

**A STUDY ON HOW 'BETTER DECISION MAKING'
CAN BE ATTAINED WITH THE HELP OF SIX
THINKING HATS**

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ABSTRACT

The research paper focusses on a thinking tool developed by Dr Edward De Bono known as 'Six thinking Hats'. According to this thinking tool, the entire process of thinking is divided into six different ways. It provides a framework to focus and broaden thinking by separating out six different ingredients in thinking: white hat--information, yellow hat--benefits, black hat--risk, green hat--creativity, red hat--gut instinct, and blue hat--process. It focusses on how each person uses the same tool, at the same time, on the same challenge--focused parallel thinking. This cleans up the conversation, puts an end to endless debate and discussions that are going nowhere, and saves everyone time. In order to give a clearer picture on how the tool helps in the thinking process, a merger and acquisition deal between Vodafone & Hutch Essar has been discussed & using this case, yellow hat thinking and black hat thinking have been brought forward. As a conclusion, it has come out that it is a great way in which you can attempt innovation training and encourage group members to think creatively and productively. This exercise will increase the efficiency of meetings and reduce the time taken to conduct a discussion and to reach a consensus.

KEYWORDS

Six Thinking Hats, Decision Making Process, Successful meetings

INTRODUCTION

Generally, whenever a meeting takes place, there are different points of view that we come across as every individual is different and they think in different perspectives. Therefore, it becomes very common for discussions to get heated up and end without any formal conclusion. This leads to wastage of a lot of time of all the professionals engaged in the meeting and therefore, many decisions get affected. Therefore, A method “Six Thinking Hats” was formulated by “Edward De Bono” so that the discussions and the decision making process could speed up with better decisions being taken where in points of view of different people can be taken into consideration.

'Six Thinking Hats' is an important and powerful technique. It is used to look at decisions from a number of important perspectives. This forces you to move outside your habitual thinking style, and helps you to get a more rounded view of a situation.

This tool was created by Edward de Bono in his book '6 Thinking Hats'.

Many successful people think from a very rational, positive viewpoint. This is part of the reason that they are successful. Often, though, they may fail to look at a problem from an emotional, intuitive, creative or negative viewpoint. This can mean that they underestimate resistance to plans, fail to make creative leaps and do not make essential contingency plans.

Similarly, pessimists may be excessively defensive, and more emotional people may fail to look at decisions calmly and rationally.

If you look at a problem with the 'Six Thinking Hats' technique, then you will solve it using all approaches. Your decisions and plans will mix ambition, skill in execution, public sensitivity, creativity and good contingency planning.

How to Use the Tool

You can use Six Thinking Hats in meetings or on your own. In meetings it has the benefit of blocking the confrontations that happen when people with different thinking styles discuss the same problem.

Each 'Thinking Hat' is a different style of thinking. These are explained below:



White Hat:

With this thinking hat you focus on the data available. It is based on the information you have and also whether anything can be learnt from that information or not. Look for gaps in your knowledge, and either try to fill them or take account of them.

Past trends are analysed and historical data is used to draw some kind of inferences on what it means.

Red Hat: 

'Wearing' the red hat, you look at problems using intuition, gut reaction, and emotion. It is also based on the thought as how different people would respond emotionally to different kinds of situation. Try to understand the responses of people who do not fully know your reasoning.

Black Hat: 

Using black hat thinking, look at all the bad points of the decision. Look at it cautiously and defensively. Try to see why it might not work. This is important because it highlights the weak points in a plan. It allows you to eliminate them, alter them, or prepare contingency plans to counter them.

Black Hat thinking helps to make your plans 'tougher' and more resilient. It can also help you to spot flaws and decide upon a course of action that needs to be taken up. Black Hat thinking is one of the real benefits of this technique, as many successful people get so used to thinking positively that often they cannot see problems in advance. This leaves them under-prepared for difficulties.

Yellow Hat: 

The yellow hat helps you to think positively. It helps to see positive aspects of a situation and also the value that can be derived out of the situation. Yellow Hat thinking helps you to keep going when everything looks difficult or impossible to be achieved.



Green Hat:

The Green Hat stands for creativity. Creative solutions are developed at this point. It is a freewheeling way of thinking, in which there is little criticism of ideas. A whole range of creativity tools can help you here.



