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Business Decisions Are Like Golf Decisions

Nathan Bennett and Stephen A. Miles 03.24.10, 1:44 PM ET

On April 5 the 2010 Masters' golf tournament tees off in Augusta, Ga. On every hole players will have to decide how to play their next shots. One of their most frequent decisions: when to aggressively attack a hole and when to "lay up"--that is, purposely hit a shot a little short so as to guarantee a safe position from which to hit the following shot. Laying up keeps you out of big trouble like landing in water or sand, but it also creates an opportunity for a more aggressive player to gain a stroke on you. The winner at Augusta will probably be a player who made smart choices about laying up--and who didn't rely on the strategy too often.

The decision whether to lay up arises in business all the time, too. An information technology executive recently told us that most of his work is now done at such a small margin that "there is no room to be creative." Another executive, at a company that produces wire and cable, told us that his team is often criticized for bidding jobs too low, because they're chastised if they don't bring in enough work. Bidding low is the surest way to get the work. In these instances the IT executive lays up, because he feels he's left with no choice, and the wire and cable man finds that laying up would mean losing potential sales revenue.

In business as in golf, there are times when laying up is the right call, but doing it too often likely resigns you to a finish no better than at the middle of the pack. If you continually hit the safe shot, your chances of winning in your career, especially in challenging times, are slight. There are opportunities in the recession for those who can identify the right time to eschew the safe shot in favor of a chance to put some distance between themselves and the competition.

Over the past two years we have been writing a book, *Your Career Game*, in which we've used game theory to develop a way for executives to understand what they need to consider in determining whether or when to take the aggressive shot. The key considerations are similar in some ways to those the golfers at Augusta will face. They are:

--*What moves are others likely to make?* If you can count on others to move in a predictable way--that is, expect those with reputations for conservatism to lay up, and those with a history of aggressive play to go for it--then evaluating how your own decision to lay up or not will affect your game is easier.

--*How does the time frame affect play?* Moving aggressively early may be an easy choice for many players to make. After all, that's when there's still plenty of time to recover should a shot go poorly. Later in the round, or on the final day, most players may be expected to be more conservative.

--*How do the playing conditions affect my decision?* If the weather changes, players may make different decisions about whether to be aggressive or lay up. Worsening conditions may make it tougher to gain a stroke on the competition later on.

These same questions need to be considered by any executive trying to understand whether a particular workplace decision should be handled with a lay up or as a chance to allow for some separation from the pack. A sense of how others will move, of the effect of time and of how the conditions on the playing field can alter your game are all factors we found to be important predictors of success, because they all help you know when to act more aggressively.

Other elements can be added in, too, with this approach. For instance, the game's context matters. The recession may

encourage you to lay up, but when you do so you cede ground to players who are more willing to take on risk. Each player's goals matter as well. Some players at Augusta will start the tournament aiming only to make the cut to qualify for the final rounds. They will probably take a different approach from anyone determined to actually win the tournament.

Clearly the recession has had a dramatic effect on almost every business and on almost every executive. For well over a year now most businesses have focused first on improving their operational efficiency, and many executives have focused on being sure not to give an employer any possible reason to let them go. Those are laying up strategies, and they do no harm as long as competitors are behaving similarly. But just as the golfers at Augusta who are quickest to seize opportunity will separate themselves from the pack, the executives who are quickest and best at understanding when laying up is the wrong call will be the first to put their companies--and their own careers--ahead of the competition.

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