

Identifying a focal point of corporate decision making business essay



**ASSIGN
BUSTER**

\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Explore the Problem & the Role of the Model](#) \n \t
2. [Identify Decision Makers, their Perspective and Timeframe](#) \n \t
3. [Structure the Problem](#) \n \t
4. [Quantifying Values](#) \n \t
5. [Quantifying Uncertainties](#) \n \t
6. [Analyze & Recommend Course of Action](#) \n \t
7. [Limitations of Decision Making under Pure Uncertainty](#) \n \t
8. [Decisions Making Under Risk](#) \n \t
9. [Conclusions](#) \n

\n[/toc]\n \n

Decision making in institutes have been depicted as a progression of conduct with the full amount of level-headedness at individual excessive, as well as absolute illogicality at the other excessive. The depiction entails that no more than illogical decision making brings about individual morals priority in excess of economic principles. There must be a way of finding some focal point amid these ends, as it is obvious that any of this set of values can be overlooked. Many a times, managers have been brazen out with the responsibility coming up with stern, objectionable, as well as obnoxious slashes of workers along with services in a speedy approach, for the reason that, in a way, they botched to pay attention to the earlier decisions as per economic values. In the same way, institutions have also been pushed to decision retracting as well as acting in a more confusing way more so in a messy circumstances, for the reason that, they too ignored to pay attention <https://assignbuster.com/identifying-a-focal-point-of-corporate-decision-making-business-essay/>

to human values in coming to previous decisions. Approach to enhanced decision making is evidently necessary to numerous institutions as they mull over the prospect demands. As Lenz and Engledow, (1986) puts it that application of a particular approaches to decision making in a way goes along with some leadership style, an individual's traits as well as institutions rations .

This makes decision making a fundamental element of excellent business hence bringing the question of how an excellent decision can be reached at. The answer therefore lies on proper information along with the knowledge in deducing that information. Consulting with experts with intention of seeking their views also assists in a way. Aids towards decision making is also vital, an assortment of methods which lend a hand to easy understanding of information as well as enhanced analysis to insert arithmetical along with purpose accuracy to the process if need be to lessen the quantity of prejudice. Training of managers on excellent decision making is also essential. Support from colleagues both superior and juniors is also instrumental to this process as many like critiquing and not supporting in short we accord conducive environment. Environment of disparagement along with trepidation asphyxiate thrill-seeking as well as originality; managers response many a times diminishes business effectiveness in response to market change in that they tend to play it safe to lessen the threat of disparagement. This brings out the picture that managers tend to spend a lot of time passing blame from one party to the other instead of embarking on their core duty of business running.

Decision-making more and more takes place at every level of an organization. The grand strategic decision on company's future expansion may come from the Board of Directors while a tactical one let's say about departmental efficient contribution to the organization as well as overall objective of the business may come from the managers. And what is expected from employees is nothing other than a decision surrounding the conduct of their own task among customers' response as well as improvements on business practice. This brings us to the two moves toward a decision making as seen by one Huber, (1980). To start with we look at the improvement as well as appliance of normative decision policy founded on prescribed sense resulting from financial side.

Figure 1. The Decision making Process

The Decision-making process

The representation on the figure 1 above is more of a normative replica and this is because of the manner in which it demonstrates the protocol as well as procedures that effective decision is to be made or reached at. A very positive replica has been used in business studies with a purpose of demonstrating how decisions are reached at in businesses with minimal critics on how effective they are.

Still touching on the normative model von Neumann and Morgenstern (1947) comes up with the games and economic theory conduct which brings about numerous schemes that have emerged in the decision making process. A clear distinction is always brought to board that is among the less risky options as well as the most risky ones.

<https://assignbuster.com/identifying-a-focal-point-of-corporate-decision-making-business-essay/>

The next one indeed goes along with the descriptive accounts of people's body language towards decision as well as judgment making not omitting the choice as seen in the case of where a company was to increase the supply of its products. Processes like these bring about certain outcomes like Multi Attribute Utility (MAU), Gardiner and Edwards (1975) sees this type of decision as being influenced by certain outcomes. They move on further to suggest that MAU do in a way involves obtaining a utility value for every decision alternative and move further to settle on the one with greater value.

