

The Reality Cheque

Why good leadership teams can still
make bad enterprise decisions

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Contents

The Reality Cheque	1
Why good leadership teams can still make bad enterprise decisions	1
Executive Summary	3
Part One	5
When Business Realities Diverge	5
1. Business Dashboards Can Be Green and Still Be Drifting	6
2. Why Good Leaders See Different Realities	7
3. When Functional Success Creates Enterprise Failure	8
4. Why More Data Does Not Necessarily Solve It	10
5. Why Agreement Can Be More Dangerous Than Disagreement	12
6. Incentives Quietly Decide Which Reality Wins	13
7. Put the Customer Reality Back Into the Room	15
8. Transformation Exposes the Problem Particularly Clearly	17
9. AI Makes the Judgement Problem More Important, Not Less	19
Part Two	20
Reconciling the Realities	20
10. The Objective Is Not Consensus	21
11. Surface the Differences Before Trying to Resolve Them	22
12. Separate Evidence, Assumptions and Judgement	24
13. Force the Enterprise Trade-Off Into the Open	26
14. Create Governance That Challenges Without Creating Bureaucracy	27
15. The Role of the CEO and Senior Leadership Team	29
Part Three	31
The Reality Cheque	31
16. The Commercial Reality Framework	32
17. The Reality Cheque: Ten Questions Before a Material Decision	34
18. From Functional Expertise to Enterprise Judgement	36
19. The Cost of the Reality Gap	37
Evidence and References	38



I've seen too many important business decisions where every person around the table was capable, experienced and broadly right — but only about the part of the business they could see. The problem wasn't poor leadership. It was that nobody had brought those different realities together before the decision was made.

Mark Conway, Oak Consult

Executive Summary

The Reality Cheque - The spelling is deliberate. A reality check tests whether assumptions still match reality. The Reality Cheque goes one step further: what price could the business ultimately pay for making an important decision from an incomplete view?

Good leadership teams can make poor enterprise decisions even when the people around the table are capable, experienced and acting rationally.

The problem is rarely a simple lack of information. Different functions see different parts of the business, work from different evidence and are accountable for different outcomes. Finance may be protecting margin and cash. Sales may be responding to competitive pressure and customer behaviour. Operations sees what can actually be delivered. Technology understands resilience, dependencies and technical constraints. Each perspective can be legitimate while still being incomplete.

This creates a particular risk in material decisions that cross-functional boundaries. A decision can improve one measure while creating a cost elsewhere. A programme can deliver its approved scope while failing to improve the business outcome it was intended to address. A leadership team can reach agreement without fully exposing the assumptions, trade-offs or information that might have changed its judgement.

The evidence examined in this paper reinforces that concern.

Research into executive decision-making shows that leaders' experience and responsibilities influence what receives their attention. Group decision research shows that teams can fail to combine information held by different members. Other studies demonstrate the value of structured challenge and the influence that incentives, reporting pressures and psychological safety can have on judgement.

The practical implication is not that organisations need more meetings, more governance or universal consensus.

They need a better way to reconcile the realities already present in the business before committing to consequential decisions.

The **Commercial Reality Framework** provides one way of widening that view. It asks leadership teams to consider five connected realities:

Market Reality — what is changing outside the organisation?

Customer Reality — what are customers actually experiencing and deciding?

Organisational Reality — what inside the organisation will shape the outcome?

Operational Reality — what can the business genuinely deliver?

Leadership Reality — what assumptions, priorities and choices are shaping the decision?

The framework is deliberately not another KPI structure.

Financial performance remains critical, but the commercial consequences of changing customer behaviour, operational constraints, organisational incentives or mistaken leadership assumptions often become visible before they fully reach revenue, margin, cash or profitability.

The **Reality Cheque** turns those five realities into a practical decision discipline built around ten questions. They test whether the decision is clearly defined, which perspectives are missing, what is known versus assumed, what evidence contradicts the preferred view, how incentives may be influencing recommendations, what customers will experience, which enterprise trade-off is being made, what happens if a critical assumption proves wrong, who owns the judgement and what evidence would cause the organisation to reconsider it.

It is intended for **material, cross-functional decisions**, not routine management. In a large organisation it might form part of a short decision pre-read and focused leadership discussion. In a founder-led business, the same discipline could be applied through a structured 30-minute conversation. The process should be proportionate to the consequence of the decision and how difficult it would be to reverse.

The objective is not to eliminate uncertainty. Nor is it to make every function equally happy with the outcome. It is to improve enterprise judgement by making sure that the realities capable of changing an important decision have been considered before the organisation commits.

A collection of healthy functional dashboards does not guarantee a healthy business.

The organisation may already contain much of the truth it needs. The leadership task is to bring enough of that truth together early enough to make a better decision.

Part One

When Business Realities Diverge





1. Business Dashboards Can Be Green and Still Be Drifting

Leadership teams rarely make important decisions with the intention of taking the business in the wrong direction. More often, the problem is that the information available to them is fragmented.

Finance may be reporting acceptable margins. Sales may still be on target. Operations may be meeting service levels. Technology may be delivering against plan. Customer teams may be working within agreed measures. Taken separately, each part of the business can look reasonably healthy. Yet something can still be wrong.

A business can be becoming harder to buy from even while revenue remains strong. It can improve margin while weakening customer relationships. A transformation programme can be delivered broadly as planned and still fail to improve the part of the business it was supposed to fix. The measures are not necessarily wrong. They are usually doing exactly what they were designed to do. The difficulty is that no single function has a complete view of the commercial picture.

The first signs of drift are often scattered. Sales notices that deals are taking longer to close. Customer teams hear the same frustrations more often. Operations creates workarounds to keep service levels intact. Finance sees more discounting or cost leakage. Technology knows that a temporary limitation is becoming permanent. None of those signals may look serious enough on its own. Together, they can indicate that the business is moving away from what customers need, what the market will support or what the organisation can sustainably deliver.

Financial performance will usually expose the problem eventually. Revenue slows, margins weaken, retention falls, costs rise or forecasts become harder to defend. By then, the underlying issue may have been visible elsewhere for some time. That is the important distinction. Financial performance remains one of the clearest measures of business health, but it is often downstream of changes that appear first in customer behaviour, market conditions, operations or internal capability.

This leaves leadership teams with a difficult problem: they can have plenty of data and still lack a reliable view of the whole. Each function may be presenting an accurate account of its own position while the wider business reality remains unclear. That is the problem at the centre of this paper. A collection of healthy functional dashboards does not guarantee a healthy business. A business does not need every indicator to turn red before leadership should be concerned. The more useful question is whether the organisation is picking up the early signs of drift while there is still time to act.



2. Why Good Leaders See Different Realities

Different functions do not simply hold different opinions. They often work from genuinely different evidence. A finance director may be focused on margin, cash and forecast risk. Sales is more likely to see pipeline quality, competitive pressure and why customers are hesitating. Operations deals with capacity and delivery constraints. Technology sees dependencies, resilience risk and technical debt.

Each view can be reasonable in its own terms. The difficulty is that functions are not only exposed to different information. They are also measured differently, rewarded differently and asked to protect different parts of the business. That matters because leaders naturally pay more attention to the things they are accountable for. In most cases, that is exactly what the organisation has asked them to do. The problem starts when a specialist perspective becomes the basis for an enterprise decision without being tested against what other parts of the business can see.

Take a proposed price increase. Finance may see a necessary response to cost inflation. Sales may see a threat to competitiveness. Customer teams may expect complaints or cancellation risk. Operations may see little immediate impact. Those leaders may not be disagreeing about the facts. They may be answering different questions. The same thing happens in transformation. Technology may see an ageing platform that has to be replaced. Finance sees a major investment. Operations sees disruption. Frontline users care about whether the new system makes their work easier. Customers care only about whether the resulting service improves. All of those perspectives matter, but they will not carry equal weight in every decision.

