**Authority and Decision Making**

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***Authority***

One of the many facets of business that is rarely discussed or considered in a company’s organizational structure is the ability of individuals to make constructive and meaningful decisions in a timely manner. In hindsight, any of us could play Monday morning quarterback to see the reasons why a company had a setback in a particular area, or worse yet, failed altogether. Companies like Eastern Airlines, Enron, Kmart, Blockbuster and Toys R Us are just a few that have disappeared as a result of poor leadership. Most recently, companies like Bed, Bath & Beyond as well as financial institutions like the Silicon Valley Bank have succumbed to bad management, which itself can be attributed to poor decision making. In this paper we are going to dive into the aspect of sound decision making, what levels certain decisions should be made at, and ways to avoid detrimental setbacks that can lead to failure.



***Challenger Explosion (1986)***

Now only those of you who are roughly in your forties or older may remember where you were or what you were doing on that fateful day in January 1986 when the Challenger explosion occurred. Those much younger have certainly heard or read stories about what happened and the decisions that led to this tragedy in which seven people lost their lives. This is not the only such time that failure to make a proper decision at a particular level has resulted in a loss of life. Certainly, any circumstance where injuries or death occurs as a result is undoubtably the worst-case scenario. It’s bad enough that business failures lead directly to unemployment, loss of income, and any of several financial problems for many, but they can unfortunately also lead to loss of life. As a former Eastern Airlines employee up until their closing in early 1991, I remember a number of individuals who were devastated enough to take their own lives as a result of Eastern going under, so again decision making in business has a much broader impact than we typically take into consideration in our day-to-day operations. It’s for this reason I felt compelled to have this discussion of authority and decision making in business to understand where it comes from, why it is so important, and how we can establish effective decision-making at the right levels and times.



***Decision Making***

The ability for sound decision making is not a trait that we are born with, but rather it is a learned skill. As children we have no clue as to the number of ways we could harm ourselves, so it is important that we have proper oversight and training to protect us from the things that can cause us harm. Over time, throughout our development, our ability to assess the things around us that can be a hazard to both ourselves as well as those around us, hopefully becomes more apparent to the point we begin to make sound decisions in our daily lives. The same could be said in business as we work our way up through the ranks to develop our work ethic as well as a sense of operational processes and procedures that make for a more efficient work environment. However, being able to learn how to evaluate circumstances in order to determine what daily decisions we find ourselves making will only come about if we have leadership that has created an empowering environment for us to develop in.



***Empowermen****t*

I remember back in the nineties when the term empowerment began to be bantered about in the work environment. My employer at the time had its mechanics represented by a union, which unfortunately meant occasional disputes between management and union personnel regarding some of the corporate decisions being made about operations and direction. In an attempt to appease the union and hopefully head off any work slow downs or walkouts, the company decided they would “empower” union personnel to be more involved in day to day decision making in their respective work areas. The granting of this empowerment came without any real fanfare, preparation, or training of any kind. It did not take very long before mistakes began to manifest, deadlines for completion of work were missed, and various accidents as well as equipment failures began to occur. Before things got too bad, management stepped in to rescind this as a failed experiment.

So where did things go wrong? Was or is empowerment a bad thing? Well, the question is more one of how empowerment is implemented. The definition of empowerment is to give authority or power to someone to do something. But just like a tool or piece of equipment used in construction, we can’t necessarily know if the individual we give that tool to knows precisely how to use it. If we assume that the individual has had all of the proper training necessary to use it effectively, we can unfortunately set the person up for failure, which could in turn erode their confidence and sense of self-esteem. Therefore providing empowerment to individuals or groups requires leadership to provide the proper training and development of those we are seeking to empower. Like a jigsaw puzzle, we must connect the pieces together properly in order to see the whole picture come together.



***Putting It Together***

Being able to build an organizational chart for a business is, or else should be, much more that creating a chain for reporting of individuals within the business operations. Regardless of where we are with the people we report to or the number of individuals who may be our direct reports, there should exist a certain level of authority as well as the ability to make informed decisions at that particular level. Otherwise, a business may well find itself so bogged down in a seemingly endless upward and downward flow of communication that can stagnate operations. Of course in order to accomplish this, we must be prepared to not only ensure we provide the training, resources, and personnel development at all levels throughout our organization, but we should make sure we place individuals with the right work ethic, sense of confidence, and the skills of discernment in management and leadership to make sound decisions based upon the level of authority that the position requires. If every business decision is constantly being driven down from the top, it creates an environment of micromanagement that begins to lead those throughout various levels to become disengaged to the point they either leave the organization, or worse yet – quiet quit. Therefore as we look at the various elements of our business with respect to where some of our biggest challenges or even our most difficult struggles are, we should not begin attempting to address the problems or issues until we take a long look at our organizational structure to see if there are points where lack of effective decision making and authority at said levels are creating a lack of focus or vision.



***Vision***

Whenever an organization creates a mission or vision statement for itself, it should be one that not only sets the course for where the company needs to go to be successful, there should also be elements of how the company can get there based upon the involvement of all of the people that comprise the organization. Unless our employees feel they have some buy in or opportunity in being a part of the process of working towards the objectives of the organization, they will quickly become disenfranchised and can become an unintentional hindrance to the company’s mission or vision. If we have not placed the right people in key roles, provided the personnel development that leads to effective empowerment at the various levels of the organization, and provided a clarity of the vision for the business that helps those individuals clearly see the objectives of the organization as well as how they play a part in it, then we may continue to see our business survive but not reach the levels we could achieve under the right conditions. So how do we bring all of this together in the right light?



***Illumination for Change***

Over the course of nearly fifty years of work across a range of businesses from aviation, distribution, healthcare, construction and manufacturing, I have found that there are common elements within any of these industries that drive their ability to meet with the greatest opportunities for growth and success. Of course we don’t live in a world of absolutes in the business world as things can and sometimes do go wrong. However, we do have an obligation to ourselves, our customers, our stock holders, and our employees to create the type of organizational structure and operational discipline to ensure that we can be the best we can in our chosen industry. That’s why at ***LONG INSIGHTS, LLC*** we light the way to help you understand how establishment of structure and discipline not only helps you improve your bottom-line profitability, but it also helps to create a stability and foundation for growth that benefits the organization in other innumerable ways. And in the process, you can build an organization of truly empowered and dedicated individuals who can make authoritative decisions in a manner that can help you avoid the pitfalls and mistakes that have seen some of the business we talked about in the beginning of this piece to disappear from the economic landscape.