The effectiveness for such is derivative on or after a slanted total of detached fraction utilities of a variety of attributes and these has been seen being implemented in a wide range of sections such as personnel selection etc and it has turned out to be very successfully. Now when it comes to linear models, we find that they are founded on manifold weakening scrutiny. And they have since been used in bringing about judgment description as well as certainty.

A most important apprehension revolves around weights allocated to the prompt principles, and as researchers have tried proving on how the performance of these weights whether one and the same or unsystematic in many settings performs as most favorable weights. As Goldberg, (1970) puts it, the heftiness of this model has given it mileage as far as many application tasks are concerned.

Where there is certainty uncertainty has to be evident hence bringing the uncertain outcomes which comes with the decision tree analysis. Huber, (1980) then describes it has the series as well as perilous decision state of

affairs brought about by graphical model. This move therefore engrosses putting down an option alternatives, tentative proceedings as well as result utilities as a chain of kindling and this is how the name decision tree came about. A predictable worth for every alternative is in a way worked out as the standard upshot value in excess of the entire probable proceedings. The most favorable option therefore remains the alternative with the then superior probable worth. This system has gone down well more so in guiding perilous decision processes like ways of market approach (marketing strategy) among others.

The favored process is to carry out decision scrutiny in as a sequence of progressively more complicated connections in the company of the decision makers. In every session the analyst pays attention as well as summarizing every word that comes out of decision makers` mouth. In each step, the hitch is therefore prearranged as the model of analysis is being put in place. With this the decision makers gets attached with the end product of the process. In a way or the other a decision can either be made in a group as well as by an individual. If it's by a group then a forum that brings all the parties together is essential hence decision conference comes to place, this is purposely to engage the parties in every step of the procedure. The conference begins with a retreat which might take a whole day at some point in which the parties be of the same opinion on the theoretical formation of the crisis. Thereby the consensus on purpose, feasible action, suspicions, conclusion, standards, and possibilities among others which are mostly associated with the second day of the conference are brought on board. This excises pushes the participants to critically think pertaining to the concerns

as well as the decisions they are enthusiastic to formulate hence structuring the problem. From this conference materializes enhanced indulgent among the team.

Minus considering the number in which the analysis is done for, a number of suggestions citing distinct steps in decision analysis has emerged and Soto, (2002), Philips, et al. (2004) and Weinstein et al, (2003) sees them to be; undoubtedly affirmed aim and hypothesis of the model, stipulation of the raison d'être of the model, explanation of the blueprint as well as the model formation, illuminating the logical point prospect selected, specifying the standpoint selected as well as specified decision makers, description of the substitutes under assessment, stating wholly the data sources used in the model, carrying out compassion scrutiny as well as discussing the outcome and citing the wrapping up of the study among others.

Explore the Problem & the Role of the Model

This is the process of coming to terms with why the decision maker intends to get to the bottom of a problem. The analyst is to be at home with what the problem resolution would bring forth. This awareness is vital for the reason that it facilitates recognition of innovative options for exploit as well as laid down criteria for assessing the decision. The need to clarify the purpose of the modeling effort by the analyst is crucial for this will maintain footpath of thoughts, to have a arithmetical blueprint that can substitute the decision maker in recurring decisions, to elucidate matters to the decision maker, to assist others be aware of the reasons to why the decision maker settled on such course of action.

Embanking on the issue of The FIZZZ Company who are struggling with the decision on how to come to terms with their upward trend in sales which has been really accelerating, the problem exploration hereby being the concern that they might not have enough kegs to meet the market demand in the coming month of August which is considered as the peak season. Even though this kind of avowal is over and over again taken at countenance value, a number of issues tend to rise. Such issues are; why the shortage and what can be done to arrest the situation taking alternatives into consideration. These issues emerge in order to help in getting the company's purpose, also assist in interpreting often misapprehended terms, helps in shading light to the happenings that leads to this problem, coming to terms with the reasons for the practice as well as straightening out enviable from objectionable. .

At this point those involved in this process as in the case of The FIZZZ Company, we had what they called Keg steering committee which consisted of managers from the Operations, Accounting, Sales and Marketing departments has to determine the objectives that will be achieved by so brings such a problem to an end citing clearly whether they are primary or not so as to protect a person's calmness without altering in general schemes in The FIZZZ Company. Also corrects the problem facing sales persons as well as the problem that appears to be affecting the entire company. A solution to these issues the committee will have a greatly improved snatch on the problem. The chosen purpose will extensively influence both the kind of proceedings well thought-out as well as the exacting action chosen.

