How do organisations go about making “unstructured,” “strategic” decisions? Researchers of administrative processes have paid little attention to such decisions, preferring instead to concentrate on routine operating decisions, those more accessible to precise description and quantitative analysis. As a result, the normative models of management science have had a significant influence on the routine work of the lower and middle levels of organisations and almost no influence on the higher levels. But it is at the top levels of organisations where better decision-making methods are most needed; excessive attention by management scientists to operating decisions may well cause organisations to pursue inappropriate courses of action more efficiently.

Although there is a body of normative literature on techniques for strategic decision-making, for example, strategy-planning, models of the firm, cost-benefit analysis, the evidence from empirical studies of their application indicates that all too often these techniques have made little real difference in the decisional behaviour of organisations (Grinyer and Norburn 1975, Hall 1973, Whitehead 1968). These techniques have been unable to cope with the complexity of the processes found at the strategy level, about which little is known.

This paper defines a decision as a specific commitment to action (usually a commitment of resources) and a decision process as a set of actions and dynamic factors that begins with the identification of a stimulus for action and ends with the specific commitment to action. Unstructured refers to decision processes that have not been encountered in quite the same form and for which no predetermined and explicit set of ordered responses exists in the organisation. And strategic simply means important, in terms of the actions taken, the resources committed or the precedents set. This paper uses empirical research to suggest a basic framework that describes unstructured, strategic decision processes. The suggested framework embodies the results of our own study of 25 such decision processes, as well as evidence from published empirical studies.
Introduction to Strategic Decision-making

Published Research on Decision Processes

Most of the empirical literature can be neatly classified into three groups: research by cognitive psychologists on individual decision-making in game situations, research by social psychologists on group decision-making in the laboratory, and research by management theorists and political scientists on organisational decision-making in the field.

The research on individual decision-making perhaps best represented by the Newell and Simon book *Human Problem Solving* (1972), relies largely on eliciting the verbalisations of decision-makers’ thought processes as they try to solve simplified, fabricated problems, such as in cryptarithmetic or chess. These are then analysed to develop simulations of their decision processes. This research indicates that, when faced with a complex, unprogrammed situation, the decision-maker seeks to reduce the decision into subdecisions to which he applies general purpose, interchangeable sets of procedures or routines. In other words, the decision-maker deals with unstructured situations by factoring them into familiar, structurable elements. Furthermore, the individual decision maker uses a number of problem-solving shortcuts – “satisficing” instead of maximising, not looking too far ahead, reducing a complex environment to a series of simplified conceptual “models.”

Thus, we can conclude from the studies of individual decision making that decision processes are programmable even if they are not in fact programmed: although the processes used are not predetermined and explicit, there is strong evidence that a basic logic or structure underlies what the decision-maker does and that this structure can be described by systematic study of his behaviour.

Much of the large body of research on group decision-making, carried out primarily in the social psychology laboratory, is of little use to us here for two reasons. First, it is concerned not with the structure of the decision process so much as with the interactions among the participants. Second, because the structure of the strategic decision process is determined by its very complexity, oversimplification in the laboratory removes the very element on which the research should be focused.

In the field research on organisational decision-making, an early study of an unstructured business decision process by Cyert, Simon and Trow (1956) at Carnegie-Mellon University stimulated some follow-up studies that have produced a number of insights. Cyert and March (1963) reported on 4 decision processes; 2 were further analyses of parts of the EDP equipment decision process described in the Cyert et al. study, while 2 were new studies. Carter (1971a and 1971b) analysed 3 decision processes related to computer equipment and 3 related to acquisitions, all in one firm. In Australia, Dufty and Taylor (1962) studied in detail the decision process of a transportation company that had to transfer certain employees after a merger, while in West Germany, Witte (1972) analysed the documentary evidence from 233 decision processes involving the acquisition of data-processing equipment.

In the public area, Gore (1956) analysed the processes of 33 decisions made by federal field offices in the state of Washington, while Snyder and Paige (1958) examined “the U.S. decision to resist aggression in Korea.” Finally, Pfiffner (1960) reported on the study of Nicolaidis (1960)
of 332 “policy” decision processes in the public sector. A ninth study (Soelberg, 1967), not strictly organisational but nonetheless important in its results, analysed how a group of candidates for master’s degrees decided what job to take after graduation.

Research on 25 Strategic Decision Processes

This paper reports on empirical evidence collected over the span of five years by more than 50 teams of four to five students taking courses in management policy at the master’s degree level. Each team studied an organisation for three to six months. One assignment was to isolate one strategic decision made by the organisation, describe the decision process in narrative form, and then “program” it. The assignment read in part: “By ‘program,’ the instructor means describe the steps included in the decision in enough detail so that you can represent the decision in flowchart form as you would a computer program.” The groups were given a list of guiding questions, which eventually numbered 21, to encourage them to view the decision process comprehensively. Typical questions were: What was the source of the initial stimulus? Were stimuli frequent and/or intense? Were specific constraints and objectives established early? Where did management seek solutions? Were many alternative solutions proposed or did management “satisfice” by taking and testing alternatives one at a time? To what extent was each step or subroutine programmed?

Students were also exposed to some of the field literature cited above, but were encouraged to reject or extend the theory as they saw fit. Many chose to do so. The teams typically conducted structured interviews based on the guiding questions, with a number of the decision-makers and other people involved in the process; the interviews took place either after the decision was made or near the termination of the process. Some groups also analysed documentation when available. At the conclusion of the series of interviews, the teams reconstructed the decision processes and drew general conclusions vis-a-vis the theory. A typical report comprised 2,500 words plus figures, although many were far longer.

How reliable is such a database for research? The strategic decision process may be researched by observation, by study of organisational records, and by interview or questionnaire. Investigation of records is often impossible because strategic decision processes seldom leave reliable traces in the files of the organisation1. As Barnard (1966: 192-193) noted:

Not the least of the difficulties of appraising the executive functions or the relative merits of executives lies in the fact that there is little direct opportunity to observe the essential operations of decision. It is a perplexing fact that most executive decisions produce no direct evidence of themselves and knowledge of them can only be derived from the cumulation of indirect evidence. They must largely be inferred from general results in which they are merely one factor, and from symptomatic indications of roundabout character.

Observation is certainly a powerful and reliable method, but extremely demanding of research resources because strategic decision processes typically span periods of years; often forced to study the process after completion, therefore, the researcher is obliged to rely heavily

1The studies of Synder and Paige (1958) and Witte (1972) are interesting exceptions.
on interviewing. The best trace of the completed process remains in the minds of those people
who carried it out.

Tapping the memories of the decision-makers could introduce two forms of error, distortion and memory failure. There is no reason to suspect any systematic distortion in this study, and we feel that the possibility of random distortion was reduced in many cases by multiple interviewing. As for memory failure, there is no doubt that some information on false starts or unsuccessful steps during the decision processes went unreported. However, it should be noted that the decision processes chosen for study were typically recently completed ones: they were selected because they were interesting to the managers involved and the later parts, at least, remained fresh in the managers’ minds. In general, this research proceeded on the premise that what the student teams captured really happened, but that not all that happened was necessarily captured by the student teams.

Our own analysis of the data of these student reports proceeded iteratively in three steps. The first involved 28 decision processes and sought to determine the basic structure of the strategic decision process. The second focused on 20 other decision processes reported by student teams in later courses, typically in more detail. Here the initial structure was elaborated and a number of hypotheses were tested. The final step examined more intensively 25 decision processes of the first two studies, 9 from the first and 16 from the second. Two researchers independently reduced each decision process to a sequence of routines and dynamic factors, and data were generated that supported a number of the hypotheses advanced in this paper. The criteria for including a decision process in the final study were clear indications that the outcome was perceived as strategic that is, important, by the organisation that produced it and that the description was sufficiently complete and detailed for the purpose of the study.

