

An Introduction to Decision Conferencing

Professor Larry Phillips
London School of Economics
and FACILITATIONS Limited
INFORMS talk, 7 November 1999

What is a decision conference?

- ◆ A two- or three-day meeting
- ◆ To resolve important issues of concern
- ◆ Attended by key players who represent the diversity of perspectives on the issues
- ◆ Facilitated by an impartial specialist in group processes & decision analysis
- ◆ Using a requisite model created on-the-spot to help provide structure to thinking

If this were a decision conference...

- ◆ Introductions, plus what you want to get out of the meeting, and what you don't want
- ◆ Restate objectives, primary task
- ◆ No fixed agenda
- ◆ No prepared presentations
- ◆ Begin by establishing where participants are now in their thinking about the issues

There are some generic objectives

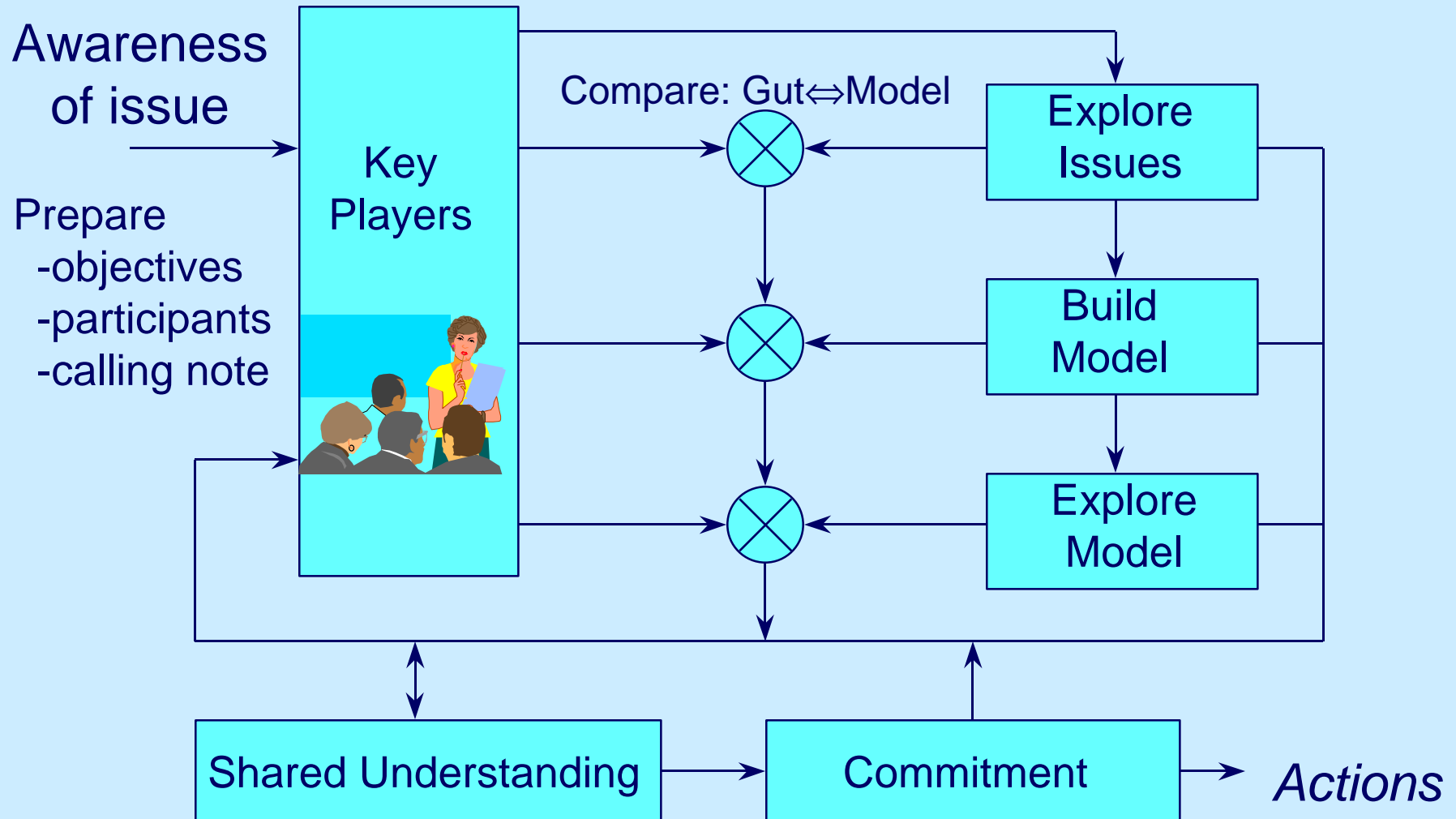
- ◆ To generate shared understanding of the issues (not necessarily consensus)
- ◆ To develop a sense of common purpose (allowing individual differences of opinion)
- ◆ To agree about the way forward (commitment to the direction, not the individual paths)

