

# Example of six-step decision plan

[Business](#), [Management](#)



Rainier Joseph S. Viacrucis. MBA-1 Managerial Decision Making Using the six-step Decision-Making process: 1. Identifying the Problem and its details: a. A teenager is asking his/her parents to buy a high-end gadget that is the trend/must-have of his/her generation (ex. I-phone or I-pad) as a present for his/her birthday b. The teenager is given an allowance of 200 pesos per school day. c. The family is living on a budget, and is cutting its cost – the parents do not want to spend beyond the allowance of the teenager. d.

There are possible part-time jobs available though there are no known detailed facts on them. TASK: Help the parents decide on the best solution to the situation/ what to do in the situation. 2. Developing Possible Alternatives: a. Buy Gadget – Buy the gadget immediately; since it is the birthday of their child; he/she will only be a child once in a lifetime, this will show that you really care about him/her. b. Reward System – Negotiation of a reward system for better grades or exam results. The exam results or better grades must be worth the reward. . Buy Gadget Substitute – Parents can buy a substitute of the high-end gadget; which may look like the real thing or have the same functionality with the popular one but with a much lower price. d. Garage sale proceeds – The parent and teenager can agree to sell old items of the teenager via “ Garage Sale” and the proceeds of the endeavor will be used to buy the gadget the teenager wants. e. Part-Time Job- The teenager can opt to do a part-time job. It may take time to gather up the money needed to buy the gadget. f.

Installment Payment of the Gadget – The parents can buy the gadget via “ installment basis” and will cut-off the allowance for a significant amount which will be used to pay/help pay the monthly installment. g. Matching

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Savings (50/50 savings) – The parent will match the amount of savings per day of the teenager and will deposit the amount to the bank for safekeeping, while the teenager can have the passbook and have a joint signatory with his/her parent. h. Payment by Service – in-house part-time job of the teenager. . Don't Buy The Gadget – Let the teenager understand that you are living on a budget, and he/she must do his/her part. Make him/her see that the gadget he/she wants to buy is unnecessary. 3. Evaluating the Possible Alternatives: a. Buy Gadget – “ We'll buy it! Happy birthday... we love you! ” i. Positive: The parents can make the teenager know that they care for him/her. ii. Negative: The gesture will just spoil the teenager; he/she will not know the value of money/the gadget bought. iii.

Negative: The Family is on a budget; expenses should only be on very necessary items – the gadget is more of a luxury the family can't afford in this day and age. b. Reward System – “ Good Job! Here's your Reward! ” i. Positive: The teenager will give additional effort in his/her studies and other activities. ii. Positive: The teenager will value more the gadget, since he/she worked hard in studying or do well in other activities to get it. iii. Positive: The System will encourage good behavior and more productive activities. iv. Negative: What if there is no reward?

The reward will be the motivation of the teenager and this will complicate relationships, especially when the parent can't deliver the assumed reward. v. Negative: could foster an unhealthy reliance on adult opinion instead of forming their own because they are constantly looking for reaffirmation or approval via an adult mandated award system. c. Buy Gadget Substitute – “

Here... It has the same features, but it's more practical..." i. Positive: If the Teenager can well understand the situation of the family-being on budget; he/she will appreciate that he/she was still bought a gadget of the similar functions. i. Positive: The teenager will know the value of money. iii. Positive: the teenager will learn to be content on simpler things. iv. Negative: since the teenager knows that the gadget is cheaper, he/she will not value/take care the gadget. v. Negative: the teenager may become disappointed that he/she is only given a substitute of the one he/she wants. d. Garage Sale Proceeds – “ To buy what you want, you must sell what you don't need. ” i. Positive: The teenager will value the object, since he lost something he had in order to get it. i. Positive: The teenager's skill in selling items will be exercised – he is practicing to be a new entrepreneur. iii. Positive: The teenager's room will be more in order. iv. Negative: What if the teenager's want is not moral/not good? – He/she will sell what he/she has just to get it. Even worse, he/she may sell all the items in your house. v. Negative: Sense of Sentimental value for things will not be recognized by the teenager. e. Part-time job – “ If you really want it, you must work for it. ” i.