Enterprise judgement is more than collecting functional recommendations and looking for the middle ground. Research into senior leadership has shown that executives interpret business conditions through their experience, responsibilities and areas of attention.¹ The practical implication is clear - what leaders see is influenced by where they sit. That makes functional expertise both essential and incomplete. Businesses need specialists precisely because complex organisations cannot be understood from one vantage point, but don't assume that putting those specialists in the same room automatically creates an enterprise view.

¹ Hambrick & Mason (1984) and Ocasio (1997)



3. When Functional Success Creates Enterprise Failure

Functional measures are useful because they give leaders something concrete to manage. The problem begins when improving one measure creates damage somewhere else.

A finance team, for example, may recommend a price increase because costs have risen and margin is under pressure. If 100,000 customers are charged an extra £5 per month for five months, the immediate revenue impact is £2.5 million. That figure is real. What it does not show is what happens next: whether retention weakens, whether future sales become harder, whether customers feel they have been treated opportunistically, or whether additional pressure is created elsewhere in the business.

The same pattern appears in other forms.

A service team can improve call-answer times while customers wait longer for resolution. A sales team can protect margin by steering customers towards the product that pays better internally, even when the wider strategy points elsewhere. A technology programme can hit its milestones while users create workarounds to cope with the result.

These are not usually irrational decisions. They are often people optimising what they have been asked to optimise.

That is why local success can be misleading.

The organisation may reward a result in one place and absorb the consequences somewhere else. A product line can protect its own economics while damaging a much larger customer relationship. A project can close successfully while operational effort increases afterwards. Revenue can improve now while churn or trust deteriorates later.

The most dangerous version of this problem is when the benefit is recorded immediately by the function making the decision, while the cost appears later somewhere else. The gain may sit in a revenue report, project dashboard or efficiency measure.

The consequence may emerge as additional operational effort, customer friction, rework, lost opportunity or a weakened relationship. Because the two effects are owned and measured separately, they may never be reconciled.

That creates a false learning loop. The original decision is remembered as successful, so the organisation repeats the same logic. Each repetition may look defensible in isolation, while the business gradually accumulates complexity, effort and commercial drag. By the time the wider numbers begin to move, the behaviour causing the problem may already have become established practice.

This matters particularly in complex B2B businesses, where the commercial effect of a decision may take months to become visible. Long sales cycles, contractual commitments and established relationships can delay the feedback that would otherwise expose a poor decision quickly.

There is evidence that this tension between local targets and wider value is not merely theoretical. Research involving 401 financial executives found that 55% would avoid starting a highly positive net-present-value project if doing so meant missing the current quarter's earnings target. Seventy-eight per cent said they would be prepared to sacrifice economic value in order to smooth reported earnings.²

The context matters: the research focused specifically on financial reporting pressures, not every form of functional target. Even so, it provides a stark example of how rational behaviour against one measure can work against the longer-term interests of the enterprise.

By the time the wider commercial effect becomes visible, the organisation may have repeated the same logic several times.

There is another difficulty. If the original functional measure improved, the decision can continue to look successful even after wider damage starts to appear. The price rise delivered the expected revenue. The service team hit its SLA. The programme delivered on time. The later problem can then be blamed on something else.

That is why enterprise judgement has to look beyond whether a functional objective was achieved.

The harder question is what the decision did to the business as a whole.

Functional performance matters. It is how complex businesses remain manageable.

But the final test is simpler:

Was the business better because of it?

² Graham, Harvey & Rajgopal (2005)



4. Why More Data Does Not Necessarily Solve It

When leadership teams realise they are working from different views of the business, the instinctive response is often to ask for more data. Sometimes that is exactly the right answer. Better information can expose weak assumptions and reveal change earlier. However, more data does not automatically create a more complete view; often the important information already exists somewhere in the organisation.

- Sales may know why a customer is hesitating.
- Operations may know where service is being held together by workarounds.
- Finance may see a pattern in discounting or margin erosion.
- Technology may know that a temporary limitation is becoming structural.
- Customer teams may be hearing the same concern repeatedly before it appears in a formal measure.

The issue is getting those pieces into the decision. Research into group decision-making has shown that teams tend to spend more time discussing information that is already shared than information held by only one or two members. The familiar material gets reinforced while information capable of changing the conclusion can receive less attention.³

That matters because the warning often sits in the unshared information. A leadership paper may contain the financial case, delivery plan and headline operational impact. What it may not contain is the account director's concern that a key customer will react badly, the operational manager's knowledge that the process depends on manual intervention, or the specialist's view that a critical assumption is unlikely to hold. If those points remain outside the discussion, the decision can look more certain than it really is.

More data can even strengthen the wrong conclusion when it is gathered within the same frame. If leadership has defined the issue primarily as a cost problem, it will commission cost analysis. If it is framed as a delivery problem, the reporting will concentrate on capacity, milestones and performance. The resulting analysis may be detailed and technically sound while the original question remains too narrow. Greater precision does not correct an incomplete view of the decision.

³ Stasser (1992), drawing on the earlier Stasser/Titus hidden-profile research.

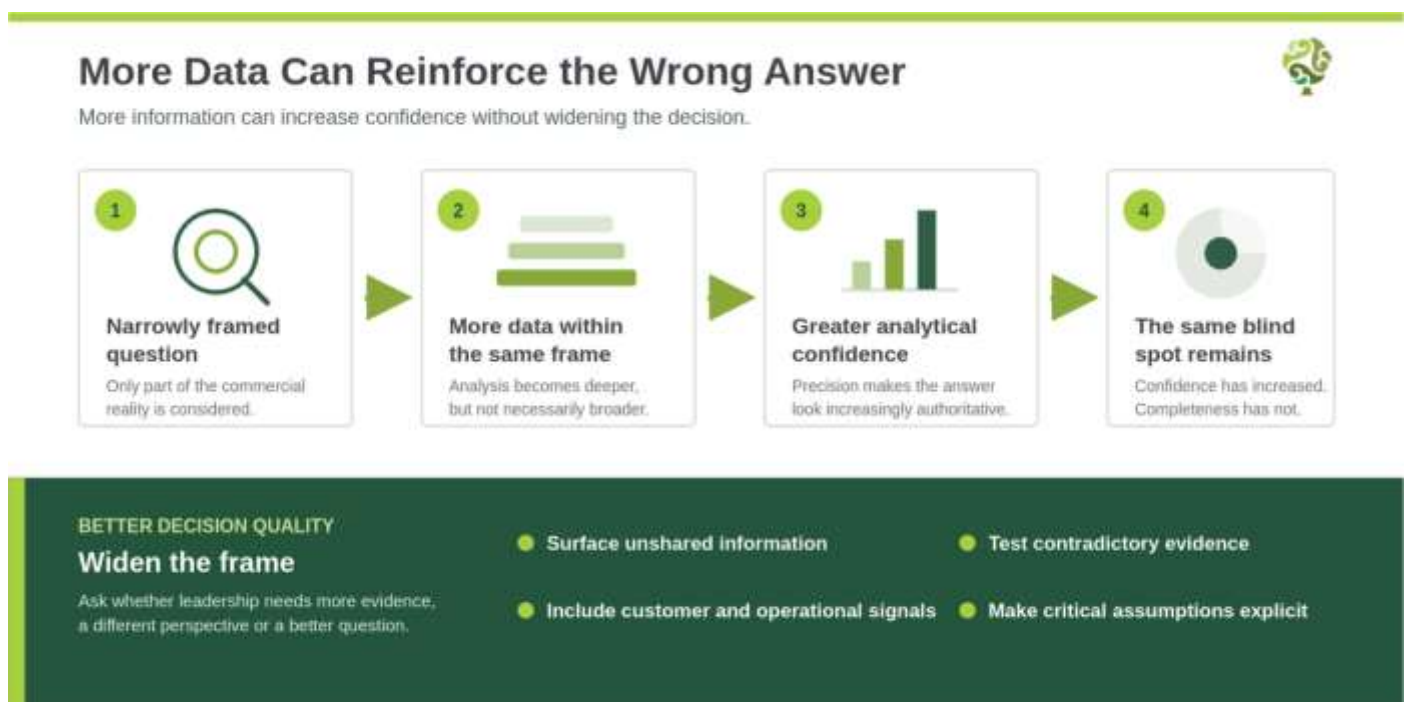
Organisations also develop an implicit hierarchy of evidence. Clean numbers travel easily into dashboards and board papers, while customer hesitation, frontline workarounds and specialist concerns are more readily dismissed as anecdotal.

