



Getting decision rights right

AS IMPORTANT AS it is for an organization to get decisions “right,” a surprising number of organizations lack clarity about just what decisions need to be made, who is responsible for making them, and how the decision-making process should unfold. Improving the way decisions are made can be good for business: Effective decision rights practices are an integral part of organization design maturity, which in turn is strongly associated with better business outcomes. One study showed that public companies with high organization design maturity enjoyed 23 percent greater revenue growth over the three years prior to the study than those with low organization design maturity.¹

Fortunately, getting decision rights “right” depends largely on a surprisingly small set of factors. Organizations with high organization design (and decision rights) maturity characteristically:

- **Simplify and clarify decision rights across the organization.** Decision-making effectiveness depends critically on how clearly and simply the *who*, *what*, and *how* of decision-making are defined and communicated—that is, who is responsible for making which decisions, what decisions must be made, and how the decision-making process should work. Our research shows that clarity in decision-making has the potential to double the likelihood of improving processes to maximize efficiency.²
- **Establish strong, transparent accountability for decisions.** Accountability is not about identifying where to place the blame for decisions gone wrong. Instead, it’s about evaluating decisions’ outcomes against agreed-upon metrics and determining how broadly within the organization to share those evaluations. The aim is to enable the organization to better learn from both its failures and successes.

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- **Align individuals in decision-making groups to a common mission.** Unhelpful competition and dissent within a decision-making group can slow the process and sabotage decision quality. Establishing a clear common mission for the group can help counter this risk, allowing the group to reach decisions more quickly and less contentiously.
- **Encourage distributed authority.** When appropriate, empowering line workers to make decisions can pay off in greater agility and responsiveness. To avoid creating confusion when this is done, it’s important to explicitly articulate which frontline workers have the authority to make which decisions under what circumstances.
- **Prioritize the customer voice in decisions.** Among the most important ways to better understand customer wants and needs is for organizations to listen more closely to what their customers are saying. Giving customer-facing workers more decision-making authority is one way to increase the customer’s influence over these decisions.

An organization that puts these attributes in place will be well positioned to improve both the speed and quality of their decisions—with positive business results. The data supports this relationship: In 2016–2017, public companies in our data set that excelled in the five areas mentioned increased their earnings per share (EPS) by an average of 45 percent year over year, while organizations that performed poorly in the five areas averaged an 88 percent EPS *decrease* year over year.³ ●

To learn more, read the full article, *Getting decision rights right: How effective organizational decision-making can help boost performance*, on www.deloitte.com/insights/decision-rights.

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1. David Mallon and Timothy Davis, *The organization design maturity model*, Deloitte Consulting LLP, 2019.
2. Julie Hiipakka and David Mallon, *Fostering a learning culture: Why it matters now*, Deloitte Consulting LLP, December 12, 2018.
3. Companies that “excelled” and “performed poorly” in the five decision rights attributes were defined as those in the top and bottom quartiles of our sample, respectively.