

Deciding well under pressure

Why decision drag erodes productivity—and how leaders can unlock performance



Introduction

Decision effectiveness is almost perfectly correlated with financial performance, yet organisational drag from poor decision-making causes the average company to lose 25% of its productive capacity^{1,2}. Research shows executives spend 37% of their time making decisions, yet over half of that is ineffective, contributing to large time and financial burdens¹. In your organization, this would show up as decisions that cycle endlessly, projects that generate months of rework, and delivery timelines that keep slipping. At the national level, the stakes are stark: Australia's productivity growth has stalled at a 60-year low, with GDP per capita roughly 20% below potential³. So, whether it's at the organisational or national level, progress isn't about working harder. It's about deciding better.

THE PRODUCTIVITY CRISIS AND DECISION DRAG NEXUS

Over two decades, Australia's labour productivity growth averaged just 1.2% annually—well below the 2.1% achieved in the 1990s to mid-2000s⁴. This erosion means lost wages, reduced competitiveness, and diminished capacity to fund infrastructure, defence, health, and education when all require greater investment.

While executive decision-making's precise contribution to Australia's total factor productivity slump cannot be isolated from external factors like regulation and market structure, comprehensive research identifies leadership choices, management practices, and organisational culture as “key levers for both decline and potential recovery in productivity”⁵. Empirical evidence from construction, agriculture, manufacturing, and services consistently reinforces this message^{6,7}.

YouGov research of over 500 Australian senior business leaders found 93% believe evidence-based decision-making is central to success, yet 41% acknowledge many or most company decisions are made on 'gut feel' alone⁸. Critically, 81% report negative business consequences—financial

losses, lost revenue, lower profit margins—from not using evidence-based decision-making. This gap between stated beliefs and actual practice represents a massive, addressable productivity loss.

THE UNCOMFORTABLE TRUTH

As leaders, we may continue succeeding professionally while our organisations carry the productivity cost. The system rewards avoidance because the downside of a “wrong” decision is visible and career-damaging, while delay costs—dispersed across teams, buried in rework, invisible on dashboards—infrequently trigger personal consequence.

The question isn't whether decision drag exists in our organisations. It's whether we're ready to examine which decisions we are avoiding.

So, before reading further, consider which decision in your organisation has been revisited or reframed most in the past 12 months despite apparent earlier agreement, or is generating most executive frustration. Keep this in mind as you read on. You'll soon be able to diagnose why this decision is stalled and what you should do about it.

What decision drag looks and feels like

Most organisations don't label the problem "decision failure". Instead, they describe symptoms that senior leaders immediately recognise:

- The same decision returns monthly, wearing different labels, with slightly different numbers.
- New steering groups form to "get alignment" on something that already had alignment—until it didn't.
- Executives ask for more analysis, not that it will change the decision, but to reduce personal risk.
- "We need consensus" becomes code for "no one wants to be personally accountable".
- Teams keep working around an unresolved choice—then discover they delivered the wrong thing, brilliantly.

These aren't moral failures—they're predictable patterns when decision architecture is weak. The real productivity loss isn't only labour inefficiency; it's misdirected attention, rework, slowed delivery, and foregone opportunity—especially damaging in capital-intensive sectors and major public programs where delay compounds. And because these costs compound, the cumulative productivity impact across an organisation—and the economy—is vast.