Those signals should be tested rather than accepted uncritically, but their lack of neat measurement does not make them irrelevant. Often, they are the earliest indication that the formal data is describing a reality that has already begun to change.

The quality of the analysis is therefore shaped before any additional data is gathered. It depends on whether the question has been framed widely enough to capture the enterprise outcome rather than only the immediate functional problem. A perfectly accurate answer to a narrow question can still support a poor decision. Before commissioning more analysis, leadership should ask whether it needs more evidence, a different perspective or a better question.

Management information is necessarily selective. Dashboards simplify. Board papers summarise. Measures turn many individual experiences into a smaller number of indicators. That is useful, but it also means something is always left out.

A healthy sales pipeline may conceal growing dependence on discounting. A green service measure may say nothing about the effort required to keep it green. A customer satisfaction score may not explain why a major account has become less willing to buy. The problem, then, is not simply data volume or data quality.



It is whether the organisation can distinguish between information that confirms the current view and information that should cause it to be questioned. The organisation often already has the truth; it is distributed. The leadership task is to make sure the right parts of it reach the decision before the organisation commits.



5. Why Agreement Can Be More Dangerous Than Disagreement

Leadership teams usually value alignment, and rightly so. Once an important decision has been made, the organisation needs clarity about direction, ownership and execution. The problem is when alignment is confused with agreement too early.

A team may reach consensus because the decision has been properly tested. It may also reach consensus because nobody wants to prolong the discussion, because one function carries more authority, or because the chief executive has already signalled a preference. Those outcomes can look identical from the outside.

Disagreement is therefore not necessarily a sign that a leadership team is failing. In many cases, it is evidence that different parts of the business are doing what they should: Sales challenging commercial risk, Finance challenging weak economics, Operations raising delivery constraints, or customer-facing teams exposing consequences that are missing from the case.

Hierarchy makes this harder. Senior teams are not neutral forums. Status, specialist authority and previous success all influence which views carry weight. People also learn which arguments the chief executive responds to and which functions tend to win when priorities conflict.

Over time, that can affect what gets raised before anyone consciously decides to suppress a view.⁴

The result can be false alignment: the team leaves the room apparently united, even though some of the information that should have shaped the decision was never properly explored.

That is different from healthy challenge followed by commitment.

A unanimous decision may be excellent. It may also mean that the obvious objections were resolved quickly, the less obvious ones never surfaced, and everyone was working from the same incomplete information.

The more useful question is not whether there was disagreement. It is whether the decision was exposed to enough of the right disagreement before the organisation committed to it.

Alignment matters after the decision. Before it, a little discomfort can be useful.

⁴ Edmondson (1999).



6. Incentives Quietly Decide Which Reality Wins

When different functions pull in different directions, it is easy to blame silos, poor collaboration or personality.

Often the explanation is simpler.

People pay attention to what they are measured on. They protect the outcomes they are accountable for and make choices that improve the numbers used to judge their performance. In many cases, that is exactly what the organisation has encouraged them to do.

The difficulty comes when different functions are rewarded for different definitions of success.

A sales leader paid primarily on margin may resist a move towards a lower-margin product even if the wider strategic case is strong. A customer service team measured on handling time may optimise speed rather than resolution. A programme team measured on milestones may prioritise delivery of scope over whether the change actually improves the business.

Those choices can all be rational locally.

The enterprise consequence can still be poor.

Incentives matter because they shape attention before the formal discussion even begins. They influence what leaders notice, what they defend and what they are prepared to trade away.⁵

Time horizon matters too.

A founder-led business may operate with closer proximity between leadership, customers and commercial consequences. Listed businesses may face stronger reporting pressure. Private-equity-backed firms may work within an investment horizon that changes the weight given to cash generation, growth and exit value.

None of those environments is inherently better or worse. The point is that the structure around leaders influences which reality becomes dominant.

⁵ Ocasio (1997); Graham, Harvey & Rajgopal (2005).

This is why apparent misalignment should not automatically be treated as a cultural problem.

If Finance is rewarded for one outcome, Sales for another and Operations for a third, it should not be surprising when those leaders optimise different things.

That can create contradictions between what the business says it wants and what its measures encourage.

A strategy may emphasise retention while incentives favour acquisition. A transformation may promise simplification while project measures reward delivery of scope. A business may talk about long-term relationships while commercial targets make short-term extraction more attractive.

An organisation's real priorities are revealed when its targets conflict. If an account director is penalised for protecting a valuable long-term relationship, or an operational leader absorbs the cost of a commitment made elsewhere, the incentive system has already influenced which reality will carry the greatest weight. Leadership may say that enterprise value comes first, but people learn from the consequences attached to the choices they make.

The effect can begin before a recommendation ever reaches the leadership table. Leaders do not need to be consciously self-interested for incentives to shape which options they develop, which risks they emphasise or which compromises they regard as acceptable.

Alternatives that damage their own function's performance may be weakened or discarded before the wider business sees them. Examining incentives is therefore not an accusation about motive. It is a way of understanding how the organisation may already have framed the decision.

Different functions will always need different measures. The mistake is assuming those measures are neutral.

They influence judgement.

For important decisions, one question is therefore worth asking explicitly:

What are we each being rewarded for, and how might that be shaping the recommendation in front of us?



7. Put the Customer Reality Back Into the Room

Many leadership decisions become more complicated once they move inside the organisation. A customer or market issue is quickly translated into internal language:

- Margin
- Capacity
- Utilisation
- Systems
- Process
- Risk
- Headcount
- Delivery dates.

Those things matter, but they can also shift attention away from the person or organisation experiencing the combined effect.

Customers do not experience Finance, Operations, Sales and Technology as separate functions. They experience the business. That makes customer reality one of the most useful checks on internal logic.

Take a price increase.

Finance may be able to show that the increase is necessary to recover cost inflation or protect margin. The arithmetic may be sound. But the customer experiences the timing, the size of the increase, the explanation, the alternatives available to them and whether the change feels justified.

That does not mean the business should avoid difficult decisions simply because customers may dislike them. Sometimes prices have to rise, service levels need to change or products need to be withdrawn.

The point is that the customer consequence should be part of the decision before it is made, not discovered afterwards.

This is especially important in B2B markets, where the relationship is often worth more than the transaction immediately in front of the leadership team. A decision that improves revenue this quarter may weaken trust in an account that has taken years to build. A service change that looks efficient internally may make the supplier harder to deal with.

