

MERCATO

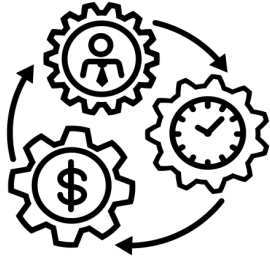


# A Founder's Guide to Navigating Difficult Decisions

with Benoy Tamang



# Why do founders need to be good decision makers?



Once you make/take money, the stakes are amplified



CEOs feel alone as more lives are involved in the business



Every decision is amplified - good or bad - by others executing the founder's choices

# What are examples of difficult decisions founders and CEOs might need to make?



## Strategic

- Does the business look like it will succeed? Does your product meet a need out there?
- Will you have enough funds to make payroll?
- Do you need to change features or company direction in order to succeed?



## Operations

- Do you have the right leadership team, and how to improve it?
- Do you have the right compensation setup for your team?
- How do you hold the CRO accountable effectively?



## Personal

- The stress is aging you fast - how can you stop this?
- Are you neglecting your family when the kids are young and need you the most?
- Can you do the job? Do you just fake it until you hire someone who can take it over?

# What is the formula for effectiveness?

$$\text{Effectiveness} = \frac{\text{Effort x Talent x Training}}{\text{Unconscious Incompetence (UI)}}$$

Component	What it is
<b>Effort</b>	The level of time and energy expended by yourself or the team to achieve results.
<b>Talent</b>	Most leaders only have experience in limited areas relative to the variety of decisions they will have to make. No leader has the heuristic background to come to an independent conclusion in every area. The leader needs to know what he/she is NOT good at and focus on what they are exceptionally gifted at amongst the talented management team.
<b>Training</b>	The CEO (and others) all need to be continuously looking to improve their skill sets, including self-awareness. More training allows the effectiveness to be positively impacted for most leaders.

# How can unconscious incompetence affect your decision-making?

## **Fear One:**

Fear of Failure  
(I'm not good enough)



Manifests as:

- Founders who are super hard working and killing themselves to perform
- Founders who are paralyzed and not acting on poor performance because they don't want to be disliked
- Many more examples

## **Fear Two:**

Fear of Loss  
(My future may not be safe)



Manifests as:

- Micromanaging the newly hired executives
- Emotional outbursts and drama by the CEO and others
- A culture of backbiting/blaming
- Overly critical leadership style

# How do you become aware of your unconscious incompetence?

## NOTICE

Strong negative feelings



## FIXES

Gauge your emotions



Question if your emotions are reality or a story



Have an outside accountability buddy



Affirm, reprogramn, exercise, sleep, eat



# What do you need to consider before making a difficult decision?

## BANT Framework

### Budget Affecting

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- How does your decision impact your budget?
- What kind of financial realities do you need to account for?

### Authority

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- Who is the real authority that could influence or should make that decision?
- Who do you need to solicit the perspective of?
- Do you have all of the information?

### Need

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- Is that a real need for the particular topic or is it a possible request?
- Is this a decision the CEO needs to make?
- Is this really an issue at all?

### Time

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- When does the decision have to be made?
- What are the relevant deadlines you need to account for?

# What do strong and weak decision making around decisions look like?

## Strong Communication

Addresses the recipient's emotional state ✓

Communicated with clarity ✓

Communicates the sender's state of being ✓

## Poor Communication

Inconsistently 'connects' with receiver ✗

Emotionally delivered and vague ✗

Undermined by fear ✗



# What questions should you ask yourself before making a decision?



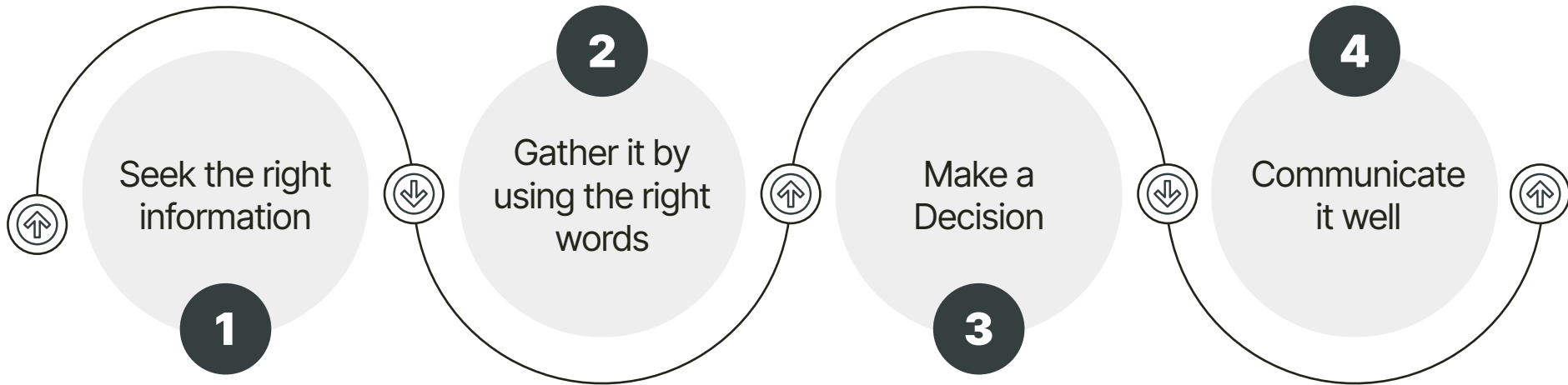
Am I feeling a lot of emotions around this decision?

Has sufficient pause been taken?

Is this a reaction or a response?

If it's a response, is it the right response?

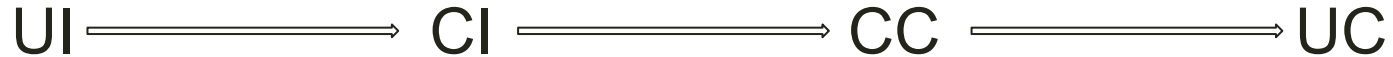
# What is the virtuous cycle of clear-minded decision making?



Balanced leaders mean subordinates won't hold back bad information or give an incomplete picture for fear of an angry reaction. The leader's balance can create a virtuous cycle of clear-minded decision-making and communication throughout the organization.

# What is key for effective decision making?

$$\text{Effectiveness} = \frac{\text{Effort x Talent x Training}}{\text{Unconscious Incompetence (UI)}}$$



Questions