Characteristics of Strategic Decision-making

Certain characteristics of strategic decision-making are indicated by analysing the 25 decision processes. Table 1 shows these decisions categorised in various ways. Six were made in manufacturing firms, 9 in service firms, 5 in quasi-government institutions and 5 in government agencies. Typically, the processes spanned long time periods – 8 lasted less than one year, 7 one to two years, 2 two to four years and 6 greater than four years; time data could not be inferred accurately from two reports. The decisions varied widely: an airline choosing new jet aircraft, a radio station firing a star announcer, a consulting firm negotiating a merger after losing its major client, a hospital instituting a new form of treatment after intense political activity, and so on. Most decisions involved some kind of new equipment or facility or a venture into a new market, product or service.

These 25 descriptions suggest that a strategic decision process is characterised by novelty, complexity and open-endedness, by the fact that the organisation usually begins with little understanding of the decision situation it faces or the route to its solution, and only a vague idea of what that solution might be and how it will be evaluated when it is developed. Only by groping through a recursive, discontinuous process involving many difficult steps and a host of dynamic factors over a considerable period of time is a final choice made. This is not the decision-making under uncertainty of the textbook, where alternatives are given even if their consequences are not, but decision-making under ambiguity, where almost nothing is given or easily determined.
### Table 1
The 25 Decision Processes Studied

<table>
<thead>
<tr>
<th>Decision Description</th>
<th>Duration Years</th>
<th>Type of Organisation</th>
<th>Type of Decision Process</th>
<th>Number of Steps reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change of retirement age policy in small electronic firm</td>
<td>&gt;4 Mfg.</td>
<td>Problem</td>
<td>Given Simple</td>
<td>3 1 - - 1 - 2</td>
</tr>
<tr>
<td>Acquisition of distribution agency by marketing board</td>
<td>&lt;1 Inst.</td>
<td>Problem</td>
<td>Given Simple Interrupt</td>
<td>1 1 - - 3 1 2</td>
</tr>
<tr>
<td>Institution of new form of treatment in hospital</td>
<td>&gt;4 Inst.</td>
<td>Problem-Crisis</td>
<td>Given Political Design</td>
<td>1 1 - 5 3 - 6</td>
</tr>
<tr>
<td>Purchase of seat on stock exchange</td>
<td>&gt;4 Serv.</td>
<td>Opportunity</td>
<td>Modified Political Design</td>
<td>1 - 1 3 5 4 3</td>
</tr>
<tr>
<td>Firing of radio announcer</td>
<td>&lt;1 Serv.</td>
<td>Problem</td>
<td>Basic Sr.</td>
<td>1 1 1 - 3 - -</td>
</tr>
<tr>
<td>Merger of consulting firm</td>
<td>&lt;1 Serv.</td>
<td>Crisis</td>
<td>Ready-made Basic Sr.</td>
<td>1 - 2 - 3 - -</td>
</tr>
<tr>
<td>Institution of new form of treatment in hospital</td>
<td>&gt;4 Serv.</td>
<td>Problem</td>
<td>Modified Political Design</td>
<td>1 - 3 - 3 - 2</td>
</tr>
<tr>
<td>Purchase of new radiology equipment for hospital</td>
<td>1-2 Inst.</td>
<td>Problem</td>
<td>Modified Search</td>
<td>1 1 1 2 1 5 -</td>
</tr>
<tr>
<td>Purchase of new switching equipment for telecommunication company</td>
<td>? Govt.</td>
<td>Opp.-Problem</td>
<td>Modified Search</td>
<td>1 2 2 2 3 - -</td>
</tr>
<tr>
<td>Purchase of new DP system for municipality</td>
<td>1-2 Govt.</td>
<td>Opp.-Problem</td>
<td>Modified Search</td>
<td>1 - 3 5 3 1 -</td>
</tr>
<tr>
<td>Purchase of new DP system for firm</td>
<td>1-2 Serv.</td>
<td>Problem</td>
<td>Modified Search</td>
<td>1 4 2 2 2 - -</td>
</tr>
<tr>
<td>Development of new TV program</td>
<td>&lt;1 Serv.</td>
<td>Problem</td>
<td>Custom made Basic Design</td>
<td>1 - - 2 2 - - -</td>
</tr>
<tr>
<td>Development of new beer for brewery</td>
<td>1-2 Mfg.</td>
<td>Opportunity</td>
<td>Custom made Basic Design</td>
<td>1 - 1 2 3 1 1 -</td>
</tr>
<tr>
<td>Development of bid in new industrial market</td>
<td>&lt;1 Mfg.</td>
<td>Opportunity</td>
<td>Custom made Basic Design</td>
<td>1 1 1 3 4 - -</td>
</tr>
<tr>
<td>Development of new electronics product</td>
<td>1-2 Mfg.</td>
<td>Opp.-Problem</td>
<td>Custom made Basic Design</td>
<td>1 1 1 3 3 - -</td>
</tr>
<tr>
<td>Development of promotional program for race-track</td>
<td>&lt;1 Serv.</td>
<td>Problem</td>
<td>Custom made Basic Design</td>
<td>1 1 - 4 3 - 1 -</td>
</tr>
<tr>
<td>Development of new supper club in hotel</td>
<td>&lt;1 Serv.</td>
<td>Opportunity</td>
<td>Custom made Basic Design</td>
<td>1 - - 3 2 3 - -</td>
</tr>
<tr>
<td>Development of new container terminal in port</td>
<td>? Govt.</td>
<td>Opp.-Problem</td>
<td>Custom made Basic Design</td>
<td>1 1 1 3 6 1 1 -</td>
</tr>
<tr>
<td>Development of new market for deodorant</td>
<td>&lt;1 Mfg.</td>
<td>Opportunity</td>
<td>Custom made Basic Design</td>
<td>1 2 - 2 7 1 - -</td>
</tr>
</tbody>
</table>
Decisions Categorised by Process, Solution or Stimulus

The decisions studied here were categorised (a) by the stimuli that evoked them, (b) by their solutions and (c) by the process used to arrive at them. All three proved to be important for this study.

Decisions may be categorised by the stimuli that evoked them along a continuum. At one extreme are opportunity decisions, those initiated on a purely voluntary basis, to improve an already secure situation, such as the introduction of a new product to enlarge an already secure market share. At the other extreme are crisis decisions, where organisations respond to intense pressures. Here a severe situation demands immediate action, for instance, seeking a merger to stave off bankruptcy. Thus, opportunity and crisis decisions may be considered to form the two ends of the continuum. Problem decisions may then be defined as those that fall in between, evoked by milder pressures than crises. The 25 decisions were categorised as follows: 1 crisis decision, 5 opportunity decisions and 9 problem decisions; 4 decisions were categorised as problem-crises and 6 as opportunity problems. During the development of a solution, a given decision process can shift along the continuum because of a delay or a managerial action: an ignored opportunity can later emerge as a problem or even a crisis, and a manager may convert a crisis to a problem by seeking a temporary solution, or he may use a crisis or problem situation as an opportunity to innovate.

Decisions may be classified by solution in four ways. First, the solutions may be given fully-developed at the start of the process. Second, they may be found ready-made, that is, fully-developed, in the environment during the process, as in the case of purchasing jet aircraft. Third, custom-made solutions may be developed especially for the decision, for example, construction of a new headquarter’s building. Finally, the solution may combine ready-made and custom-made features – ready-made solutions are modified to fit particular situations, such as adapting equipment for special-purpose application. The 25 decisions included 4 given, 2 ready-made, 14 custom-made and 5 modified solutions.

The third method of categorising decisions is by the process used to arrive at them. A categorising scheme of process is discussed at length in the final section of the paper.

The Phases of Decision-making

A number of frameworks have been put forward to describe the phases of decision-making. In 1910, John Dewey suggested five phases of reflective thought: 1, suggestion wherein the mind leaps to a possible solution; 2, intellectualisation of the felt difficulty into a problem or question; 3, development of hypotheses; 4, reasoning or mental elaboration of these; and 5, testing of the hypotheses (Dewey 1933: 107). Using this as a cue, various other frameworks have been proposed, with the number of phases ranging from three to eight or more. Perhaps most well known is Simon’s intelligence-design-choice trichotomy (Simon 1965: 54).
In his research, Witte (1972) addressed the issue of the “phase theorem,” seeking to discover whether distinct phases do exist and whether they follow a simple sequence as suggested in most of the literature. He found that the 233 decision processes dealing with data-processing equipment did indeed “consist of a number of different operations that occur at different points in time” (p. 166), with an average of 38 and a maximum of 452. The sequence of five phases, however, problem recognition to gathering of information to development of alternatives to evaluation of alternatives to choice, was not supported for his whole sample or even for the subsample of the most efficient decisions. Witte found that the decision process consisted of a plurality of subdecisions, and when he tested the phase theorem in terms of the subdecisions, he again found no support for the sequence.

