



THE LEADERSHIP CONTEXT

How to develop good
judgement as an Executive
and why this is so important

What I learned from talking with Meahan Callaghan

By: Pod O'Sullivan

“Good judgement is a bit like personal values, you don’t know what is missing until it is not there. The quality of any of our leader’s judgement is only recognised when the consequences manifest. And if the decision is deemed to have been a poor one, the leader’s judgement capability is absolutely questioned!”

So said one CEO to me recently when we were discussing how can leaders develop their ability to make good decisions. I dare say we have all committed, observed, or been affected by poor judgement. Depending on the scenario this can land on the spectrum from relatively inconsequential to disastrous for the individual and their career, their team, and the organisation. Often the energy, effort, and cost (for all parties) needed to deal with the consequences (intended or otherwise) from poor judgement is significant.

*Judgment is about making good decisions.
Real decision-making is rapid, biased, and subconscious.
And we rationalize our decisions after the fact. Having good judgment mostly concerns fixing (or not repeating) bad decisions. Judgement emerges as a property of a leader’s information processing style, decision-making approach, decision-making style, personal reaction and openness to feedback and coaching.*

***R. Hogan, Leadership assessment author
and psychologist***

While it is easy to be wise in hindsight, much can be done to increase the capability for good judgement. I explored this topic in a recent Leadership Diet podcast (link), with [Meahan Callaghan](#), one of the most experienced tech sector CHROs in the Asia Pacific region.



Meahan believes that as executives progress in their careers, the development need is less about general skills and more about judgment especially where there are decisions to be made under pressure and where there are competing interests. Specifically in relation to employees she advocates that faster quality decisions are made by leaders on their own, the more credit that will be gained from followers.

So how can people learn good judgment and have good cognitive ability in this space?

What gets in the way of leaders exercising good judgement?

Before we jump into what can leaders do to develop the capability of good judgement, it is useful to cover off some common pitfalls that leaders fall into, leading to poor decision making or exercising poor judgement.

1. **A lack of formal learning in the science of decision making**
Given that judgement is a property that emerges from a combination of inputs, particularly making good decisions, the obvious place to start is how are leaders taught to make decisions. Jay McNaught, Director of Global Leadership Development in a global retailing organisation, completed his PhD in how leaders are taught to make decisions and found that most senior leaders had no formal training in this area. In recent interview, Jay commented that leaders need to learn the basics of speed versus incubation, the importance of optionality, intuition versus rationality and the dangers of personal biases.
2. **Relying too much on personal history and expertise**
Leaders are regularly promoted after having done a good job elsewhere or at a different level within the organisation. The relatively famous book by Marshall Goldsmith, *What got you here won't get you there*, suggests that relying on past successes is a poor predictor of future success for a leader who is taking on more senior or complex responsibility. Neuroscience backs this up. Our brain is a superb pattern recognition expert and seeks to look for patterns in new



situations that are like previously experienced events. Thus, if a leader is dealing with a situation that appears to be familiar to them, our brains can cause leaders to believe they understand the situation and therefore to act accordingly. Often with negative consequences.

3. **Letting the emotional tagging override rationality**

Building on the previous link to neuroscience, research from Ashridge Strategic Management Centre on executive level decision making suggests emotional information is attached to the thoughts and experiences stored in our memories. This is why when retelling personal narratives or stories that are associated with important events in our lives, we strongly *feel the story* as we retell it. From a leader's perspective this tagging can be useful in helping to direct them towards specific actions. But, on occasions the same emotional tags can be unhelpful if they are linked to reactive emotions such as having felt cheated, embarrassed, ashamed, let down etc. The decision that is waiting to be made is now potentially influenced by an unhelpful tagged emotion.

4. **A lack of checks and balances with unconscious biases**

Rational thinking processes often have built in checks and balances. Decide on the core question to be answered, project a desired direction, lay out a specific or agreed criteria and check options against those same criteria, measure compromises as they emerge and land at an optimal decision. Very rational and full of 'gates' that allow for rationality to reign supreme.

But building on the ideas of pattern recognition and emotional tagging we make decisions fast and are often blind to our personal biases along the way. According to [Sydney Finkelstein](#), Professor of Management at Tuck School of Business, 'our brains leap to conclusions and we are reluctant to consider alternatives, we are particularly bad at revisiting our initial assessment of a situation'.

The starting question always is, "What does good judgment look like here?"

Meahan Callaghan



5 Key steps or principles to help develop good leadership judgement

- 1. Define what is good judgement here?**

You can't train good judgement, you can only train good judgement here. Judgement is situational so the question Meahan recommends starting with is *"What does good judgment look like here?"*

Understanding the context is critical so that decisions can be made in light of the circumstances. For instance, you may use values and behaviours of the organisation to determine what good judgment is in a context. It provides the ability to specify *"good judgement here is this"* and *"poor judgment here is that"*.
- 2. Determine the key principles that guide the context here.**

Meahan in our conversation, discussed her experience as CHRO in SEEK. She told the story of one SEEK principle was "put the organisation first above your own individual needs". Understanding that ambiguity breeds confusion, Meahan recommends organisations drawing on their values, behaviours, and culture to set the guide rails for decision making. Organisations can offer clarity regarding their internal values or important principles by extending the headline with "This means XXXXX and This does not mean XXXXX"
- 3. Give lots of examples to illustrate what the favored principles mean.**

It is generally recognised that giving strong direction is more helpful than trying to create a rule book to try to cover every possibility. The latter is impossible and can lead to people abdicating the responsibility for using judgement. Organisational specific principles can be taught internally by using case methods (a learning approach designed to accelerate experience through exposure to a diverse range of perspectives by using real business cases) or through leadership simulations which are designed to immerse participants in common business situations commonly faced by senior leaders.
- 4. Develop Self Awareness and Self-Regulation**

Poor judgement often occurs in reflex to avoid what the executive perceives to be a potentially catastrophic possibility (realistic or not, rational, or not). Avoiding this requires self-awareness. By



understanding what is happening and increasing the ability to self-regulate, they then have the capacity to pause rather than react and this brings space. This space provides an opportunity to evaluate before action. This is critical. Meahan says that being able to respond rather than react is vital. She shared her experience of developing a process of personal reflection, be it through journaling or coaching allowed her to explore the narratives she, as the executive held, examine the potentials and realities and scenario plan to give her a flexibility of options.

5. **Own and learn from mistakes**

Lastly, if good judgement includes learning from mistakes, then covering up, making excuses or blame shifting is not acceptable. Accept that we will all make mistakes and exercise poor judgment and decision making. What is important is to own it, reflect for learning and share so this can increase capability for self and others.

Being able to say to a team “I made a poor judgement call there and these were the things that I was using as guide” is a very useful learning moment for everyone and should not be shied away from - that is good judgement.

“One cool judgment is worth a thousand hasty councils.

The thing is to supply light and not heat.”

Woodrow Wilson

Pod O’Sullivan is a partner with [The Leadership Context](#), a boutique consultancy that works with CEO’s and leadership teams to help them scale their leadership to enable the organisational strategic imperatives, particularly during complex times. His podcast, [The Leadership Diet](#) is widely regarded as an intimate and insightful look at senior leadership for all its aspirations and realities.





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