Blake electronics

Does Steve need additional Information from and Walker Our group consensus is that additional information is not needed. We believe that all quantitative information needed to form a decision tree is available in the problem (2) What would you recommend? In progress... Subject to change based on final tree. Our group recommends that Steve moves forward with the production of the Master Control Center residential product. We recommend for him to utilize the research services of Marketing Associates, Inc. MAIL).

The revised Excel document(attached) shows that the for MAY and & Walker are Identical ($1 -MM). However, when you take Into account the cost of each firm the best return on Investment Is to go with MA'. Of course, Overstate & Walker have the ability to predict the success or failure of the master control boxes with a greater amount of certainty compared to MAIM. Since it was stated in the case that Steve Blake is relatively conservative, perhaps additional analysis is needed to place a price tag on their more-certain information through an Expected Value of Perfect Information (EIP) analysis.

The EIP may be an unnecessary step since it may not affect our decision Work Probability from Blake Internal P(Successful venture) = 0. 6 P(Unsuccessful venture) - 0. 4 MAIM Probabilities P(Successful venture I FAA survey) = 0. 7 P(unsuccessful venture I FAA survey) = 0. 3 P(Unsuccessful venture I Unfair survey) = Pristine & Walker Probabilities P(FAA survey I Success) = 0. 9 P(Unfair survey I Success) = 0. 1 P(FAA survey I Failure) = 0. 2 P(Unfair survey I Failure) = 0. 8

Calculations for Posterior Probabilities (Bases Theorem) included in decision tree Posterior Probabilities for Pristine & Walker if Survey is Favorable Outcome P(FAA survey I Outcome) Prior Probability Join Prop Posterior.