Witte carried out his tests by dividing the decision processes into 10 equal time intervals and then noting the level and type of activity in each. He did not test problem recognition which by definition started the process. He found that communication activity dominated every time interval and that the total level of activity peaked at the beginning and end of the whole process, but was lower in the middle periods. He also found that the number of choices peaked at the end. Witte concluded (p. 180):

We believe that human beings cannot gather information without in some way simultaneously developing alternatives. They cannot avoid evaluating these alternatives immediately, and in doing this they are forced to a decision. This is a package of operations and the succession of these packages over time constitutes the total decision-making process.

The framework used in this paper agrees with Witte’s basic conclusions. We find logic in delineating distinct phases of the strategic decision process, but not in postulating a simple sequential relationship between them. Our central framework resembles the Simon trichotomy, although we define the phases differently, using the terms identification, development and selection. We describe these three phases in terms of seven central “routines.” In addition, we note the existence of three sets of routines that support the central phases, decision control, communication, and political, as well as six sets of dynamic factors that help to explain the relationship among the central and supporting routines. Together these constitute the 12 basic elements of the strategic decision process. Each is discussed below together with its treatment in the literature, the data yielded in our study, as well as some hypotheses generated and some anecdotal material for illustration.

Elements of the Strategic Decision Process

The Identification Phase in Strategic Decision-making

The identification phase of decision-making comprises two routines in the framework of this paper: decision recognition, in which opportunities, problems and crises are recognised and evoke decisional activity, and diagnosis, in which management seeks to comprehend the evoking stimuli and determine cause-effect relationships for the decision situation.
Decision Recognition Routine

Most strategic decisions do not present themselves to the decision-maker in convenient ways; problems, and opportunities in particular, must be identified in the streams of ambiguous, largely verbal data that decision makers receive (Sayles 1964: 163, Mintzberg 1973: 67-71). The need for a decision is identified as a difference between information on some actual situation and some expected standard in a study of these differences. Pounds (1969) found that these standards were based on past trends, projected trends, standards in some comparable organisation, the expectations of other people and theoretical models.

In at least 18 of the 25 cases in the present study, the decision processes were evoked by many stimuli, originating both inside and outside the organisation. In many cases, low amplitude stimuli were collected, cumulated and stored over a period of years – in one case, 25 years – before a more intensive signal finally evoked action.

Problem, opportunity and crisis decisions are most clearly distinguished in the recognition routine. The opportunity decision is often evoked by an idea, perhaps a single stimulus, although it may remain dormant in the mind of an individual until he is in a position to act on it. There were 6 clear cases of this in the 25 decision processes. Crisis decisions are typically triggered by single stimuli. They present themselves suddenly and unequivocally, and require immediate attention as in the cases, for example, of a fire or a bankruptcy. Problem decisions typically required multiple stimuli. Decision-makers, presumably, wish to read the situation before taking action.

An interesting phenomenon in recognition is that of matching. A decision-maker may be reluctant to act on a problem for which he sees no apparent solution; similarly he may hesitate to use a new idea that does not deal with a difficulty. But when an opportunity is matched with a problem a manager is more likely to initiate decision-making action.

What exactly determines the moment of action? The determining factor may be viewed as the relationship between the cumulative amplitude of stimuli and an action threshold. The amplitude of each stimulus depends on a number of factors, including the influence of its source, the interest of the decision-maker in it, the perceived payoff of taking action, the uncertainty associated with it, and the perceived probability of successful termination of the decision. When stimuli are cumulated, we would expect their combined amplitude to be a function of the amplitude of each, as well as their pattern and frequency of occurrence. We can hypothesise that the perceived amplitude of an unattended stimulus decays over time; that quick reinforcement of one stimulus by another magnifies their perceived combined amplitude; and that the greater the frequency, clarity or consistency of related stimuli, the greater their perceived combined amplitude.

Our study reveals little about threshold levels, but Radomsky (1967) found that a manager’s threshold level shifts continuously according to his workload and the number and type of decision processes in his active inventory. A manager faced with a number of crises presumably does not look for problems, while one faced with only a few mild problems is likely to search actively for opportunities. Thus, there is the need to reassess the increasingly popular
point of view in the descriptive literature that organisations tend to react to problems and avoid uncertainty rather than seek risky opportunities (Cyert and March 1963, Braybrooke and Lindblom 1963). Based on our evidence, a more balanced and supportable conclusion would be that strategic decision-making comprises both the exploration of opportunities and the reaction to problems and crises, perhaps with the latter behaviour more prevalent. Of 25 decisions chosen for study, 5 could be termed pure opportunities and 6 opportunity-problems. The remaining 14 were categorised as problems, crises or problem-crises.

Diagnosis Routine

Once a cumulation of stimuli reaches a threshold level, a decision process is initiated and resources are mobilised to deal with it. At this point, the decision-maker is faced with an array of partially ordered data and a novel situation. No strategic decision situation comes to him preformulated. We hypothesise that the first step following recognition is the tapping of existing information channels and the opening of new ones to clarify and define the issues. This behaviour is prevalent in our study, with evidence reported for 18 of the 25 decision processes. Such behaviour represents a first step in the diagnosis routine.

It is difficult to imagine strategic decision-making without some form of diagnosis. Nevertheless, substantive discussion of this routine is almost totally absent in both the descriptive and normative literature. Two exceptions in the normative literature are Bonge (1972) and Emory and Niland (1968: 50, 66). Also, Drucker (1971) argues that a careful attention to diagnosis is one factor that distinguishes Japanese from American decision-makers.

Diagnosis need not be a formal explicit routine. We find evidence of a formal diagnostic step, for example, the creation of an investigating committee or task force or the request that consultants analyse a new issue, in 14 of the 25 decision processes. In the remaining 11 cases, diagnosis was presumably an informal or implicit activity, simply not reported. There is some evidence from our study that formal diagnosis is most common in the mild problem range of the opportunity-problem-crisis continuum. An explicit diagnostic step is reported in the case of 2 out of 5 opportunity decision processes, 4 out of 6 opportunity-problems, 7 out of 9 problems, 1 out of 4 problem-crises, and 0 out of 1 crisis. Perhaps opportunities do not require much investigation – there is nothing to correct, only something to improve – while intense problems and crises may produce time and cognitive pressures that discourage the use of formal diagnosis.

The Development Phase

The heart of the decision-making process is the set of activities that leads to the development of one or more solutions to a problem or crisis or to the elaboration of an opportunity. Our evidence supports the hypothesis that the greatest amount of decision-making resources is consumed in the development phase of the strategic decision process. In 22 of the 25 cases, there was
considerable development activity and this activity appeared to dominate the other two phases in 21 of the decision processes studied. In only 3 cases did the organisations begin with fully-developed solutions and, in one of these, the organisation was drawn into development activity – redesign of its structure – to effect acceptance of its proposed solution.

Development may be described in terms of two basic routines, search and design. Search is evoked to find ready-made solutions; design is used to develop custom-made solutions or to modify ready-made ones. This distinction is fundamental – the difference between what psychologists call convergent and divergent thinking. It is one thing to find a needle in a haystack, quite another to write a fugue (Reitman 1964).

Search Routine

Evidence of search is found in 13 of the 25 decisions, with a total occurrence of 25. Based on evidence of this study and that in the literature, four types of search behaviours can be isolated: (1) Memory search is the scanning of the organisation’s existing memory, human or paper. (2) Passive search is waiting for unsolicited alternatives to appear. Cyert and March (1963: 80) note that “not only are organisations looking for alternatives, alternatives are also looking for organisations.” (3) Trap search involves the activation of “search generators” to produce alternatives, such as letting suppliers know that the firm is looking for certain equipment (Soelberg, 1967). (4) Active search is the direct seeking of alternatives, either through scanning a wide area or focusing on a narrow one.