And a loose agenda is in mind

- ◆ Establish context and explore the issues
- ◆ Create the structure of a requisite model that will aid thinking
- ◆ Input data and judgements
- ◆ Explore the model, do sensitivity analyses
- ◆ Agree the way forward

For a case study see Phillips, L. D. (1989). People-centred group decision support. In G. Doukidis, F. Land, & G. Miller (Eds.), *Knowledge-based Management Support Systems*. Chichester: Ellis Horwood.

The Decision Conference Process



Requisite Decision Modelling

◆ Definition

- Model is requisite when its form and content are sufficient to resolve the issues of concern.

◆ Generation

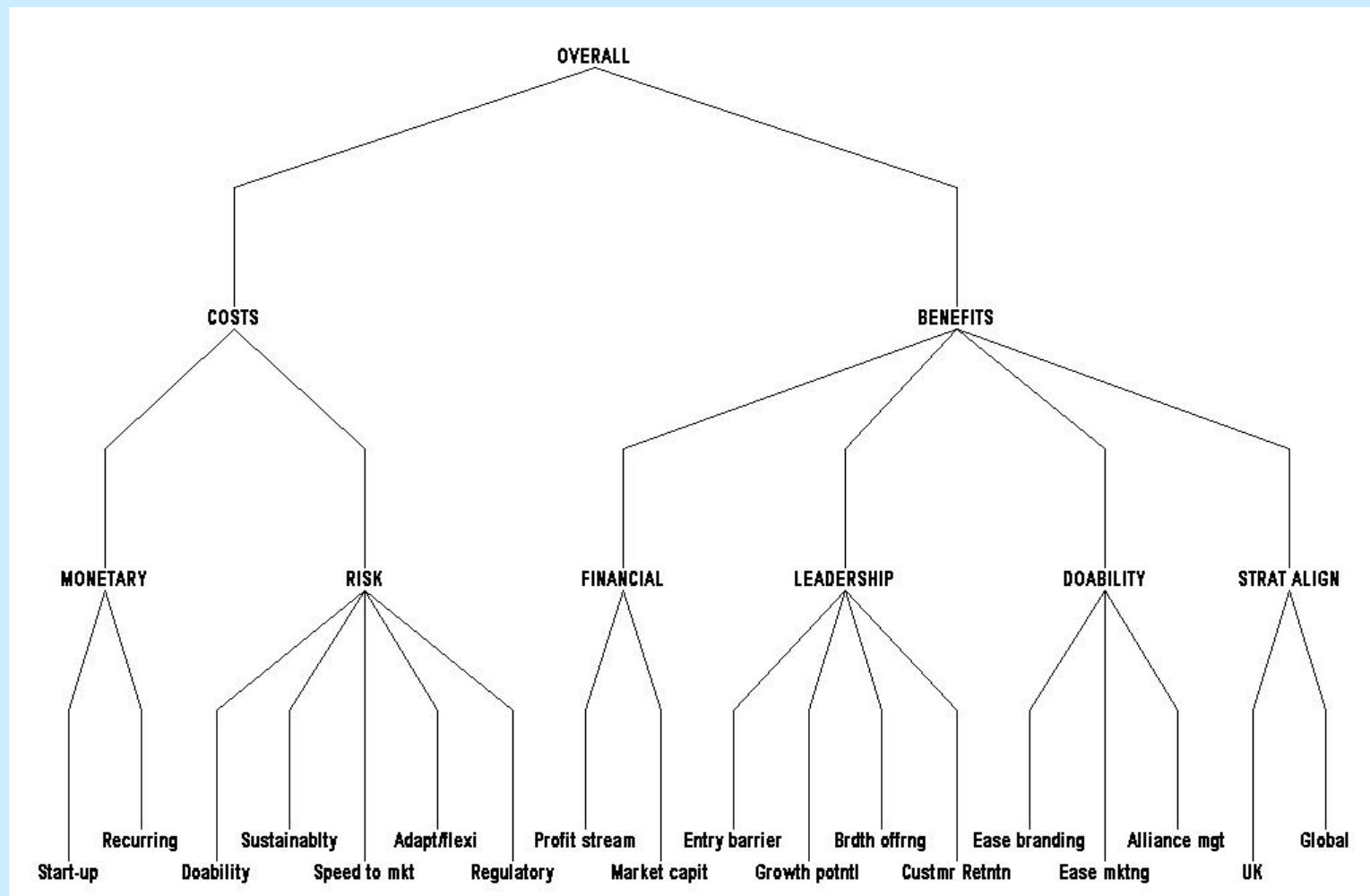
- Through iterative and consultative interaction amongst specialists and key players, facilitated by an impartial decision analyst.