IT'S NOT HARD TO FIND EVIDENCE

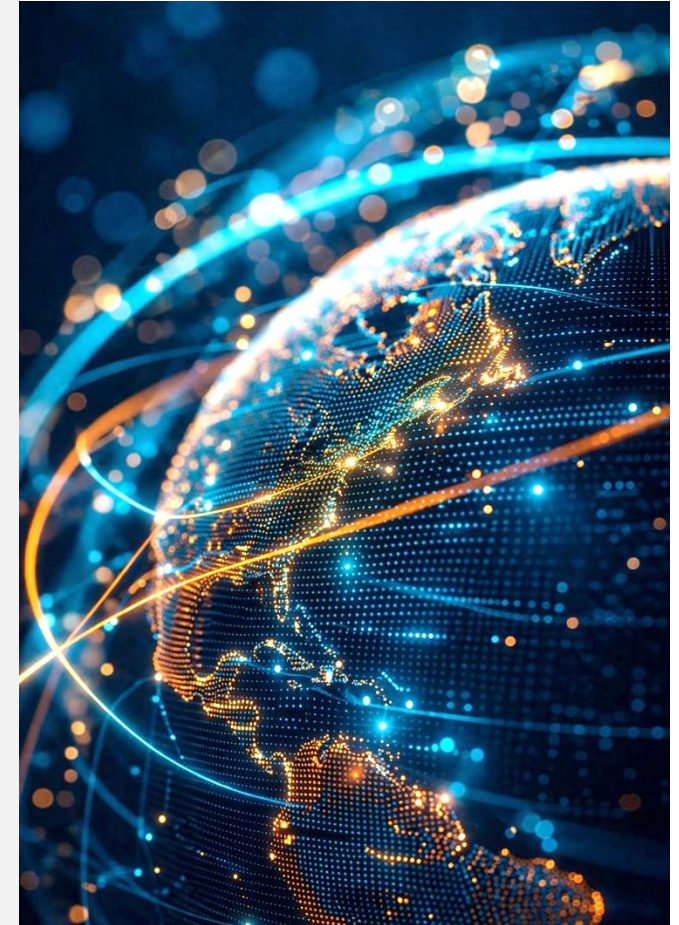
The Australian Productivity Commission's 2025 assessment is unequivocal about the effects of decision drag in government⁹:

Creeping inefficiency and failure to push boundaries of innovation contributed to Australia's poor productivity performance... poor policy choices by successive governments, coupled with lack of appetite for economic reform, weighed on productivity growth by adding unnecessary frictions.

Concrete examples include the Infrastructure Investment Programme, the review of which led to cuts of \$7 billion across 50 projects lacking merit, business cases, or strategic rationale—kept alive through repeated poor decisions and political commitments¹⁰.

The National Broadband Network exemplifies policy reversal costs, with per-connection expenses escalating from \$4,400 to over \$20,000 as successive decision changes drove total costs to \$49 billion¹¹.

In the private sector, the Australian Stock Exchanges (ASX) CHESS software replacement project illustrates the cost of over-ambition and decision failures in critical market infrastructure. The blockchain-based system abandoned in 2022 after an estimated \$250million in sunk costs and significant reputational damage to the exchange's role in Australia's financial system¹².



Why decision drag persists: the research evidence

Decision drag is not isolated nor random. Research across leadership, governance, and organisational behaviour identifies five interconnected, high-materiality drivers creating self-reinforcing patterns of delay, reversal, and productivity loss¹³.

PERSONAL RISK AVERSION

Leaders with 'cautious' and 'diligent' personalities become hypersensitive to criticism and error, leading to over-analysis, non-delegation, and stalling when change is clearly needed¹⁴. Preservation of reputation and incrementalism is prioritised, particularly in situations that are complex and involve vested interests¹⁵. Such leaders often become bottlenecks, with everything having to pass through them; even then, many decisions are deferred or escalated rather than take a personally and politically hazardous decision.

ACCOUNTABILITY AMBIGUITY AND 'DEATH BY COMMITTEE'

When decision rights are unclear—when it's uncertain who the "decider" is—issues bounce between committees and hierarchies, dramatically slowing resolution. McKinsey research found 72% of executives believe bad strategic decisions are as frequent as good ones, with unclear roles and 'death by committee' as central causes¹⁶. In such systems, decisions are repeatedly revisited because no single leader feels accountable for closure.

INFORMATION OVERLOAD AND ANALYSIS PARALYSIS

Leaders often aren't clear on the problem they're solving—so they turn to data hoping it will present an answer¹⁷. Research shows executives spend hours reviewing dashboards and analyses without knowing what question they're asking¹⁸. When the problem isn't framed correctly upfront, more data makes things worse: leaders can't distinguish signal from noise, request 'one more analysis,' and keep revisiting decisions as new information arrives. The real issue isn't data quality—it's problem clarity.