Customer reality is rarely a single perspective. In a B2B relationship, the economic buyer, procurement team, senior sponsor, operational user and person responsible for managing the supplier may experience the same decision differently. A change that appears acceptable to the commercial decision-maker may create daily frustration for users or weaken the confidence of the sponsor. Putting customer reality into the room therefore requires leadership to ask not only what the customer thinks, but which customer voices are being represented and which remain unheard.

Internal measures can also become unreliable substitutes for that reality. Low complaint volumes do not necessarily indicate satisfaction. A contract renewal may reflect switching costs rather than loyalty. Stable revenue can conceal a customer quietly reducing its dependence on the supplier or preparing an alternative. Customer reality is found in the combination of what customers say, what they experience, what they tolerate and what they ultimately decide to do. Those signals will not always move at the same time.

Customer reality can also be harder to represent in the room.

Finance can bring a revenue model. Operations can quantify capacity. Technology can show delivery risk. The customer perspective may arrive as an account director saying, in effect, “I know this customer, and I think they will react badly.”

That is a different kind of evidence, but it is still evidence.

The leadership task is not to accept every anecdote at face value. It is to understand whether there is a customer reality that the internal case has failed to account for.

This is where Customer Spectacles becomes useful.

- What will the customer actually experience if we do this?
- What becomes easier or harder for them?
- What does the decision say about the relationship?
- And if the internal benefits are real, are they still worth the external consequence?

The customer perspective should not automatically win.

But it should be present.

When several functions are each defending a legitimate internal reality, the customer often provides the clearest test of what those decisions add up to in the real world.



8. Transformation Exposes the Problem Particularly Clearly

Transformation programmes are one of the clearest places to see competing realities collide.

They bring together technology, finance, operations, users, suppliers, leadership and customers, often around decisions that are expensive, disruptive and difficult to reverse.

Each part of the organisation tends to define success differently.

Technology may focus on architecture, resilience and supportability. Finance may focus on investment and payback. Operations sees disruption and process stability. Users care about whether the new system makes their work easier. Customers care about whether the resulting service improves.

The problem is that transformation decisions are often narrowed too early.

A business problem becomes a process problem. A process problem becomes a technology requirement. Once that happens, later decisions are made within a frame that may already have excluded part of the original issue.

That can produce a familiar result: the programme is well governed, technically sound and delivered broadly to plan, but the business is not materially better afterwards.

An ERP programme can meet its milestones while leaving the organisation with processes that do not fit how the business really works. A CRM programme can satisfy the requirements list while forcing frontline teams into workarounds. A digital change can reduce internal handling cost while increasing customer effort.

The difficulty is often diagnosed later as execution failure, even though the weakness appeared much earlier.

The organisation may have selected a solution before agreeing what problem mattered most. Functional requirements may have been combined without resolving the trade-offs between them. Senior sponsorship may have been strong while challenge to the underlying assumptions was weak.

Transformation also exposes the influence of specialist authority.

Most senior leaders are not technical experts, so some reliance on specialist judgement is inevitable. But technical complexity can discourage commercial challenge. The reverse is also true: boards can override specialist advice because an option appears strategically or financially attractive without fully understanding the consequences.

Neither is a good basis for enterprise judgement.

The better approach is to keep the original business outcome visible throughout the decision.

The opposite is also possible. Rolls-Royce provides a useful recent example of transformation being approached across functional boundaries rather than as a single operational fix.

In Civil Aerospace, the economics of long-term service agreements were affected by both commercial terms and the cost of maintaining engines in service. Rolls-Royce responded on both fronts. It renegotiated and improved the economics of service contracts while engineering teams worked to extend engine durability and time on wing, reducing the maintenance burden that sat underneath those contracts.⁶

The wider turnaround has been substantial. Underlying operating profit increased from £652 million in 2022 to £3.5 billion in 2025, while free cash flow rose from £505 million to £3.3 billion over the same period. Rolls-Royce attributes that improvement to a combination of commercial optimisation, cost efficiency and operational performance rather than to one intervention alone.⁷

That is what makes the example useful here. The commercial problem could not be solved only by repricing the contract, nor only by improving the engineering. Better economics depended on the business working across both realities.

This is why transformation is such a useful test.

A programme can be green and still not be working.

The question is not simply whether it delivered what was approved.

It is whether the business is better because of it.

⁶ Rolls-Royce Holdings plc (2026), *2025 Full Year Results*.

⁷ Rolls-Royce Holdings plc (2023), *Annual Report 2022* **and** Rolls-Royce Holdings plc (2026), *2025 Full Year Results*.



9. AI Makes the Judgement Problem More Important, Not Less

AI is often presented as a way to improve decision-making by giving leaders faster analysis, more information and a wider range of possible actions, and that is clearly part of its value. That said, more intelligence does not automatically produce better judgement. Businesses can deploy AI widely, automate tasks and save time without necessarily improving the quality of the decisions that matter most.⁸ The more important question is whether AI is helping the organisation make better consequential decisions, rather than simply making existing processes faster.

There is also a more subtle risk. AI can make a partial view look more authoritative.

If a model is given incomplete information, narrow assumptions or one function's framing of the problem, it can still produce an answer that is coherent, detailed and persuasive. The danger is not only that the answer may be wrong. It is that leaders may place more confidence in it because it appears well reasoned.⁹ That is directly relevant to the problem in this paper.

Finance can use AI to optimise margin. Operations can use it to improve utilisation. Sales can use it to identify attractive opportunities. Each answer may be useful within its own frame. None necessarily represents the best decision for the enterprise. The same old question remains: which reality is missing?

That is why decision velocity and decision quality are not the same thing. A business that makes decisions faster without improving its ability to reconcile competing realities may simply make poor decisions more efficiently. The issue becomes more important as organisations redesign workflows around AI. Deciding what should be automated, where judgement should remain, which exceptions matter and what the process is really meant to optimise are all leadership choices.

So the useful question is not simply: Where can we use AI? It is: Which important decisions could we improve with AI, and what would better actually mean for the business as a whole?

AI can make a business faster without making it better. As intelligence becomes cheaper and more widely available, the quality of judgement becomes more important, not less.

⁸ McKinsey (2026), *The Decision Dividend* + Wilson et al. (2026), HBR, *4 Steps to Transform the "Middle Office" with AI*.

⁹ Sudakov & Furr (2026), *AI Is Undermining Leaders' Judgment. Here's What to Do About It*.

Part Two

Reconciling the Realities





10. The Objective Is Not Consensus

Bringing different perspectives into a leadership discussion is useful only if the team can still reach a clear decision. The purpose is not to ensure that every function is equally satisfied with the outcome. It is to improve the quality of the judgement being made.

Some decisions will remain uncomfortable even after they have been properly tested. Finance may still dislike the economics. Operations may remain concerned about delivery. Sales may believe the business is being too cautious. Those differences do not have to disappear before the organisation can move forward. What matters is whether the decision-maker understands them.

That is especially important where the issue is a genuine trade-off rather than a right answer waiting to be found. A business may choose to accept lower short-term margin to protect an important customer relationship. It may take a slower transformation route because the operational risk of moving faster is too high. It may continue supporting an awkward product because of its importance to a much larger account. Those are judgement calls. Analysis can inform them, but it cannot remove the need to choose.

Leadership teams can weaken decisions by trying too hard to achieve consensus. The result may be a compromise that reflects everyone's concerns without clearly serving the business priority that matters most.¹⁰ There is also a risk that wider involvement blurs responsibility.

A significant decision may have been discussed by the whole leadership team and challenged from several angles. Even so, somebody still needs to own the final judgement and be able to explain what was decided, which concerns were accepted and which were consciously overridden. That is not about giving one leader permission to ignore everyone else. It is about making sure that challenge improves the decision without making accountability vague.

