WHITE PAPER

UNINTENDED CONSEQUENCES

MITIGATING THE POWER OF UNINTENDED CONSEQUENCES ON BUSINESS PERFORMANCE

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INTRODUCTION

There are many challenges facing CEOs that they are expected to effectively handle and efficiently control, inability to properly address these challenges casts doubt on the CEO's ability to lead the organization. Challenges range from strategic leadership to day-to-day management, which requires CEOs to take charge of both strategic, operational planning, and the business operations. The CEO is also the steward of the people side of the business dealing with issues such as: succession planning, job descriptions, staff development, managing the culture, building a human resource plan and addressing under performers.

The term CEO in this paper is meant to reflect the appropriate title of the firm's top executive and therefore encompasses at a minimum the following titles: chief executive office, president, owner, founder and managing partner.

The role of the CEO spreads not only to drawing up new policies, but also reviewing management input, periodic reports and standards of performance. The role further extends to overseeing product development, public relations, profitability, market research, management turnover, communications with the board of directors and decision-making. Decision-making is a core duty of CEOs and one that cannot be taken lightly due to its fundamental impact on the continuity of a business. The fear of making the wrong decision is known to all CEOs because the cost is arguably immeasurable and may be fatal to the business in certain circumstances.

Walter Kaufmann of Princeton University in 1973 said that the fear of making serious decisions is a new kind of fear, called ***decidophobia*.** Decision making in business cannot be avoided for obvious reasons. CEOs are constantly inundated with choices, which they must make amidst alternatives. In our day to day lives, even with a well-meaning intention, decisions have consequences whether they are anticipated or not. Ultimately, CEOs are the final decision maker on countless issues of great importance to the firm's long term viability and relevance.

This paper will discuss the risks and challenges related to decision making and its relationship with purposeful action drawing out its link to unintended consequences.

Where there is unintended consequence, there is purposeful action and vice versa. Upon deliberation on an issue, actions are taken to address the problem at hand. A major part of this paper will discuss the limitations to correctly predicting the possible outcome of an action. It will also look at the notion of unintended consequences of business decisions, drawing in on the factors that contribute to it. This paper addresses how drawbacks result from inadequately thought-through actions taken by CEOs and top executives based on the knowledge available.

In relation to the implication of unintended consequences on business performance, the paper will address the ways in which CEOs can overcome the challenges of executive decision making, which will ultimately empower them to perform carefully considered actions bearing in mind the possibilities of unintended consequences that can impair business performance.

Decision Making

Proper decision making is the bedrock of any successful organization. It is the point where *the rubber meets the road*; CEOs are faced with the unique responsibility of being the firm's ultimate decision maker. Before considering purposeful action and unintended consequence and its causes, it is imperative that we understand the concept of decision making and its implications in order see the bigger picture of the interrelations between an inadequate decision making environment and unintended consequences. Thomas Stewart (51) rightly observes; poor performance can be traced to the environment in which decisions are made. A major part of decision making involves the analysis of a vast set of alternatives, in order words; it is a complex process that demands a lot input, deliberation and presence of mind. Hence, the reason it is often the critical point where things start to go wrong and business performance begins to deteriorate. Many times the actions following from the decision are viewed as causing the problems, when in fact the true cause is hidden within the firm's decision making process. This is true regardless for the size of the organization. Larger organizations benefit from having additional resources to help the CEO enrich the decision making environment. However, many times larger firms suffer from a level of complexity that exceeds the ability of the staff. Small and mid-market firm CEOs are at risk because they lack the access to the resources available to their larger competitors and therefore have a less robust environment to assist them in decision making.

