



Managerial Decision Making

Decision = choice made from available alternatives

Decision Making = process of identifying problems and opportunities and resolving them

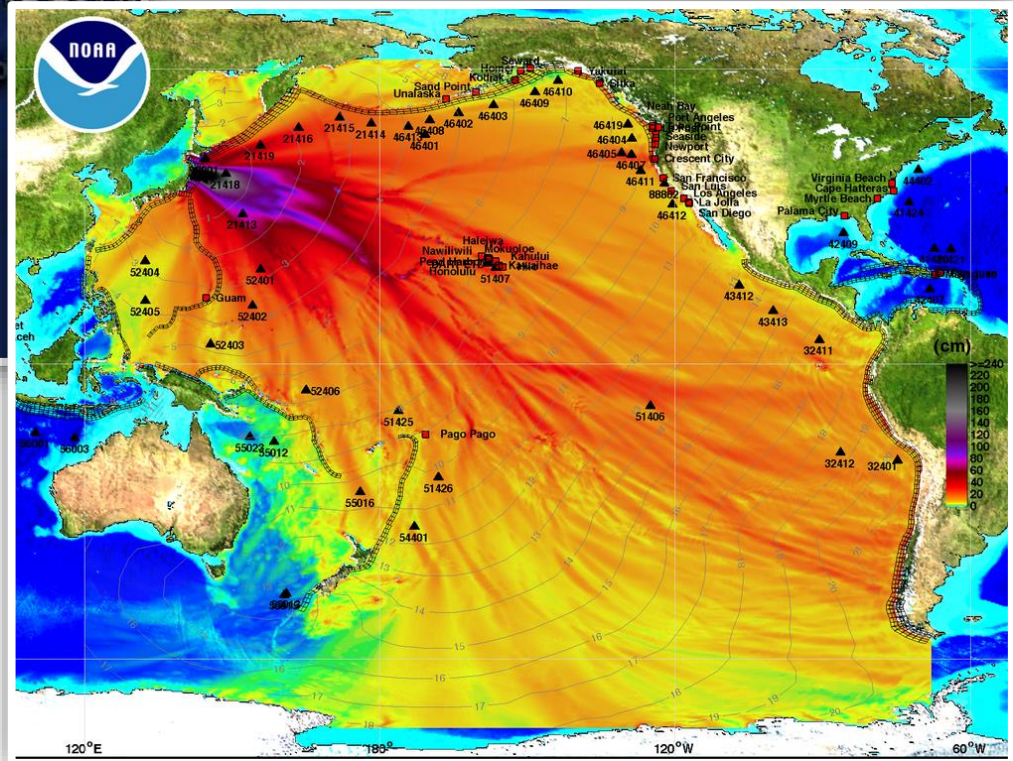
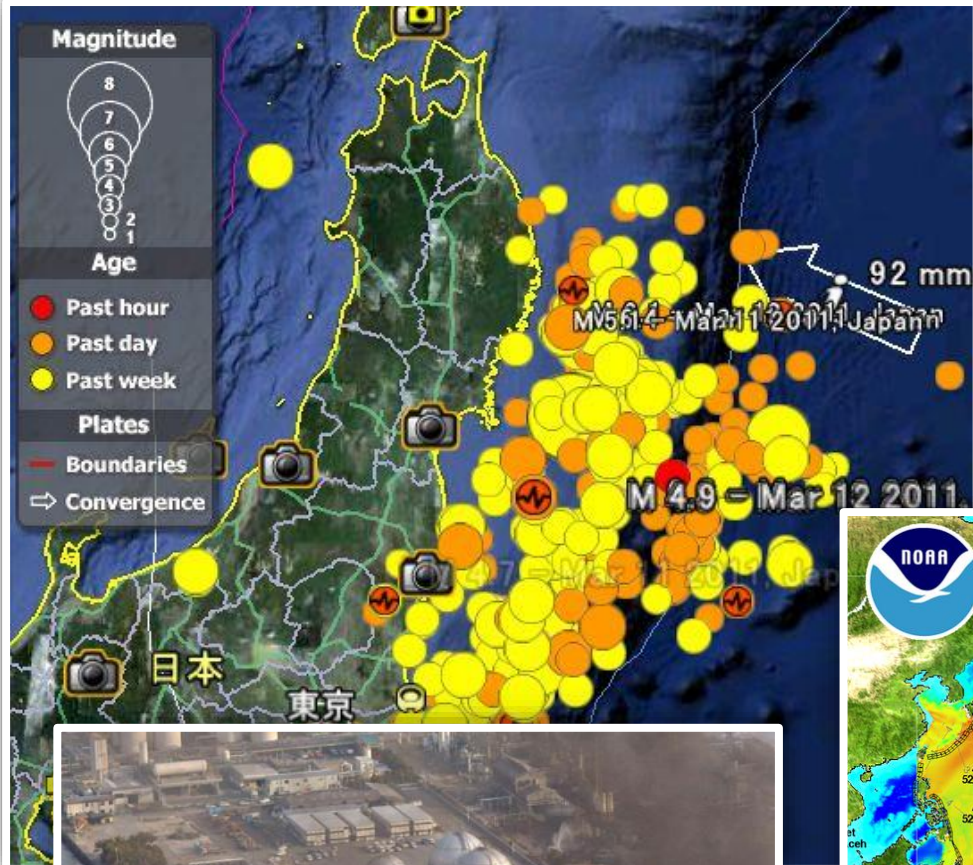
Programmed Decisions

