal Career Development	Looking to combat attrition and increase employee engagement, a Senior Director at a technology company implemented a holistic approach to internal career development and mobility within her organization.	Increased Employee Retention	Currently Measuring
Modernize Transaction Times	An Assistant Vice President at a financial services company created a process to capture transaction times without utilizing new software or technology.	Increased Efficiency	Currently Measuring
Risk Management Program	A VP of Administrative Operations at a healthcare company implemented a bottom-up approach to risk management by building a program that meets and supports the organization's larger enterprise risk management program.	Reduced Risk	Currently Measuring
System Selection	A VP of IT Operations at a financial services company evaluated and selected a system to address employee workflow, efficiency, and effectiveness across the entire organization.	Increased Efficiency	Currently Measuring