A few quotes on decision making:

Choices are the hinges of destiny. ~ Edwin Markham and Pythagoras

Life is the sum of all your choices. ~Albert Camus

Once you make a decision, the universe conspires to make it happen. ~Ralph Waldo Emerson

Take Albert Calmus quote for example and apply it to business. Here is what you have- **"Business outcomes are the sum of all your choices (decisions)"**. As CEOs, business owners and executives, it is stating the obvious to say that decision-making is an integral part of business and should therefore be given the attention due. Making decisions for the small things in life such as what to eat or wear or where to go can be considered simple or complex depending on what is at stake. For example, diabetics need to be very strict with their diet in order to maintain good blood glucose level; this makes the decision on what to eat more complicated than to others because of what is at stake. Thus, a decision can be simple or difficult depending on the circumstances.

Executive decision-making is arguably more complex than individual decision-making, for obvious reasons: the enormous scale of factors involved and difficulty in making successful decisions increases rapidly in growing firms. The rapid growth of a company greatly increases the complexity of business decisions in three distinct ways; firstly, the decisions are made in real time in a rapidly changing environment. Secondly, the internal resources available to aid the decision maker may be ill-equipped due to their lack of experience with the new reality brought on by their rate of growth. Thirdly, the outside world is not static and as such is dynamically adjusting to respond to the affect a fast growing company is having on the larger business environment. It is clear that the CEOs that successfully lead in a rapidly changing business climate are the ones that have efficient and effective decision-making skills, processes and are aware of the challenges inherent in building a proper decision making environment.

It is important to note that making decisions at a company-wide level is demanding and requires a willingness to make tough-minded decisions. Business decisions are crucial, as they have the potential to either make the business grow and thrive even in a poor economic climate or fail and cease to exist. Hence, the secret to long term business success is grasping the art of consistently making the *best decisions* available from all the possible alternatives. With this in mind, CEOs, top executives and business owners have to continously make optimum decisions that will enable their business to flourish. However, there are conditions necessary, which have to be met for the best decisions to be made. This is one of the biggest problems faced by CEOs and business owners; their business environment often does not meet the conditions necessary for them to make optimized business decisions.

In a survey conducted by the Economist Intelligence Unit on executive decision-making involving 154 executives of which 50% were C-level executives such as CEO, CFO and board members from around the world and 53% had annual revenue of $500m. The survey showed

that 66% of C-level executives admitted to having moderate to low confidence in the efficiency of their organizations' decision-making. Meanwhile, a whopping 78% of the direct reports (key executives) think that the senior management decisions at their companies are incorrect at least some of the time. More disturbingly, nearly one in five and 26% in North America, think that their lower level managers frequently or always get it wrong (Kielstra, 4). The implication of this report is that difficulty in decision-making at company-wide level is a general concern. In addition, low confidence of junior staff in decisions made by senior executives can result in a lack of trust, which has negative impact on staff productivity and employee engagement in addition to the performance of the business.

When making business decisions, whether it is to meet long term or short term goals, certain conditions must be met. From Plous research regarding the psychology involved in decision making, the following conditions are prerequisite for an individual's decision making:

- Knowledge
- Confidence
- Self-esteem
- Good understanding of the data and correct assimilation of new data
- Good perception of reality

These conditions can also be observed as relating to the causes of unintended consequences and when they are met, it results in the necessary actions being taken to solve business problems.

Purposeful Action

Where there is purposeful action there is unintended consequences. Taking an action with a purpose invariably suggests that there is an expectation for the outcome, whether that is good or bad. When this expectation is not achieved, then the result is said to be unexpected. It is clear that organizations function on this basis. Meanwhile, in a business setting, actions are taken often after deliberations, where possible outcomes are weighed and considered. From a list of possible actions, a CEO will usually choose the one that will most likely solve the problem the choice is based on the knowledge the CEO has for each of alternative actions. This phenomenon is known as purposeful action. In as much as purposeful action is self-explanatory, it is important to grasp the concept in order to know how it fits into the bigger picture of unintended consequences.