Requisite Decision Modelling

- ◆ Process: Uses participants' sense of unease about model results
- ◆ Criterion: When no new intuitions arise.
- ◆ Represents: A shared social reality.
- ◆ Model Status: At best, conditionally prescriptive; shows what *can* be done.
- ◆ Goal: To help construct a new reality.

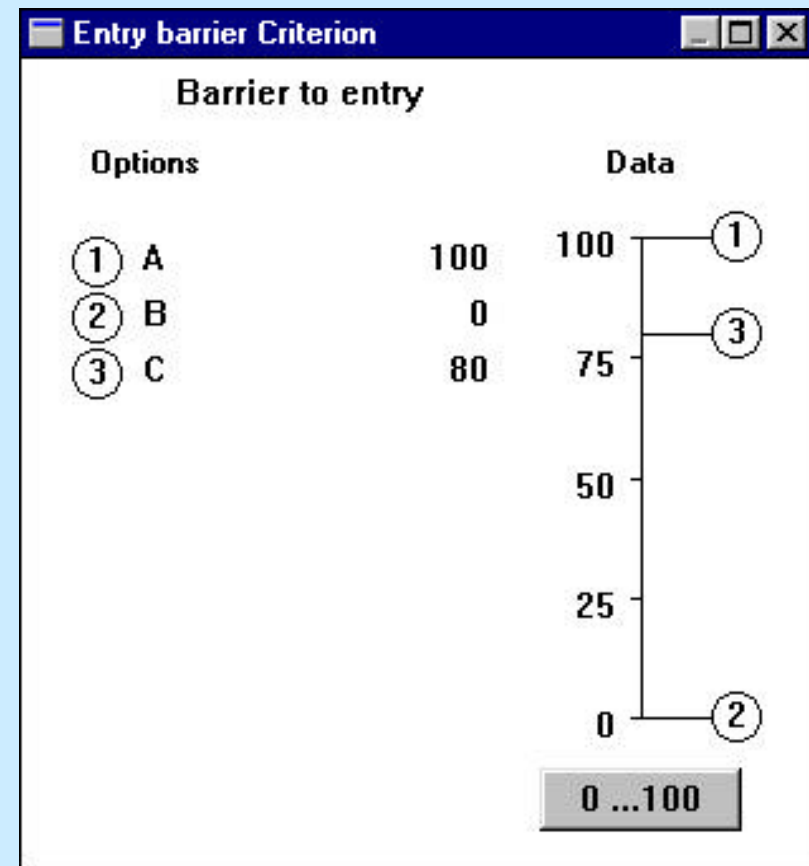
Reference: Phillips, L. D. (1984). A theory of requisite decision models. *Acta Psychologica*, 56, 29-48.

