

NEWBRIER

Decision Dynamics

A CEO's Guide to Smarter Choices

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Decision Dynamics:

A CEO's Guide to Smarter Choices

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About Newbrier

Expert Analytics for fantastic rural hospitals.

Newbrier is making financial analytics accessible and usable for rural hospital leaders to make better decisions. Leveraging a breadth of expertise in cash flow, budgeting, labor productivity, and data mining, Newbrier prioritizes data that genuinely influences outcomes. Every decision is grounded in thorough examination, iterative refinement, and an unwavering commitment to seize every opportunity for improvement.

Recognizing rural hospitals' cost constraint challenges, Newbrier offers financial analysis as a tailored service. This enables these healthcare providers to elevate their analytical capabilities without the added pressure of expanding their teams. By outsourcing this critical function to Newbrier, hospitals can harness the power of sophisticated financial insights, driving operational efficiency and bolstering their bottom line while maintaining a lean organizational structure.

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Introduction

Mental models are invaluable tools for understanding complex scenarios and fostering innovative thinking. Their effectiveness, however, hinges on appropriate application within the proper context and at the opportune moment. Mastery of these models requires not only familiarity but also regular practice.

To optimize the use of this guide, consider the following strategies:

1. Exploratory Learning

For mental models that are new or not thoroughly understood, this guide acts as a foundational resource for deeper exploration. Each model is accompanied by references, primarily to Wikipedia, to facilitate initial research and understanding.

2. Problem-Solving Application

When confronted with specific challenges, systematically review this list to identify applicable models. This process encourages a methodical approach to problem-solving, ensuring that relevant models are considered and appropriately applied.

This guide is designed to be both a starting point for learning and a practical tool for application, enhancing decision-making and analytical skills in complex professional environments.

The strategic use of this guide, focusing on mental models, can significantly enhance decision-making in several key ways:

1. Expanding Perspectives: Offers diverse approaches for comprehensive problem analysis.
2. Contextual Relevance: Tailors decision-making to specific situations for more effective outcomes.
3. Efficiency: Sharpens problem-solving skills for quicker, more accurate decisions.
4. Bias Reduction: Helps identify and mitigate personal biases in judgment.

5. Strategic Insight: Encourages forward-thinking and long-term planning.
6. Innovation: Stimulates creative solutions through varied thinking frameworks.
7. Adaptive Learning: Promotes continuous improvement from practical application.

The Decision Worksheet

The final page of this guide features a Decision Worksheet, a tool designed to document your decision-making process meticulously. This worksheet serves as a tangible record of the thoughts, considerations, and rationale behind each decision you make.

How to Use the Decision Worksheet

Documenting Decisions: Whenever you face a significant decision, use this worksheet to record the specific details of the situation, the mental models or frameworks applied, the options considered, and the final decision made.

Reasoning and Rationale: Detail the reasoning behind your choice, including any potential biases you identified and how you addressed them.

Future Review: Set a date for reviewing this decision in the future. This step is crucial for the learning process.

Reflective Learning: On the review date, revisit the worksheet and assess the outcome of the decision. Reflect on the effectiveness of your decision-making process and identify areas for improvement.



1. Decision-Making Frameworks

Decision-making frameworks are vital tools for healthcare leaders, offering structured methods to analyze challenges and make informed choices quickly and effectively. They help streamline complex decisions, ensuring clarity and strategic alignment in a demanding healthcare environment.

Occam's Razor

Definition: The simplest explanation is often the correct one.

Example: Diagnosing a common illness rather than a rare one when symptoms are typical.

High Agency Razor

Definition: Choose to work with people who demonstrate the ability to navigate and overcome challenging situations.

Example: Selecting a team member for a critical project based on their problem-solving skills and resilience.

Luck Razor

Definition: When faced with equally viable options, choose the one that seems to offer the greatest potential for future opportunities or 'luck.'

Example: Choosing a business strategy that meets current goals and opens doors for future opportunities.

Bezos Razor

Definition: Make decisions by considering what your future self would have wanted.

Example: Deciding on long-term investments in healthcare technology by considering future healthcare trends and needs.

2. Human Behavior

In healthcare leadership, understanding and navigating human behavior and interactions is key. This section focuses on frameworks that help decode complex interpersonal dynamics and psychological patterns, essential for making informed decisions considering the human element in healthcare management.

Hanlon's Razor

Definition: Never attribute to malice that which is adequately explained by carelessness.

Example: Assuming a staff mistake is due to oversight rather than intentional wrongdoing.

Narcissism Razor

Definition: People are generally more concerned with their own image than with others, reducing the impact of individual actions in the broader social context.

Example: Not overemphasizing a minor mistake in a presentation, knowing that the audience is more focused on their own concerns.

Taleb's Surgeon

Definition: When choosing between two equally qualified candidates, prefer the one who has succeeded without relying on charisma.

Example: Hiring a healthcare professional based more on their track record and skills than their charisma during the interview.

3. Organizational Dynamics

Navigating the intricacies of organizational dynamics is a critical aspect of healthcare leadership. This section presents frameworks that aid in understanding and managing the complex interplay of factors within an organization, from workforce productivity to resource allocation, ensuring a cohesive and effective operational environment.

Everyday Razor

Definition: Incremental daily progress leads to substantial long-term results.

Example: Implementing daily brief health and safety checks in a hospital to improve long-term patient care standards.

Skinner's Law

Definition: Overcome procrastination by manipulating the consequences of action and inaction.

Example: Setting up a reward system for timely completion of administrative tasks in a hospital setting.

Price's Law

Definition: A small percentage of people in an organization are responsible for a large percentage of the work.

Example: Identifying key performers in hospital departments and ensuring they have adequate support and resources.

Pareto Principle (80/20 Rule)

Definition: A majority of effects come from a minority of causes.

Example: Focusing on the most common causes of patient readmission to significantly improve overall patient outcomes.

4. Explaining and Understanding

Performance metrics offer a robust framework for analyzing a hospital's financial and operational health. However, the one-size-fits-all approach may only cater to some of the unique circumstances of rural hospitals. This chapter explores how performance metrics can be customized to resonate with rural healthcare settings' distinct challenges and opportunities.

Cognitive Biases

Definition: Tendencies to think in certain ways that can lead to systematic deviations from a standard of rationality or good judgment.

Example: Being aware of confirmation bias when evaluating the success of a new treatment protocol.

Arguing from First Principles

Definition: A basic, foundational proposition or assumption that cannot be deduced from any other proposition or assumption.

Example: Reevaluating hospital procedures from the ground up to find inefficiencies.

Proximate vs. Root Cause

Definition: Distinguishing between the cause closest to or immediately responsible for an effect and the deeper, underlying cause.

Example: Investigating the underlying reasons behind recurrent patient safety incidents.

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