THE ADD-BACK · EPISODE 08

Decision-Grade

Arc 2 · vocabulary · Portfolio company

In the room: Operating partner commissioning work, portfolio CEO, anyone signing a scope of work

The question: Why did $400,000 of competent advisory work produce no decision?

THE POSITION

SIGHTING

A portfolio company has spent four hundred thousand on advisory work across three firms. There is a maturity assessment, an opportunity register, a roadmap and an implementation plan. Nothing has been funded and nothing has been killed.

THE CONSENSUS READ

Analysis paralysis. A leadership problem.

THE MECHANISM

It's a specification problem. None of those four deliverables was ever required to name which option gets capital and which one stops. They were scoped to describe a situation, and a description cannot terminate an argument — it just gives both sides better material.

THE EXPOSURE

You didn't buy a decision and then fail to make it. You bought four documents that were never capable of producing one.

THE TEST

Take the last five ops deliverables you paid for and ask which named a thing that stopped. If it's zero, the money bought analysis and the decision is still unfunded.

Decision-grade

A deliverable that names what gets funded, what gets killed, and what evidence would have reversed the call. Everything else is analysis-grade.

The test. Three parts, all must pass. Is there a named recommendation with a disposition, not a ranked list? Is there something explicitly not being done? Is the falsifier written down — the finding that would have flipped it? Fail any one and it's analysis-grade, however good it is.

THE BRIDGE — CLAIMED TO REALISED

The advisory spend and deliverable set are a composite. Macaulay and Staw are real, published and cited with their samples; the decision-grade cost comparison is our estimate and flagged as such.

LINE	MOVES	RUNNING
Claimed — $400,000 of advisory spend producing a decision on an AI-native operating redesign		**$400,000**
1. What each deliverable actually terminates	-$400,000	$400,000 spent, $0 of decision purchased
2. Why analysis-grade dominates [changes the story]	-$0	$400,000 spent, $0 of decision purchased
3. The third test is the one that gets dropped [changes the story]	-$0	$400,000 spent, $0 of decision purchased
4. Where I was wrong — I thought the fix was a better spec [where I was wrong]	-$0	$400,000 spent, $0 of decision purchased
5. What decision-grade costs [residual]	+$0	$400,000 spent, $0 of decision purchased
Realised		**$400,000 of analysis-grade work against roughly $60,000 to $120,000 of decision-grade work that would have terminated the same question**

THE DOWNSIDE

Multiple: 9x, illustrative

Direct: $400,000 of spend producing no disposition; at an illustrative 9x on a recurring advisory line that is meaningful on its own, but it is the smaller number. The real exposure is time on the lock-in clock from Episode 06 — six months of indecision on a live programme runs $90,000–$150,000 of additional lock-in. Substitute your own comps.

The fee plus the decay it failed to stop — $90,000 to $150,000 of additional lock-in per six months of indecision

When it surfaces. At the next review, as the same question with better slides. The tell is a portfolio company that has commissioned two assessments of the same problem eighteen months apart — that is not thoroughness, it is evidence the first one was analysis-grade and nobody said so.

Decision-Grade

The question: Why did $400,000 of competent advisory work produce no decision?

Paste into a request list or a management agenda. Each question resolves to an artifact, not to a characterisation.

THE DILIGENCE PACK

1. State the decision this engagement terminates, in one sentence, before work begins, and name who will make it.

Artifact: One line in the scope of work.

If it can't be written, the engagement has no decision in it and should be repriced as research.

2. Require the deliverable to name at least one option explicitly not pursued, with the reason.

Artifact: A named exclusion in the document.

A deliverable with no exclusions has not chosen.

3. Require a written falsifier: the finding that would have reversed the recommendation.

Artifact: One paragraph.

The item that converts the deliverable into something reusable.

4. Name the person who will present the recommendation to the approving body, and confirm they have no position in the initiative.

Artifact: A name in the engagement letter.

Per Line 4, the binding variable is the reader.

5. For the last five ops deliverables commissioned in this portfolio company, list what each terminated.

Artifact: A one-line answer per deliverable.

This is the baseline, and it is usually the most persuasive document in the conversation.

DISQUALIFIER

If a provider resists item 3, that is informative rather than obstructive. A falsifier is a commitment to being checkable, and reluctance to supply one tells you what class of deliverable you were about to buy.

SOURCES — EVERY MEASUREMENT WITH ITS SAMPLE

CLAIM	SOURCE	SAMPLE / CLASS
Businessmen frequently don't plan exchange relationships completely and seldom use legal sanctions to settle disputes; planning is used when gains are thought to outweigh costs	Macaulay, American Sociological Review 28(1), 1963	Interview and questionnaire study of Wisconsin businessmen and lawyers (measured)
~75% of subjects responsible for a prior failure sought retrospective justifying information, against ~25% of those not responsible	Staw, escalating commitment literature (1976 onward)	Experimental subjects; responsibility manipulated (measured)
$400,000 advisory spend across three firms producing four deliverables and no disposition	Composite	n/a — composite (composite)
Decision-grade equivalent at roughly $60,000–$120,000	Our estimate, exposed so it can be substituted	n/a — illustrative (illustrative)

One standing caveat. Every number in this show is somebody else's measurement, and I'll tell you whose, with the sample. None of it is diligence on your deal. Do that yourself.