

CHAPTER 4

Decisions and Information

- Decision-making = Problem Solving.
 - Must look at Current State and Future State to figure out problem
- Roles
 - Computer Literacy: knowledge and ability to utilize computers
 - Interpersonal Skills: skills used to communicate and interact with other people
 - Information Competency: gather information and use information to solve problems
 - Analytical Competency: the ability to evaluate and analyze actual information to make actual decisions and solve real problems
 - Decisional Roles: information used for entrepreneur, resource allocation, disturbance handler, and negotiation
 - Information Roles: information transferred around the company
 - Interpersonal Roles: information used for ceremonies, motivation, and networking
- Managers and Problems
 - Problem Avoider: one who simply avoids all problems
 - Problem Solver: one who solves all performance threats, but tends to miss opportunities
 - Problem Seeker: one who solves both performance threats and seeks to find opportunities
- Costa Concordia is when the captain was rescued on an island while his ship sank and he was trying to avoid the problem
- Penn State Hockey Arena
 - When the Sandusky scandal hit they could of either
 - Avoided the problem and hoped the Pegula would not care (Avoider)
 - Call him and talk to him about the situation first (Solver)
- Performance Threat: when something could harm your company
- Performance Opportunity: when something could benefit your company in the future
- Coca Cola bought Honest Tea and there were many opportunities and threats for both
- Systematic vs. Intuitive
 - Thinking: Problem 1st, People 2nd (Information Evaluating)
 - Feeling: People 1st, Problem 2nd (Information Gathering)
 - Sensing: More detailed / life like today
 - Intuition: Broader / life in future
- Flight pilot would be a sensation thinker because he thought in detailed about how to land the plane and he thought of the problem over the people first

Decision Making Steps

- Types of Problems
 - Programmed: Use past experiences and knowledge to solve a problem
 - Non-Programmed: Don't have any previous knowledge, thus you make the best possible decision
- Risk and Decision-Making Types of Environment
 - Certain: an optimized decision, low risk of failure, programmed decision
 - Risk: measure the possibilities of what the outcome will be
 - Uncertain: you must come up with the best possible decision, high risk of failure, and non-programmed decision
- Classical: describes decision-making with complete information
- Behavioral: describes decision-making with limited information, thus causing you to make the decision that is most interesting to you.
- Tradition Decision-Making Process
 - Identifying Problems
 - Developing Alternatives
 - Decide on Action
 - Implement Decisions
 - Evaluate Results
- Lonnie Johnson's super soaker: failed first time, came back on market with new name
- Cisco- DMAIC : tv studio folks???????
- Advanced- Six Sigma Decision-Making Process
 - Define – what is the decision
 - Measure – what is happening
 - Analyze – what is this doing to the company
 - Improve – take steps to improve it
 - Control – maintain the improvement
- AMAZON CASE- same day delivery (advanced)
 - Amazon has become a big company by getting alliances with other companies such as Zappos and Audible
 - They launched the new Amazon Kindle
 - Bezo is successful because he does not follow the step-by-step process but uses creativity and flexibility to make his company worthwhile

Issues of Decision Making

- Group Decision Making
 - Advantages
 - More knowledge to make decisions
 - Increased number and creativity on action alternatives
 - People better understood the decisions being made
 - People are more likely to implement them if they are involved
 - Disadvantages

- More time and problems
 - People will feel compelled to agree with higher power
 - People will feel like the outspoken one is the one they should agree with
 - They will feel like they need to adjust their opinions to fit in
 - They could decide on an idea quickly due to lack of time.
- Heuristics: when a simplified strategy is put on a decision due to lack of knowledge, time, or energy