There is considerable support for the contention that search is a hierarchical, stepwise process. In general, one would expect the decision maker to begin with memory and passive search, and some convenient forms of trap search as well. Cyert and March (1963: 120-122) hypothesise that search begins in local or immediately accessible areas, with familiar sources. Numerous examples of this appeared in our study. Initial failure in search leads presumably to use of more active search procedures and to search in more remote and less familiar areas. There is clear evidence of this in 8 of the 25 cases. Finally, it seems reasonable to hypothesise that faced with repeated failure in the search for an acceptable ready-made solution, the organisation turns where possible to design of a custom-made solution.

Design Routine

Use of the design routine is reported in 20 of the 25 decision processes. These decisions fall into two groups: those with custom-made solutions and those with modified solutions, where search was used to narrow down the available ready-made alternatives and then design was used to modify these for special application.

The results of this study suggest that the design of a custom-made solution is a complex, iterative procedure, which proceeds as follows: The designers may begin with a vague image of some ideal solution. They factor their decision into a sequence of nested design and search cycles, followed by

—Newell and Simon (1972) discuss a number of combinations of scanning and focussing, including “scan-search”, “depth first”, “breadth first” and “progressive deepening.”
essentially working their way through a decision tree, with the decisions at each node more narrow and focused than the last. Failure at any node can lead to cycling back to an earlier node. Thus a solution crystallises, as the designers grope along building their solution brick by brick without really knowing what it will look like until it is completed.

Sixty-three instances of design activities, many of these themselves nested, are reported in the 20 cases where some design was present. For decision processes with custom-made solutions, design is reported an average of just over three times, while for those with modified solutions the average is 2.4.

The hypothesis with the strongest support in our study is that the organisation designs only one fully-developed custom-made solution. For all 14 decision processes that led to custom-made solutions, although choices from among competing alternatives were sometimes made at single nodes, in every case only one decision tree was followed to its ultimate conclusion. That is, only one solution emerged from the design process. Snyder and Paige (1958: 320) support this finding noting that “the decision-makers were confronted (in this case at major nodes) with single sets of proposed courses of action rather than conflicting alternatives.” In contrast, organisations that chose ready-made solutions typically selected them from among a number of alternatives and in the five cases of modified solutions, that is, search followed by design, two organisations produced only one fully-developed solution. In the other three cases, all their decisions involving modifications to standard electronic equipment, developed two full solutions. Apparently, because design of custom-made solutions is expensive and time-consuming, organisations are unwilling to spend the resources on more than one alternative. In contrast, the cost of generating extra alternatives during the search routine is small, and when relatively little design is involved, as in modified solutions, organisations are prepared to fully develop a second solution to compare it with the first. (Soelberg (1967) discusses the notion of a “confirmation candidate.”)

The Selection Phase

Selection is logically considered to be the last step in the decision process; however, because the development phase frequently involves factoring one decision into a series of subdecisions, each requiring at least one selection step, one decision process could involve a great number of selection steps, many of these intricately bound up with the development phase. Witte (1972) found an average of 6 and a maximum of 51 distinct choices in the decision processes he studied. These were distributed throughout the 10 equal time periods, although they occurred more frequently in the last period.

The normative literature describes the selection phase in terms of three sequential routines: determination of criteria for choice, evaluation of the consequences of alternatives in terms of the criteria, and the making of a choice. In reality, selection seldom allows a neat delineation of these three routines, and our study suggests that it is more appropriate to describe it in terms of screen, evaluation-choice and authorisation.

Our study and those in the empirical literature suggest that selection is typically a multi-
stage, iterative process, involving progressively deepening investigation of alternatives. Multi-stage selection appears in virtually every one of the 20 cases of our study where selection was described in some detail. Two multi-stage patterns of the three routines occur in our study. First, the selection routines are applied sequentially to a single choice. Screening is used first to reduce a large number of ready-made alternatives to a few feasible ones; evaluation-choice is then used to investigate the feasible alternatives and to select a course of action; finally, authorisation is used to ratify the chosen course of action at a higher level in the organisational hierarchy. In the second pattern, a single selection step is itself multi-stage or nested. An alternative may be evaluated in a general way, then in succeedingly more intense ways, or one choice can be subjected to authorisation at successively higher levels in the organisation.

In the 25 decision processes, evaluation-choice activity is noted in 83 instances and authorisation in 33. Hence, each decision process averaged almost 5 selection steps, 4.8 for custom-made solutions, 6.4 for modified solutions (more than half of these authorisation, 2 for ready-made solutions and 2.8 for given solutions.

Screen Routine

The screen routine is evoked when search is expected to generate more ready-made alternatives than can be intensively evaluated. Screening is discussed in the literature by Cyert and March (1963: 80), Cyert and MacCrimmon (1968: 580) and Soelberg (1967). It is a superficial routine, more concerned with eliminating what is infeasible than with determining what is appropriate. Screening appears to challenge the appropriateness of alternatives that have never been used before and to reduce the alternatives to a number that can be stored and later handled by time-constrained decision-makers. The 25 cases report little evidence of screening, in all likelihood not because there was an absence of screening but because it was an implicit part of search: as ready-made alternatives appeared, they were quickly screened and either rejected immediately or stored.

Evaluation-Choice Routine

By far the largest part of the literature on the strategic decision process has focused on the evaluation-choice routine. This is rather curious since this routine seems to be far less significant in many of the decision processes we studied than diagnosis or design. Particularly in the case of the custom-made solution, evaluation-choice often appeared to be a kind of trimming on the process, a ratification of the solution that was determined explicitly during design and in part implicitly during diagnosis as well.

The evaluation-choice routine may be considered to use three modes: judgement, bargaining and analysis. In judgement, one individual makes a choice in his own mind with procedures that he does not, perhaps cannot explain; in bargaining, selection is made by a group of decision-makers with conflicting goal systems, each exercising judgement; and in analysis, as described

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5 This represents a modification of frameworks presented by March and Simon (1958: 213) and by Thompson and Truden (1964).
above, factual evaluation is carried out, generally by technocrats, followed by managerial choice by judgement or bargaining.

Our study reveals a number of interesting findings about these three modes. Judgement seems to be the favoured mode of selection, perhaps because it is the fastest, most convenient and least stressfull of the three; it is especially suited to the kinds of data found in strategic decision-making. Bargaining appears in more than half of the decision processes – typically where there was some kind of outside control or extensive participation within the organisation and the issues were contentious.

The normative literature emphasises the analytic mode, clearly distinguishing fact and value in the selection phase. It postulates that alternatives are carefully and objectively evaluated, their factual consequences explicitly determined along various goal, or value, dimensions and then combined according to some predetermined utility function – a choice finally made to maximise utility. A more pragmatic rendition of this view sees the analyst presenting his factual analyses of the consequences of various alternatives to the manager who determines the value tradeoffs in his head and thereby makes a choice.

Our study reveals very little use of such an analytic approach, a surprising finding given the importance of the decision processes studied. Of the 83 instances of evaluation-choice activity, in only 18 could evaluation be distinguished from choice. (These cases occurred typically in large business organisations and concerned technical decisions; surprisingly analysis was not more prevalent in the opportunity range.) In the typical situation, therefore, evaluation and choice are inextricably intertwined. The raw data, presumably facts and values, indistinguishably are plugged into a mind or a meeting, and a choice later emerges.

The other empirical studies also provide little evidence to support the prevailing normative views of decision-making. Those who have addressed the issue of utility functions, notably Soelberg (1967) and Carter (1971a and 1971b) find no evidence to support their existence. These two researchers, as well as Cyert et al. (1956), note rather that the criteria used in decision processes are multiple and non-comparable. No study finds that even weightings on individual goal dimensions are established in advance of making choices; rather the weights are determined implicitly, in the context of making choices. Soelberg goes one step further and describes a confirmation period before the announcement of a decision during which the decision-maker rationalises to himself his implicit choice as well as the goals it represents. Here the determination of criteria in effect follows the making of the choice.