ORGANISATIONAL SILENCE AND WEAK UPWARD VOICE

Fear, norms to conform, and structural barriers to speaking up deprive leaders of timely, accurate, disconfirming information, delaying problem identification and action¹⁹. Senior managers often rate poorly on "seeking views", "responding to suggestions", and "allowing influence on final decisions". The underlying fear of feedback means critical information arrives late or is discounted, prolonging flawed courses before reversal becomes unavoidable²⁰.

POOR TEMPORAL LEADERSHIP AND STRUCTURAL MISALIGNMENT

Inefficient time allocation leads to delayed strategic decisions and missed opportunities^{21,22}. Executives fail to set clear decision milestones, allowing drift and late,

rushed reversals. This combines with misaligned incentives where business units optimise locally—risk, finance, operations—each pushing costs into other parts of the business, leading to internal bargaining and revisiting of "settled" decisions as political coalitions shift.

These five drivers interact and reinforce: high uncertainty and scrutiny increase blame risk, driving more governance and consultation, which diffuses accountability, causing delays and fragmentation, generating rework and political exposure, further increasing risk aversion. **This locking mechanism explains why productivity initiatives focused on 'effort' or 'process efficiency' often fail—the constraint is decision architecture and authorising environment, not throughput.**

When decision systems fail: two cautionary cases

COMMONWEALTH BANK: WHEN SUCCESS DULLS THE SENSES

Decision drag is not just a public sector problem. The Australian Prudential Regulation Authority's (APRA) inquiry into the Commonwealth Bank's handling of money laundering issues revealed a similarly explicit finding: continued financial success can dull an institution's sensitivity to signals that would otherwise trigger corrective action²³. This maps to a pattern many boards and executives recognise: performance masks weaknesses, issues accumulate in shadows, and eventually the organisation pays in remediation, capital penalties, reputation damage, leadership churn, and lost momentum.

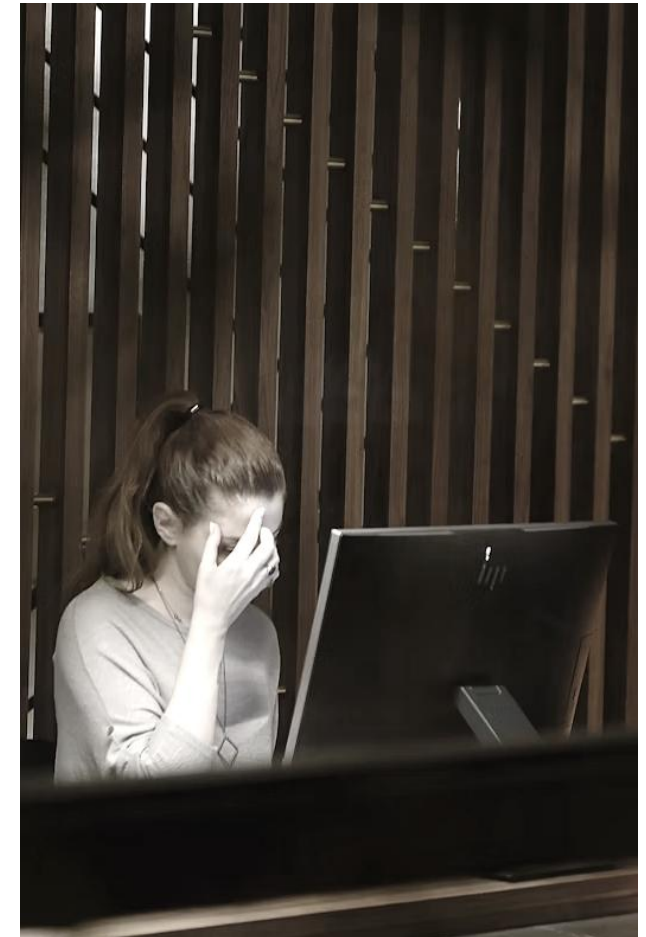
The decision drag mechanism was unmistakable: the bank's board received three red audit reports on regulatory failures between 2013 and 2016, yet action was repeatedly deferred. Issues that should have triggered urgent decisions instead circulated through committees without closure. The inquiry found "unclear accountabilities, starting with a lack of ownership of key risks at the Executive Committee level" and "overly complex decision-making processes that favoured collaboration over timely outcomes". Success-induced complacency meant decisions to fix critical controls kept getting postponed, reworked, or transferred between owners... for years. The cost of the failing—including a \$1billion penalty—was vast both in its formation and the remedial effort. The board lesson: **institutionalize challenge and timely decision closure** even when results are good.

