STRATEGY & DECISIONS

JUDGMENT

THE ART *of* MOMENTOUS DECISION-MAKING

Lessons for Leaders Drawn from
Three Crucible Moments in History

CHRIS MAILANDER

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To my father (1937–2022),
who spent a lifetime
deciphering the subtle clues
separating the ordinary from the extraordinary.

Who Should Read This Book

Judgment: The Art of Momentous Decision-Making
is for strategists, planners, and leaders in
the corporate boardroom, on the battlefield,
or in government.

It is for those preparing their own judgment
for when it will matter the most.

Purpose of This Book

Judgment explores real leaders
making tough decisions
under difficult circumstances.

You will see what the leaders
saw in those moments.
You will feel what they felt.
You will share their struggles
and their fears.

You, too, will face tough decisions.
They will be made under difficult circumstances.

The purpose of *Judgment* is
to build upon their experiences.

It is to prepare you
for your own crucible moments.

Contents

Praise for *Judgment*

"Mailander deconstructs the subtle, yet powerful decision-making variables that profoundly impact a leader's success, defining how to navigate the arduous path to critical decisions, and the strategies for communicating these decisions to a company's most important stakeholders. The strategies set forth in *Judgment* create significant advantages for those companies seeking to compete at the highest level."

—Mike Doyle, President & Global CEO, Ketchum

"*Judgment* is this moment's essential read for every business and thought leader who aims to seize fast-moving opportunities, make smarter decisions under pressure, and give themselves a competitive advantage. With a profound understanding of human behavior, Chris' thought-provoking analysis cuts through the noise to shine a light on the decision dynamics that are at play in every high-stakes moment. I wholeheartedly recommend *Judgment* to anyone seeking to enhance their decision-making skills and gain a sense of clarity in today's hyper-disrupted world. Whether you are an entrepreneur or at the helm of a large organization, this book serves as the blueprint to unlocking not only your potential — but also that of your team, your organization, and your mission."

—Angelique Rewers, Founder and CEO, BoldHaus

"In this extraordinary resource for global leaders developing the strategies to tackle our greatest challenges, Mailander provides the tools and methods for curating the long arc of decision-making necessary to take on our most significant societal, economic, and climate-related challenges. *Judgment* is critical reading for global thinkers and change agents."

—Andrew Jones, Executive Director, Climate Interactive

"*Judgment* is equal parts a thrilling, suspense-filled tale of high stakes decision-making, and a sophisticated deconstruction of who won, who lost, and the lessons learned in those crucible moments."

—Robbie Bach, Former President and Chief Xbox Officer, Microsoft

"Classic Chris – his penchant for captivating storytelling is at its height in *Judgment: The Art of Momentous Decision-Making*. Aspiring and established leaders, across all walks of life, will profit from the combination of Mailander's worldly professional experience and perspective."

—Jonathan Smith, Managing Director, Fairmount Partners

"In *Judgment*, you learn how to make exceptional decisions under high pressure. This is essential reading for CEOs."

—Scott Bauer, Partner, PwC

"In *Judgment: The Art of Momentous Decision-Making*, Chris Mailander disentangles the myriad forces, inflection points, and decisions that shape the trajectory of events that lead to crucible moments. Drawing from three pivotal events—each described in vivid detail—Mailander explores how the decisions the principal actors made along the arc leading to those moments helped determine whether the players could forge successful outcomes when the stakes were at their highest. *Judgment* provides valuable insights into how to anticipate, prepare for, and make sound decisions during critical moments we will all face in our careers and lives."

—Nathan Vitan, Chief Legal Officer, Public Storage

"*Judgment* is for rising CEOs building phenomenal companies. It is for those asking how they can do more, how they can do better, and how to get it right in their critical moments. *Judgment* is for those CEOs that seek out those exceptional moments when they will be called upon to be extraordinary."

—Chris Whitney, CEO, Whitney Logistics & Miles Ahead Brands

"*Judgment: The Art of Momentous Decision-Making* is an indispensable guide for those seeking to enhance their leadership capabilities, refine their decision-making acumen and embrace the extraordinary."

—Jonathan Bowman, Certified EOS Implementer®

"Chris Mailander ushers readers into the very rooms where decisions are being made, revealing the tensions and triumphs that underpin decisive moments in history. His vivid storytelling lets us experience these moments in real-time, while not skimping on the analysis, granting unique insight into the complexities of leadership during what he terms 'crucible moments'. This is more than a CEO field guide; it's a journey into the nexus of action and consequence in high-stakes environments. A truly immersive and enlightening read."

—Eliot Puplett, CEO & Co Founder of The Medici Project

"*Judgment* provides modern strategies for growing, competing, and winning, all of which are rooted in how we make the critical decisions in business and life."