Case 1: Option Evaluation



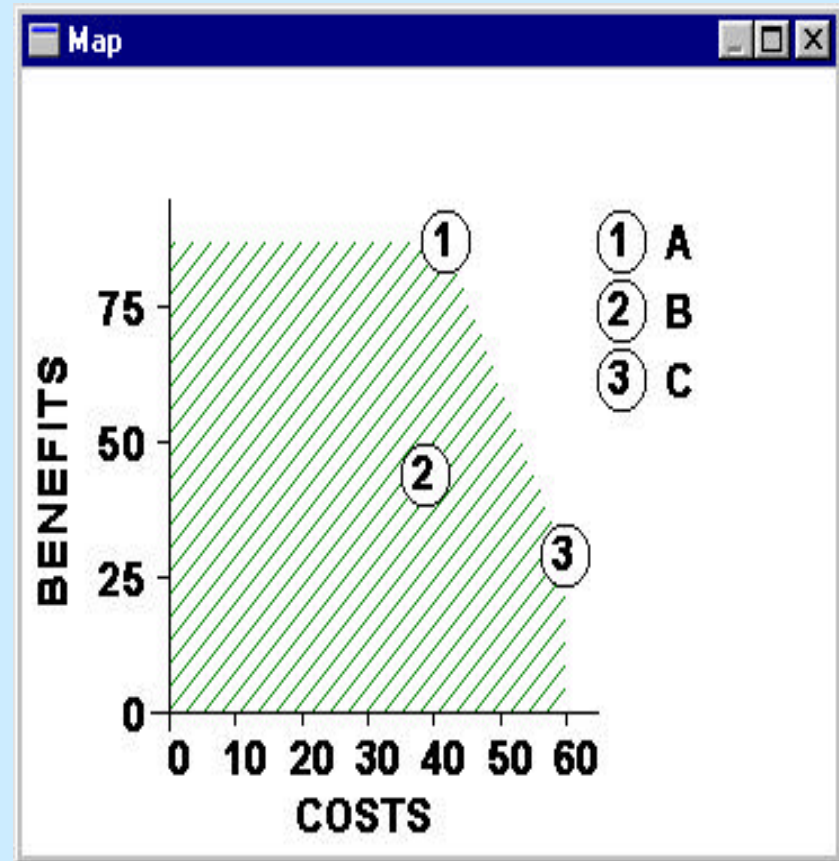
New business evaluation

- ◆ Financial Services organization
- ◆ Administrative costs too high
- ◆ Fixing IT to reduce costs
- ◆ Move to e-commerce; which business? A, B or C?