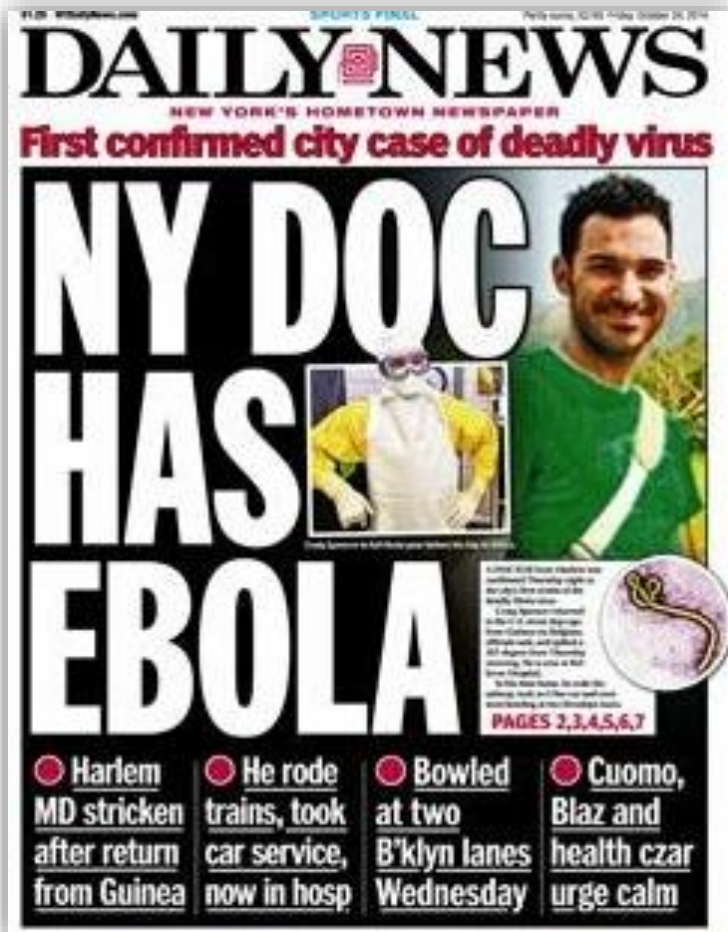
Situations occurred often enough to enable decision rules to be developed and applied in the future.

Non-programmed Decisions – in response to unique, poorly defined and largely unstructured, and have important consequences to the organization

Charecteristics	Programmed decisions	Non programmed decisions
Types of problems	Structured	Unstructured
Managerial level	Lower level	Upper level
Frequency	repetitive	new
Information	Readily available	Ambiguous or incomplete
Time frame for solution	short	Relatively long
Solution relies on	Procedures, rules & polices	Judgment & creativity.