—Nick Friedman, Co-Founder, College Hunks Hauling Junk

"Mailander leverages decades of world experience to deliver a seminal work on strategy and decision-making, while simultaneously taking readers on a phenomenal journey. The lessons of *Judgment* apply without regard to nationality, geography, or culture. Instead, they are anchored in the hidden yet universal codes upon which exceptional decision-making operates."

—Mohammad S. Qaryouti, Group CFO,
Emirates Post Group

"*Judgment* lays out a thought-provoking framework for critical decision-making."

—Carlos Soler Duffo, CEO, TOUS

"A signal of the strength of a leader is judgment, and the ability to utilize good judgment in both small battles and long wars. Mailander offers a collection of decision-making lessons from three significant world events that leaders can use when faced with their next judgment call."

—Scott Curtin, EY

"As a handbook for monumental decision-making, *Judgment* provides a new framework for understanding the forces which affect our decision-making in crucible moments."

—Ana Trias Arraut, Chief Brands Officer
Carolina Herrera, Dries Van Noten & Nina Ricci

"*Judgment* is required reading for those CEOs seeking to create phenomenal value for their shareholders and employees."

—Ted Hull, CEO, Bako Diagnostics

"The lessons in *Judgment* transcend leadership, regardless of company size, geography, or industry. It plucks out the deeper codes of judgment that are essential to great decision-making."

—Derrick Raymond, Strategy & Corporate Development Leader

"*Judgment* is for anyone making decisions that have a global impact."

—Ann M. Steingraeber, Senior Lawyer, Cargill

"*Judgment: The Art of Momentous Decision-Making* is a captivating exploration of the art and science behind effective decision-making. Chris Mailander skillfully presents a wide range of strategies that empower leaders to make sound and impactful decisions while steering clear of avoidable mistakes. *Judgment* is perfect for aspiring leaders, seasoned executives, and anyone seeking to enhance their decision-making capabilities."

—Michael Morales, Chief Executive Officer, RF-SMART

"*Judgment* sets forth the strategies enabling a high-potential company to achieve its most audacious goals."

—Joseph McMillin, Founder and Former CEO, Atlas Organics

"*Judgment* is filled with secrets that can help you during your most challenging and impactful moments."

—Chris Larsen, Founder, Next Level Income

The Experiment

Judgment: The Art of Momentous Decision-Making is based upon an experiment. In this work, we will examine three case studies. They are:

Nuclear Brinkmanship in the Cold War, 1986

In the waters somewhere off the coast of Vladivostok, Russia, we study the command of the USS *Guardfish*, one of the US Navy's top weapons in the hunt for Soviet secrets. It is 1986, and the Soviet Union and the United States are locked in an escalating battle defined by political and military brinkmanship. Each of their respective gambits runs the risk of triggering nuclear annihilation. The moment-by-moment decisions made by the captain of the USS *Guardfish* and its crew deep below the darkened seas tell us much about preparing for crucible moments.

The Precipice of Global Economic Collapse, 2008

In 2008, the global economy teeters on the precipice of cataclysmic disaster. The core of the global financial system is melting down. Leading financial institutions are falling. One institution, however, is too big to let fail. If it implodes, it will take the entirety of the financial system and possibly the whole economy with it. Over the course of several days, the fate of the global financial system is determined by several dozen men in tense negotiations in quiet conference rooms across several blocks of Wall Street. The quickly shifting balance of power among them, affecting their leverage over one another and their susceptibility to events outside of their control, informs our own responses to those events we can and cannot control.

Crescendo in the Global War on Terror, 2015

Just before the world's leaders convene in Paris, seeking to attain the most significant multilateral commitments ever on global climate change, terrorists launch coordinated attacks across the city. Over the course of four hours, as friends and lovers dine in tiny bistros and fans cheer on their national soccer team taking on the world champion German opponent, France witnesses the greatest atrocity on its soil since World War II. We study the decisions made moment by moment in France, as well as from inside the White House Situation Room, the epicenter from which the United States' own national security apparatus stands up to defend against its newest threat. The events reveal lessons in responding to quickly changing conditions and formulating rational responses to fear-inducing circumstances.

Commonalities

In some ways, these case studies are similar:

- Each is historically significant;
- In each, the stakes are extremely high; and

- The pressure on the decision makers is immense. The level of uncertainty about the future that will unfold as a consequence of their decisions or indecision is at its greatest. The arc of history will change with the decisions they make or fail to make.

In each instance, I have talked with individuals at or near the center of the storm, reacting to or causing it, playing roles instrumental to shaping the decisions required in the very present moment. Again, there are commonalities in their experiences:

- The decisions required the height of their intellectual capabilities;
- They invoked the emotional body; and
- Their decisions and the resulting acts affected them in ways both consciously known and subconsciously perceived, and most likely affected their loved ones, their teams, and potentially the lives of millions of others wholly unaware of the catastrophic possibilities ahead.

