November 20, 2017

5 Strategies for Moving Beyond a Bad Decision

Even the most experienced business leaders inevitably make wrong decisions or decisions that have unintended consequences. Effective leaders need to not only feel comfortable with the results, but also know how to learn from their bad decisions.

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Business leaders' daily decisions range from inconsequential to strategic—and regardless of experience, not all decisions will be the best. It's unavoidable in any culture that encourages innovation and growth, and moving forward requires living with the consequences of bad decisions.

Being comfortable with making mistakes is important, but so is what happens next. These strategies can help business owners and leaders move beyond a bad decision.

1. Own up to a bad decision.

"We learn the most when we fail—as long as we acknowledge the mistake and take time to learn from it," says Margo Myers, a Seattle-based executive and communications coach who works with CEOs and high-level managers.

Myers says that it's important to own up to a bad decision as soon as possible.

"Take responsibility for it—don't blame others—as soon as you realize it's a bad decision or a decision that has unintended consequences," she says. "Don't let it linger, but don't jump in without a plan for how you're going to course-correct."

2. Be transparent about resulting action.

Some of the questions Myers recommends asking during "deconstruction" include: How was the decision made and was "decision-making criteria" used? Was the information solid? Was there enough information? Or did a wrong assumption lead to the bad decision?

Leaders often involve their teams in analyzing mistakes and ensuring the right decision making processes are in place. But that may not be enough, says Derrick Morton, co-founder and CEO of Seattle-based game company FlowPlay, Inc.

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>
> *—Derrick Morton, co-founder and CEO, FlowPlay, Inc.*

Morton says that in his industry, it's common to do a team “postmortem” to determine what went wrong. However, he believes stakeholders are not the only ones who need to see the leader responding.

“People in the company need to see you're being proactive in a situation to correct a mistake,” says Morton. “It gives everyone the confidence … that there's concern and a process.”

3. Decide whether to fix or pivot.

While it's critical to acknowledge a mistake and follow up with an action, fixing it may not always be the best response. Sometimes, it makes more sense to override the decision with an alternative solution rather than trying to fix it, advises Billie Blair, president and CEO of organizational-change management firm Change Strategists, Inc.

“Dwelling on a mess is not always the answer,” says Blair, who has a doctorate degree in organizational psychology and is the author of several books on organizational change. “Leaving the mess behind and substituting better approaches quickly often works better.”

4. Know when there's no lesson to learn.

Many executives are likely familiar with the concept of decision fatigue, which causes people to make less-optimal decisions or take shortcuts when they face too many daily decisions, however small. Too many “lessons learned” discussions may create a similar effect.

Themos Pentakalos, chief operating officer at healthcare-software company ChiroTouch in San Diego, says not all decision types require the same kind of rigor. He believes a different scale of rigor applies both to making a decision and learning from a bad one.

Pentakalos, who has a doctorate degree in organizational development, has seen fatigue of sorts from endless “lessons learned” meetings at a previous company. It became a running joke in management, he says, because the same mistakes were continuously repeated.

“We had a process of lessons learned that became routine and something you had to check off,” he says. “Maybe doing it too often or for things that are routine takes away from the effectiveness.”

5. Make the lesson part of the culture.

When Pentakalos worked at a prestigious value-investment group, a young analyst's trading error cost the company $1 million. The mistake didn't have financial consequences for the company's portfolio, which was in the hundreds of billions; nonetheless, it became part of the company lore.

“The young associate was coached on what had happened and was never reprimanded,” he says. “What people remembered was not that you could get away with mistakes. Rather, what they remembered was that this was a culture of learning and supporting each other.”

The company responded strategically to the situation to turn it into a bigger story. Pentakalos notes that this type of lesson can spread informally through word of mouth—but before it can happen organically, there needs to be a conscientious effort to communicate it.

"You have to create constant repetition of the message as part of your communication strategy," he says. "It's up to the leaders to make it a learning example."

Making a bad call can be discouraging even for the most seasoned business leader. Equally important to owning up and acting on it is the ability to move beyond a bad decision.

"Do not beat yourself up about it," Morton says. "It's not a positive thing, but you can't let it get you down and you need to move on."

"Don't dwell on what went wrong," says Myers. "Focus on what you do well, and figure out ways to do more of that to achieve greater success."

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