Purposeful action infers to definitive steps taken that is determined by the desire to achieve a goal, solve a problem, and meet a need. It is synonymous to absoluteness, conclusion giving a

sense of finality. The driving force of such action is the purpose behind it. A purposeful action is aimed at achieving the purpose for which the action was created. This differs from response behavior but instead backed by motive(s) (Bennett, 12). There is always a reason for purposive action even though it varies for different executives. Nonetheless, as an educator with an extensive business background, in my experience, there is a common motive when it comes to business decision and the primary motive is profit-making, which guarantees the continuing existence of the business.

Purposeful action occurs when a CEO has a goal; the means to achieve this goal might result in any one of a range of actions, and in order for the CEO to achieve this goal it normally results in taking the action deemed most appropriate to achieving the purpose. Purposeful action does not mean 'rational action' and it may not have developed from the right decision. For example, Melissa as the CEO of a company decides that the best way to increase the number of customers is by offering credit to customers even to those that have substandard business credit and may be a bad risk, after implementing this decision her business racked up bad debts and eventually her company had to file for bankruptcy. She thought the reason for her decision to offer customers with a bad credit history was to increase the numbers of customers. However, she did not intend the decision to result in her company's failure due to inadequate cash flow.

Melissa's irrational actions show that she did not carefully considered the consequences of her decision. Purposeful action therefore does not only require a reason for it to be effective, it also needs to be well thought through. Still, rationality does not guarantee the success of an action. For example, in a situation when there are a number of possible actions to attain a goal or solve a problem, a CEO may appear rational by choosing the action they deem the most likely to attain the goal based on the knowledge or information available for each action. Notwithstanding, the goal may not be achieved in the end if the wrong action was taken even with a reasonable explanation of the reason for the choice of action.

Purposeful action does not come cheap. In most cases, it is the result of organizational commitment and hard work. It also comes at an opportunity cost- cost of a substitute that must be relinquished in order to pursue another action. Purposeful action starts from a place of identifying the problem faced in a business and selecting the solution. This is a mental or cognitive process that results in the selection of a course of action among several alternative scenarios. The concept being described here is one familiar to all CEOs and that is the art of the DECISION MAKING PROCESS.

UNINTENDED CONSEQUENCES

The term ‘unintended consequences’ is referred to as outcomes that are not predicted. Now, there is a misconception that unintended consequences are always negative and have detrimental effect. Robert Merton in his highly acclaimed paper: “The Unanticipated Consequences of Purposive Social Action” acknowledged the fact that it is not always the case that unintended consequences are undesirable (895). In other words, unintended consequences may not necessarily have a negative impact; some of such outcomes can have a positive effect depending on the individual’s stance.

Nonetheless, based on the amount of time spent and the known implications of bad decisions, it is perfectly normal to think that CEOs do not set out to make a bad decision that consequently leads to taking the wrong action and that the expected consequence of any action taken is that it attains the goal, solves the problem and meets the need that the action was purposed for. Any result short of this expectation is neither planned nor anticipated. So it is justifiable to consider the risks of unintended consequences in business decisions as generally negative occurrences.

There are a number of factors that contribute to unintended consequences. It should be noted that factors that cause unintended consequences varies with some more controllable than others. In his article- “The Unanticipated Consequences of Purposive Social Action” Robert Merton states *“The most obvious limitation to a correct anticipation of consequences of action is provided by the existing state of knowledge”* (898). The existing state of knowledge can be referred to as the experience of CEOs and their direct reports. Experience is considered a useful tool as it informs ones’ decisions enabling one to come to a decisive conclusion. However, there is a paradox that experience is often considered a sole guide to expectations on the notion that past, present and future actions are similar enough to be classed together. The truth is that, these experiences differ and failure to recognize it can stop a CEO from having a correct expectation of action taken.