ROBODEBT: DECISION COLLAPSE UNDER PRESSURE

The Royal Commission into the Australian Government's Robodebt scheme found that it was "neither fair nor legal" and a "costly failure of public administration, in both human and economic terms"²⁴. For boards and executives, Robodebt's value lies in making visible what decision failure looks like when senior decision-makers cling to a flawed frame, legal and operational warnings are discounted or worked around, and accountability becomes opaque as the system defends itself. The pattern connects directly to research drivers: organisational silence (warnings suppressed), escalation of commitment (defending the flawed approach despite mounting evidence), and accountability diffusion (unclear who owned the decision to proceed despite legal concerns).

The lesson: **speed without correct framing and disciplined challenge is dangerous**. Ironically, organisations can move faster with greater confidence when upfront work—framing the right problem, surfacing dissent, establishing clear accountabilities—is sufficient and done well. Weak challenge mechanisms are the actual constraint on velocity.

You might now ask, "What are the equivalent patterns in our organisation?" Where might success be masking accumulating issues? And when did the board last reward the person who first said "This isn't working. We need to change course"?



Decision drag impacts people's lives—directly and indirectly—and sadly, on occasions, with devastating results, as shown during the Robodebt Royal Commission.

Three keys to eliminate decision drag

Across research and practice, three disciplines consistently distinguish organisations that decide well under uncertainty from those that stall, revisit, or avoid commitment. These are not techniques to be applied selectively. Together, they loosen the locking mechanism that keeps decision drag in place.

FRAME THE RIGHT PROBLEM

In complex environments, the dominant risk is not choosing the wrong solution — it is solving the wrong problem with great discipline and speed.

When issues are poorly framed, teams optimise locally, debate symptoms, and recycle decisions without progress. Ambiguity invites over-analysis and political repositioning, because no one is confident the decision will hold. This is how information overload and accountability diffusion take root. In contrast, **effective executives slow down briefly to accelerate later**. They make explicit:

- What problem are we actually trying to solve — and what are we *not* solving?
- What outcome would constitute success, by when?
- What trade-offs are real and unavoidable?

Correct framing breaks the cycle of repeated reconsideration by creating shared clarity about intent and value at risk. It converts abstract debate into a bounded decision, reducing the space in which avoidance, reinterpretation, and silent resistance flourish.

ASSIGN CLEAR ACCOUNTABILITY

Decision drag thrives where ownership is blurred. When many contribute but no one decides, risk migrates upward, committees proliferate, and decisions circulate without closure.

The remedy is deceptively simple: for each consequential decision, there must be **one accountable decision-maker**, with transparent input from others and explicit vetoes only where mandatory (typically legal or compliance). Research is unequivocal that this alone can eliminate a substantial portion of organisational drag.

Clear accountability unlocks the system in two ways. First, it collapses diffusion: someone is authorised — and expected — to decide. Second, it reduces defensive behaviour. When roles are explicit, participants no longer need to protect themselves through endless qualification or delay. Political energy dissipates because the rules of engagement are known.

In uncertain conditions, this clarity becomes more, not less, important. Without it, decisions bounce indefinitely between forums as coalitions shift and risk is continually reframed.

DE-RISK THROUGH LEARNING

The most misunderstood driver of decision drag is fear — not abstract fear of failure, but fear of personal exposure in environments where decisions are highly visible, stakes are high, and reversal carries reputational cost.

Rather than add further analysis and governance, high-performing organisations **de-risk decisions by turning them into learning events**. This begins by distinguishing reversible from irreversible choices²⁵. Heavy governance is reserved for decisions that cannot be undone. Reversible decisions are pushed down and acted on with speed.

Where cause and effect are unclear — the norm in complex systems — leaders invest early in safe-to-fail experiments²⁶, pre-mortems²⁷, and structured dissent²⁸. These practices do more than improve technical quality. They change the social and political dynamics of decision-making.