Virtually every student of actual selection procedures agrees that the selection of strategic alternatives requires consideration of a great number of factors, most of them “soft”, or non-quantitative; as a result they find that the evaluation choice routine is in practice a crude one. A plethora of value and factual issues, few of them concrete, many involving emotions, politics, power and personality must be considered. This is further complicated by dynamic factors and uncertainty. Thus, the evaluation-choice routine gets distorted, both by cognitive limitations, that is, by information overload, and by unintended as well as intended biases. This has been found to apply to all the modes of selection, including analysis. (See Snyder and Paige 1958, Pfiffner 1960, Cyert and March 1963, Feldman and Kanter 1965, Soelberg 1967, Whitehead 1968, Stagner 1969, Carter 1971a and 1971b, Kakar 1971-72 and Newell and Simon 1972.)

How do decision-makers cope with the cognitive strain of selection? A number of
readers suggest various proxy means of choice, such as using imitation or tradition (Pfiffner 1960: 130) or assessing the sponsor of an alternative instead of the alternative itself (Carter 1971b, Mintzberg 1973: 89). Both Soelberg (1967) and Carter (1971a and 1971b) propose elaborate schemes to describe how strategic choices are actually made. Soelberg, for example, distinguishes primary goals and secondary constraints in a theory that combines the notions of maximising and satisficing. Soelberg believes that scaling is essentially disjoint: each alternative is evaluated independently along independent goal dimensions. On some criteria, the decision-maker seeks merely satisfactory performance. On others, usually one, never more than three in Soelberg’s view, he seeks to get as much as possible. In screening, the secondary constraints are used to reject alternatives. The alternatives that remain are then rated as acceptable, unacceptable or marginal in terms of the primary goal’s dimensions. The acceptable ones enter into an “active roster” where they are later compared with each other, unless an “outstanding” alternative is found, in which case the search is terminated. In making this comparison, the decision-maker prefers a dominant alternative, one that is best along all the primary goal dimensions. If more can be found, he uses crude internal scales such as “significantly better” and “a little better”, to compare alternatives.

Authorisation Routine

Decisions are authorised when the individual making the choice does not have the authority to commit the organisation to a course of action. The decision must follow a tiered routine of approval up the hierarchy and perhaps also out to parties in the environment that have the power to block it. Typically, authorisation is sought for a completed solution, after final evaluation-choice; but, we also found instances of the seeking of authorisation to proceed with a decision process, either at the outset or during development.

Authorisation is common in strategic decision-making as is reported in 14 of the 25 cases under study for a total of 33 instances. Of the 11 cases where authorisation is not reported, 6 were business decisions made in autonomous organisations by the chief executive, and 4 were local decisions involving small resource commitments made by the top management of subsidiary organisations; the remaining case, decision 20, almost certainly involved authorisation although it is not reported. In those cases where authorisation took place and is reported, it involved the approval of: top management, in 12 instances; the board of directors, in 6 instances; a parent firm or owner, in 4 instances; a higher level of government, in 6 instances; and outside agencies, in 5 instances. Authorisation was most common in government and institutions, appearing in 8 of 10 cases for a total of 21 instances; it is reported in only 6 of 15 manufacturing and service organisations, with a total of 12 instances.

Authorisation appears to be a typically binary process, acceptance or rejection of the whole solution. Acceptance leads to presentation of the solution to the next highest level if necessary; rejection leads to its abandonment or redevelopment. In a few cases, conditional acceptance occurred, leading to a recycling of the solution through the development phase with every attempt made to overcome the objections without altering the essential features of the solution.

The authorisation routine experiences difficulties beyond all of those found in evaluation-
choice. The time for it is typically limited; at this level the decision must be considered in the light of other strategic decisions and overall resource constraints; outside political forces are often brought to bear on the decision at the point of authorisation; and the authorisers generally lack the in-depth knowledge that the developers of the solution have. In capital budgeting as well as in less formal types of authorisation, a major problem is presented by the fact that the choices are made by people who often do not fully comprehend the proposals presented to them. Thus, in authorisation the comparative ignorance of the manager is coupled with the inherent bias of the sponsor (Carter 1971a and 1971b, Pettigrew 1972). This explains why empirical studies of capital budgeting have shown it to be a somewhat distorted political process, far less analytical than the normative literature suggests (Carter 1971a and 1971b, Bower 1970).

Three Sets of Supporting Routines

Studies of strategic decision processes suggest that three sets of routines support the three central phases. Decision control routines guide the decision process itself; communication routines provide the input and output information necessary to maintain decision-making; and political routines enable the decision-maker to work his way to a solution in an environment of influencing, and sometimes hostile, forces.

Decision Control Routines

Faced with a decision situation, not only does the decision-maker execute the steps leading to a solution, but he also plans his approach and allocates the organisational resources to get there. This meta-decision-making, decision-making about the decision process itself, is analogous to program control in a time-shared computer system.

Decision control activities are difficult to study because they tend to be implicit and informal, taking place in the mind of the decision-maker, and to leave little trace of themselves. Nevertheless, a number of researchers note their existence, including Newell and Simon, who refer to problem-planning “to guide action in exploring a problem space”, (1972: 82) and Cyert et al. (1956: 247). We consider decision control to comprise two basic routines – decision-planning and switching.

In a few of the cases in our study, explicit reference is made to decision-planning or to the existence of informal decision plans. When faced with a new decision situation, the decision maker presumably attempts to establish some preliminary bounds on the decision space. He may determine a rough schedule for solution, a development strategy and an estimate of the resources he is prepared to commit to developing the solution; he may establish some preliminary constraints and perhaps develop an image of an ideal solution as well (Soelberg 1967: 210). But like so much else in strategic decision-making these decision plans typically appear to be informal and flexible, modified and clarified as the decision process progresses.

Broad planning has to be converted into specific action. In the switching routine, the decision-maker directs his attention to the next step: to choosing the appropriate routine such as diagnosis or search, to determining what resources to commit to it and to evoking the actual routine. Subsequently, he monitors the results to update his decision plan.
Decision Communication Routines

We have already seen evidence of an active stream of communication throughout the decision process: scanning the environment for stimuli, searching intensively for diagnostic information and for information about alternatives and their consequences, transmitting information up the hierarchy to facilitate authorisation, and monitoring the progress of the decision process itself. Witte (1972) found that communication activities dominated every phase of unstructured decision-making.

Three communication routines can be delineated. The exploration routine involves the general scanning for information and the passive review of what comes unsolicited. It is likely used to identify decision situations, to build conceptual models and to develop a general database for decision-making. The investigation routine involves the focused search and research for special-purpose information. Investigation appears to be used to find or confirm information during diagnosis, search and evaluation-choice activities. There is evidence that investigation in strategic decision processes relies largely on informal, verbal channels of communication (Aguila 1967, Snyder and Paige 1958: 373, Mintzberg 1973: 38-44, 70). We hypothesise that investigation is most active during diagnosis and the earlier stages of development, and again during the early stages of evaluation-choice. In 15 of our cases, information collection appeared to be most active during development, and in a further 5.5 cases, during diagnosis. In 1.5 cases it appeared most active during selection. (In some cases, the two phases appeared to be equal, and in 3, we could draw no obvious conclusion from the data.) Cyert et al. (1956:247) found that the largest share of man-hours in the decision process they studied was devoted to gathering information to determine the consequences of alternatives, and Witte (1972) found that communication followed a U-shaped curve, most active toward the beginning and end of the decision processes.

The third communication routine is dissemination. We find evidence that the greater the number of persons involved or interested in the outcome of the decision, the more time the decision-makers spend disseminating information about its progress. This relationship was especially evident in six cases in our study where many individuals were involved, notably where authorisation was a significant part of the selection phase rather than a formality. We also find anecdotal evidence that the further along the decision process, the greater the dissemination of information about it. In effect, the clearer the solution becomes and the more committed to it is the decision-maker, the greater is his propensity to communicate information about it to ensure its eventual acceptance.

