

BUSINESS LIFE

Decision
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failures

"What does this report tell us? What should we do as decision makers?" asked an exasperated Tony Blair last week, after the Chilcot report attacked his handling of the invasion and occupation of Iraq.

These are odd questions because the former prime minister need only look in the mirror for the answers: a single-minded, self-confident leader, supercharged by success and unchallenged by members of his team, attached a misleading clarity to a decision that was fraught with confusion and contradiction. What does this report tell us? The same old corporate and political story of how an excess of certitude at the top can lead to catastrophe.

It should come as no surprise that the uniquely perilous situation described in the report has parallels in, and lessons for, the corporate world. Mr Blair was and is an outspoken admirer of the way companies are run. A Newsweek interview with the former premier underlines the point, quoting his speech to a mining conference last year: "You can be a great communicator, which gets you the job, but once in power, you're a CEO and need to run a business."

If chief executives know little else, they know they have to take decisions. Their public declarations often echo Mr Blair's impatience with the inefficiency of the process. It has become a staple of strategic reviews that the chief executive promises to speed up decision-making. In the past two years, we have heard that phrase or similar from Steve Easterbrook, who

is turning round McDonald's, Matthias Müller, struggling to reform scandal-hit Volkswagen, and Ivan Menezes, sharpening up Diageo, among others.

It is possible to read the Chilcot report as a call for additional decision-making bureaucracy. As Sir John Chilcot said: "The lesson is that all aspects of any intervention need to be calculated, debated and challenged with the utmost rigour."

The report advocates wider and deeper discussion in cabinet and committees, separation of risk assessments from policy decisions, and independent audit of strategy as it is implemented – all good advice for CEOs considering important strategic moves.

The report is not, however, a prescription for slower decisions (though why not take a little more time when lives are at stake?), but for decisions of higher quality.

It casts doubt, for example, on Mr Blair's predilection for sofa-style government, now largely a thing of the past in UK politics, but still prevalent in business, where many leaders draw strength and advice from an inner circle. Sometimes, provided the group is diverse and challenging enough, it can help prepare the way for important decisions taken by more formal groups.

When, however, the inner circle turns into an inward-looking cabal, it becomes a vehicle for confirming what the leader thinks he or she already knows. In 2002, Mr Blair's government had a strong second mandate from the British electorate. The sofa where a few intimates discussed strategy was

An inner circle that becomes a cabal confirms what CEOs think they know

exceedingly comfy. The corporate equivalent at the time was Fred Goodwin, buoyed by shareholder acclaim for Royal Bank of Scotland's takeover and integration of NatWest and convinced of his own superior decision-making prowess.

Michael Watkins and Max Bazerman, whose template for how to identify "predictable surprises" coincided with the Iraq invasion in 2003, wrote that such power imbalances "may lead executives to overvalue the interests of one group while slighting those of other equally important groups". Ignoring challenges is bad enough but such slights may simply lead naysayers to suppress their concerns altogether.

Like Mr Goodwin, Mr Blair seems to have had a strong need for "cognitive closure" – an instinct to "make a judgment and then stick with it" – described in Charles Duhigg's book *Smarter Faster Better*.

Many successful decision makers eventually over-reach. The test of their greatness is how willing they are to consider the alternatives to what may appear a clear course of action before making a bold executive order. Duhigg tells the cautionary tale of the Israeli general Eli Zeira, who failed to spot the imminent Yom Kippur war of 1973.

Years later, the ex-officer admitted that, before making his fateful decisions, he should have referred to a talismanic note he carried. On it were written three words: "And if not?"

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The fit executive

Train your heartbeat to help the brain cope with stress

CHARLES WALLACE



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Most people engaged in competitive sports have experienced soundly beating an opponent with apparent ease, only to be crushed by the same foe on a later date. They are left wondering: what did I do differently?