Good leadership teams should be able to disagree strongly during the decision process and still execute consistently afterwards. Once the relevant arguments have been heard, the assumptions understood and the main trade-offs exposed, there comes a point where further debate adds little.

At that point, leadership means making the call. The standard is not consensus. It is a decision that has been properly tested, is clearly owned and can be explained to the people expected to act on it.

¹⁰ Schweiger, Sandberg & Ragan (1986).



11. Surface the Differences Before Trying to Resolve Them

Leadership teams often move too quickly from hearing different views to trying to reconcile them. The first task should be to understand what is actually driving the difference. A disagreement about price, for example, may appear to be between Finance and Sales. In reality, Finance may be assuming limited customer sensitivity while Sales is assuming a strong competitive response. The disagreement is not really about the number. It is about the assumptions sitting underneath it.

The same applies in transformation. Operations may appear resistant to a system change when the real concern is implementation disruption. Technology may appear over-cautious because it is working from resilience or integration risks that have not been made visible to the rest of the team. Until those differences are clear, the discussion remains shallow. Useful challenge therefore starts with the basis of the view, not the preferred answer.

- What are you seeing that others may not be seeing?
- What assumption is your recommendation based on?
- What evidence would make you change your mind?
- What consequence are you most concerned about?
- Which part of the business would experience this decision differently?

Those questions shift the conversation away from defending positions and towards understanding the reasoning behind them.

The order of the conversation matters. If the chief executive or most influential specialist states a strong preference first, subsequent contributions can become reactions to that position rather than independent accounts of what people can see. Asking each relevant function to explain its evidence, assumptions and concerns before debating the preferred answer helps prevent authority and momentum from narrowing the discussion too early.

Not every disagreement should be resolved through argument in the room. Sometimes the difference reveals an uncertainty that needs to be tested: through a customer conversation, a limited pilot, a closer examination of operational evidence or a deliberate alternative scenario. The strongest leadership teams know when further debate will improve the judgement and when a small piece of real-world evidence will do more to settle the issue.

There are different ways to create that challenge. A pre-mortem can help a team think about how a decision might fail. An alternative scenario can test the preferred option. For a major, difficult-to-reverse decision, an independent review or red-team approach may be worthwhile.¹¹

The technique matters less than the discipline. The aim is not to manufacture disagreement. It is to make sure relevant disagreement is not smoothed away before it has been understood. That includes minority views. If one person sees a material risk that nobody else shares, being outnumbered tells the team very little about whether that person is wrong. They may have specialist knowledge, closer customer contact or information that has not yet reached the wider group.

This matters most when a preferred option already has momentum. At that point, later challenge can easily be treated as delay rather than useful information.

Strong teams resist that temptation long enough to understand what the challenge is telling them.

Only then should they start trying to resolve the difference.

If a leadership team compromises before it understands why its members disagree, it can settle the argument while leaving the underlying issue untouched.

¹¹ Klein (2007), *Performing a Project Premortem*; Schweiger et al. (1986) for structured challenge more broadly.



12. Separate Evidence, Assumptions and Judgement

One of the easiest ways for a leadership discussion to go wrong is for assumptions to be presented with the same confidence as facts.

A paper may say that customers will accept a price increase, that a new system will reduce cost, that a market will continue to grow, or that a competitor is unlikely to respond. Some of those statements may be supported by evidence. Others may be informed judgement. Others may simply be assumptions that have become embedded through repetition.

Once they appear together in the same recommendation, the distinction becomes difficult to see.

Important decisions rarely depend only on facts that are already known. They usually involve uncertainty about what happens next. The useful discipline is therefore not to pretend uncertainty can be removed, but to make clear what kind of information the decision is resting on.

For a material decision, leadership teams should be able to distinguish between four things:

What do we know?

Evidence that can reasonably be treated as established.

What do we believe?

An interpretation of the evidence that may be well founded but is still open to challenge.

What are we assuming?

Something that needs to be true, or broadly true, for the recommendation to work.

What remains uncertain?

An area where the evidence is weak, incomplete or genuinely unknowable at the point of decision.

This sounds basic, but it changes the quality of the conversation.

Customer research showing a clear response to a proposed change is different from a sales leader believing customers will react in a particular way. Both may be useful, but they should not carry the same weight without discussion.

An assumption is not necessarily a weakness. Every strategic decision contains them.

A growth plan may assume continued demand. A transformation may assume users will adopt a new process. An acquisition may assume expected synergies can be realised. A pricing decision may assume customers have limited alternatives.

The problem begins when those assumptions disappear from view and start to look like facts.

Good judgement does not require certainty. It requires leaders to understand where the uncertainty sits and decide whether the organisation is prepared to accept it.

That also makes later review more useful.

If a decision underperforms, it may be because the original judgement was poor. It may also be because an assumption changed or turned out to be wrong. If the assumptions were explicit, the organisation can learn from that. If they were hidden, the discussion is more likely to collapse into hindsight and blame.

For important decisions, it is worth recording the assumptions that matter most — not every assumption, only those that would materially change the decision if they proved false.

That gives the organisation a practical reason to revisit the judgement when reality changes, rather than continuing simply because the decision was once approved.

The aim is not to make leadership papers longer.

It is to make the logic of the decision clearer.



13. Force the Enterprise Trade-Off Into the Open

Most important decisions involve a trade-off, even when the organisation would prefer to describe them as straightforward choices. A price increase may protect margin but put pressure on retention. Standardisation may reduce cost while limiting flexibility. A transformation may improve efficiency while creating short-term disruption. Automation may increase speed while reducing human oversight where judgement still matters.

Those tensions are not signs that the strategy is weak. They are part of running a business. The problem is when the trade-off is hidden inside a functional recommendation.

If Finance recommends a price increase, the paper may focus heavily on the margin benefit and treat customer response as secondary. If Operations proposes a standard process, the efficiency case may be clear while the loss of flexibility receives less attention. If Technology recommends a platform decision, the technical case may be strong while the consequences for users or customers remain less visible.

The trade-off still exists. It has simply been made without being examined at enterprise level. That matters because different functions describe value differently. What looks like a modest concession in one area may be highly significant somewhere else.

Leadership teams therefore need to be explicit about what they are gaining, what they are giving up and where the consequence is likely to land. This also exposes decisions that look attractive only because the cost appears elsewhere.

A function may improve its own performance while another team absorbs more work. A business unit may protect its own economics while weakening a much larger customer relationship. A short-term revenue gain may create longer-term churn risk that was never visible in the original case.

When those consequences are made explicit, the leadership team has a much better basis for judgement. It also becomes easier to explain the decision afterwards. People are more likely to understand a difficult choice when leaders can say clearly what the organisation was trying to protect, what it knowingly accepted and why.

For significant decisions, one question is worth asking directly: What are we choosing to accept in order to get the outcome we want?

A trade-off hidden inside a functional decision is still an enterprise trade-off. The only difference is whether leadership has chosen it consciously.



14. Create Governance That Challenges Without Creating Bureaucracy

A sensible objection to all of this is that better challenge can easily become more process.

Most organisations already have enough meetings, papers, approvals and governance. The answer to weak decision-making is not another committee.

The level of challenge should depend on the consequence of the decision.

A routine decision that sits largely within one function and can be corrected quickly does not need the same treatment as a major investment, a strategic change, a significant pricing move or a transformation that will shape the business for years.

For the most significant decisions, some structure helps because it forces assumptions, missing perspectives and trade-offs into view before commitment.

That does not mean every decision needs a red team, a pre-mortem or an independent review. Those are tools for particular circumstances. The more important principle is proportionality.

The greater the consequence, and the harder the decision is to reverse, the stronger the case for deliberate challenge.

That also helps with pace.

