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Risk Taker, Caretaker, or Undertaker: Which are You?

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Which Are You?

Learn to rate your own decision-making abilities and those of others in your organization.

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Management, it has been said, always needs more information than it gets, but can't use all the facts it receives. To compound the problem, management needs more information than it can assimilate, within time limits for action, but can't wait and must act on the information it has at hand.

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While the above may sound contradictory at first reading, thoughtful re-reading will probably gain a "right on!" from a cross section of managers in almost any nonprofit organization today. More simply stated, of course, the two statements indicate a continuing problem of today's nonprofit management personnel: they are surfeited with data but lack key information needed to make "good" decisions. One wag remarked, "I don't need more files. I need more wastebaskets."

Nonprofit managers are responsible for making decisions. In the final analysis that's what separates managers from workers and good managers from those who are less effective: the quality of their decisions. One author of the management scene has stated that the quality of decisions, however, cannot consistently rise above the quality of information upon which those decisions are based. Or, to borrow a term from the computer field, "garbage in, garbage out."

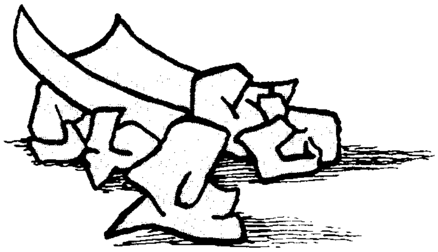
The problem faced by too many nonprofit managers today is that they're not always sure they have enough information to go on at the time decisions must be made. But it is the way in which managers act, faced with that problem, that enables others to assess them as "caretakers," "undertakers," or "risk takers" in terms of their decision-making ability.

Categorizing Managers As Undertakers, Caretakers, or Risk Takers

Part of the problem lies with the manager himself, or herself. Wanting to play safe, not to upset the status quo, some nonprofit managers put off decision making until it is too late for effective action. By that time the opportunity is lost, or the problem has reached such proportions that it defies easy solution or has become virtually uncorrectable. Managers who habitually have this problem are the ones who, by their action (usually inaction), cause the demise of organizations. They might be called "undertakers."

A step above the level of "undertaker" decision makers are those nonprofit managers who maintain an equilibrium of activities within their area of responsibility. While not acting too late, these managers make decisions at the time best designed to avoid getting off track. While disaster is avoided, so is any significant progress. Here are the managers who turn over their departments, divisions, or functions in just about the same condition as when originally assigned to them. They have taken care of things until someone else came along; thus, they may be dubbed the "caretakers."

While blame can be placed, in part, upon those who do not achieve expected or desired performance, since they demonstrate a less-than-good level of management (the caretakers and undertakers), what really should be the concern of upper levels of management is to be "sure" that the decisions made are "best." Note the two words in quotes. One can never be "sure" that a given decision is the "best" one until after the fact. Given the perspective of time and what has taken place since a decision was made, it is relatively easy to make a judgment—that is, to be "sure" whether the decision was a correct one. That, in turn, leads to evaluating how good the decision was for all concerned—whether or not it was "best." This decision evaluation must be based upon the circumstances prevailing at the time the decision was made, the degree of urgency or the risk factor necessitating the decision, and the amount, type, and quality of information available to the decision maker at the time. It stands to reason, then, that *effective* managers are neither "caretakers" nor "undertakers." They must be, by definition, "risk takers."



How Much Risk Should Be Taken?

The amount of risk taking that will be tolerated by management is based, obviously, on the degree of confidence in the risk taker. That confidence is usually earned by a manager as a result of a record of performance. Management must also decide what it considers acceptable risk for a given situation. For example, such decisions as when to begin fundraising, launch a publicity campaign, or recruit new volunteers must, in each instance, be weighed in terms of the potential consequences of not acting. Taking no action, by definition, is a decision *not* to act. A key factor, then, is for management to find ways to minimize the amount of risk in decision making and to improve the quality of information managers have available at the time of decision making.

If it is true, as the opening statement indicates, that management needs more information than it receives but can't use all the facts it has on hand, and needs more information than it can assimilate but can't wait to get all that it needs and must work with what it has, how can management be "sure" that the "best" decisions are being made?

Three Key Factors in Decision Making

Let's consider three important factors involved in making decisions: the decision maker's judgment, the risk to be taken (the decision to be made), and the information needed to make reasonable decisions. Improving any one of these factors should, per se, improve decision making as a whole.