By making learning explicit, they lower the personal cost of being wrong; legitimise challenge without triggering defensiveness; surface risks before positions harden; and create agreed criteria for course correction *before* reputations are tied to outcomes.

Taken together, these three keys — correct framing, clear accountability, and de-risking through learning — unlock the decision drag mechanism at its source. They reduce ambiguity, collapse diffusion, and replace fear-driven avoidance with legitimate, bounded action.

USING AI TO IMPROVE DECISION QUALITY

Artificial intelligence can be a powerful support to executive decision-making—particularly in complex, information-rich environments where decision drag often takes hold.

Used well, AI acts as a disciplined **thought partner**, helping leaders process large volumes of information, clarify issues, and test reasoning more quickly than traditional approaches.

However, **AI does not remove the need for judgment**. If poorly framed problems, weak assumptions, or unclear accountabilities persist, AI will simply accelerate movement in the wrong direction. The role of leadership becomes sharper, not smaller: to interpret, challenge, and decide.

Executives are beginning to use AI in three high-value ways:

- **Clarifying the problem** and what matters most, reducing ambiguity and circular debate
- **Structuring real choices** and trade-offs, rather than recycling variations of the same option
- **Challenging reasoning**, surfacing risks and blind spots without triggering defensive dynamics

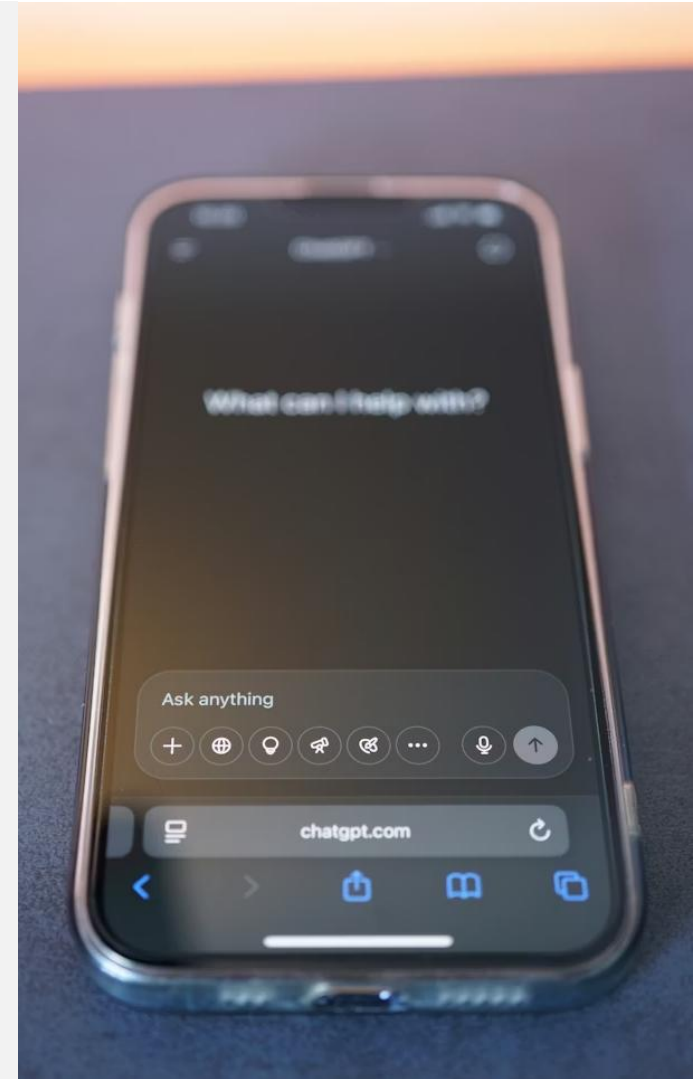
The following prompts could form the basis of queries put to an AI model (like Claude or ChatGPT) to support better decisions in practice. Of course, they are most effective when applied to real organisational issues and data, ensuring appropriate security of the AI working environment.