Leaders are understandably wary of anything that appears likely to slow decisions down. But the cost of a short period of challenge should be compared with the cost of discovering a major flaw after money, customer trust or organisational effort has already been committed.

Timing matters as much as the amount of challenge. A review held after the preferred solution has been socialised, the budget secured and senior reputations attached to it may satisfy the governance process without seriously testing the decision.

By that point, changing course carries an organisational and psychological cost of its own. The most useful challenge happens when there is enough evidence to examine the proposition properly, but before commitment to the answer has made the process largely ceremonial.

Good governance can also increase decision speed rather than reduce it. When assumptions, ownership and acceptable trade-offs are made clear at the outset, the organisation is less likely to reopen the same arguments repeatedly during delivery.

It reduces late escalation, defensive debate and the disruption caused by discovering that different leaders believed they had approved different things. The test is not how many gates a decision passes through. It is whether the governance at each important point is still capable of changing the judgement.

There is also value in keeping a simple record of the logic behind important decisions.

Not a lengthy audit trail. Just enough to capture the main assumptions, the trade-offs accepted, who owns the decision and what would cause it to be revisited.

That matters because circumstances change.

A decision may depend on assumptions about demand, customer behaviour, cost, implementation capacity or regulation. If one of those changes materially, leadership needs to know when the original judgement should be looked at again.

Without that, organisations can continue executing a decision long after the conditions that justified it have moved on.

Useful governance should therefore answer three practical questions:

Was this decision challenged in proportion to its importance?

Is ownership still clear?

Do we know what would cause us to revisit it?

If the process simply adds meetings without improving the judgement, it is not doing useful work.

The aim is enough challenge at the right point, not more governance for its own sake.



15. The Role of the CEO and Senior Leadership Team

When competing realities surface, someone has to hold the enterprise view.

That does not mean the chief executive should automatically override specialist judgement or become the final expert on every issue. In complex organisations, that would be both unrealistic and dangerous.

The role is different.

The CEO and senior leadership team need to create the conditions in which relevant perspectives can be heard, tested and combined before an important decision is made. That requires more than chairing a meeting well.

It means noticing when one function is dominating the discussion. It means asking whether the customer view is present. It means being alert to the influence of status, specialist authority and organisational history. It also means resisting the temptation to signal a preferred answer so early that everyone else begins unconsciously aligning around it.

Senior leaders shape the quality of challenge partly through what they ask. A chief executive who regularly asks, “What are we missing?”, “Who sees this differently?” or “What assumption are we relying on?” sends a different signal from one who moves quickly towards endorsement.

The difference is not cultural theatre. It affects the information that reaches the decision.

This is particularly important because senior teams often contain strong functional leaders who are used to defending their areas. That expertise is valuable, but the leadership team has to operate at a different level from the functions it represents.

An executive is not in the room only to advocate for Finance, Sales, Operations or Technology. They are also there to help the organisation reach the best enterprise decision.

That distinction can be uncomfortable.

There will be times when the right enterprise decision is not the preferred outcome for a particular function. A sales leader may need to accept a tighter commercial approach. Finance may need to

support investment with uncertain short-term returns. Operations may need to tolerate complexity because it protects an important customer or market position.

Holding the enterprise view does not mean finding a compromise that gives every function part of what it wants. Some decisions require one reality to take precedence over another. The leadership responsibility is to make that choice consciously, explain why it is right for the business and acknowledge the consequences being accepted elsewhere. Enterprise judgement cannot be outsourced to the loudest specialist, the most persuasive business case or the appearance of consensus.

Leadership also continues after the decision has been made. How the chief executive responds when an assumption proves wrong or new evidence emerges will determine whether future concerns are raised early or withheld. If challenge is encouraged before commitment but treated as disloyalty afterwards, the team quickly learns that candour has limits. Strong leadership combines clear accountability with the willingness to reconsider a judgement without turning every changed assumption into a search for blame.

The same principle applies in founder-led businesses, although the dynamic is different.

In many smaller firms, the founder may still be the person with the broadest view of the market, the customers and the history of the business. That can be a real advantage. It can also make challenge harder if the founder's view becomes the default enterprise view simply because nobody else carries the same breadth of context.

The Reality Cheque is therefore not about replacing founder judgement. It is about giving that judgement something useful to test itself against. The same applies to a professional CEO, a deal sponsor or another leader carrying final accountability for a material decision.

The senior team must be capable of making those choices without turning every disagreement into a territorial battle. That is why the quality of leadership is visible not just in the decision itself, but in the way the team gets there.

The strongest teams can surface conflicting views without losing trust, challenge assumptions without making the challenge personal, and commit once the decision has been made without pretending the original disagreement never existed.

They also know when to bring in an outside perspective. For particularly significant decisions, an independent challenger can help because they are not carrying the same functional incentives, history or internal assumptions. Used well, that challenge does not replace leadership judgement. It strengthens it.

The CEO's responsibility is therefore less about having the answer and more about ensuring that the organisation is asking the right question from enough different angles before committing.

That becomes especially important when the evidence is incomplete or the trade-off is difficult. In those situations, leadership is not about eliminating uncertainty. It is about making a conscious enterprise judgement with a clear understanding of what the organisation knows, what it is assuming and what it is prepared to accept.

Part Three

The Reality Cheque





16. The Commercial Reality Framework

If functional perspectives are inevitably partial, leadership teams need a way of checking whether an important decision has been considered broadly enough.

That is the purpose of the Commercial Reality Framework.

It is not intended to replace financial analysis, strategy, customer research or functional expertise. It provides a simple way of bringing those different views together so that a decision can be tested against the wider business.

The framework looks at five connected realities.

Market Reality

What is changing outside the organisation?

This includes customer demand, competitor behaviour, regulation, technology, supply conditions and wider economic pressures. It is the part of the picture that reminds leadership teams that internal logic can quickly become outdated when the market moves.

A decision that made sense twelve months ago may no longer make sense now.

Customer Reality

What are customers actually experiencing and deciding?

This goes beyond satisfaction scores. It includes what customers value, where they are encountering friction, how easy the business is to buy from and work with, what alternatives they have and how their behaviour is changing.

Customer reality is particularly useful when internal measures suggest success but buying behaviour or relationship quality is moving in the opposite direction.

Organisational Reality

What is happening inside the organisation that will shape the outcome?

This includes capability, incentives, culture, decision rights, internal behaviours and the willingness or ability of people to work differently.

This is often where a commercially sound strategy runs into difficulty. The intended change may make sense, but the organisation is not set up to deliver it.

Operational Reality

What can the business genuinely deliver?

Plans often assume capacity, systems, processes or supplier performance that do not exist in practice.

Operational reality tests the gap between what the organisation would like to do and what it can currently execute reliably.

That does not mean ambition should be limited by today's capability. It means that any gap needs to be understood and dealt with rather than hidden inside the plan.

Leadership Reality

What assumptions, priorities and choices are shaping the decision?

This is the reality most likely to be overlooked because it sits inside the decision-making process itself.

Leadership reality includes the beliefs the team is carrying, the incentives around the decision, the time horizon being applied, the trade-offs leaders are willing to make and the possibility that previous commitments are narrowing the options being considered.

It asks whether the way leaders are framing the issue is itself part of the problem. Taken together, these five realities provide a broader view than any single function can offer. They also help explain why financial performance sits downstream.

Revenue, margin, cash and profitability remain critical measures of business health. But they are often where the consequences of changes in the other realities eventually become visible.

- A weakening proposition may first appear in customer behaviour.
- A capacity problem may show up in operational workarounds.
- A poor incentive may influence organisational behaviour.
- A market shift may make an existing strategy less attractive.
- A leadership assumption may keep the business committed to a decision for too long.

