Hey! What's New? 2026-47

Don't Run the Numbers Until You Know Why

According to an article on the *INSEAD Knowledge* webpage, written by Emre Soyer and Ilia Tsetlin, "everyone wants to make better decisions. To do so, many leaders turn to decision analysis to bring clarity, structure and speed to the process. But without certain foundations in place, even the most sophisticated analysis can produce misleading conclusions and ultimately prove ineffective."

Conducting decision analysis when purpose is misaligned or unclear is counterproductive, they write. "It lends a veneer of scientific rigour to a choice that may be heading in the wrong direction. To avoid this trap, leaders need to first recognize which of three decision-making essentials they actually have in place. Only then can they effectively formulate, align on and refine their objectives."

Soyer and Tsetlin note that "decision makers are often tempted to jump straight into brainstorming. But, without a defined direction, that kind of ideation risks producing a long list of unrelated ideas that lead to costly, hard-to-reverse investments. Purpose must come first. Without it, there is no yardstick against which to judge any option accurately."

This, they believe, "is a common trap for high-growth companies and overextended managers. You're surrounded by options – incoming requests, new projects, market shifts – but have little bandwidth to process them. Without a clear purpose to help filter and prioritise, the situation only gets worse. In this state, the urge to act can easily become one's modus operandi. Leaders often default to familiar routines when trying to optimize for efficiency and make fast decisions to clear their plates. But this behaviour can lead to tunnel vision and leave organisations brittle in the face of change."

If you feel an overwhelming urge to act hastily, they warn, "this may be a signal that your objectives are unclear or misaligned. A possible solution would be to deliberately free up bandwidth to realign on the 'why' before committing to paths that may be difficult to reverse."

Soyer and Tsetlin advise that the immediate priority is to create some breathing room, "perhaps by bringing in external consultants or carving out a small, dedicated team that's at least partially exempt from day-to-day operations. That pocket of bandwidth must then be used to define a core set of objectives that can illuminate the path forward."

This kind of crisis happens more frequently than it should, they add. "Technological disruption, economic shocks, disasters and conflicts can push organisations into this state with little warning. The implication is clear: Organizations should regularly revisit and revise their core objectives and communicate them clearly to all decision makers."

They believe that recent developments suggest that AI stands to transform two of the three decision-making essentials. "It can help carve out more bandwidth by increasing efficiency, as well as surface a wide range of viable options. But AI is – and should be – silent when it comes to purpose. Decision makers should focus on the one thing machines cannot do: establishing the specific purpose behind their choices. Rigorous decision analysis in the age of AI means

having the discipline to turn off the models until the humans in the room agree on where they are trying to go."

It's tempting, they say, "to treat bandwidth, purpose and options as a rigid checklist or mandate. But in an uncertain, fast-changing world – in which effective decision-making often involves experimentation and iteration – that would be a mistake. Purpose may not emerge from a company retreat or boardroom meeting but can be gradually discovered through trial and error."

According to Soyer and Tsetlin, the real danger is "building an intricate, hard-to-reverse decision-making apparatus without even knowing which ocean you're sailing in. So, before you run the next ROI simulation or convene a steering committee, ask yourself these questions:

- Are we short on the cognitive space necessary to change our minds if needed (bandwidth)?
- Are we analyzing a mediocre set of choices just because they're the easiest to see (options)?
- Are we arguing about the "how" without having agreed on the "why" (purpose)?

"If the answer to any of these is 'yes,' decision analysis risks producing alluring illusions. Instead, pause the analysis, and return to the foundations."

For more, see Don't Run the Numbers Until You Know Why | INSEAD Knowledge.