Facts about Ebola

You can't get Ebola through air



You can't get Ebola through water



You can't get Ebola through food

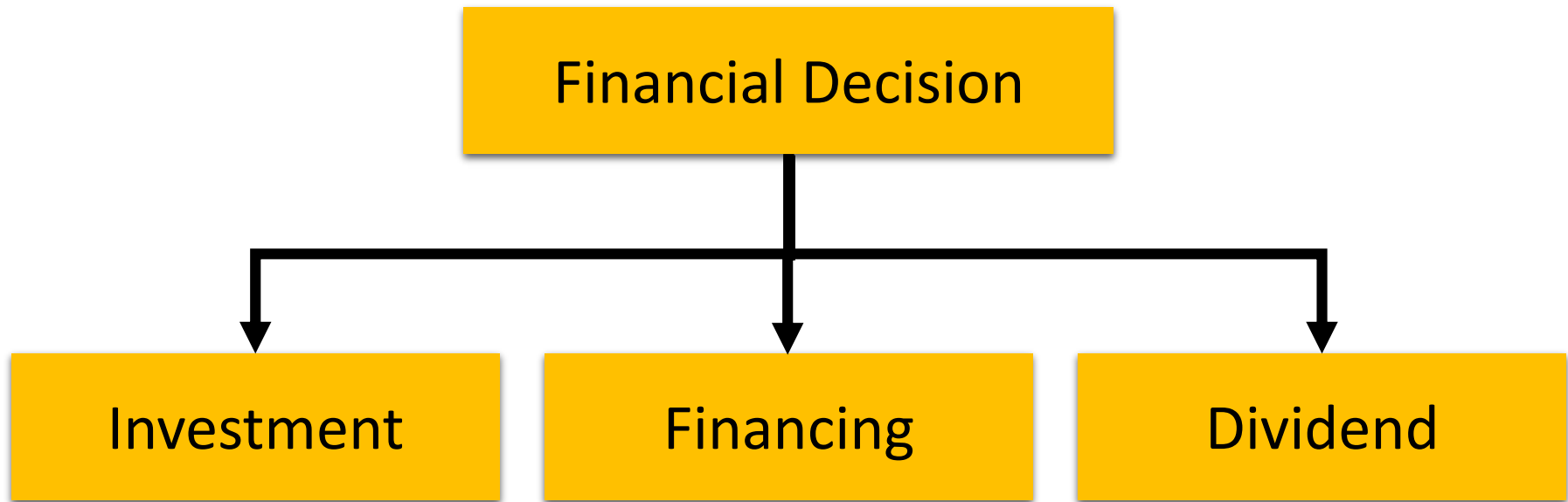


You can only get Ebola from touching bodily fluids of a person who is sick with or has died from Ebola, or from exposure to contaminated objects, such as needles. **Ebola poses no significant risk in the United States.**



Many decisions that managers deal with every day involve at least some degree of uncertainty and require non-programmed decision making