Positive: It gives the sense of independence to the teenager. ii. Positive: The teenager will learn the skills of Time Management. iii. Positive: The teenager will have his/her own source of income. iv. Positive: He/she will learn the value of money – he/she will learn that it is not easy to obtain/earn it. v. Negative: It will be hard for the teenager to focus on his/her studies. vi. Negative: he/she will be tempted to drop out of school, since he/she has already started to earn money. vii. Negative: He/she will be stressed in handling both schools and work. . Installment payment of Gadget – “ You'll

pay for it over a period of time with part of your allowance. ” i. Positive: You can put it in your budget. Instead of paying the full amount, you can pay for it over the period of time. ii. Positive: Some networks/Company offers bundles including their service (Post Paid plans of Networks) iii. Positive: The teenager will learn how to budget his finances. iv. Negative: The interest is high when you pay for an item in an installment basis. v.

Negative: The teenager may learn of other ways to earn money (which may not be good) – to compensate for the cut in allowance. g. Matching savings – “ I’ll match what you save, so we can buy it. ” i. Positive: It gives a sense of partnership between the teenager and the parents. ii. Positive: It teaches the teenager the value of savings. iii. Negative: He/she will be more eager to save; he/she may sacrifice his/her basic needs just to buy the item. iv.

Negative: He/she may not exert more effort to extra-curricular activities which could enhance his skills and knowledge. . Negative: Since the teenager is saving, He/she may not mingle more with friends who could hurt the development of his/her social skills. h. Payment by service – “ I’ll buy it, but you’ll have to do this.... ” i. Positive: The teenager will learn that you need to do something before you can have something. ii. Positive: The teenager will learn how to be patient. iii. Positive: Teenager will learn the basic household skills which are very important in the future. iv. Negative: The teenager will not do anything inside the house if not paid/rewarded of some kind. .

Negative: There will be no sense of responsibility for the child – since he/she will do the household chores for a price. i. Don’t Buy The Gadget – “ We don’t need it, we must buy only necessary things ” i. Positive: If the teenager will understand that they are in a budget – he/she will learn the value of

thriftiness and buying only the necessary things. ii. Positive: The Money will be used to buy more necessary items. iii. Negative: If the teenager will not understand – the teenager may be disappointed and could ruin their relationship 4.

Recommendation of An alternative (or Make the Decision) My recommendation is more of a combination of different Alternatives stated above. First is having a conversation with the teenager, it is very necessary to make him understand the situation – the family is on a budget. Second, it is also essential that the teenager has a part in buying the gadget – he/she must have a contribution, preferably money he/she earned. Third, the deal must be designed in a way that establishes more trust between the parents and the teenager, as well as prepare for his/her future.

My recommendation is the Matching Savings Alternative combined with Part-time alternative – this motivates the teenager, as well as teaches him to save and to budget his finances. Having the Matching savings alternative minimizes the pressure to the teenager in his work, while the Part-time alternative minimizes the pressure of saving and sacrificing the school day allowance. This combination establishes a partnership between them, as well as teaching the teenager the important mindset and skills he will need in the future. Also this kind of joint venture could work for any other project and/or for his future needs. . What is required for the Alternative (Implementation of the Decision) To implement the combination, you must help the teenager find a part-time job, one that does not conflict with his studies – weekends. You will also want to open an account with the bank; some banks have these

kinds of accounts (ex. WISE account of RCBC)- Joint account, while giving the custody of the passbook to the teenager – as a sign of trust. 6. How to Monitor Solution/What are the possible effects of the Alternative (Monitor your solution):

It is very important to monitor/track the progress of the solution, especially for this combination. The monitoring control could either be the weekly or monthly deposit of the Matching savings alternative – check to see whether the money is already enough; this recurring activity could also serve as a bonding moment between the parents and the teenager which could deepen the relationship. It is also very essential that the parent will motivate the teenager from time to time especially with him/her having a part-time job – on the road to his/her independence.