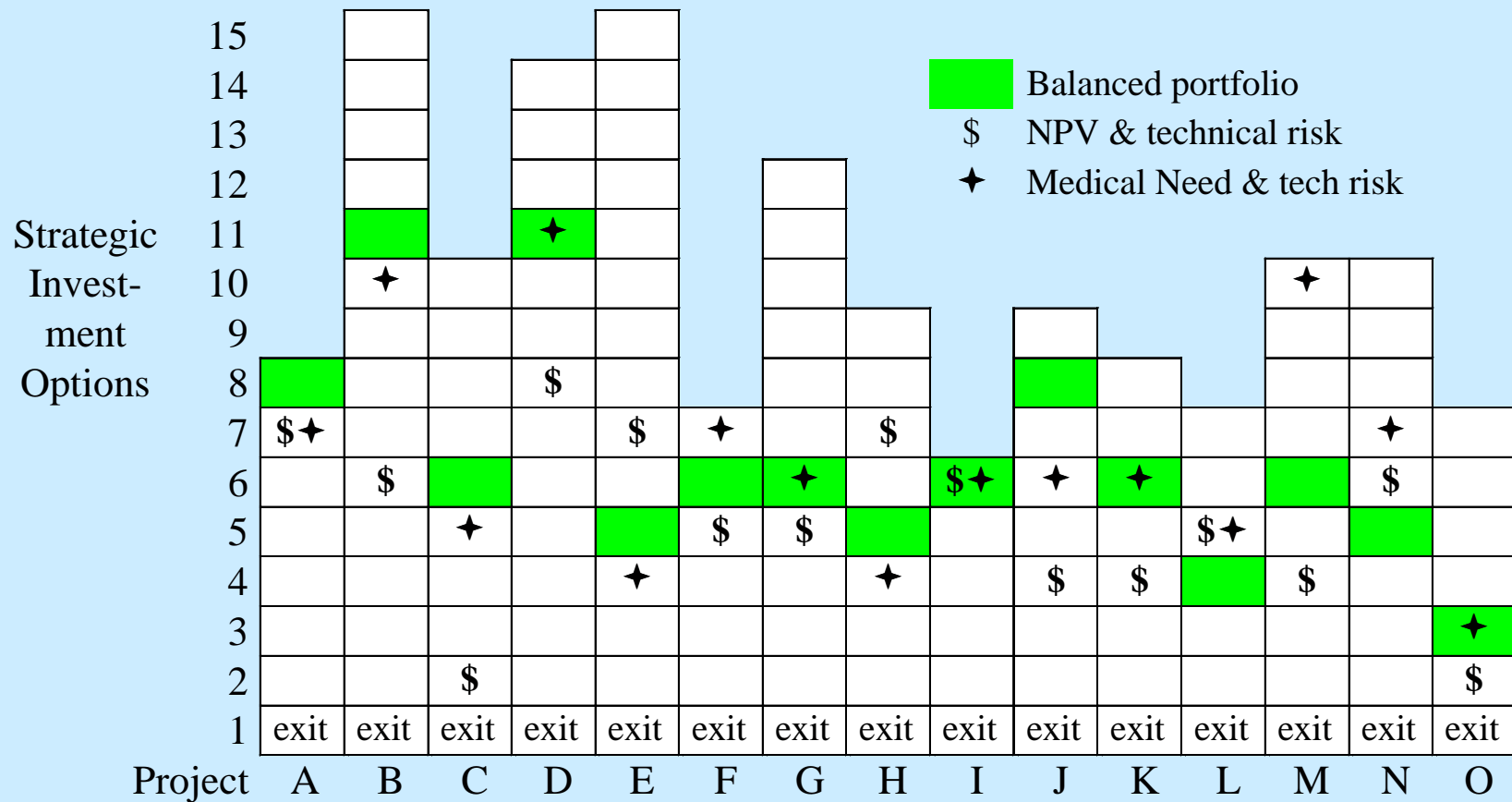


One-day decision conference

- ◆ Consultants reviewed options
- ◆ Vote before modelling
 - Option 1: 6
 - Option 2: 0
 - Option 3: 10
- ◆ Model result (x-axis is preference for costs)
 - Option 1: 65
 - Option 2: 41
 - Option 3: 44