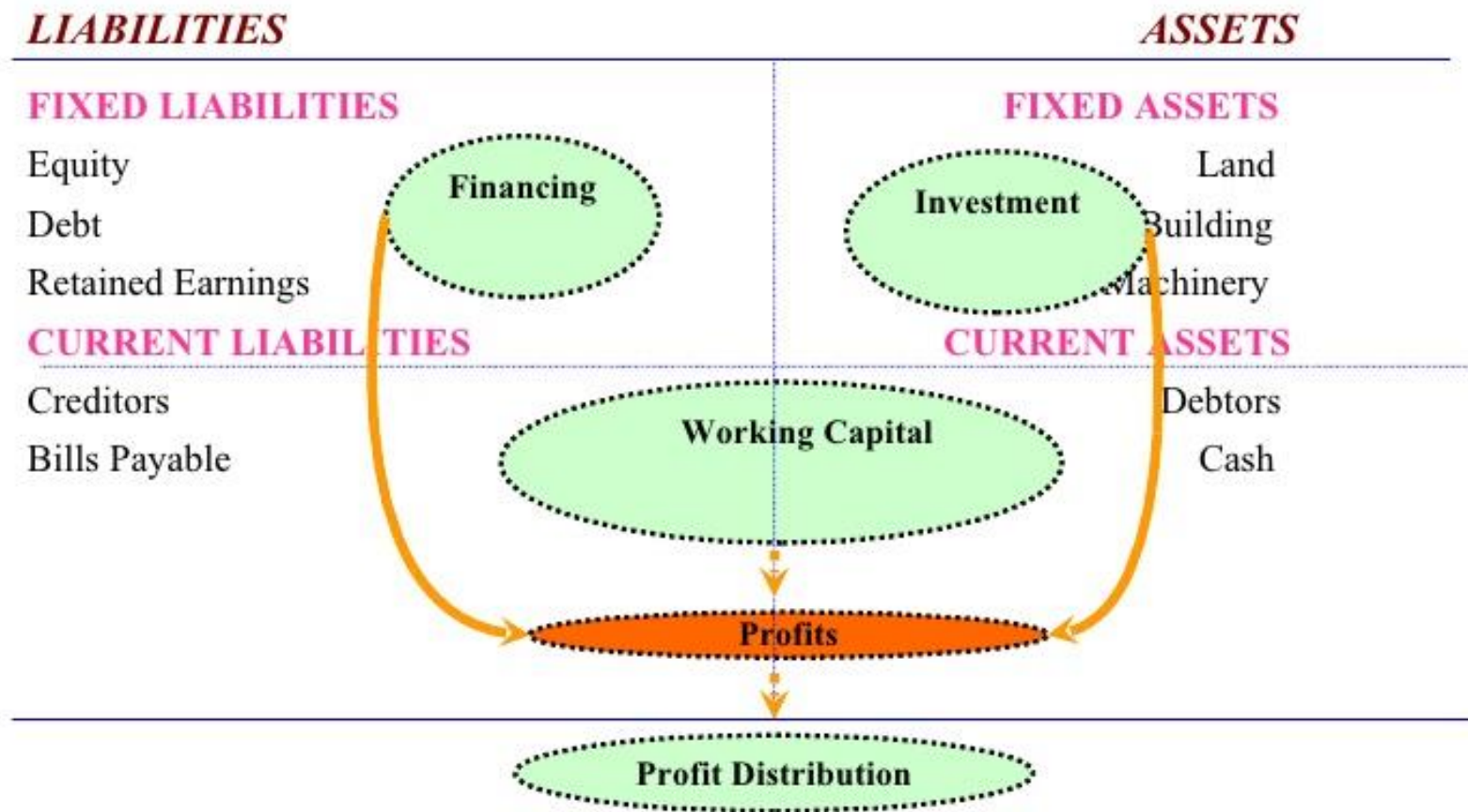
- May be difficult to make
- Made amid changing factors
- Information may be unclear
- May have to deal with conflicting points of view