Eventually, those effects reach the numbers. The purpose of the framework is to help leaders see them earlier. For a material decision, the question is not whether every reality carries equal weight. It rarely will.

The question is whether the leadership team has considered the realities that could materially change the judgement. That makes the framework useful as a decision discipline rather than another reporting structure.

Its job is to widen the view before the business commits.



17. The Reality Cheque: Ten Questions Before a Material Decision

The Commercial Reality Framework helps leadership teams widen the view. The Reality Cheque turns that broader view into a practical decision discipline. It is intended for material decisions: decisions that cross-functional boundaries, affect customers, involve significant investment or are difficult to reverse. It is not designed for routine operational choices that sit clearly within one area of accountability. The purpose is simple. Before committing, make sure the team has tested the decision against the realities most likely to change the outcome.

1. What decision are we actually making?

This is often less obvious than it appears. Leadership discussions can drift between symptoms, proposed solutions and implementation detail without agreeing on the underlying choice. A useful Reality Cheque starts by defining the decision clearly enough that everyone is testing the same thing.

2. Which realities are represented — and which are absent?

Does the discussion include the market, customer, organisational, operational and leadership realities that matter? Not every decision needs all five in equal depth. The question is whether a missing perspective could materially change the judgement.

3. What do we know, and what are we assuming?

Facts, interpretations and assumptions should not carry the same weight. The team should be clear about which parts of the recommendation are supported by evidence and which depend on beliefs about what customers, markets, employees, suppliers or competitors are likely to do next.

4. What evidence contradicts the preferred view?

A strong case can become weaker if the discussion concentrates only on evidence that supports it. Leadership teams should actively look for information that does not fit the current interpretation, particularly where that information comes from people closer to customers, operations or implementation.

5. Whose incentives could be influencing the recommendation?

Every function has legitimate objectives, and those objectives influence what appears most important. The question is not whether anyone is acting in bad faith. It is whether targets, rewards, reporting cycles or functional accountability are shaping the recommendation in ways the wider team should understand.

6. What does this look like through Customer Spectacles?

What will customers actually experience if the decision goes ahead? Will it make the business easier or harder to buy from, use or work with? Does the customer consequence strengthen the internal case, or expose a cost that has not yet been properly considered? The customer view does not automatically override the decision. It does need to be understood.

7. What enterprise trade-off are we making?

What are we gaining, and what are we knowingly giving up? The answer may involve margin, revenue, speed, flexibility, resilience, customer experience or strategic optionality. If the trade-off cannot be described clearly, there is a risk it is being made implicitly somewhere inside the organisation.

8. What happens if our key assumption is wrong?

Most significant decisions depend on something that cannot be known with certainty. Which assumption matters most? What would happen if reality turns out differently? The aim is not to model every possible outcome. It is to understand whether the downside remains acceptable.

9. Who owns the final judgement?

A decision can involve many contributors without becoming collectively owned. Someone needs to be responsible for making the call and for explaining why one course was chosen over the alternatives. That accountability should remain clear after the challenge is complete.

10. What evidence would cause us to revisit the decision?

Approval should not turn a decision into an article of faith. If the market changes, customer behaviour shifts, costs move materially or an important assumption proves wrong, the organisation should know when the original judgement needs to be reconsidered. For major decisions, that trigger is worth agreeing at the point of approval.

How to run it in practice

The Reality Cheque does not need to become a lengthy governance exercise. For a major cross-functional decision, it may involve a short pre-read and a focused 45–90 minute discussion. The output can remain simple: the decision, the assumptions that mattered, the trade-offs accepted, the owner and the circumstances that would cause the team to look again.

In a smaller founder-led business, the same discipline may be a focused 30-minute conversation around the ten questions rather than a formal paper. The scale of the process should reflect the scale and reversibility of the decision.

The point is not documentation for its own sake. It is to give the leadership team enough structure to challenge a recommendation that already feels convincing, without turning normal management into bureaucracy. The method is deliberately simple. The difficulty is applying it consistently when the answer already looks obvious.



18. From Functional Expertise to Enterprise Judgement

None of this reduces the importance of specialist expertise. Complex organisations need leaders who understand their functions deeply enough to see risks, opportunities and constraints that others will miss. The challenge is what happens when those specialist views have to be combined.

Finance should bring financial discipline. Sales should bring market and customer knowledge. Operations should bring delivery reality. Technology should bring technical judgement.

The value of the leadership team lies in being able to use those perspectives without allowing any one of them to become the whole answer. That requires a different conversation from a series of functional updates. The team needs to understand what each part of the organisation is seeing, where those views conflict and which assumptions sit underneath them. It needs to identify what information is missing and what would materially change the recommendation.

The trade-offs then need to be made explicit so that leaders understand what the business is accepting in order to pursue the preferred outcome. A decision is made, clearly owned and then tested through execution. That last part matters because enterprise judgement is not a one-off event.

Significant decisions are made against conditions that can change. Markets move. Customers respond differently from expectations. Costs change. Implementation reveals things that were difficult to see beforehand. That does not mean constantly reopening decisions. It means knowing which assumptions mattered enough that, if they change, the judgement should be revisited. This is where the Commercial Reality Framework and the Reality Cheque come together.

The framework widens the view. The Reality Cheque tests the decision. Execution provides new evidence.

Over time, better leadership judgement should come less from trying to predict everything and more from becoming better at recognising what is uncertain, noticing when assumptions are shifting and bringing the right perspectives into the decision earlier.

Functional expertise remains essential.

The leadership task is to turn it into judgement that works for the business as a whole.



19. The Cost of the Reality Gap

Businesses do not always get into trouble because nobody could see what was happening. Often, different parts of the organisation could see different parts of it. Sales had one signal. Operations had another. Customer teams were hearing something else. Finance could see the early effect in a different number. Technology knew that an apparent workaround was becoming permanent. Leadership had a view of the whole business, but that view had already been filtered through those different functions.

That is why commercial drift can be difficult to recognise early. Nothing looks dramatic enough on its own. The sales target is still being hit. The service measure is still green. The programme is still broadly on plan. The financial impact has not yet become material. Then the consequences begin to accumulate. Customer confidence weakens. Sales cycles lengthen. More internal effort is required to maintain the same level of service. Margin gets harder to protect. Transformation benefits fail to appear. Decisions that once looked sensible have to be revisited.

The cost is not simply that one decision turned out badly. It is that the organisation acted for too long on an incomplete view of what was really happening. That is the gap this paper is concerned with: the gap between functional understanding and enterprise understanding.

It matters because most significant decisions cut across boundaries. Pricing affects customers. Technology choices affect operations. Incentives affect strategy. Cost decisions affect service. Transformation affects people long before the impact reaches the P&L. A leadership team therefore needs more than a collection of strong functional recommendations. It needs a way of understanding what those recommendations add up to for the business as a whole.

That is the purpose of the Reality Cheque. It is not intended to remove uncertainty or make every decision perfect. It is there to improve the odds that, before a material decision is made, the team has considered the realities that could materially change the outcome. Sometimes that will confirm the original recommendation. Sometimes it will alter it.

Occasionally it should stop the organisation doing something that looked perfectly sensible on paper. That is a useful result, not a failure of the process. The warning signs will rarely arrive neatly labelled. They will sit in different parts of the organisation, at different levels of visibility, and often with different interpretations attached to them. The leadership task is to bring enough of those realities together early enough for them to influence the judgement.

That is where better enterprise decisions begin.

Evidence and References

The Reality Cheque draws on established research into executive judgement, organisational attention, group decision-making, psychological safety, incentives and transformation, together with more recent evidence on AI and decision-making.