As such, given the gravity of the moment, the individual's very being is affected. Their altered being affects their judgment. The crucible moment hangs on their judgment, for better or for worse. Consequently, the risk is high.

Differentiation

Each of these case studies is also unique.

- Each is wholly unrelated to the other and implicates dramatically different situational contexts;
- They involve different sets of actors with different backgrounds, experiences, and training; and

- They occur at unrelated times spanning three decades.

It is from this perspective of differentiation that allows us to identify and test the deeper codes and common patterns that exhibit themselves in critical moments.

Observations

This experiment reveals several overarching observations:

There are strong correlations between these deeper codes and common patterns for leadership in crucible moments.

Understanding these codes and patterns can inform our own analyses and actions.

We can build upon these strategies, lessons, and techniques.

They should be integrated into our own exercise of judgment.

In doing so, we will lead from insight and strength.

Our judgment will become exceptional in our own crucible moments.

We will better ourselves. We will better others.

How to Read This Book

This book is structured in a way that will feel vaguely familiar to those who have had the dubious pleasure of attending law school, yet it is designed to be highly accessible to leaders of all backgrounds.

The first part sets forth three distinct fact patterns. These fact patterns provide characters and context. They establish what is happening above the waterline in the various crucible moments, but also tease at the tensions and drama at play subtly or not so subtly below. We become sensitized to the situational context facing leaders in their moment of challenge, as well as the dynamics of whatever game of strategy and chance is being played.

The second part digs into the characteristics, proclivities, and patterns of leadership in crucible moments, using the three fact patterns to illustrate the opportunities and pitfalls that emerge in crucible moments of decision-making.

The third part of this book is an overlay. There are ninety callouts that describe the deeper codes, common patterns, strategies, tools, and methods for your use in both preparing for and exercising judgment in your crucible moments. Each of these callouts is numbered and correlate to a comprehensive mind map that readers can download for use in developing their own playbooks.

Deeper Codes.
Common Patterns.

Long Arcs

Enterprises must prepare their organizations for the long arcs upon which judgment will be exercised in a myriad of daily decisions. Doing so builds strength and stability for the

> **52** Long arcs track against large-scale systemic shifts in the situational context.

enterprise. The failure to prepare well for those decisions that travel long arcs will result in intense, poorly anticipated crisis conditions, a situational context in which judgment can be impaired by a lack of curation and the convergence of numerous adverse indicators.

As WWII drew to a close, the world faced an uncertain future. New long arcs that shaped the global balance of power and the fragility of peace were unfolding. The geopolitical and economic axes of the world were shifting. The seeds of the coming Cold War were planted, and at the same time, the mysteries of the Nuclear Age were being revealed. Rickover's career nestled at the intersection point of these shifts, each influencing the path of future decision arcs. Everything ahead was new. The opponents would be many.

Yet the opportunity was significant. Rickover was charged with launching into the great unknown before him to build the nuclear navy. It was a somewhat similar challenge the Wall Street quants would face when approaching Hank in the late 1980s. They saw tremendous shifts in the financial markets. New arcs were being created. They could see their beginnings. Others could not. There would be legions of problems before them that would be deemed too hard for others to solve. If they could unravel these unfolding problems unsolvable to others, the opportunity for AIG would be significant. For both the naval commander and the financial quants, there was no predetermined playbook for launching into the unknown. Instead, their success or failure would be determined by their continuous exercise of judgment at each of the inflection points that would no doubt arise along the new long arcs of decision-making before them.

Several lessons emerge from their experiences. First, both Rickover and his early corps, as well as Hank and the quants, understood their launch point to the long arc before

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53 Identify the launch point whereby you inherit an unfolding decision arc.

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them. Each arc in its own unique way pointed to vast oceans of unknown before them. The challenges would be immensely complex. The domains of knowledge required to discover a path forward would be underdeveloped. New disciplines, mental models, and experimentation would be required. Mistakes would have to be made. New bodies of knowledge would have to be curated by different kinds of thinkers arranged into new kinds of organizational structures.

It would have been easy for Rickover or Hank to simply apply the organizational models and governance structures that pervaded their already massive organizations, including, respectively, the US Navy and AIG. Those models had already proven successful. It would be easy to naturally extend them to their new enterprises. Familiarity is easier to sell than novelty.