Case 2: Resource Allocation



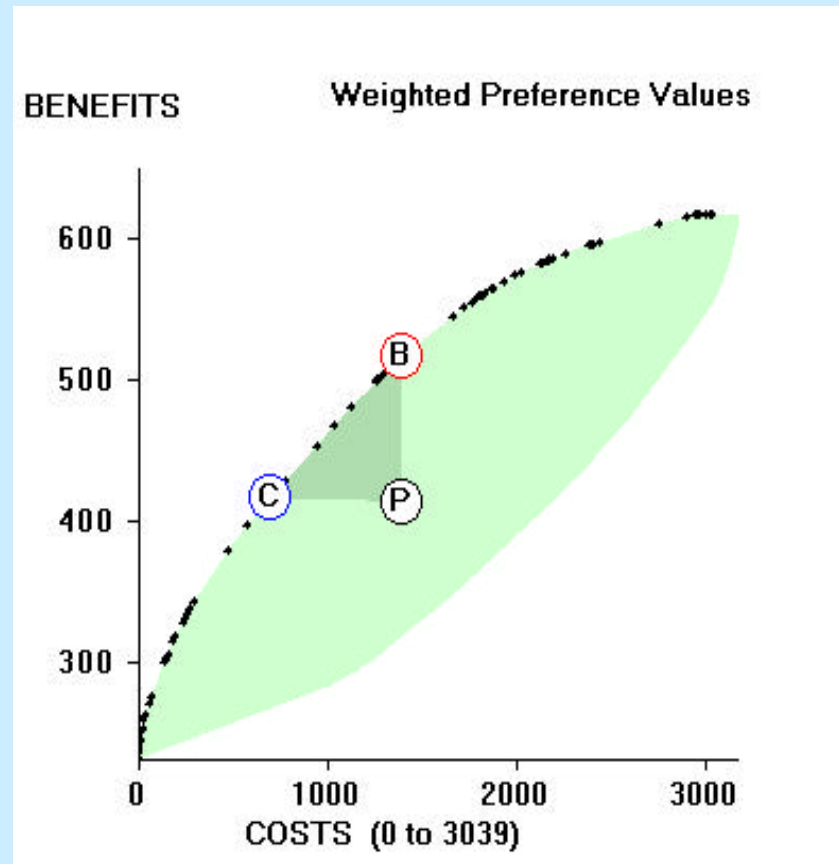
Project Prioritization

OPTION	Input Data				
	COSTS	BENEFITS			Risk
		Dev	FinVal	Innov	
1 License out.	2	0	0	0	0
2 Europe only.	20	375	80	30	-13
3 SQ:regis in Eur & US	50	950	80	70	-28
4 +head trauma	70	1225	100	95	-48
5 +Japan stroke	80	1450	100	100	-64
Within criterion wts		70	100	100	60
Across criteria wts	100	100	80	50	70

- ◆ FinVal inputs: NPVs
- ◆ Innovativeness & Medical Need: direct preference judgments
- ◆ Risk: $100 \log p$
- ◆ All inputs \rightarrow 0 - 100 preferences
- ◆ Swing weights equate units of preference

Project Prioritization

- ◆ Options prioritized by ratio of total risk-adjusted benefit to total cost
- ◆ Current Plan at P, better one at B, less costly one at C
- ◆ P to B in excess of \$1 billion in NPV!

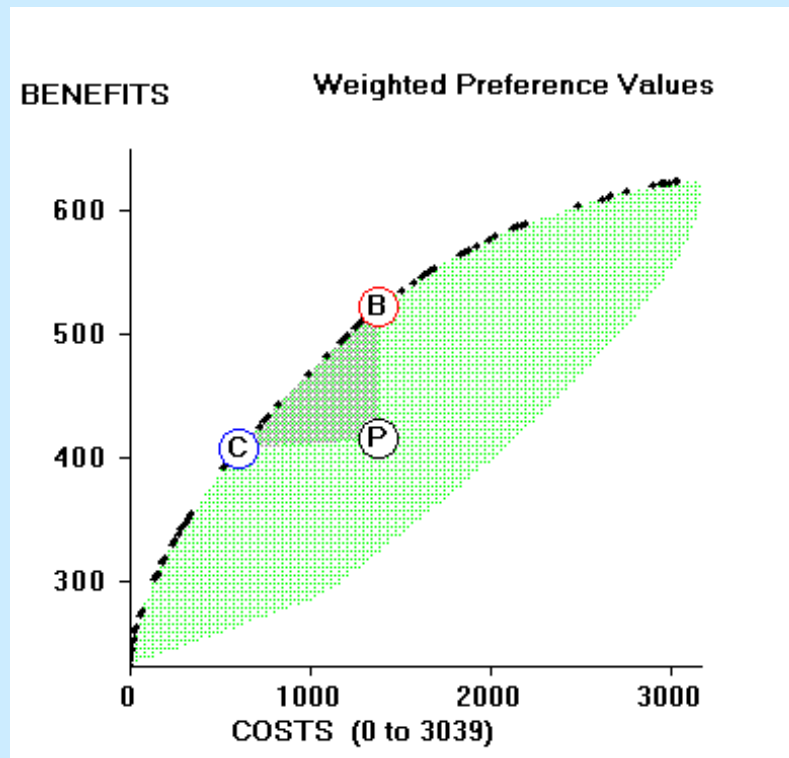


Do decision conferences work?