FIVE PROMPTS TO IMPROVE DECISIONS

- 1. Frame the problem clearly**
“Based on the material provided, define the core problem we are trying to solve in one sentence. Then present two alternative framings, and clearly state what is not being addressed in each case.”
- 2. Focus on what matters**
“From the information provided, identify the 3–5 factors that will most influence the outcome. Distinguish between critical drivers, constraints, uncertainties, and low-value information.”
- 3. Clarify real choices**
“Construct 3 genuinely distinct options (not variations). For each, set out the trade-offs across cost, risk, timing, stakeholder impact, and implementation complexity.”
- 4. Test the logic**
“Critically test the reasoning behind each option. What assumptions could be wrong? What are the most credible counterarguments or failure modes?”
- 5. De-risk through learning**
“What key uncertainties make this decision difficult? For each, suggest a small, practical way to test or learn quickly before full commitment, and define early indicators for course correction.”

While AI can produce some valuable responses to prompts such as these, remember to treat them as hypotheses to be tested, not answers to be accepted.

Ultimately, the quality of decisions will still depend on the clarity, discipline, and judgment of those making them.



Guidance for directors and executives

The distinction between boards and executives is straightforward but often blurred in practice: boards set the architecture for good decisions; executives make decisions within that architecture. Both are accountable, but for different things.

Boards make few, if any, operational decisions. Their accountability is setting the system—the governance mechanisms, cultural norms, decision rights, and discipline—that makes good decisions inevitable and bad decisions visible early. They establish expectations, test integrity of process, and hold management accountable for decision quality alongside financial performance.

Executives operate within the architecture boards set. Their accountability is identifying where drag is highest, framing problems correctly, assigning clear ownership, and holding decisions unless pre-agreed triggers force reversal. In most cases, they make the calls; boards ensure the system produces sound calls.

The following framework differentiates these accountabilities. It's not exhaustive—it's a starting point for building the organisational muscle to make decision quality a competitive advantage—as witnessed in high-performing organisations^{29,30}.

BOARDS

Setting the tone and expectations

1. Set cultural tone for psychological safety

Show appreciation for people who demonstrate “this isn't working” and steward intelligent decision reversals.

2. Make decision quality a visible governance priority

Focus attention on decision quality and effectiveness when reviewing the conduct of each board meeting.

3. Audit and clarify decision rights

Ensure a single “decider” exists for each major decision. Limit veto players to legal/compliance only.

4. Require decision discipline mechanisms

Require pre-commitment to decision criteria upfront.

Mandate red-team reviews for major decisions before commitments, translating the insights into board papers.

Ensure decisions are framed against risk tolerances.

5. Test for “success masking weakness”

Interrogate, “Where aren't we learning fast enough?”

Probe, “What signals might we be ignoring at our peril?”

EXECUTIVES

Building the muscle for timely, good decisions

1. Focus on “high-drag” decisions

Focus attention on 1-3 decisions that keep returning, cause most rework, have no clear owner, and are most consequential to the business.

2. Frame the problem, stress-test the solutions

Conduct a rapid problem-verification session to ensure the issue (and its root causes) are understood, success is clearly defined, and crucial trade-offs are clear and accepted.

Run pre-mortems to strengthen solutions and define triggers, “What would make us reverse this course of action?”

Construct explicit for-and-against cases for major decisions, including consideration of comparable base-rates.

3. Assign clear decision ownership

Explicitly decide and document the one “decider” for key decisions and, by exception, who has veto rights.

Sort decisions by reversibility, pushing reversible decisions down to their rightful owner with minimal process burden.

4. Establish decision discipline and closure protocols

No “TBD” allowed—every decision has closure date.

Once decision is made, hold that decision unless a pre-agreed trigger is hit.