Political Routines

There is considerable evidence that political activities are a key element in strategic decision-making: Pettigrew (1972), Carter (1971a and 1971b) and Bower (1970: 68) emphasise the internal political activities for strategic decisions in business organisations while Gore (1964: 290-291) and others point out the sources of internal and external political pressures in public organisa-
Political activities reflect the influence of individuals who seek to satisfy their personal and institutional needs by the decisions made in an organisation. These individuals may be inside or outside the organisation; what ties them to the decision process is their belief that they will be affected by the outcome. Their political activities serve to clarify the power relationships in the organisation; they can also help to bring about consensus and to mobilise the forces for the implementation of decisions. We find eight cases in our study that involved intense political activity and a number of others involving such activity of a less intense nature. Our study suggests a relationship between such activity and the duration of the decision process. By conservative estimates, assuming the decisions lasting longer than 4.0 years averaged 5.0 years and those of less than 1.0 year averaged 0.8 years, these eight decisions averaged 3.6 years whereas the others averaged 1.6 years.

Political activity generally manifests itself in the use of the bargaining routine among those who have some control over choices. We found two cases where bargaining occurred early in the decision process, when principals within the organisations disputed the need to recognise the issue in the first place. One of these cases led to long delays until the issue was resolved and the other led to a rearrangement of the power structure by the chief executive to eliminate the sources of resistance, in effect a political design activity. In two other cases, intensive bargaining among insiders took place during development and selection; in four cases, bargaining took place between the organisation and outsiders when the latter confronted and temporarily blocked proposed decisions late in the final selection phase. Apparently, when concerned centres of power are disregarded during development, they are likely to confront the organisation late in the selection phase. In three cases, such confrontation resulted in renewed development activity intended to modify the solutions in line with the objections, while in the fourth case, the organisation directly resisted the pressures to change its solution.

Organisations sometimes try to pre-empt this resistance late in the selection phase by disseminating information about the solution during the development and early selection phases or by inviting the potential dissidents to participate in the development phase. Gore (1964), Carter (1971a and 1971b), Bower (1970) and Pfiffner (1960) refer to one or both of these behaviours, which we call, respectively, the persuasion and the co-optation routines. In general, we may conclude that the more important and contentious the outcome of a decision and the more the influence over choice rests outside the organisation, the greater the emphasis on selection and communication processes in general and the bargaining and persuasion routines in particular.

Dynamic Factors

The delineation of steps in almost any strategic decision process shows that there is not a steady, undisturbed progression from one routine to another; rather, the process is dynamic, operating in an open system where it is subjected to interferences, feedback loops, dead ends and other factors. “One gets the picture of everything chasing after everything else, trying to adjust to it…”

Another form of bargaining takes place in decision-making, between the organisation and its suppliers, and concerns the price and arrangements for inputs. Such bargaining – perhaps it should be called negotiating to distinguish it – is not inherently political in nature.
These dynamic factors are perhaps the most characteristic and distinguishing features of decision processes that are strategic. It is therefore surprising that they are hardly mentioned in the literature.

We find in our study that dynamic factors influence the strategic decision process in a number of ways. They delay it, stop it, restart it. They cause it to speed up, to branch to a new phase, to cycle within one or between two phases, and to recycle back to an earlier point in the process. We shall discuss six groups of dynamic factors: interrupts, which are caused by environmental forces, scheduling delays and timing delays and speed-ups, which are affected by the decision-maker, and feedback delays, comprehension cycles, and failure recycles, which are largely inherent in the decision process itself.

Interrupts: Of the 25 decision processes, 15 are reported to have experienced a total of 36 sudden events that interrupted them and caused changes in pace or direction. In 7 of the cases, unexpected constraints were met, typically late in the selection phase, causing delays and usually forcing the organisations to cycle back to the development phase. One firm for example, met a capital requirement difficulty and had to rework its capital structure, while another faced the sudden expropriation of the plant that it had just bought.

In 16 cases, the decision processes encountered political impasses that caused temporary delays. Typically, these took place late in the decision process when inside or outside groups blocked proposals in the selection phase. In one case, civic groups used legal actions and government legislation to block a new airport runway, while in another, a conservative staff group in a hospital repeatedly blocked acceptance of a new form of treatment. In a number of these cases, the decision-makers cycled back to development to modify the solution, to find another, or to engage in political design activity to remove the dissidents from positions of power. In other cases, bargaining took place or the decision-makers simply delayed until the blocking forces disappeared.

In six cases, decision processes encountered unexpected new options, proposals that stimulated new development or selection activity. Thus, some new options caused delays, by interrupting a process nearing termination, while others caused speed-ups because the new option appeared to be so good that design was terminated and final evaluation-choice begun. In four cases, new options were accepted in place of those under consideration; in the remaining two cases, the new options were developed but not ultimately selected.

Finally, there were seven cases where interrupts resulted in a speed-up of the decision process. Five of these came in response to the delaying interrupts discussed above: two removed unexpected constraints and three responded to political impasses. The two other cases, one involving a strike and the other the discovery of a competitor action, resulted in a speed-up in the selection of proposals.

A number of interrupts we have described led to other interrupts; in effect, one interrupt specifically evoked another. Thus, we find 36 interrupts in 15 decision processes, an average of 2.4 each, and we hypothesise that interrupts beget interrupts.

Interrupts appear to be most common in high pressure environments. We find them in 4 of the 5 problem-crisis and crisis decision processes, a total of 15 times, but in only 11 of the 20 opportunity and problem decision processes, a total of 21 times. They were also more common in the public or quasi-public organisations, appearing in 8 of the 10 government and institutional organisations, a total of 20 times, compared with 7 of the 15 business organisations, a total of 16
times.

Here again we find a strong relationship with duration: decision processes without interrupts averaged 1.3 years, while those with delaying interrupts averaged 3.6 years. This is presumably related to the earlier finding that duration and political activity are related, since delaying interrupts and political activity are often found together. Hence we hypothesise that interrupts of a political nature significantly delay strategy decision processes.

**Scheduling Delays:** Because managers are severely time-constrained, they factor complex decisions into manageable steps; this enables them to introduce scheduling delays so that they can attend to the multiplicity of tasks that always await their attention (Mintzberg 1973: 31-35, 80-81). Hence, every step of the strategic decision process is separated by significant time delays; presumably as a result, only 8 of 23 decision processes had a reported duration of less than one year.

**Feedback Delays:** During a feedback delay, the decision-maker awaits the results of the previous action taken. Each step in the strategic decision process involves a certain time-consuming activity; in addition, many steps require reaction. And in creative design processes, there may be a period of incubation before insight occurs (Lonergan, 1967). Thus, we would expect especially complex decision processes involving outsiders to span long time periods.

**Timing Delays and Speed-ups:** Timing is apparently a major factor in strategic decision-making, yet it has hardly been studied, perhaps because it is almost always effected in one manager’s mind. Hardwick and Landuyt (1966: 283), for example, surveyed 183 books in the area of administration and found only 10 that even mentioned timing or surprise. Managers may purposely speed up or delay a decision process to take advantage of special circumstances, to await support or better conditions, to synchronise action with another activity, to effect surprise, or to gain time. In general, managers try to time the initiation of decision steps to facilitate their smooth execution. In competitive and hostile environments, where the issues are contentious, we would expect to find a greater incidence of timing speed-ups and delays. In our study we find examples of speed-ups to beat a competitor to a market and delays to wait for resistance to subside. In the study of crisis decision processes, Schwartzman (1971) found that managers sought delays that would reduce the pressures; they tried to “buy time” by stalling, bluffing or finding temporary solutions.

**Comprehension Cycles:** Throughout this paper, strategic decision making has been described as a grouping, cyclical process. Inherent in it are factors causing the decision process to cycle back to earlier phases. Pfiffner noted that “the decision-making process is not linear but more circular; it resembles ‘the process of fermentation in biochemistry rather than the industrial assembly line’ ...?” (1960:129). By cycling within one routine or between two routines, the decision-maker gradually comes to comprehend a complex issue. He may cycle within identification to recognise the issue; during design, he may cycle through a maze of nested design and search activities to develop a solution; during evaluation, he may cycle to understand the consequences of alternatives; he may cycle between development and investigation to understand the problem he is solving (Diesing 1967: 187); he may cycle between selection and development to reconcile goals with alternatives, ends with means. The most complex and novel strategic decisions seem to involve the greatest incidence of comprehension cycles. We found specific evidence of cycling
and recycling in all 25 decision processes, with a total of 95 occurrences. Two took place within
the identification phase, 14 within development and 25 within selection. In 1 case, there was
recycling from development back to identification, in 50 cases from selection back to develop-
ment and in 3 cases from selection all the way back to identification.