◆ Research

- Chun (1992): Participants from 48 decision conferences rated them as preferable to ordinary meetings.
- McCartt & Rohrbaugh (1995): Of 26 decision conferences studied, those rated more beneficial were smaller, hosted by organisations more open to change, and more decisions were agreed.

Do decision conferences work?



◆ Experience

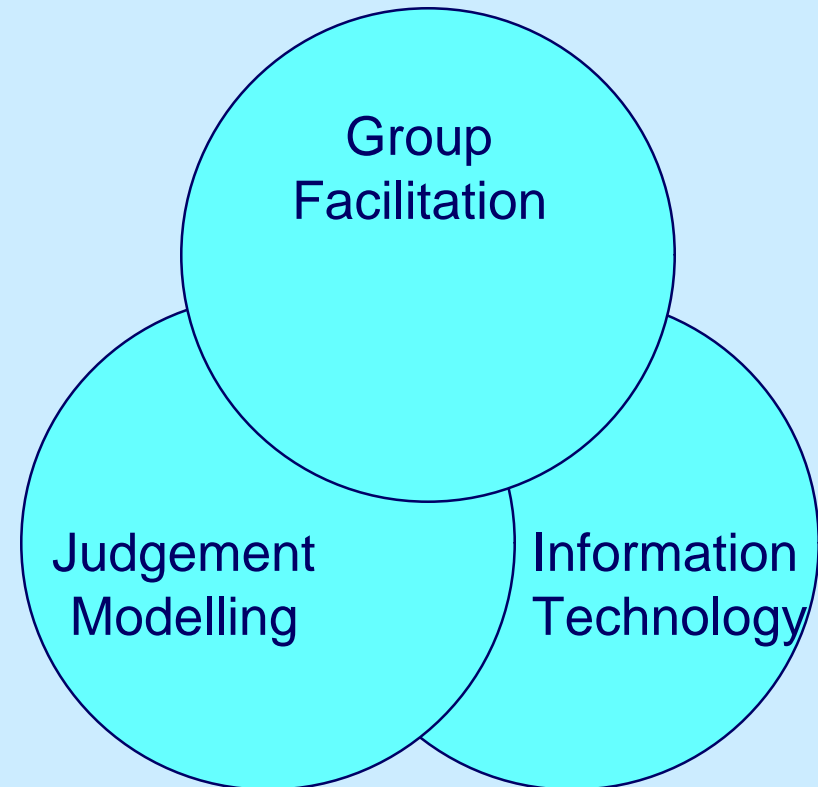
- Many decision conferences evaluate the Status Quo or the current Plan (P) relative to new opportunities
- Can then see what could be done: Better or Cheaper.

Why do they work?