The productivity prize hiding in plain sight

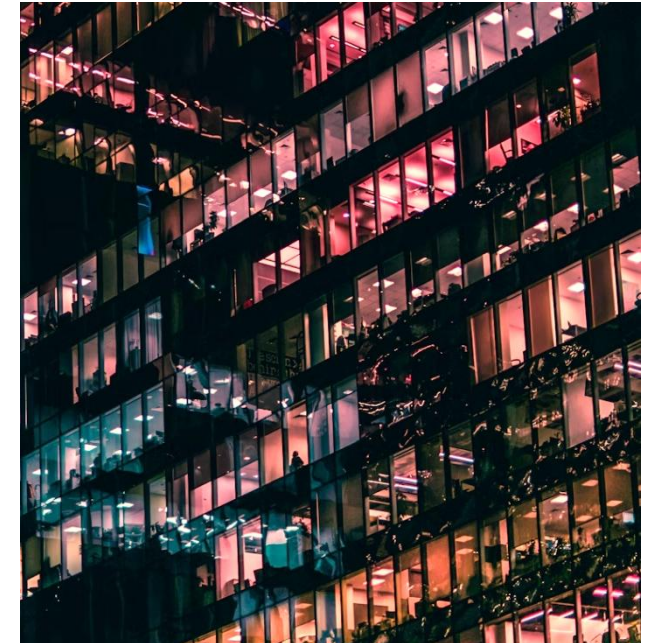
For your organisation, the opportunity is immediate and material. Research proves that even modest improvements in decision quality and velocity reduce decision cycle times by 30–50%, release productive capacity equivalent to 10–15% of leadership bandwidth, and improve delivery confidence within a single quarter¹⁶. The constraint isn't effort, resources, or strategy—it's decision quality on the few choices that shape everything else.

Decision drag persists not because leaders are incompetent or lazy. It persists because **the system rewards avoidance more than clarity**—and because costs disperse across teams, buried in rework and delay, without triggering immediate personal consequence for those at the top. But tolerating this pattern is becoming untenable. Your operating environment—capital constraints, talent competition, technology disruption,

stakeholder scrutiny—demands you deliver more with less while simultaneously transforming. You cannot afford 37% of executive time wasted on ineffective decisions. You cannot afford 25% of productive capacity lost to organizational drag.

At the national level, the stakes amplify. Australia's strategic environment no longer tolerates slow, safe choices. Geopolitical volatility, climate adaptation, infrastructure deficits, and economic transition all require rebuilding systems while maintaining current operations. We cannot afford another \$7 billion in undeliverable projects or cost blowouts on NBN's scale. Productivity Commission analysis is unequivocal: poor decision-making by successive governments and business leaders has contributed materially to Australia's 60-year productivity low.

The path forward is not more effort—it's better decisions on what matters most.