Blue Hat:

The Blue Hat stands for process control. This is the hat worn by people chairing meetings. When running into difficulties because ideas are running dry, they may direct activity into Green Hat thinking. When contingency plans are needed, they will ask for Black Hat thinking, etc.

A variant of this technique is to look at problems from the point of view of different professionals (e.g. doctors, architects, sales directors, etc.) or different customers.

LITERATURE REVIEW

MAKE A DECISION

Six Thinking Hats is a time-tested tool that boosts creative and innovative performance.

The premise of this technique is that the human brain is designed to think in 6 different manners when it comes across a decision making process (Thinking Process). These Six different patterns in which a human brain “thinks” can be deliberately sensitized and humans can be made to think in a particular direction. In each of these states the brain will identify and bring into conscious thought certain aspects of issues being considered (Example: gut instinct, pessimistic judgment, neutral facts, etc.) Imagine when this happens, how far reaching the results will be! Now imagine a group of people who follow this pattern and are deliberately made to think in one direction – all at the same time. No stone will remain unturned. This technique, called Six Thinking Hats, was devised by Dr. Edward de Bono in 1985.

Now, I would like to make the six thinking hats method more clear with the help of a real life example of merger and acquisition deal that took place recently.

MERGER - A merger is a combination of two companies where one corporation is completely absorbed by another corporation. The less important company loses its identity and becomes part of the more important corporation, which retains its identity. It may involve absorption or consolidation.

ACQUISITION - Taking possession of another business is also called as a takeover or buyout. It may be share purchase (the buyer buys the shares of the target company from the shareholders of the target company. The buyer will take on the company with all its assets and liabilities) or asset purchase (buyer buys the assets of the target company from the target company)

India in the recent years has showed tremendous growth in the M&A deal. It has been actively playing in all industrial sectors. It is widely spreading far across the stretches of all industrial verticals and on all business platforms. The increasing volume is witnessed in various sectors like that of finance, pharmaceuticals, telecom, FMCG, industrial development, automotives and metals.

Vodafone's purchase of 52% stake in Hutch Essar for about \$10 billion. Essar group still holds 32% in the Joint venture.

Now, I would like to present yellow hat thinking and black hat thinking of this merger & acquisition deal such that the process of how the thinking process happens would become clearer.

YELLOW HAT THINKING

Yellow hat thinking considers all the positive point and the benefits of a situation. Therefore, yellow hat thinking with respect to this merger is given below:

The principal benefits to Vodafone of the transaction are:

- Accelerates Vodafone's move to a controlling position in a leading operator in the attractive and fast growing Indian mobile market
- India is the world's 2nd most populated country with over 1.1 billion inhabitants

- India is the fastest growing major mobile market in the world, with around 6.5 million monthly net adds in the last quarter
- India benefits from strong economic fundamentals with expected real GDP growth in high single digits
- Hutch Essar delivers a strong existing platform in India
- nationwide presence with recent expansion to 22 out of 23 licence areas (“circles”)
- 23.3 million customers as at 31 December 2006, equivalent to a 16.4% nationwide market share
- year-on-year revenue growth of 51% and an EBITDA margin of 33% in the six months to 30 June 2006
- experienced and highly respected management team

Driving additional value in Hutch Essar

- accelerated network investment driving penetration and market share growth
- infrastructure sharing MOU with Bharti plans to reduce substantially network opex and capex
- potential for Hutch Essar to bring Vodafone’s innovative products and services to the Indian market, including Vodafone’s focus on total communication solutions for customers
- Vodafone and Hutch Essar both expected to benefit from increased purchasing power and the sharing of best practices

Increases Vodafone’s presence in higher growth emerging markets

- proportion of Group statutory EBITDA from the EMAPA region expected to increase from below
- 20% in the financial year ending 31 March 2007 (FY2007) to over a third by FY2012

Operational plan for Hutch Essar

Vodafone will execute an operational plan to build on the strengths of Hutch Essar in order to capture the Indian telecom growth opportunity.