Merton further list five causes of unintended consequences; the scope of this paper does not allow for an in-depth analysis of each cause but they will be discussed at an adequate depth to achieve the purpose of this paper. The causes of unintended consequences include:

1. Ignorance
2. Error
3. Immediate interest
4. Basic values

5. Self-defeating prophecy

IGNORANCE

The current high stakes business world, it is increasingly difficult for a CEO and his/her staff to possibly predict all the possible outcomes of the decision he is about to make. Adequate relevant knowledge is required to make business decisions that are not prone to unintended consequences. Ignorance is closely linked to inadequate knowledge, which is a result of inadequate information about a given situation. It is a general consensus that adequate knowledge is required to make informed decision. However, adequacy should be matched with quality. Thus, at this point, it is important to highlight that the source of information is vital.

Ignorance is often not detected at the time of making a business decision for obvious reasons- CEOs are expected to make decisions with a degree of confidence even though the CEO and his staff are ignorant of the implications of the actions he/she is about to take due to not having the right or complete information on which the action is based on. Such actions that later on reflects ignorance according to Frank Knight is based on opinion and estimates rather than scientific knowledge.

Take for example the case study 1. Robert Uihlein did not have scientific facts on the cheap ingredients he decided to use for

CASE STUDY 1

This case study is on *Robert Uihlein, Jr., head of the Schlitz Brewing Company in Milwaukee, Wisconsin, whose decision led to an unintended consequence that cost the company its existence.*

Background: in the 1970s, Schlitz was America's number 2 beer, behind Budweiser. It had been number 1 until 1957 and has pursued Budweiser ever since. In the 1970s, Uihlein came up with a strategy to compete against Budweiser. He presumed that if he cut the cost of ingredients used in his beer and speed up the brewing process at the same time, he could brew more beer in the same amount of time for less money and most importantly earn higher profits.

Decision: Uihlein cut the amount of time it took to brew Schlitz from 40 to 15 days and replaced much of the barley malt in the beer with corn syrup, which was cheaper. He then switched from one type of foam stabilizer to another to get around new labelling laws that would have required the original stabilizer to be disclosed on the label.

Implication: Uihlein got what he wanted: a cheaper, more profitable beer that made a lot of money at first. But it tasted terrible, and tended to break down so quickly because the cheap ingredients bonded together and sank to the bottom of the can – forming a substance that "looked disturbingly like mucus." According to Philip Van Munchings in *Beer Blast*:
"Suddenly Schlitz found itself shipping out a great deal of apparently snot-ridden beer. The brewery knew about it pretty quickly and made a command decision – to do nothing. Uihlein declined a costly recall for months, wagering that not much of the beer would be subjected to the kinds of temperatures at which most haze forms. He lost the bet, sales plummeted and Schlitz began a long steady slide from the top three."

Schlitz finally caved in and recalled 10 million cans of the snot beer. But their reputation was ruined and sales never recovered. In 1981, they shut down their Milwaukee brewing plant; the following year the company was purchased by rival Stroh's. One former mayor of Milwaukee compared the brewery's fortunes or rather misfortune to the sinking of the *Titanic*, asking "How could that big of a business go under so fast?"

the purpose of cutting cost; neither was he aware of the implication of a quickly brewed beer. The unintended consequence was a disaster that cost Schiltz its business and forever the title of America's Number 2 beer.

According to Economist Intelligence Unit many executives rely solely on personal intuition, while others consult other peers in their organization or the enlightened ones seek external advice. The question however is, which of these is the most effective source. There is no denying the fact that diversifying your sources of information can be considered wise and advisable as a matter of fact. Nonetheless, if a CEO does not pay attention to the quality of the information he based his decision on; there is then a chance that he may confuse quantity for quality. Without good quality information, having the right anticipation for the actions taken may be unattainable.

ERROR

This is often error on judgment in predicting the all possible outcomes of a decision about to be taken. In today's complex and increasing complicated business world, it is difficult for a CEO to possibly have access to all the required facts and subtleties present within a business decision not to be prone to unintended consequences. Error of judgment often occurs at the point of developing a purposeful action. The story is told of how ABC TV lost an opportunity to earn unbelievable amounts of money and improve its viewing rating when it turned down an offer to broadcast The Bill Cosby Show.