Factor One: Judgment

The easiest thing at which to look first is the decision maker's track record. Over a reasonable period of time, how effective has the individual been in making the kind of decisions that should have been made considering the alternatives available, the information at hand, and the decision maker's level of responsibility? Note here that what is being considered is the quality of decision made (good, bad, indifferent) as well as what should be expected from a person with a certain or defined degree of authority and accountability.

Knowing that the result of a given decision is going to have a future impact, and knowing that we cannot predict the future with accuracy, the judgment which the decision maker applies weighs heavily in the quality of the ultimate decision. Thus, to assess our first factor in decision making—judgment—we need to evaluate how well the manager appraises the impact of his or her decision and the quality of information upon which the decision is based. (Interestingly enough, the dictionary defines judgment as the "capacity to make reasonable decisions, especially in regard to practical affairs of life; good sense, wisdom"). Among questions to be asked concerning a decision maker's judgment are: Does the decision maker act in haste, or are all the available facts considered? In the absence of "needed" information, does the decision maker weigh the possible consequences of delay to obtain the information? Has proper consideration been given to the "what ifs"? To what extent is it evident that the decision maker draws upon his or her own knowledge, experience, and expertise and brings them to bear upon the decision to be made? Am I, as the decision maker's superior, comfortable about the *approach* taken by the decision maker even though not all decisions made are the "right" ones?

Expecting individuals *always* to make the right decision invites managers to be caretaker or undertaker types. A realistic assessment must be made of the successes and failures in decision making. Management must be willing to accept a certain number of poor or incorrect decisions and be more concerned with *how* the decisions were reached. (Robert Townsend, author of *Up the Organization,* and former president of Avis, considered 51 percent a good batting average for his own decisions).

An interesting side issue to consider is whether or not certain decisions should be made by a given decision maker/manager. (Note the interchangeability of those two words. It's not happenstance. Good managers, by definition, are good decision makers). Some managers never "leave" their previous position. In other words, they make the decisions they used to make in their previous position. This is part of the caretaker syndrome.

An equal (though less prevalent) problem concerns the manager who makes decisions that should be made at the level above—who tries to act like his or her boss and frequently makes decisions the superior should be making. This is a *more-than-acceptable* level of risk in decision making!

Factor Two: The Risk To Be Taken

In the area of risk taking, the evaluator should ask such questions as: Given the timing and urgency requiring a decision to be made, was the amount of risk taken by the decision maker commensurate with the consequences of delay? On the basis of the alternatives available at the time, was the decision made the one which had the "acceptable" amount of risk? To what extent did the decision maker know what was "acceptable" and, if not known, how was the decision reached?

Factor Three: Information

The third element for decision-making evaluation is that of the information upon which the decision was made. How good was the *quality* of the information? Was it timely? Did it go to those who needed it, at the time they needed it, and in a form which was helpful in making the necessary decision? Did the decision maker take advantage of all the information available at the time, and if not, why not? What other information could have been made available, and what was done to make it available? It's easy enough to say that a given decision was incorrect after the fact, but the important question is: What was the quality, quantity, and form of the information available to the decision maker at the time and place of decision making?

Is Yours A Risk Taking Organization?

As we have seen, good decision making requires good communication, understanding, and agreement concerning what decisions are to be made, who is to make them, and when; the degree of risk the decision maker's boss is willing to accept; and the type, amount, and timeliness of information which is available for decision making. In addition, there should be a clear-cut understanding concerning the subordinate's position, including the degree of authority to make decisions. While much has been written about position descriptions, too often the one area of neglect relates to the decisions to be made by the incumbent of a particular position. Suffice to say for the moment that effective decision makers must know the decisions they are *expected* to make as well as those they are *permitted* to make.

The ability of nonprofit decision makers can be improved by providing better information as well as by counseling them to develop judgment and to take risks commensurate with the decision to be made. Oftentimes it is the environment or "climate" in which one works that inhibits good decision making. Fear of making a decision, or waiting "to get just a few more facts," is often the result of judgmental evaluations made by the decision maker's superior. That supervisor may have the habit of deeming a decision "wrong" when it is really the "best" that could be made at the time. The superior may even contribute to the decision by holding back information.

Nonprofit managers must encourage, nurture, and promote decision making by subordinate level managers. They must avoid creating circumstances which discourage decisions being made. Objective and informed management recognizes that its primary responsibility is to create an environment which enables subordinates to make better decisions and to take an acceptable amount of risk.

Perhaps a good starting point for those supervising the decisions of others is to ask themselves: Am I developing effective decision makers and risk takers? Or, do I have slow-to-act or unwilling-to-act managers who can best be described as caretakers or undertakers? If someone were to evaluate my decision-making ability, how would they rate me?

As a nonprofit manager, how do you rate yourself? ■