How does the Structure of Decision Making Relate to the Success of the Company?

Business, as well as life in general, is comprised of important decisions on the courses of action we want to take. The quality of these decisions is what drives the success of the entire enterprise. Thus, the decisions have to be made considering a lot of surrounding factors, from the current resources of the company to the conditions in the [urban and regional economy](https://coresignal.com/blog/shift-share/). The key to ensuring the high quality of the outcome is figuring out the fitting structure of decision-making within the company. The methodical approach to decisions and rules to how they are to be made is what raises the probability of successful business management.

## Bringing the structure to decision making

Let us start by considering what exactly separates a structured decision-making from unstructured. The structure is, of course, something ordered, where everything is in its place and always goes the same way. Thus, structuring your decision-making process, very basically, means setting up a plan as to how the decisions are to be made, who are the decision-makers in particular situations, and what should be considered when discussing possible answers to the question at hand.

The paradigm for the structured approach to decision-making in business comes from the military. In the army, decisions have to be made efficiently and once confirmed, carried out without hesitation. Here it is literally a matter of life and death. Therefore, such and similar procedural plans as the American [Military Decision Making Process (MDMP)](https://www.thelightningpress.com/about-the-military-decisionmaking-process-mdmp/) are implemented in armies all over the world.

Taking this as a stepping stone, companies aim at bringing the structure to their decision-making processes as well. The key to the concept is [organizing the company](https://journals.sagepub.com/doi/pdf/10.1177/0008125619862257?casa_token=Bb3EmUo8R_kAAAAA:nMQKl_CyzH6gy62Ru4TeCA6Mw03AL97VXV5e8wCHV8opofB5Fp10NABMM6dWx-xurpud6GMMe54) in a particular way so that everyone knows who will make the final decision and what information should be brought to the table for them to do so.

The structure of decision-making is then about explaining to everyone involved their exact role in the process. Additionally, predefined criteria for how the decisions should be made help to always know that you are on the right path, even if the quality of the decision is not clear immediately.

Of course, there will always be a degree of uncertainty in business decision-making. If it was possible to just establish a process that always leads to the right answer, no one would ever be making mistakes anymore. Thus, the structure of decision-making should always be evaluated by its results and restructured when necessary. And deviations from the usual structure and other exceptions will be necessary from time to time. But such exceptions only reaffirm the need for a general rule.

## The benefits of the structured decision making

There are many advantages of bringing some structure to your decision-making process as opposed to always going on a hunch. Here are some of the clearest benefits of having a high-quality structure of decision-making in place.

1. **Enhanced efficiency.** Some decisions can wait while others need to be made as soon as possible. But in any case, the more efficiently a decision can be reached, the better it is for the effectiveness of all the company procedures. When the structured plan is in place, it is easier to quickly find solutions to the questions at hand and move on to other important tasks.
2. **Better decisions.** The most obvious and simple benefit – decisions just tend to be better when a method is involved. Just making it up as you go along might be fun sometimes, but when the success of the company is at cost there are better ways to do things. Decisions that follow the guidance of the premeditated plans quite naturally turn out to be better than those made under pressure and chaotically.
3. **Reduced stress.** Talking about pressure, no one really likes it for a prolonged period of time. When there is constant pressure at the office, both the work satisfaction and quality are doomed to go down. If the workforce has to make decisions in [stressful situations](https://deliverypdf.ssrn.com/delivery.php?ID=653004094099107078075027002005075095049017031083090035064103093096008125125090027121022102098031119063013103098084012002102068000020066087035098004098020068030081113063023086083027091021114118093118120083112095102120121074006023085022089105118119065064&EXT=pdf&INDEX=TRUE) all the time, they are far less likely to want to stay with the company for long. Having a structure of decision-making figured out reduces the stress of it as everyone knows what they are supposed to be doing.
4. **Clear path for improvements**. Having an actual strategy, even in cases when it does not work as expected, is much easier to fix than having no strategy at all. A structure of decision-making might have flaws but like with every structure, they can be spotted and fixed. With increased accountability and clear action plans, the deficiency of particular results might help to improve the future structure of decision making and thus get it right next time.

## Steps towards a good plan

As a final thought on the role of the structure of decision making in business, it is worth considering how to start working towards it. One thing that can be helpful is learning from other companies and the way they do things. Thus, data on the key decision-makers in other firms and their processes might be helpful in creating your own plan.

Different objectives might require different procedures. Thus, it is important to always start by identifying the goals of each department. The plan starts with these objectives, the people that should be striving for them, and the information they need to know in order to achieve them.