Rickover and Hank, however, had to do things differently. Their challenges were too unique. The waters ahead were too uncertain. New organizational structures designed to drive their respective enterprises toward entirely new decisions that lie ahead had to be built. They needed to be able to unwind complex problems and reward creativity, innovation, and out-of-the box thinking. Traditional structures designed to meet other kinds of problems would fail. Rickover and Hank both knew where their launch points were for what would be the long learning curves necessary to succeed in their respective new domains, which in both cases was very early. They intentionally architected their respective enterprises to do problem-solving for the long decision arcs unfolding before them.

In contrast to the choices made by Rickover and Hank, Alan Greenspan and his peer regulators failed this test when they had the chance.[266] More specifically, they, too, had a launch point pinned early onto the learning curve necessary to navigate the great ocean of unknown before them—in this case, the dark markets of unregulated derivatives and other financial innovations that grew exponentially through the

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54 Past patterns, values, cognitive structures, organizational inertia, and other factors lead to players possessing blind spots that hinder their ability to manage a decision arc.

1990s and early 2000s. Instead of wading into the great unknown to discover the best path through, however, they deferred. They closed their eyes instead of opening them. They argued that a "regulatory chill" would occur if they waded into the unfolding market to understand its emergence from the primordial goo of the financial markets. They thought that if they took a peek down the path, creativity would be hindered. The quants and financial engineers would sit on their hands. Capital would not free up, and more productive economic purposes would not be financed. However, because they did not wade in to the dark waters before them, eyes wide open, the great ocean nearly swallowed their successors and the global economy a short few years later.

There is further dimension to this learning. The process of wading in, working up the learning curve, being willing to give space to the creative thinkers, allowing mistakes to be made, and organizing the processes and the people who will influence the shape of the decisions and how judgment will be exercised is not a random one. It is an intentionally

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55 Great decisions in crucible moments have been intentionally curated.

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curated process. Hank stayed close enough to FP to know what the quants were up to and threatened to come after them "with pitchforks" if they did anything that jeopardized AIG's AAA rating. Rickover was intimately immersed in the functioning of his organization, understanding the mistakes, becoming privy to the new learnings, rooting down into how his officers and engineers were thinking about problems, and finding their incremental successes as well as experiencing points of stagnation and failure, then endlessly iterating upon these learnings to build a formidable organization and weapon of asymmetric advantage in the Cold War.

At their respective launch points, Rickover and Hank were eager students upon whom initiation began at an introductory level, progressed through more advanced levels, then went even further to refine their expertise so that they exceeded all others in their respective domains. Their judgment improved as they encountered new decision arcs, leveraging new enterprise archetypes. In turn, they encouraged a diverse set of thinkers with their own unique decision archetypes and installed governance models that curated rather than suffocated the growth that would be required going forward.

In contrast, Greenspan and his peer regulators knew something phenomenal was unfolding before them. Yet, faced with the same launch point to a daunting learning curve that lurked before them, they advocated not walking the path. Their choice was intentional. As a result, their successors in 2006 and 2007 were forced to cram in order to learn what harms lurked, quickly trying to dig into the dark markets and learn what they did not know, trying to understand the risks, and attempting to get their arms around the size and nature of the problem to fashion a response. As the five days in September 2008 under Geithner's leadership shows, in the end, the decision-making in a crucible moment was an exercise in experimentation, with the parties playing a game of chicken to see who would bear the burden. Decisions were forced by crisis, not the careful curation of a long arc.

In hindsight, now knowing how close the world came to a full-scale economic meltdown that September, to have not waded into a new market unfolding in order to better understand it, let alone possibly steward its more thoughtful growth, was not just an error or oversight. It was reckless. Those charged with protecting the markets had instead elected to turn away.[267] As a result, they were not privy to the mistakes in judgment being made by countless others pursuing their own decision arcs to exploit what they perceived as vast new oceans of opportunity in the dark waters before them. The Financial Crisis Inquiry Commission concluded, "The crisis was the result of human action and inaction, not of Mother Nature or computer models gone haywire."[268] In the end, the successor regulators and market participants were caught off guard. The crisis was not a surprise. It was inevitable. Those charged with stewarding the path forward had failed to understand the long arcs unfolding before them.[269]

Chris Mailander

Chris Mailander counsels corporate and national government clients through the arduous decision path faced in the pursuit of extraordinary outcomes. His client roster has included MasterCard, Bank of Montreal, the Federal Home Loan Bank System, Unisys, Visa, KPMG Consulting, BearingPoint, the President of Nigeria, the Government of Iraq, and a host of mid-market leaders and Silicon Valley innovators seeking to transform industries. He has negotiated tenders and commercial transactions in more than forty countries across North America, Europe, Asia, the Middle East, and Africa, including in conflict and post-conflict economies. He was previously an adjunct professor at Georgetown University Law School and an adjunct fellow at the Center for Strategic & International Studies. He lives in Asheville, North Carolina.