The references below are organised according to the sections of the paper they most directly support. They provide the evidence base for the underlying argument; the Commercial Reality Framework and the Reality Cheque itself are Oak Consult's synthesis and practical application of that evidence.

Section 2 — Why Good Leaders See Different Realities - Hambrick, D.C. & Mason, P.A. (1984)

Upper Echelons: The Organization as a Reflection of Its Top Managers. *Academy of Management Review*, 9(2).

Hambrick and Mason developed the upper-echelons perspective, arguing that strategic choices and organisational outcomes are partly shaped by the characteristics and experiences of senior executives.

[Read the source – Academy of Management](#)

Ocasio, W. (1997) - Towards an Attention-Based View of the Firm. *Strategic Management Journal*, 18(S1), 187–206.

Ocasio argues that organisational behaviour is shaped by how firms channel and distribute the attention of decision-makers. What leaders act upon depends partly on which issues and answers reach and hold their attention.

[Read the source – Wiley](#)

Section 3 — When Functional Success Creates Enterprise Failure

Graham, J.R., Harvey, C.R. & Rajgopal, S. (2005)

The Economic Implications of Corporate Financial Reporting. *Journal of Accounting and Economics*, 40(1–3), 3–73. Working paper published by NBER in 2004.

The researchers surveyed 401 financial executives and conducted a further 20 in-depth interviews. They found strong evidence that short-term reporting pressures could influence decisions even where this involved sacrificing economic value. Seventy-eight per cent of surveyed executives said they would give up economic value in exchange for smoother earnings, while 55% said they would avoid initiating a very positive NPV project if doing so meant missing the current quarter's consensus earnings target.

[Read the NBER working paper](#)

Section 4 — Why More Data Does Not Necessarily Solve It

Stasser, G. (1992) - Information Salience and the Discovery of Hidden Profiles by Decision-Making Groups: A “Thought Experiment”. *Organizational Behavior and Human Decision Processes*, 52(1), 156–181.

Building on earlier experimental work by Stasser and Titus, this research examines the “hidden profile” problem in group decisions: situations where individuals each possess part of the information required to identify the best option, but the group fails to combine that information effectively.

The research found that groups can fail to pool uniquely held information even when their collective knowledge supports a better decision.

[Read the source – ScienceDirect](#)

Sections 5, 10 and 11 — Agreement, Consensus and Constructive Challenge

Schweiger, D.M., Sandberg, W.R. & Ragan, J.W. (1986)

Group Approaches for Improving Strategic Decision Making: A Comparative Analysis of Dialectical Inquiry, Devil's Advocacy, and Consensus. *Academy of Management Journal*, 29(1), 51–71.

The study compared consensus-based decision-making with dialectical inquiry and devil's advocacy. Both challenge-based approaches produced higher-quality recommendations and assumptions than consensus. Consensus groups, however, reported greater satisfaction and acceptance of their decisions.

[Read the source – Academy of Management](#)

Klein, G. (2007) - Performing a Project Premortem. *Harvard Business Review*.

Klein describes the pre-mortem as a way of asking a team to assume that a proposed project has failed and identify plausible reasons why. One purpose is to make it easier for people with concerns to raise them before commitment.

[Read the source – Harvard Business Review](#)

Sections 5 and 15 — Psychological Safety, Hierarchy and Speaking Up

Edmondson, A. (1999)

Psychological Safety and Learning Behavior in Work Teams. *Administrative Science Quarterly*, 44(2), 350–383.

Edmondson defines team psychological safety as a shared belief that a team is safe for interpersonal risk-taking. Her field study of 51 work teams found psychological safety to be associated with learning behaviour.

[Read the source – SAGE Journals](#)

Section 6 — Incentives Quietly Decide Which Reality Wins

Graham, Harvey & Rajgopal

The financial-reporting study described under Section 3 is also relevant here. Its findings demonstrate how external expectations and short-term measures can influence executive behaviour even where the resulting choice may reduce wider economic value.

[Read the NBER working paper](#)

Ocasio, W. (1997)

Ocasio's attention-based view is also relevant to the way organisational structures, rules and responsibilities influence what decision-makers focus on.

[Read the source – Wiley](#)

Section 8 — Transformation Exposes the Problem Particularly Clearly

Rolls-Royce Holdings plc (2026) - 2025 Full Year Results.

Rolls-Royce reported underlying operating profit of £3.46 billion in 2025, up from £2.46 billion in 2024, and free cash flow of £3.27 billion. The company attributed its progress to its transformation programme, strategic initiatives, commercial optimisation and continuing improvements in efficiency and operational performance.

In Civil Aerospace, Rolls-Royce has also linked stronger long-term service agreement economics to improved engine flying-hour rates and initiatives designed to increase engine time on wing and reduce future shop visits. Its mid-term plans assume further benefit from these durability improvements alongside continued growth in its LTSA business.

[Read the Rolls-Royce 2025 Full Year Results](#)

Rolls-Royce Holdings plc (2023)

Annual Report 2022.

Rolls-Royce reported underlying operating profit of **£652 million** in 2022 and free cash flow of **£505 million**. These figures provide the baseline for assessing the scale of the subsequent improvement in performance reported during the transformation period.

[Read the Rolls-Royce Annual Report 2022, View the Rolls-Royce 2022 Full Year Results](#)

Section 9 — AI Makes the Judgement Problem More Important, Not Less

McKinsey & Company (2026)

The Decision Dividend: How AI Creates Economic Value.

McKinsey argues that some of AI's largest potential economic gains arise not from labour savings alone but from faster decisions, better use of existing assets and opportunities that would otherwise be missed.

[Read The Decision Dividend](#)

Wilson, H.J. et al. (2026)

4 Steps to Transform the “Middle Office” with AI. *Harvard Business Review*.

The authors highlight evidence showing a gap between widespread AI adoption, reported productivity improvements and measurable business outcomes. The article cites research in which effects on earnings and working hours after two years were statistically indistinguishable from zero despite substantial adoption.

[Read the HBR article](#)

Sudakov, L. & Furr, N. (2026)

AI Is Undermining Leaders' Judgment. Here's What to Do About It. *Harvard Business Review*.

The article discusses a field experiment involving 228 experienced evaluators assessing submissions to an MIT innovation challenge under human-only and AI-supported conditions. It raises the broader question of whether greater access to machine-generated intelligence can weaken the exercise of independent human judgement.

[Read the HBR article](#)

Gates, B. (2026)

The Turbulent AI Era Is Here. The Choices We Make Now Are Critical. *GatesNotes*.

Gates argues that AI will affect multiple areas of economic and social life simultaneously and that existing institutions tend to see only their own part of the wider system. He also argues for preserving human cognitive effort and judgement as AI becomes more capable.

[Read Bill Gates' essay](#)

Sections 12–18 — From Challenge to Enterprise Judgement

The later sections of the paper draw together the preceding evidence rather than claiming a separate academic model. The distinction between evidence, assumptions and judgement; explicit consideration of enterprise trade-offs; proportionate challenge; the Commercial Reality Framework; and the ten-question Reality Cheque are practical synthesis developed by Oak Consult.

They are informed particularly by:

- Hambrick & Mason's work on executive perspectives;
- Ocasio's attention-based view;
- Stasser's work on distributed information;
- Schweiger, Sandberg & Ragan's research into structured challenge;
- Edmondson's work on psychological safety;
- Klein's pre-mortem approach;
- evidence on incentives and short-term decision pressures; and
- transformation and AI research examining the relationship between activity, decisions and realised value.

The purpose of the Reality Cheque is not to reproduce any one of these approaches. It brings their relevant implications together with practical commercial experience into a simple discipline for material, cross-functional decisions.