Identify Decision Makers, their Perspective and Timeframe

Many a times the one who makes the decision is not clear as we had seen some are made by individuals while others are made by groups like in the FIZZZ case it is a group which has a time frame in that whatever they were to work on had to be in place before the pick season (August) started. Many a time's decision makers do differ in the perspective they feel the proceedings should take. Occasionally the contributor cost as well as utilities may be centered, or you may find patients` value draw from the process. Nevertheless societal or companies point of view may be adopted. Now this is where the decision analysts input is need as they can be of use in such situations but in any of them he (analyst) must unequivocally stipulate the one to make the decision by so knowing the bona fide decision makers, their point of view as well as the time frame.

Identification of the key persons does not end the identification of the decision maker. Therefore is in vital to come to terms with the constituencies whose knowledge and value must be in place in the model. In any case the analyst assumes that only one constituency exist then possibilities of disagreement arising from misunderstanding of the problem is very high. A choice of who will impact, stipulate the alternatives, results as well as reservations in the decision analysis is to be made. In addition to the one who will estimate values and probabilities as well as whether outside experts are to be called in, the constituencies to be involved, whether policymaking team are the ones to give the rulings autonomously, or work as a team to make out and discover dissimilarities of views? Defiantly all these questions rest upon the decision maker which means the analyst needs to get the

answers which he or she has not influenced in anyway by so only asking questions and wait for the answers without him or her giving them.

Structure the Problem

Problem structuring affixes theoretical facet to the broad structure highlighted in the step above. The main aim of this is to without no doubt articulate; the basis of the problem, how it came about, who are affected, supposition as well as intentions of every affected constituency, an ingenious lay down of outlooks for the decision maker, whether results are to be sougheed or shunned and the reservations that influence the option of action. This is the stage where the particular lay down of decision alternatives are recognized. Even though spawning alternatives is decisive, it is over and over again disregarded by decision makers as drawback that can with no trouble encourage disagreement in cases where completely contrasting choices incorrectly come into view to be the solitary feasible option.

Understanding the purpose of the analysis helps one to come up with best choices. And this process of new opinion identification lies mostly on the theoretical and practical experts outside the organization and should also encourage the insiders to have a new view on the problem. It is vital to openly make out the intentions as well as hypothesis of the decision makers. This is essential for the reason that they show the way to the first choice of one choice in excess of the other. As long as the decision making team can be aware of every constituency`s need, then the team can scrutinize as well as appreciate its predilection more effortlessly..

Quantifying Values

With the assistance of analyst the decision maker should be able to break multifaceted results into their mechanism along with evaluation of the virtual assessment of every constituent. The dimension of the mechanism can be on the similar range, known as value scale, and there is a room for an equation to authorize the calculation of the prejudiced run of the mill of the scores.

With value having two sides mainly cost and benefits, Cost is therefore characteristically measured in dollars and might come out uncomplicated. But factual costs are multifaceted measures and easier said than done to measure. This is so for the reason that costs like loss of benevolence, are non-monetary and complex to trail from procedure financial plans. In addition, even financial costs deem complicated to give out to particular procedures as fixed cost as well as additional joint (shared) cost may have to be billed in a manner that appear random as well as not specific. High and mighty that remuneration as well as the value linked with the remuneration are proving tough to quantify, this can be a key drawback since it can consign them meek to costs in a prescribed analysis of policy, however much values frequently compel the definite decision. .

Quantifying Uncertainties

The interaction between the analysts, decision makers along with experts is to quantify improbabilities concerning upcoming dealings. For instance, if the FIZZZ Company was asked to ascertain that the shortage was brought about by the fact that they don` t follow the market trends, their response might be 90 percent yes and 10 percent no. In short we are in the view that

sometimes additional data might be considered necessary to evaluate the probabilities.