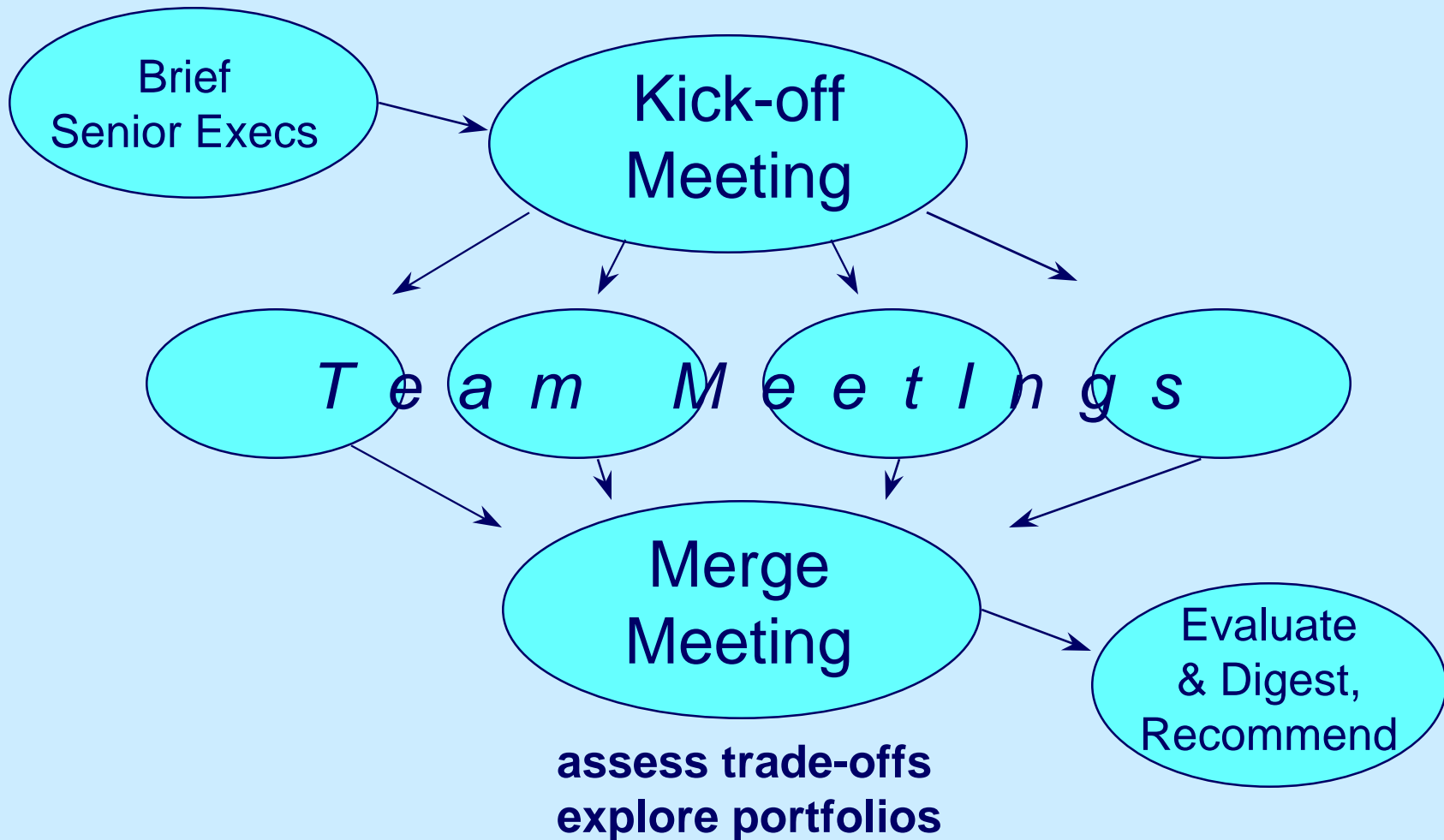
- ◆ Three conditions for group to outperform its members →

Regan-Cirincione, P. (1994).
Organizational Behavior and Human Decision Processes **58**:
246-70.

- ◆ Process gains in group allow ‘many heads to be better than one’
- ◆ Social *and* technical



A sample design of social processes



A brief history

- ◆ Invented by Dr Cameron Peterson at Decisions and Designs, Inc., in 1980.
- ◆ First UK decision conference in spring of 1981 at Brunel Univ. for the Post Office.
- ◆ Brought together my interests in group processes (Tavistock Institute of Human Relations) and decision analysis.
- ◆ Resolved problem of separate views.

Current Status

- ◆ Hundreds of decision conferences in 12 countries, all types of organisations.
- ◆ International Decision Conferencing Forum
- ◆ UK Decision Conferencing Forum
- ◆ Decision Conferencing website run by Enterprise LSE:

www.decision-conferencing.com

The value of decision conferences

- ◆ Better communication across ‘silos’
- ◆ Shared understanding of strategic goals
- ◆ Development of an ‘idea-generating’ culture
- ◆ Commitment to the way forward
- ◆ Improved team-working
- ◆ Better appreciation of uncertainty
- ◆ Smarter, defensible decisions

The new *Decision Conferencing*

- ◆ Sustained, engaged working with a client
- ◆ Use of workshops, decision conferences, and off-line data gathering
- ◆ Focus on strategy: what & why, not how and when
- ◆ Less concern with decisions, more on how groups can contribute to decision processes