Fidelis International Institute

Measuring Excellence: Quantification and Prudence in Professional Decision Making. Part 1

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When it comes to assessing success in business, measuring performance is critical. If one cannot determine what is working well as opposed to what is dysfunctional in one's company, then one will never know how, and in what way, one's business is performing. By the same token, if one cannot determine just *how much* better or worse one's enterprise is performing in relation to competition or past performance, then one cannot objectively assess progress over time or across industry, thereby rendering professional decision-making totally blind. In such a situation, a business leader faced with daily pressing choices becomes either reckless or paralyzed.

It is accordingly not only appropriate, but imperative in professional life for business leaders to find objective criteria whereby efficiency, productivity, and return on investment can be clearly measured. One should expect nothing less from competent and responsible professionals. However, as important as this need is, one ought also to be thoughtful about the broader consequences that this emphasis has had upon professional decision-making, for it might be the case that this necessary aspect of business begins to assume a distorted and inordinate significance, thereby eclipsing other aspects that make up good professional activity.

For instance, as a result of the crucial need to measure performance over time, there has emerged within contemporary corporate culture an almost universal tendency to seek to measure *every aspect* of corporate life, performance, and success in *quantifiable* terms, and of seeing competent professional decision-making only in the light of such calculations. In other words, the only data that counts, the only information that is deemed professional, "hard," and therefore relevant, is that which can be measured in some quantifiable-calculative way. Any other consideration is considered soft, subjective, and extraneous to serious business deliberations.

This tendency is one of the dangerous temptations of modern professional life, for not every principle of good decision-making is quantifiable. Ethical judgments, to take the most important instance, are not susceptible of numerically calculable measurements. Justice and courage, for example, are objective realities of human existence and, accordingly, true judgments about what is just or courageous, and what is more just or more courageous, are capable of being made. Nevertheless, such judgments are not measured in quantifiable terms. A man cannot be "3 units" more courageous than another, or a particular just action cannot be "4 units" more

ethical than a particular courageous action, even though certain acts of justice are more morally noble than certain acts of courage, and vice versa.

More importantly, there is no *necessary* and *quantifiably precise* measure of the effects of ethical action upon other aspects of life. It is not as though there is no such impact, or that it is not generally favorable. Nevertheless, it is not invariably so (e.g. if your boss asks you to do something unjust and you refuse, doing the right thing could cost you your job), and it is not objectively calculable in terms of dollars or rate of productivity. Any particular just or honest decision of a company cannot be seen to yield "x" amount of increased productivity. Perhaps one can rightly judge that company morale is higher than it used to be before a particular ethical change in corporate policy, or that workplace absenteeism has gone down, but it is impossible to establish a necessary and quantifiable link between such things. Yet the temptation to adopt this mentality can easily take hold in today's corporate culture, with its legitimate concerns for measuring profitability and success.

At its most extreme and distorted, the desire to quantify and calculate has sometimes led business leaders in the corporate world to look at moral decision making in terms of a "cost-benefit" analysis, where a company, for example, weighs the cost and benefits of "acting ethically" against the cost and benefits of not doing so. To take an easy example, a company might weigh the cost of recalling a dangerous product, on the one hand, with the cost of paying out the likely damages arising from consequent litigation, on the other. In this scenario, "the good" is reduced to a measurable quantity, namely, what will cost the company the least amount of money, and "ethics" is either thrown out the window altogether or given the shallow and incoherent formulation as managing the different cost-benefit analyses of the relevant interested parties (stock-holders, management, labor, customers, the surrounding community, etc).

This not uncommon approach to moral decision-making in the corporate sphere is not only contrary to a right understanding of ethics, it is also self-contradictory. While many think that it is logically possible to ignore or minimize the non-quantifiable criteria inherent professional decision making (i.e. presuming that a pure business logic, limited solely to calculations of cost-benefit productivity or to the weighing and managing of contending cost-benefit analyses), is a conceptually coherent position), this is, in fact, not possible.

How so? The very affirmation that all business decisions should be rooted in quantifiably measurable terms is itself a proposition the truth of which was *not* derived from any quantifiable measurement. In other words, the truth of the principle of quantifiable cost-benefit analysis is not arrived at through cost-benefit analysis. It's place in business life as a foundational affirmation of what determines "good" business practice cannot therefore be justified by means of some quantifiable measurement.

This insight should broaden our horizon about the principles of sound decision-making in professional life. It should help us to see that all business activity, like all other human activity, already and from the beginning, presupposes principles of what is good and what is not good, of what is fair and what is not fair. More importantly for the purposes of our present discussion, these principles, while they are objective, are not *quantifiable*. They are true and knowable, and thus answers to questions about moral acts can be determined, but they are not measurable in numerical terms. One cannot *quantify the ethical*, and yet justice and honesty are as objective and as important for making good professional decisions and operating a good business as are the factors measuring the rate of increase of surplus value in a company.

All of this should lead us to a greater openness to understanding what makes for a complete understanding of good decision making in professional life. This understanding will have at its foundation what classical moral philosophers called the virtue of “prudence,” which is that habitual ability to judge what ought to be done in a particular situation in light of both an understanding of what is good for man as a whole as well as the complexities of the circumstances of the moment. In the next issue of the Fidelis review, we will turn our attention ore fully to the virtue of prudence in order to see what it is and how foundational it is for professional leaders.