Analyze & Recommend Course of Action

After quantification of values as well as uncertainties is done, the analysts then make use of the model of the decision to achieve the virtual popularity of every probable action. This is achievable in different ways based on the developed model, but still, among the ways are scrutinizing expected value of the result which is weighed average of the values associated with results of every proceedings. These values are weighed by probabilities of occurrence of every result. For example in the FIZZZ Company two decisions are possible which are; Consult and No container purchase (which leads to no supply increase). The probable results are; production changes; the plan to increase the supply is adopted and the company meets the peak season market demand or nothing is done which means the company goes ahead with its initial supply hence losing out on the peak season and vice versa. This makes the adoption of the proposal a better deal for the company. With Sensitivity analysis being of the essence not merely to scrutinizing the effects of inaccuracy in evaluation but also to decide which inconsistent call for a large amount of concentration. Phillips, (1984) sees this as the hypothesis of essential decisions as long as all groups have the same opinion that the problem depiction is sufficient for attainment the decision, branding the model as “ requisite”:

Breese and Heckerman, (1999) shades light on the Bayesian network approach which they say merges rudiments of Bayesian probability theory, non-natural intelligence as well as graphical scrutiny into decision

<https://assignbuster.com/identifying-a-focal-point-of-corporate-decision-making-business-essay/>

methodical instrument. A proper description on the entire probable reason as well as effects connection flanked by nodes for a problem space takes place. Simplification of the network structure is done by the process known as pruning using computer algorithms essentially to create links between nodes. The outcome is a proper massive decrease of difficulty and not to confuse, this approach is mostly common in computer programming. Now to the major starting place of miscalculation in perilous decision making tribulations are these; like phony supposition, lack of precise evaluation of the probability, depending on anticipation, complexity in gauging the usefulness purpose, as well as anticipated miscalculation.

Limitations of Decision Making under Pure Uncertainty

Decision analysis generally takes for granted that the process of decision making faces a pronouncement difficulty hence parties involved have to pick on an opinion among the list.

However these situations can be resolved by formulating the decision process under uncertainty as a zero sum two person game. In uncertainty mode the decision maker tend to lack idea on what kind of state that is likely to happen. This means he or she is not conversant with probabilistically and this may render them to pessimistic. When such a case arose then parties invokes consideration of security. It then brings the picture that whichever procedure considered in the decision making which falls in the bracket of untainted uncertainties seems suitable just for the confidential life decisions. And as Klein, (1994) and Thierauf, (1993) agrees, the managers who are in this case called “ the public person” must be to know very clearly the nature of the state for him to be in a position whereby he can foretell the

<https://assignbuster.com/identifying-a-focal-point-of-corporate-decision-making-business-essay/>

probabilities of a variety of state of nature and if not then the entire process in vain and nothing constructive can be made out of it.

Decisions Making Under Risk

Risk involves an amount of uncertainty as well as an inability to completely be in command of the result or consequences of an action of that sort. This is a mode that many bosses (managers) like resorting to, on the other hand doing away with a particular risk may in a way inflate the other risks hitting. Effectual management of a risk necessitates its evaluation as well as its succeeding impact on the entire course of action which in this case is the decision making. The entire course of action then gives way to the decision maker to assess substitute approaches aforementioned to any decision making. (Goodwin p and G Wright 1994) The probable procedure to be followed is therefore; one the definition of the problem as well as possible option to be laid down not ignoring the probable results for every option. Next is the discussion of the results depending on their payoffs or if you like call it net gain putting into consideration the time and assets factors. This is then followed by the quantification of a range of uncertainties in relation to their probabilities. The key players should be able to identify as well as assessing the compass of the optimal strategy considering all the important factors, all these should be done bearing in mind that the value of the optimal strategy lays directly upon the excellence of outcome. In a situation whereby the key player has understanding concerning the state of the nature then he may be in a position to allocate slanted probability approximation for the happenings of every scenario.

Conclusions

Many people at times come to choices out of tendency or tradition minus undertaking the probable decision making procedure. Decisions may also be reached at under some situations be it social force or may be time restraints and this in a great deal get in the way with of proper alternative deliberation as well as consequences. An individual's emotion may also get into the way of decisions as the person will act with less analytical factors not bringing the skills on board hence coming up with minimal optimal decision. However, even if all this are adequately taken note of still key players may still end up doing shoddy work of interpreting the probabilities of consequences.

Regardless of how conversant they are with the statistics, they tend to front match their own knowledge and experience concerning probabilities.

The deep-seated apprehensions of decision making are putting together information concerning probability with those about desires and interests.