ENDNOTES

1. McKinsey & Company (2023) *What is decision making?* McKinsey Global Publishing
2. Peter Crush (2002) Leaders need to inspire more to combat the organisational drag that's causing productivity to plunge, *ThePeopleSpace.com*, 23 March 2022
3. Productivity Commission, *Annual Productivity Bulletin 2024*, Commonwealth of Australia, Canberra.
4. Productivity Commission (2023) *5-year Productivity Inquiry: Advancing Prosperity*, Commonwealth of Australia, Canberra.
5. Consensus AI research synthesis of 202 peer-reviewed papers on executive decisions and Australian productivity.
6. Langston, C., & Zhang, W. (2021). DfMA: Towards an Integrated Strategy for a More Productive and Sustainable Construction Industry in Australia. *Sustainability*, 13(16), 9219.
7. Doloi, H., Iyer, K., & Sawhney, A. (2011). Structural equation model for assessing impacts of contractor's performance on project success. *International Journal of Project Management*, 29, 687-695.
8. YouGov (2023) *The state of evidence-based decision-making in Australia and Singapore*, YouGov Research Pty Ltd, Sydney.
9. Productivity Commission (2025) *Annual productivity bulletin 2025*, PC Productivity Insights, Canberra.
10. Nicole Hegarty (2023) 'High-risk' infrastructure project funding axed as federal government contains spending, *ABC News* (online), 16 November.
11. Parliamentary Budget Office (2016) *National Broadband Network – Impact on the Budget*, Report No. 04/2016, Commonwealth of Australia, Canberra.
12. ASIC-RBA joint statement on ASX CHESS replacement program, Media Release, 17 November 2022
13. Consensus AI synthesis: 'Why senior leaders delay or reverse decisions: Top 10 research-backed drivers'
14. Hogan, R., & Hogan, J. (2001) Assessing Leadership: A View from the Dark Side, *International Journal of Selection and Assessment*, Vol. 9 (1-2), pp.40–51
15. Rickards, L., et al. (2014) 'Barriers to effective climate change mitigation: the case of senior government and business decision makers', *Wiley Interdisciplinary Reviews: Climate Change*, 5(6), pp. 753-773
16. Aaron De Smet, Gerald Lackey, Leigh M. Weiss (2017) Untangling your organization's decision making, *McKinsey Quarterly*, 21 June 2017
17. Fleming, N.S. (2021) *Smashing the State of Dumb-stuck*, MoshPit Publishing, Penrith.
18. Merendino, A., et al. (2018) 'Big data, big decisions: The impact of big data on board level decision-making', *Journal of Business Research*, Vol. 93, pp.67-78.
19. Mohamadzadeh, N., Mashali, B., & Zolfaghari Zaferani, R. (2024). Identification of factors influencing organizational silence and its impact on managerial decision-making, *Dynamic Management and Business Analysis*, 3(2), 51–66.
20. Ruck, K., Welch, M., & Menara, B. (2017). Employee voice: An antecedent to organisational engagement? *Public Relations Review*, 43(5), 904–914.
21. Chen, J., & Nadkarni, S. (2017). It's about time! CEOs' temporal dispositions, temporal leadership, and corporate entrepreneurship. *Administrative Science Quarterly*, 62(1), 31–66.
22. Knippenberg, D., Dahlander L. Hass. M., George G. (2015) Information, attention and decision-making, *Academy of Management Journal*, 58, 649-657
23. Australian Prudential Regulation Authority. (2019). *Self-assessments of governance, accountability and culture*, Information paper, 22 May, Sydney.
24. Holmes, C. (2023). *Report of the Royal Commission into the Robodebt Scheme (Vols. 1–3)*. Royal Commission into the Robodebt Scheme.
25. Bezos, J. P. (2016) *2015 letter to shareholders*, Amazon.com, Inc. Also see: Keys to decision making at speed, In: Elements of Amazon's Day 1 Culture.
26. *Safe-to-fail experiments* are small, deliberately bounded actions designed to test assumptions and generate real-world learning under uncertainty without exposing the organisation to material downside risk.
27. A *pre-mortem* involves a decision-making group assuming a proposed initiative has failed, working backwards to identify and mitigate plausible causes of that failure before commitment is made.
28. *Structured dissent*—such as red-team reviews or mandated counter-cases—requires credible alternative perspectives to be presented alongside a recommended course of action. By institutionalising challenge, this mitigates groupthink, improves decision quality, and makes it career-safe to question dominant views early.
29. Moss, P., Hartley, N., Ziviani, J., Newcomb, D., & Russell, T. (2020) Executive Decision-Making: Piloting Project ECHO® to Integrate Care in Queensland, *International Journal of Integrated Care*, Vol. 20.
30. Torugsa, N., O'Donohue, W., & Hecker, R. (2012) Capabilities, Proactive CSR and Financial Performance in SMEs: Empirical Evidence from an Australian Manufacturing Industry Sector, *Journal of Business Ethics*, Vol. 109, pp.483-500.



“ I see enormous untapped potential in people and organisations. It motivates my work with executives and directors, helping to achieve their business goals while building critical skills. I’m known for thinking differently and cutting through tough challenges, while offering practical, impactful solutions tailored to my clients’ needs. The reward is that, together, we foster a more prosperous, inclusive, and sustainable society. ”

Nick Fleming PhD FTSE GAICD authored this guide and is recognised as one of Australia’s leading critical thinkers and strategists. He is an experienced company director, facilitator, and educator with a diverse background across the private sector, R&D community, and all levels of government in Australia and abroad. His award-winning work spans water, transport, natural resources, energy, mining, defence, social welfare, and education sectors.

Professionally trained in engineering, Nick is a true trans-disciplinarian, often seen as an economist, planner, and anthropologist. He is highly respected for his expertise in complex problem-solving and systems leadership. Nick’s a sought-after speaker and coach, delivering unique executive development programs with the ANZ School of Government and the South Australian Leadership Academy.