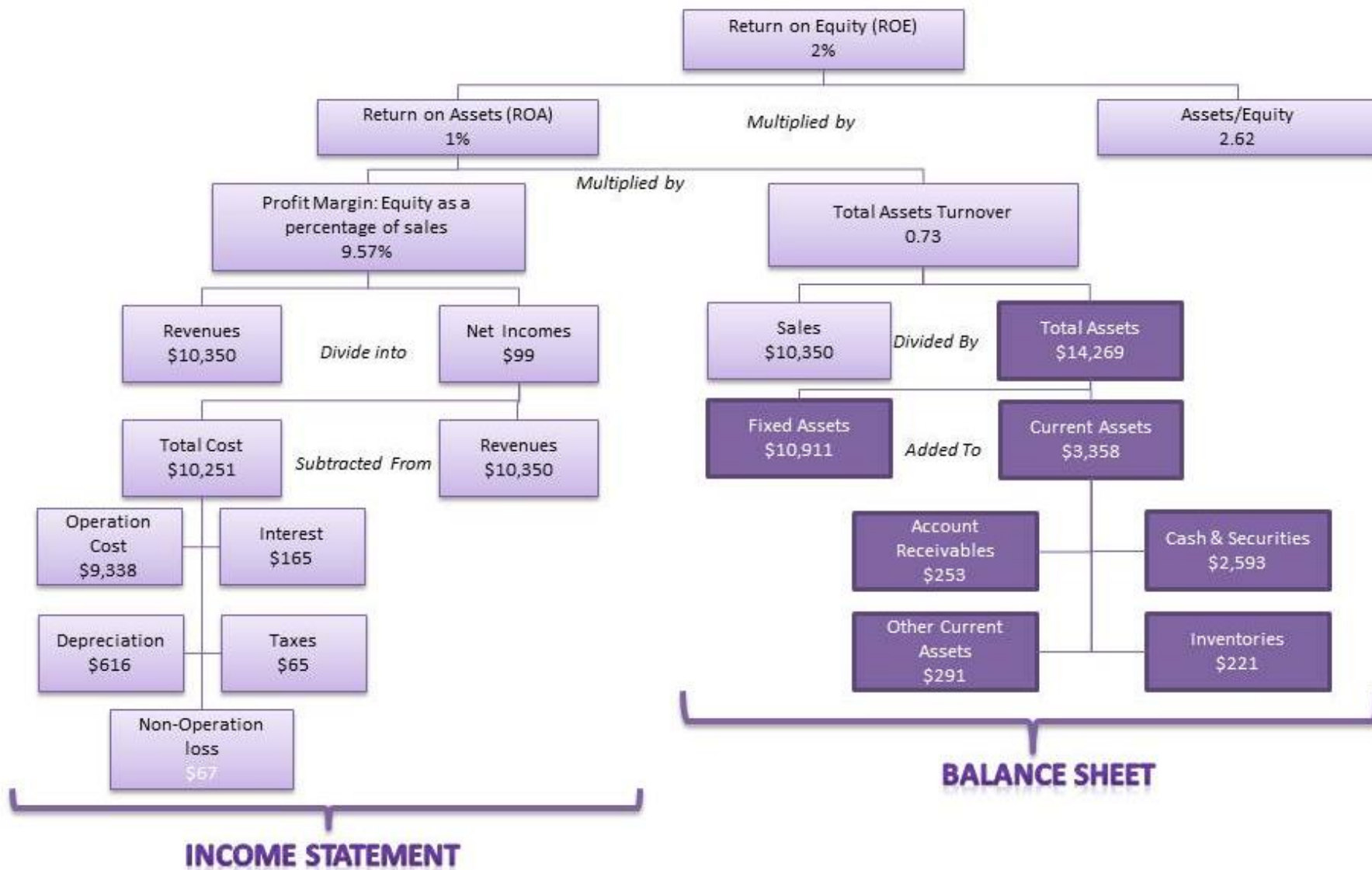


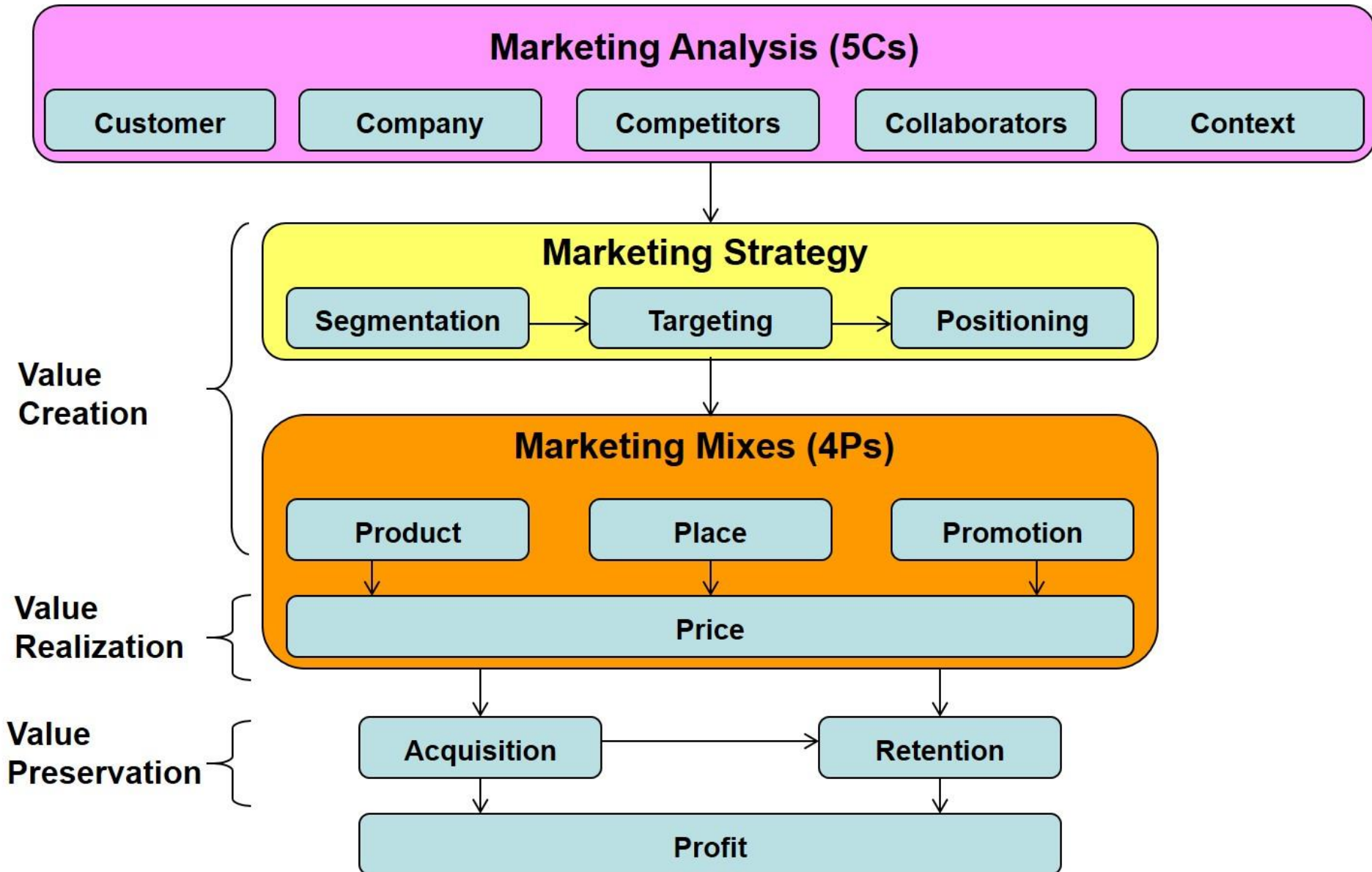
There are two fundamental types of financial decisions that the [finance](#) team needs to make in a business: investment and financing. The two decisions boil down to how to spend money and how to borrow money. In addition, the decision also involves whether the company should pay dividend or retain as profit.

Source: Boundless. "Types of Financial Decisions: Investment and Financing." *Boundless Finance* Boundless, 26 May. 2016. Retrieved 15 Mar. 2017 from <https://www.boundless.com/finance/textbooks/boundless-finance-textbook/introduction-to-the-field-and-goals-of-financial-management-1/introducing-finance-22/types-of-financial-decisions-investment-and-financing-145-3871/>

The 4 Major Finance Decisions







The 7 Wastes

MUDA is the Japanese word for WASTE.



Seek it out and get rid!



An 8th waste
is the wasted
potential of
people.



Overproduction

1

To produce sooner, faster
or in greater quantities
than customer demands.

Inventory

2

Raw material,
work in progress
or finished goods
which is not having
value added to it.



Waiting

3

People or parts
that wait for
a work cycle to
be completed.



Motion

4

Unnecessary movement
of people, parts or
machines
within a process.



Transportation

5

Unnecessary
movement of
people or parts
between processes.



Rework

6

Non right first time.
Repetition or
correction of
a process.



Over Processing

7

Processing beyond
the standard
required by
the customer.