Failure Recycles: Decision processes are sometimes blocked for want of an acceptable solution.
Solutions may be rejected in evaluation-choice as having too low a payoff; they may meet
constraints they cannot satisfy; they may simply not appeal to those expected to authorise them.
Faced with no acceptable solution, the decision-maker may simply delay until one appears or
he may change his criteria so that a solution previously rendered unacceptable becomes
acceptable. A more typical finding in our study, however, is that organisations faced with failure
in finding or designing an acceptable solution cycle back to the development phase. We find 13
cases where the decision processes either entered a special design branch to remove a constraint,
or developed a new solution or modified an existing one by following a new path from an earlier
node of the decision tree. In some cases, a previously rejected alternative was reintroduced under
the new conditions. Given the failure of a solution, it would appear that the decision-maker first
tries to branch to remove a constraint and thereby make the solution acceptable; if that is
unfeasible, he tries to recycle to the development phase to modify the solution; if that is not
possible, he tries to develop a whole new solution; finally, if resources will not permit this or if
he meets with continued failure, the decision-maker will accept a previously unacceptable
solution.

A General Model of the Strategic Decision Process

The elements of the strategic decision process can now be brought to a common base. We have
developed a general model of the process shown in Figure 1, that comprises the seven basic
routines, as well as some of the dynamic factors discussed in this paper. We believe this model
can be used to illustrate the structure of each of the 25 decision processes studied.

The “main line” through the centre of the model shows the two routines that must be a part
of any decision process, recognition of the situation and the evaluation-choice of a solution. The
three modes of the evaluation-choice program are shown at X3. In theory, therefore, the most
basic decision process involves simply the recognising of a given solution, and then the
evaluation and choice of it. Needless to say, we encountered no case quite that simple.

Most decision processes involve development activity after recognition. Hence, at X2 there
is a branch off the main line into the search (and screen) routine to find a ready-made solution
or into the design routine to develop a custom-made solution. In virtually all cases, in fact,
development was a nested activity; hence, at X4 the model contains a branch from the evaluation-
choice routine back to the development phase at X9 to initiate another search or design cycle.
Modified solutions, as noted earlier, first follow one or more search cycles to find a ready-made
solution, and then a series of design cycles to modify it. In addition to nested development,
nested selection also occurred frequently; hence at X4 and X8 there is a loop from the evaluation-
choice routine back to itself.

Any decision process may or may not involve formal diagnosis or authorisation. Hence, the model shows branches at X₁ and X₅ which take the process off the main line and later return it there when completed. In addition, authorisation may be tiered, hence the loop at X₆ and X₇, and authorisation to proceed may be sought after recognition or during development, resulting in a branch from the authorisation routine at X₆ back to development at X₅. And there is evidence that the decision process may branch from selection at X₄ or X₇ all the way back to diagnosis to allow for reconsideration of the whole decision situation. All of these branches also represent the comprehension cycles for example, cycling within evaluation-choice at X₄ and X₈ and the failure recycles, from the evaluation-choice routines at X₄ or the authorisation routine at X₆ back to redevelopment at X₅ to modify an unacceptable solution or develop a new one, or back to the evaluation-choice routine at X₈ to modify criteria.

Many strategic decision processes involve interrupts of one kind or another. The three most common ones are shown in the model. At X₁₀ are internal or political interrupts in the identification phase, where there is disagreement on the need to make a strategic decision. Such interrupts come from within the organisation and may lead either to cycling in the recognition routine, to resolve the disagreement by bargaining or persuasion, to delays until the resistance subsides, or to political design activity to remove the resistance. At X₁₂ are external interrupts during the selection phase, where outside forces block the selection of a fully-developed solution. These interrupts typically lead either to modification in the design to bring it in line with the difficulty encountered, to complete redevelopment of a new solution if necessary, or to bargaining to confront the resistance directly. At X₊ are new option interrupts, which typically occur late in development or during the evaluation-choice routine. These lead the process either back to design, to elaborate or modify the new option, or directly to evaluation-choice to select or reject it immediately.

Finally, the model shows an inherent delay, in the form of a broken line, at the end of each
of the routines. This reflects the fact that scheduling, feedback and timing delays separate every step in the strategic decision process. This model does not show the supporting routines, except for bargaining as a mode of selection; but decision control, communication and political routines can occur together with any of the routines shown in the model.

Our final analysis led us to describe the 25 decision processes in terms of this model. Each was translated into a sequence of events, consisting of the central routines, interrupts, branches and cycles. (Decision control and communication routines as well as scheduling and feedback delays were excluded as these occurred almost regularly. Timing speed-ups and delays were difficult to report on.) Because the narratives were not always consistently specific and because of some difficulties in interpretation (eg, is any deep probe to be called diagnosis?), such description was at times difficult. However, two researchers so described each process independently and we then assured ourselves that the two descriptions agreed in basic form and shape, even if not in every detail.

We found that all 25 decision processes could be represented in terms of the basic model, with minor additions which do not appear to be common'. We found further that decision processes fell into seven groupings according to the path configurations through the model. These appeared to depend in large part on the type of solution and the nature of the dynamic factors encountered. Interestingly, four of these seven types reflect the specific nature of the decision outcome (for example, all decisions of Type 4 involved new equipment). The seven path configurations are discussed below, more or less in order of complexity.

Type 1. Simple Impasse Decision Processes: Decision processes 1 and 2 were the simplest of the study and the closest to the main line of the model. They involved no development activity at all. Both, however, met interrupts which complicated the flow of events.

There is one consistent difference between the reports and the model. In some cases, development activity was reported without selection activity following it. We assumed this to be an omission in the reports, and in the examples below, we always show development activity followed by evaluation-choice activity, unless there was an interrupt.
Decision process 1 is shown in Figure 2. Here, a small manufacturing firm three times considered instituting a policy of mandatory retirement at age 65; twice the proposal was blocked in debate at the senior executive level, and a third time 10 years later in a period of recession, it was accepted.

Type 2. Political Design Decision Processes: Decision processes 3 and 4 were similar to those of type 1 in that they were evoked by given solutions, but different in that the impasses were more difficult ones, and in both cases the organisations found it necessary to branch into extensive political design activity. Together, these two decision processes encountered 9 interrupts and involved 9 development and 12 selection steps.

Decision process 3 is shown in Figure 3. In this case, a prominent hospital finally accepted a new form of treatment, involving a major shift in its philosophy after much political activity. The decision process began when a new director was appointed. He recognised the need for the new treatment and investigated it (diagnosis). However, after repeatedly meeting resistance from a group of conservative doctors, he engaged in a series of political design activities. First, he hired four doctors experienced with the new treatment, but was again blocked (interrupt). Subsequently, the head of nursing was replaced (political design) and other pressures built up, including an accusation of malpractice from a medical association (interrupt). A report on implementation was then prepared (design) and agreement was reached to implement the treatment in one public ward (evaluation-choice). Eighteen months later, there was a strike (interrupt) and because the new treatment was more effective under conditions of reduced staff, it was allowed in a second public ward (evaluation-choice). With increasing numbers of the new staff favouring the treatment, there was a sudden demand for full implementation and a threat to resign by one highly respected member of staff (two interrupts). Two doctors sympathetic to the treatment were then promoted to senior executive positions (political design) and the treatment was finally accepted in the private wards (final evaluation-choice).

There are a number of intriguing features about this decision process. First, all the design activities except one were political, initiated to change the power structure. Second, it is difficult to distinguish evaluation-choice and recognition activity in this decision process. Was debate
over the desirability of instituting a new form of treatment the recognition of the need to make a decision or was it the evaluation of a solution? (We took the point of view of the director, who recognised the need early, and accordingly, we treated the debate as evaluation-choice activity).

