

Our strategy

Decision Making in Times of Uncertainty

"In tennis, perfection is impossible... In the 1,526 singles matches I played in my career, I won almost 80% of those matches... Now, I have a question for all of you... what percentage of the POINTS do you think I won in those matches? Only 54%.

In other words, even top-ranked tennis players win barely more than half of the points they play."
Roger Federer's commencement speech at Dartmouth, June 9th 2024.

One may have surmised that if someone wins 50% of all points, then they would logically win 50% of all matches. In the case of Roger, it appears that winning a mere 4% extra points resulted in an astounding 30% more matches won. Why would this be?

Could it be that any 4% extra points would result in disproportionate success in matches, or is there a specific set of 4% extra points that really matter? How can we be sure we know which 4% important points need to be won?

What is the meaning of uncertainty and why is it important?

Werner Heisenberg, one of the fathers of quantum physics, famously postulated: "One cannot simultaneously determine both the position and momentum of an electron." He elaborated with two corollary statements:

- The more certain you are about where the electron is, the less certain you can be about where it's going.
- ← The more certain you are about where the electron is going, the less certain you can be about where it is.

If the most brilliant scientific minds agree that uncertainty is fundamental to the basic building blocks of the universe, then surely a practitioner like Federer must live with a similar uncertainty with every single stroke.

The reality, whether we choose to accept it or not, is that we live with constant uncertainty every single day. We may feel *certain* that we reliably know the travel time from home to office. Having driven that route for many years, we develop a certain confidence that we can solve for all kinds of variables such as time of day, weather conditions and ongoing construction work, to arrive at a reliable estimate of travel time. In contrast, we may feel less *certain* that we can predict the outcome of an election given our perception that there are many more variables that are not visible or understood by us. In reality, we are living with uncertainty in both cases. It is possible, though, that we are all generally good at predicting those extra 4% factors that allow us to get to the office with 30% more reliability in our estimations of the outcome!

Separating noise from news...

Fear and greed, two of Dante's seven deadly sins, are omnipresent in our minds as we evaluate the cacophony of information around us. Given our personal incentive systems or agendas, we are prone to use these same two sins as filters as we judge some information to be news while other to be noise.

Ironically, it is a third of Dante's sins, inaction, that causes us to pause on a daily basis. Decision making involves the skill to rapidly separate out news from noise, focus and process on the news as we see fit, and then take timely action as needed.



So what do we do in times of uncertainty?

“There’s no such thing as foreknowledge, just complexity and uncertainty, and we must accept that as true. This means that if we insist on achieving certainty and confidence as a precondition for action, we’ll be frozen into inaction. Or, I dare say, if we conclude we’ve reached decisions with certainty and confidence, we’ll probably be mistaken. We must make our decisions in the absence of those things.”

Letter titled “Nobody Knows (Yet Again)” by Howard Marks, April 9th 2025.

Great leaders must de facto, be great decision makers. Leadership is exhibited in the ability to know when to seek more information, when to consult with others, when to go with one’s gut or even when to reframe the issue. Failing to acknowledge uncertainty can often impede decision making. Whereas decision making isn’t about eliminating the unknowns. It’s about the capacity to move forward with confidence in the face of uncertainty.

The approach of embracing uncertainty, however, puts us sharply in conflict with the fundamentals we are all taught of business management – to plan ahead, prepare detailed budgets and five-year plans, and to come up with reliable estimates and projections that we are *certain* will be met.

When we evaluate management teams and ask them “how come you missed year-end estimates?” we are de facto holding them accountable for the uncertainty that they surely face. Why is it then, that when we ask Roger “will you win your next match”, we applaud his response “I have no clue but will try my best” as being an expression of humility and an acknowledgement of reality?

Decision making is about creating frameworks that are flexible to change

Traditional leadership often espouses the creation of a decision-making framework that then becomes enshrined in the organizational DNA and less flexible to change. These frameworks sometimes codify institutional learnings and biases. The trick lies, however, in not pretending to have all the answers. It’s about creating a framework in which decisions can adapt as new information changes. While visions and strategies are critically important to decision making, the practical ability to duck & weave with the moments is a fundamental part of decision making in times of uncertainty.

If we actually imagined a world that was filled with certainty and lacking uncertainty, then there would be virtually no role for decision making. Software and algorithms would probably be all that was required. In contrast, it’s in times of great uncertainty that the best leaders emerge. Winning leaders are able to use uncertainty as a springboard to build and transform their organizations while others are perhaps still separating the noise from the news.

Federer’s long suffering opponent

Imagine all of Federer’s opponents across 1,526 matches were aggregated into one player. Let’s call him Nick.

Poor Nick, who would have won 46% of points played, would have gone home moaning at having lost 80% of all matches. Understandably, he’d be ridden with self-doubt and reflecting on the question: “what did I do wrong?”

Fortunately, Roger has responded to Nick’s laments with words of constructive advice: “When you’re playing a point, it’s the most important thing in the world. But when it’s behind you, it’s behind you... this mindset is really crucial because it frees you to fully commit to the next point... and the next one after that... with intensity, clarity and focus.”

In many ways, Federer exemplifies the ethos of eliminating the noise that clutters one’s mind and instead focusing on the news (ie: the next point of uncertainty ahead) to make timely decisions and emerge a winner.