Managerial Decision Situations

- Problem
  - A situation ...

- Opportunity
  - A situation ...

Decision Situations

<table>
<thead>
<tr>
<th>Programmed Decisions</th>
<th>Nonprogrammed Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternatives familiar</td>
<td>Alternatives not familiar</td>
</tr>
<tr>
<td>Routine</td>
<td>Creativity</td>
</tr>
</tbody>
</table>
Strategic Decision Making Tools

- Strategy selection
- Evaluation of portfolios

Strategy Selection

- The Strategic Decision-Making Matrix
  - A two-dimensional grid used to select the best strategic alternative in light of multiple organizational objectives.

Strategic Decision-Making Matrix

<table>
<thead>
<tr>
<th>Alternative Strategies</th>
<th>Increased Profit</th>
<th>Increased Market Share</th>
<th>Increased Production Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Development</td>
<td>.5</td>
<td>.3</td>
<td>2</td>
</tr>
<tr>
<td>Horizontal Integration</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Joint Venture</td>
<td>5</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Total Weighted Score

\[
.5(2) + .3(2) + .2(3) = 2.2 \\
.5(4) + .3(2) + .2(2) = 3.0 \\
.5(5) + .3(3) + .2(3) = 4.0
\]
Evaluation of Portfolios

- Growth-share matrix
- Industry strength matrix

BCG Matrix

GE Matrix
Operational Decision Making

- Shorter time spans
- Lower levels

Structure: Decision-Making

- Alternative Courses of Action
- States of Nature
- Payoffs

Decision Making Conditions

- Certainty
- Risk
- Uncertainty
Ethical & Social Implications

How do I balance economic and social considerations?

Ethical & Social Implications

How will the decision affect the personal lives of my employees?

Ethical & Social Implications

What are the ethical and social implications of my decision?
Quantitative Decision-Making Aids

- Breakeven Analysis
- Linear Programming
- PERT

Breakeven Analysis

Linear Programming

- Allocate limited resources
### PERT

- Program Evaluation & Review Technique
- Scheduling major projects
  - Activity identification
  - Precedence identification
  - Activity time estimation
  - Network construction