BLACK HAT THINKING

Black hat thinking takes into consideration the negative points of a situation. The negative points relating to this deal are listed below:

We can find many evidences that their success is by no means assured. There are a number of challenges faced in case of mergers and acquisitions sometimes before they actually start to function(eg. merger between HP and Compaq) or even after the M&A. Few of the challenges faced in case of an M&A are legal contemplations ,compatibility problems, fiscal catastrophes, problems as a result of cultural dissimilarities, hospitality and hostility issues, risk management failure, obtaining the necessary votes (two-thirds (or even more) of the share votes) can be time-consuming and difficult, cooperation may not be easily or cheaply obtained, merger also may be creating a conflict of objective between different businesses ,diseconomies of scale if business becomes too large.

Thus, if at the time of the amalgamation, the acquirer and acquiree have conflicting accounting policies, a uniform set of accounting policies should be adopted following the amalgamation.

Similarly, using all six hats we can come out with a thinking that would help us take a decision taking all the points of view into mind.

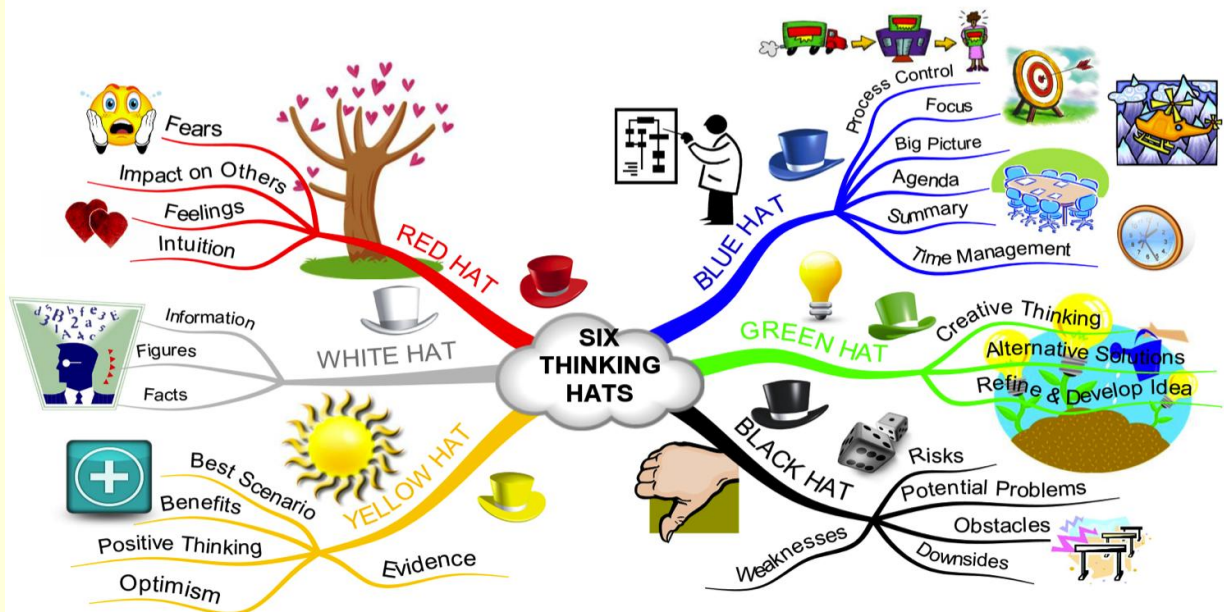
CONCLUSION

Six Thinking Hats allows us to use all approaches in decision making and planning by mixing ambition, skill in execution, sensitivity, creativity and good contingency planning.

Using Six Thinking Hats, team learns how to use a disciplined process which will...

- Maximize productive collaboration and minimize counterproductive interaction/behaviour
- Consider issues, problems, decisions, and opportunities systematically
- Use Parallel Thinking as a group or team to generate more, better ideas and solutions
- Make meetings much shorter and more productive
- Reduce conflict among team members or meeting participants
- Stimulate innovation by generating more and better ideas quickly
- Create dynamic, results oriented meetings that make people want to participate
- Go beyond the obvious to discover effective alternate solutions

- Spot opportunities where others see only problems
- Think clearly and objectively
- View problems from new and unusual angles
- Make thorough evaluations
- See all sides of a situation
- Keep egos and "turf protection" in check
- Achieve significant and meaningful results in a less time



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