In 1984, Bill Cosby gave ABC TV a chance to buy a sitcom he'd created and would star in – about an upper middle class black family. But ABC turned down Bill Cosby's offer, on the opinion that the show lacked spice and that viewers wouldn't watch this portrayal of blacks as wealthy, well-educated professionals. So Cosby sold his show to NBC instead. Now this is what happened- *The Cosby Show* remained the number 1 show for four straight years, was a rating winner throughout its eight-year run, lifted NBC from its 10-year status as a last-place network to first place, resurrected TV comedy and became the most profitable series ever aired.

It is clear that the situation with executives of ABC TV involved a common mistake of the assumption that decisions made in the past were somehow still applicable to present circumstance. ABC TV executives failed to realize that America was changing and viewers would very much enjoy a sitcom about an upper middle class black family. In other words, there was error in the evaluation of present situation. This error could have been prevented by executives not being rigid but instead flexible and keeping abreast with the current trend. Likewise, CEOs need to be equipped with the means to stay well-informed with the current business trends.

Error can also occur where the CEO does not consider every aspect of the situation but instead focus on a few relevant aspects of the situation. For example, in 1979, Ross Perot- the US businessman who founded the Electronic Data System utilized his well-known business acumen and foresaw that Bill Gates was on his way to building Microsoft into a great company. So he offered to buy him out. Gates says Perot offered between $6 million and $15 million; Perot says that Gates wanted $40 million to $60 million, which he was not willing to give Gates. So, the two couldn't come to terms and Perot walked away from the potential deal with nothing. Today Microsoft is worth hundreds of billions of dollars. Often, the focal point of an investment is the price involved in the investment for obvious reasons. To part with so much money, you want to be sure that the return is worth the investment and so the price is considered a pertinent aspect of any business investment. However, the potentials of the investment are often ignored as it is an aspect that is not blatant; hence, easily ignored.

Error of judgement has a considerable effect on the ability to accurately predict an outcome. Take into consideration the expert analysis of Thomas Stewart on human error in judgement, where he states that "judgements about uncertainty are suboptimal". In other words CEOs don't always perform up to their potential. Foreseeing a future outcome depends on human judgement, there is bound to be elements of uncertainty and room for error. Nonetheless, the ability to better predict an outcome is a skill that must be learned and mastered to prevent unintended consequences.

Immediate Interest

This factor is observed in situations where the present implication is placed as a priority over anything else. It can be said that this factor is prominent among short sighted leaders whose main concern is often "the now" rather than "the later". This is summed up in Lowenstein's statement (218) "people place greater weight on outcomes that are immediate than on those that are delayed". Research shows that small and mid-market firms suffer from the need for immediate return on their investments more so than their larger competitors. For this reason small and mid-market CEOs tend to focus to a greater extent on issues and opportunities

Case Study 2

Executives of Fox TV and everyone who mattered at Fox did not expect much from the television series M*A*S*H (inspired by MASH- a 1970 satirical dark comedy film) when it debuted on TV in 1972. Fox executives wanted to make a cheap series by using the MASH movie set again. Hence, it was a surprise when it became Fox's only hit show. However, three years later, the company was struggling for cash when M*A*S*H ratings started to slip after two of its stars left. This made Fox executives to panic and so they decided to raise cash by selling the syndication rights to the first seven seasons of M*A*S*H on a future basis: local TV stations could pay in 1975 for shows they couldn't broadcast until October 1979 – four years away.

Fox made no guarantees that the show would still be popular; $13,000 per episodes was non-refundable. But enough local stations took the deal so that Fox made $25 million, which they were pretty happy with. Unfortunately, when M*A*S*H finally aired in syndication in 1979, it was still popular surprisingly raking number three in that year. It became one of the most successful syndicated shows ever. Meanwhile, each of the original 168 episodes grossed over $1 million for local TV stations but Fox got nothing.

that will show a return in short term rather than make investments with a longer time horizon.

