

MAKE BETTER DECISIONS

by Nicole Olynk Widmar and Kristyn Childres

We've been very concerned about droughts for the last three years. That's over (for part of the country, at least). Now, you may be under water.

Things are all over the place — we've experienced two weather-related extremes in just two years. But despite the chaos, you still need to make decisions in your ag-related business. Here are some tips for making decisions in times of turbulence.

FORMULATE THE CORRECT PROBLEM

Part of making the best decision is correctly identifying the problem.

In *Smart Choices*, John S.

Hammond, Ralph L. Keeney and Howard Raiffa say, "You can make a well-considered, well thought out decision, but if you've started from the wrong problem, you won't have made a smart choice."

They explain that posing the right problem drives everything else in the decision process. The way you state your problem frames your decision. It determines the alternatives you consider and the way you evaluate them. "Get it right," the *Smart Choices* authors say, "and you'll be well on your way to where you really want to go."

Assume you are in charge of deliveries for an agricultural inputs

supplier. Customers have been complaining about late deliveries; you know you have a delivery and logistics problem. But, do you?

Perhaps the real problem lies in the fact that you have high turnover in your delivery drivers because you don't have a training program in place to allow them to advance within your business.

Thus, when your drivers get outside opportunities, they leave. What you have is not a problem with deliveries or logistics. You have a problem retaining motivated employees.

GENERATE SUFFICIENT ALTERNATIVES

Once your problem has been sufficiently stated, it's time to brainstorm. It's important to spend time generating alternatives because your solution can only be as good as your best option — you can't pick an alternative that you haven't considered.

According to *Smart Choices*, "A terrific house in a great neighborhood may be available for rent, but if you're unaware of it, you won't end up there." The authors note that the payoff for thinking of good, new, creative alternatives can be extremely high.

The authors suggest doing your own thinking first — before you consult friends or experts — to generate new alternatives. They also suggest analyzing past experiences and challenging constraints, either real or perceived. By spending significant effort in the option-generating phase, you can ensure that you're choosing from quality options.

ACKNOWLEDGE POTENTIAL TRAPS

As you analyze your problem and choose alternatives, there are things you need to be aware of. Researchers have identified a series of flaws in how people make decisions, traps

that they may fail to see or acknowledge.

THE STATUS QUO TRAP

A decision trap that's often discussed is the status quo trap. Change is usually difficult. You can think of it as the devil you know versus the devil you don't. People tend to be predisposed to keeping the status quo, rather than adopting changes.

The status quo is never the only option, but the way people frame a lot of discussions, it often seems like the only choice.

"We couldn't possibly do anything else," they say. "We can only do what we do now."

The question to ask yourself is, would you choose the status quo if you didn't already have it? Would you actually choose this option if it was laid out for you, or are you just continuing to do it because it's already in place?

AVOID EXAGGERATING SWITCHING COSTS

To avoid change, many people will make the idea of doing anything except what you already do seem really difficult.

Frequently, the source of the status quo trap is in protecting your ego. If you suggest a change and it doesn't work, you have to take responsibility for the outcome.

You open yourself up for potential regret, making the decision by choosing to do nothing.

We make a lot of decisions each day, and the status quo trap is just one of the traps we walk through. These

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