According to Alan Watkins, a British medical doctor who also has degrees in psychology and immunology, it is all about the signals your heart is sending to your brain. Dr Watkins has developed a speciality in teaching athletes and business leaders about the science of heart rate coherence to help them achieve more consistent performance.

What is coherence? I've written before about heart rate variability, which reflects the fact that your heart beats at different rates over time. The interval between heartbeats is your HRV and measuring this can help you determine when your body is fully rested.

When the HRV falls within a relatively tight pattern, it is said to be more coherent. There is a growing body of research that says this coherence can have a profound impact on your mental and physical state.

Dr Watkins likens the body to an orchestra, with different organs representing the sections. If the string section is the heart, HRV is the lead violin, with the ability to influence the tempo of the entire orchestra. The key takeaway, says Dr Watkins, is that it is possible to train the HRV to be more coherent using slow, rhythmic breaths. It is then easier to achieve what psychologists call "flow," a mental state often described as runner's high.

We have all had the experience of drawing a mental blank in high-stress situations such as a job interview or a big sporting event. According to the HRV

theory, anxiety causes the heart to beat erratically, which sends powerful signals to the brain that effectively shut down the normal reasoning portions.

His company, Complete Coherence, has developed smartphone apps and computer software to help control the heart's chaotic signals. While measuring coherence in the past cost hundreds of dollars, it is now possible with a \$6.95 app and a heart rate strap. In addition, a US organisation called the Heart Math Institute, also sells devices to measure HRV and help train coherence.

Both systems use a pattern of deep, rhythmic breaths slowed to about 10 seconds each. This breathing pattern eventually entrains the heartbeat and helps athletes and executives alike achieve greater control. Dr Watkins says practising the breathing three times a day for five-minute sessions can achieve coherence in a relatively short time. He does this in a Ted Talk with a volunteer in just minutes.

Golfers who use the system perform smoother strokes on difficult shots, he says. He coaches Olympic rowers and says they overcome race anxiety using his technique.

Often athletes try to psych themselves up before an event by using mantras or other self-hypnosis techniques. Dr Watkins says these have mixed success because they remain on the conscious level of cognition and do not address underlying emotions.

"Coherence makes performance less hit and miss," he says. "We get below cognition to the three levels of feelings, emotions and biology to help you get your A-game every single time you step out on the pitch or court."

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The company
lookout for
countries
spending on
John Reed