Immediate interest is sometimes translated as self-interest because it makes CEOs and executives ignore the concept of “delayed gratification.” This behavior prevents the careful evaluation of actions that produce short term success but has a devastating consequence in terms of the future of the company. In addition, immediate interest is sometimes considered rational. Take for example case study 2. In light of Fox struggling for cash for a failing TV series, to the rational mind, a sound decision was made as the goal to solve the problem of cash flow must have been met with the $25 million sale of M*A*S*H syndication rights. However, the decision becomes irrational when Fox could have made nearly six times more than it did.

Basic Values

This factor relates to individual beliefs and company culture. Basic value as a causative factor prevents certain decisions that go against individual or company core beliefs even though the implication of such action may be unfavourable in the long run. A system of belief is a strong concept, which are usually the traditions and cultural norms that often acts as the foundation of ethics of an organization. Basically, it forms the code of conduct of that company and it dictates the actions taken. Because of its influence, CEOs do not carefully consider other actions that may be more effective in solving the problem because it goes against their belief. The action taken can then lead to unintended consequences.

Ethics have always been considered in businesses; however, it is more prominent nowadays because of the organizations that rally for more ethical business decisions from corporate companies. Also, government laws and regulations often require businesses to subscribe to good business ethics. For example, a CEO who wants to re-invest a large chunk of the company’s profit back into the business rather than paying a dividend on the stock to the company’s shareholders may face lawsuits from its shareholders and if the shareholders are successful in their lawsuit can negatively impact the company’s financial status.

There is a school of thought that if an organization’s main objective is to increase the shareholders wealth, rather than considering the rights or interests of any other group is unethical. In the example cited, the rationale behind the CEO re-investing the company’s profit could mean to secure better wages for the employees. It is no wonder why basic values may act as a hindrance to an optimum business decision. Hence, basic value is a factor that CEOs and executive need to pay close attention to prevent unintended consequences.

Self-defeating prophecy

In self-defeating prophecy, a set of predictions are made in a business which by nature usually have negative implications. The rational thing to do is for business owners to propose a set of actions to counter the fulfillment of these predictions. Now as a factor that causes unintended consequences, self-defeating prophecy encourages solutions to problems that will not occur. The non-occurrence of the problem is not anticipated. CEOs get caught up in self-defeating prophecy as a result of past experience or faulty judgement which dictates that they carry out sometimes unnecessary actions and other times premature actions.

CEOs are often the victim of past experience of their company- a mentality that says *"when we did this, that happened"*. Well it is not often the case that the same consequence will be observed given a new situation however similar it may be to previous ones. In addition, because of the precarious nature of human beings as creature of habit, business executives are bound to often solve problems in a similar fashion even at times when the problem does not really exist. Unintended consequence comes from self-defeating prophecy when CEOs have not considered the implication of implemented solutions when other factors come or don't come to play. A typically applied and relevant theory is the Osborne effect; the name was coined from the case of the failure of Osborne Computer Corporation- the founding maker of portable computers.

An exaggerated concern for a new compeitor entering their space caused the premature announcement of the Osborne Executive (a planned new model to succeed the successful Osborne 1 model). This announcement caused the sale of the Osborne 1- first generation portable computers to plummet drastically. Even after the price of the Osborne 1 was reduced from $1295 to $995 within a three month period, sales never recovered and the company struggled for cash to produce the Osborne Executive that was to take over. This unfortunate business decision is a classic example of how self-defeating prophecy can lead to unintended consequences and caused Adam Osborne to declare bankruptcy in 1983, which meant he was in business for only two years with a product that had such a high potential in a market that has endured long past his company's demise.

