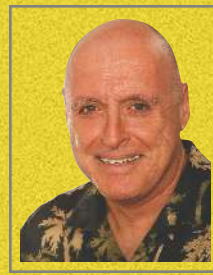


THE EXTRA POINT

BY JERRY ROBERTS



827 The Bezos 70% Rule – Can You Use it?

If I could give you a tool that made your decision making easier, would you be up for it? Okay, we'll see, next, on The Extra Point.

If you've listened to this feature for a fair length of time, you've likely heard me say that being a problem solver is a good thing to be known as. Every organization needs problem solvers, and people who solve problems usually make good decisions. Good decisions are a part of solving problems.

I'm reading an article about Jeff Bezos, the founder of Amazon. I think most people would consider him to be a pretty decent problem solver and decision maker. You don't get to \$200 billion in net worth by making nothing but bad decisions. I'm sure you'll agree.

Bezos is said to have a rule about decision making, and he calls it the 70% Rule. It works like this: Whatever you're trying to figure out, you should make your decision when you have 70% of the information you need in order to come to a conclusion. "Now, wait a second Jeff, I have a question."

Bezos elaborated further. He said that high-quality decisions require 90% of the necessary information. However, the downside to arriving at 90% is that it takes a lot of time. I still have a question.

Jeff continued. Speed is crucial in our world. Opportunities will be lost if we take too much time to make decisions. That's why waiting for 90% of the information is troublesome. Better stick with 70%. "Yo Jeff, over here, I have a question."

Look, I get that we can't wait too long to make decisions. Besides losing out on opportunities, competitors could take advantage of how slow we are to deal with issues. There are countless examples of organizations, large and small, who were slow in deciding on things and lost out.

If you asked a hundred leaders in Guam about making slow decisions, no decisions, and wrong decisions cost them plenty – you'd get a hundred different stories, maybe a thousand.

Bezos also likes his 70% Rule because he strongly believes there is no such thing as a final decision. Circumstances change. Sometimes you have to change directions, or even stop.

Back to the 90% number for a moment. Having too much information can lead to "decision paralysis," or as it's also known, the paralysis of analysis. Okay, I still have that question, and maybe you're thinking the same thing I am.

Here's the question: "How on Earth do you know when you have 70% of the information you need to make the decision? I know that Bezos has a spiffy response to that, and the answer is: You don't know. You just estimate.

"What?," I say? "Estimate? No, this is the world's richest guy. The answer can't be that simple."

Bezos offers ways to help us estimate, to get to the 70% threshold.

1. Use time. If somebody gives you 10 days to make a decision weigh everything you know and go with your best selection on day seven.

2. Develop a checklist. List all requirements for the hoped-for end result, and when you've checked off 70% of them, make the call. Just a thought, it might be wise to prioritize that checklist and make sure you've got the most critical areas covered.

3. Ask others to help. You can ask your team for advice, your boss, and more.

(Con't.)

One last thing to consider here, is that many leaders believe — and Bezos may be one of them — that a decision which goes off the tracks and results in a poor outcome, is better than no decision at all.

While many of us would try to avoid arguing with someone who is ridiculously successful, and has built a true beast of a retail company, I'm not sure that's always a good strategy. No decision is a decision, and sometimes we're better off using it to slow things down, or simply leave things as they are.

So, is the Bezos 70% Rule — with the estimation factor built in — a tool we can use?

That's The Extra Point. Be responsible and make something good happen today. For 93.3 and the Ray Gibson Show, I'm Jerry Roberts.

###

For information on training and consulting services with Jerry Roberts, please click this link: guamtraining.com

