

Anatomy of a business decision business plan samples

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



Management

There are a number of critical factors that have to be weighed in when making a business decision. Business is all about taking risks in the hopes of attaining profit, a good businessman, however does all he can in his power to mitigate that risk and make educated decisions. For this reason, the first and foremost important aspect of making a business decision is the collection of data and information. The reliability and currency of the information are crucial to a good business decision as it is impossible to make a good educated guess if the data that you are working with is inaccurate or outdated.

The second factor to consider when making a business decision is considering what the competition is doing and how it can do better and more effectively. Competition is a vital factor in all decisions made by a company. For example, if Pepsi slashes the price of a can from one dollar to 75 cents Coca-Cola would also have to respond in kind by reducing their prices or coming up with some other scheme to remain competitive. All good business managers look to their competition and evaluate what others are doing before making a decision on what to implement in their company. There is no shame in copying something that a competitor is doing right and well. It is wise to copy all that is good in other companies around us and discard or do better what they are failing to.

All business problems need to look at from a critical thinking perspective. It is a good idea to break down the problem at hand into smaller chunks and then consider the problem piecewise instead of looking at the problem as a whole. Thus, this allows for the creation of a logical pathway to finding

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solution to problems and coming up with the best decisions.

Business is all about risk and reward; when making a decision it is imperative to consider the risks involved as well as potential rewards and opportunity costs. A good manager must ask himself what inherent risks come with the various possible decisions he can make as well as which decision will be most profitable. At the same time, a manager must also consider alternatives that would be more fruitful. For example, is there something that can do which would be more beneficial or less time-consuming and come at a lower cost? Every decision is a trade-off between two different opportunities; a manager should make a list of positives and negatives that come along with each decision.

Lastly and most important decisions are of three types decisions made by authority, majority or consensus. Authority makes decisions by virtue of authority they do not factor into account the advice of others and are made solely on the basis of seniority. Decisions by majority are decisions when a number of people get together and take a vote on various possibilities and the largest number of votes wins. The best type of decision made, however, is by consensus when everyone brings on board and agrees on what to do. A good manager is one who takes the advice of his colleagues and juniors when making a decision. All good decisions finalize through mutual understanding and considerations that are best in view of all.