CEO Peer Groups

The 5 causes of unintended consequences are issues that affect CEOs and unchecked they have disastrous implications. Based on the astute analysis of Thomas Stewart- "the best opportunities for improving performance that is predicting outcomes, are in improving the decision environment", it goes without saying that CEOs need the right environment to make,

test, verify and validate their decisions. Such an environment can be found within a well-run CEO peer group.

Performance in business according to theories of Egon Brunswik and Kenneth Hammond depends on cognitive competence and the environment in which decisions are made. It is clear that human cognitive competence can be improved through continuous learning and the environment in which decision is made through various adjustments. A professionally facilitated CEO peer group provides an environment for CEOs to understand and mitigate the 5 causes of unintended consequences. It is undeniable that we often think we know the best course of action for our business, but according to the 5 causes of unintended consequences listed by Robert Merton; these are factors that easily beset CEOs and must be kept in check. CEO Peer groups offer a number of benefits to CEOs:

- **There is power in numbers**: Through peer learning, the CEO can multiply his/her critical thinking and scenario planning by the number of members in the group typically 10 which means he can extend his knowledge by an order of magnitude. As CEOs meet with other CEOs, executives and business owners, they are astonished at the amount of exposure they get to new business ideas and advice that can only come from a group of non-competitive peers. Peer learning also allows CEOs to stay updated with the current business trends and best practices within a diverse variety business communities and industries in order to be able to spot new business opportunities.

- **Don't do it on your own**: Through shared experiences CEOs can rely on the experiences of the other members to go deeper into analyzing how similar decisions turned out in the past for others. Joining a CEO peer group has been shown to be an effective way to develop a network of contacts to interact with. It also provides a platform where CEOs can learn from experienced peers and executives on issues affecting their business and the decisions they are planning to take. This way they can reduce the risk of trial and error in judgment, which has been shown to greatly impact the ability to accurately predict the outcome of a decision and induce unintended consequences.

- **True peers empower each other**: Through the process of deliberation within a peer group where the other members have a safe distance from the issue a more robust consideration of the outcomes can be achieve. What is clear is that CEOs will certainly get some of the best business advice from their peers and the contacts they build from the peer group. CEOs will readily get advice from top executives with whom they have built peer relations, which empowers them to make sound decisions and improve confidence when it comes to predicting the consequence of the actions they want to take.

- **Broaden their outlook**: Through peer learning and shared experiences a CEO peer group can present new solutions as they are not bound by the cultural values or normative behavior of the individual CEO's firm. The implications of an individual's basic beliefs have been broadly discussed; peer learning and shared experiences found within a well-constructed and professionally facilitated CEO peer group allows CEOs to see things from a different light and explore other possibilities that are not restricted by certain ethics and traditions.

- **Provides a safe reign**: This benefit addresses the problem presented by self-defeating prophecy. Self-defeating prophecy sometimes manifest through taking actions prematurely; other members within the peer group can *"talk the CEO off the ledge"* before she/he has a chance to implement a premature or ill-conceived decision. This is when *"cooler heads prevail"*. Peer learning creates a safe launch pad for CEOs to spring from without pressure or urgency to make premature and unnecessary decisions.

CONCLUSION

The challenges faced by CEOs are obvious and unrelenting; this truth reflects the saying *"uneasy lies the head that wears the crown."* The role of a CEO demands attention in every aspect of a business especially in the area of decision making. Now, with all the duties the CEO has to juggle, it is no wonder that some duties may suffer. The paper has demonstrated the implications of inadequate information, error, immediate interest, basic values and self-defeating prophecy on a CEO's ability to correctly predict the consequences of the actions she/he plans to take. But more importantly this paper highlights the benefit of CEO peer groups in equipping CEOs to take on the challenges they face in their business. This critically important in the area of decision making as peer groups help a CEO to be able to correctly predict the consequences of purposeful action and to prevent the pitfalls of unintended consequences.

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