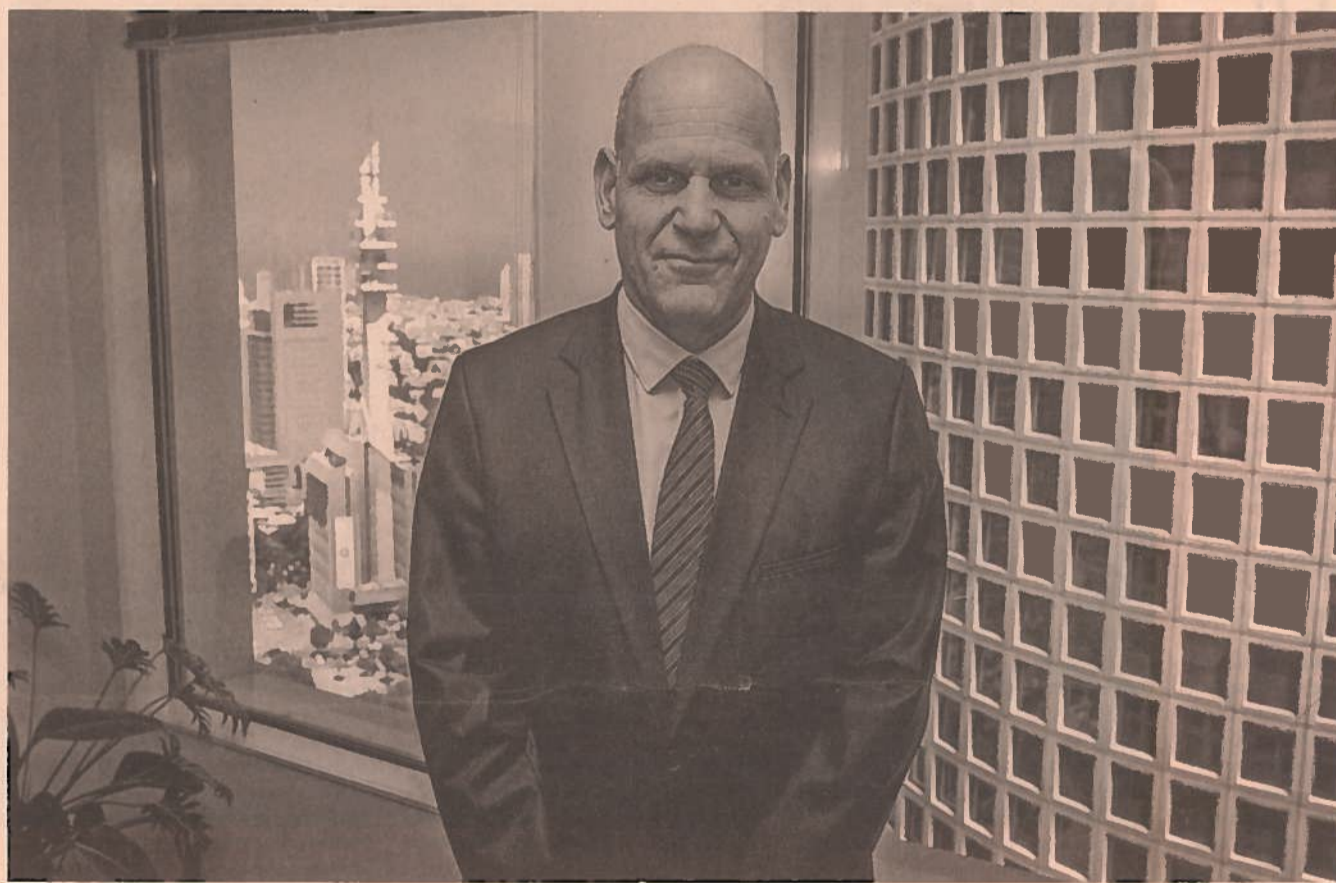
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ny industrial com- use of global uncer- e Brexit vote in the opulist politicians p, the Israeli group d. It is looking to cluding in Britain, lls the Financial p is ready to spend ns of dollars". He ins "strategically , and that the vote not deter it from



Armed for expansion in the face of global uncertainty

Britain's vote to leave the EU will not deter Elbit from investing there, says chief executive Bezhale Machlis

Eyal Warshavsky

missiles, which are proliferating among militant groups in the Arab world.

Elbit is supplying the system to El-Al and other Israeli airlines, and in December it announced a contract for sales to an unnamed Asia-Pacific country. "Unfortunately, the potential for such systems is huge," Mr Machlis says. "We have many customers for them, not only military."

"They are ahead of the trend, ahead of the market," says Ella Fried, of Bank Leumi in Israel. "They bring combat

Collins of the US. This displays "head up" information on its visor that, when a pilot launches a missile, lines up with his line of sight as it locks on to a target. The US military has adopted the helmet for most of its fixed-wing aircraft.

Israel has few multinationals and, correspondingly, relatively few executives with experience in managing large and complex businesses, not least one with more than 12,000 employees, about 10,000 of whom are in Israel.

In a country known for its start-up

Analysts say the chief executive's cautious style is in keeping with a company which has a shareholder base that is mostly Israeli and likes to keep the focus on its products. "Guidance is almost non-existent," says Gilad Alper, an analyst with Excellence Nessuah, an Israeli investment house. "They simply present the products; they don't give the same kind of information you get from normal public companies."

One change that is not on the cards is a big cross-border merger, given Elbit's

Great place to meet

Russia Coffee & Food, Harbin