Third, should this be treated as an opportunity, problem or crisis decision process? Here especially we can see that opportunities, problems and crises are to some extent in the eyes of the beholder. One group felt a threat to the hospital’s reputation; the other saw no need for a questionable opportunity. Fourth, despite one’s perception of the stimuli, it is clear that over time the pressures increased, forcing the issue from the opportunity toward the crisis end of the continuum.

Type 3. Basic Search Decision Processes: In decision processes 5,6 and 7 the organisations were able to establish relatively clear guidelines for solution at the outset, and development consisted simply of finding, in one or two nested search steps, the best available ready-made solution. These were relatively straightforward processes, involving only two interrupts, six search steps and nine selection steps. Two of the processes lasted less than one year and the other between one and two years.

Decision process 7, shown in Figure 4, is the most interesting of the three. A regional airline, having expanded into charter service, was forced to consider the acquisition of jet aircraft. Search was conducted and a choice was made. But the board, out of concern over the choice made, brought in a new chief executive. He quickly cancelled the contract (interrupt) and began active search again. At the same time, he was approached by salesmen. A number of alternatives were rejected (screen). The remaining alternatives were investigated more intensively for performance and possible financing (evaluation), and for the availability of used aircraft of the preferred model types (search). There remained three feasible alternatives for new aircraft, and negotiations for financing now began. Suddenly, a foreign airline went into receivership and two used aircraft of the desired type became available at a good price with attractive financing (new option interrupt). The president acted quickly to purchase them

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1 The decisions studied by Soelberg (1967) of students’ choice of job fit into this category.
2 The decision processes studied by Witte (1972) and by Cyert et al. (1956) fit into this grouping as well.
The Structure of “Unstructured” Decision Processes

Type 4. Modified Search Decision Processes (Equipment): Four of the 25 decision processes were characterised by development activity in which ready-made alternatives were modified through limited design activity. Interestingly, all 4 dealt with the purchase of systems of sophisticated technological equipment. All 4 processes entailed extensive cycling in development, between 3 and 5 instances, and together they had 7 search and 9 design steps. All 4 required authorisation, for a total of 13 instances.

In decision process 9, shown in Figure 5, a telecommunication organisation found it necessary to automate one of its switching functions. Requirements were drawn up (design) and two broad options were considered, electromechanical and computerised (search). Fifteen manufacturers were then contacted (search) and 13 were eliminated (screen). The 2 remaining manufacturers then developed specific systems and bids (nested design) and 1 was selected (evaluation-choice). The decision was then authorised at three successive levels of the hierarchy.

Figure 5 A Modified Search Decision Process (Equipment) – New Electric Switching Equipment (decision process 9)

Type 5. Basic Design Decision Processes (Marketing): The most common processes, found in eight cases, involved extensive design activity, which typically led to complex and innovative custom-made solutions. There is little evidence of interrupts, only three instances, or of political activity. All processes were evoked by opportunities or relatively mild problems, and all were of relatively short duration. Most interesting, every case dealt with a marketing issue: four new products or services, three new markets and a new promotional program. Seven of the eight organisations were private firms, while the eighth involved a container terminal built by a government-owned port authority. Clearly these were commercial decisions taken by business, or business-like, organisations and measurable factors of profit clearly outweighed any political considerations.

Decision process 17, one of the simplest cases, is shown in Figure 6. A hotel found itself with a large, vacant room in the evenings. Because kitchen staff had to be maintained for another restaurant, it was decided to do something with the room. This proposal was authorised by the owner of the hotel. One executive of the hotel decided that a supper club should be opened (design). Another executive favoured a British pub, but the supper club idea prevailed (evaluation-choice). The decision process then involved a series of nested design cycles, many followed by authorisation by the owner.
Type 6. Blocked Design Decision Processes (Public Works): Two processes were identical to type 5 decision processes until they entered the final stages of the selection process. Then both proposed solutions met strong resistance from outside groups. Both were public works projects developed by government agencies, and were resisted by groups of citizens who protested the disruptions these projects would cause.

Decision process 20 involved resistance to a neighbourhood redevelopment plan and decision process 21 resistance to an extended airport runway. In decision process 21, shown in Figure 7, the runway extension was necessary if the airport was to maintain its status. The announcement of the completed design was the signal for a series of attacks on the organisation and its proposal. First a civic group proposed an alternative plan, but that was found unacceptable. Then, bills were introduced in the legislature to block the original proposal. Finally, law suits were instituted to render the proposal illegal on a technicality. The organisation chose to meet most of these threats through direct confrontation bargaining. (At the time of the study, the decision process was not yet completed.)

Type 7. Dynamic Design Decision Processes (Facilities): The dynamic design decision processes are
the most complex of the decision processes encountered. Processes 22 to 25 followed a basic design or modified search pattern, but all four encountered multiple interrupts with the result that the flow of activities became very complicated. None took less than a year and two took more than four years. One was categorised as a problem and three as problem-crises. Again, most interestingly, all four cases involved the same type of output, new facilities: new plant, new college building, new university laboratory and bank headquarters building. We conclude that the dynamic nature of these facilities decisions reflects (a) the relatively large investment needed, (b) the complex design activity involved in such facilities, and paradoxically, (c) the likelihood of new option interrupts because of the availability of ready-made structures.

Decision process 24 is diagrammed in Figure 8. Here a small manufacturing firm was faced with a series of pressures that indicated that its plant was obsolete. A proposal to sell the building was developed (design), and a real estate agent then contacted (search), but no buyers were found. It was then realised that the city might expropriate the land (interrupt) and an agent was hired to negotiate a good price should that occur. Meanwhile, a neighbouring firm moved out and their adjoining parking lot was acquired to provide room for expansion or to increase the expropriation value of the property (evaluation-choice). At the same time, the firm employed architects to investigate two alternatives, but rejected both proposals as too expensive (evaluation-choice), and attention was then focused on moving. Three alternative sites were found (search), and employees were polled and road networks investigated (evaluation). One area proved to be the most desirable, and when an existing facility was found there at a good price (search), it was identified as a favourite candidate and purchased (evaluation-choice). The company planned the modification of the building (design) and commenced the alteration. Two months later, however, the provincial government expropriated at the same time both the old plant and the new, and gave the firm a short time to vacate (interrupt). Now the firm faced a crisis. It did, however, have a considerable source of funds from the expropriation and could consider buying land and building a new plant. Only one area was investigated, and a suitable site was located (search). The firm obtained rezoning sanctions from the municipal government, a mortgage from the bank (design) and the assurance that this property would not be expropriated (authorisation). The site was purchased (evaluation-choice) and the engineering department, in consultation with the architect, prepared building plans (design); the plans were quickly...
finalised (evaluation-choice). To summarise, what started as a basic design decision process, type 5, reverted to a dynamic design process, type 7, because of a governmental interrupt.

Conclusion

In this paper we have tried to show at the same time that strategic decision processes are immensely complex and dynamic, and yet that they are amenable to conceptual structuring. We believe we have been able to capture some of the flavour of their structure in our study of 25 of these processes. In making this statement, we are encouraged by the facts that one model describes much of what we observed, that the decision processes fall into distinct groupings within the model, and that the decisions of each of four of these seven groupings involved similar outcomes.

We have, however, barely scratched the surface of organisational decision-making. Little is known about the most important routines, notably diagnosis, design and bargaining. Diagnosis is probably the single most important routine, since it determines in large part, however implicitly, the subsequent course of action. Yet researchers have paid almost no attention to diagnosis, preferring instead to focus on the selection routines, which often appear to be just a trimming on the overall decision process. Furthermore, while we have addressed ourselves to the question of how organisations make single strategic decisions, we have not looked at the interrelationships among such decisions over time in the same organisation, in effect the process of strategy formulation. The empirical study of strategy formulation has also been neglected in the literature. Another major gap in the literature is the relationship between decision process and structure. The literature still lacks a single acceptable theory to describe how decision processes flow through organisational structures. In fact, it does not even provide a helpful typology of the kinds of decisions made in organisations, especially of those decisions that are found between the operating decisions of the bottom of the hierarchy and the strategic decisions of the top. All of these gaps in the literature seriously block us from achieving even an elementary understanding of how organisations function; all are greatly in need of empirical research.