Uncertainty

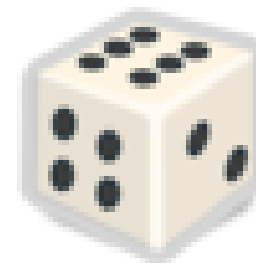
unable to calculate
probability

**Certainty**

100% success
or failure probability

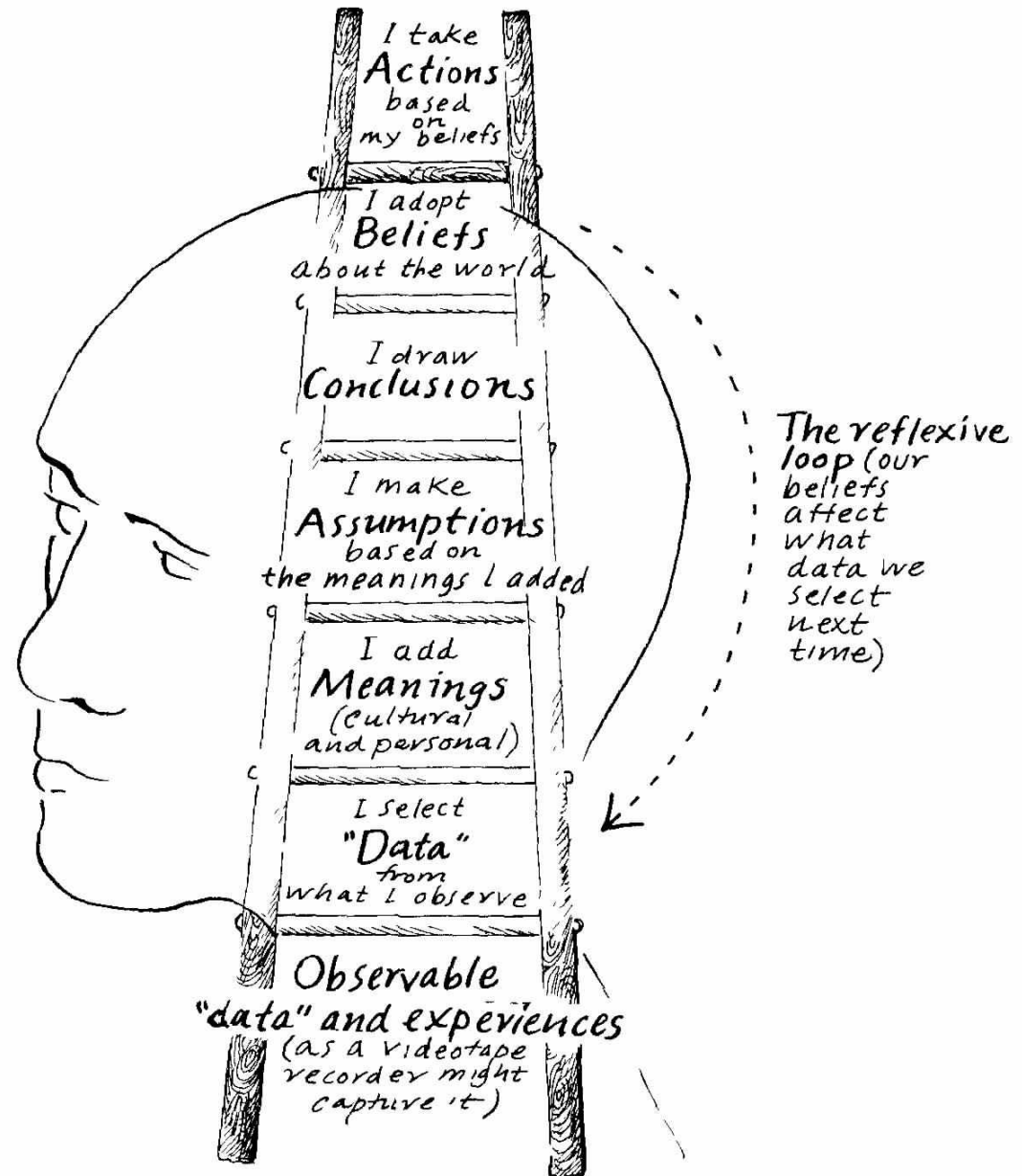
**Risk**

1-99% success
probability





“I take actions based on my beliefs”, Chris Argyris

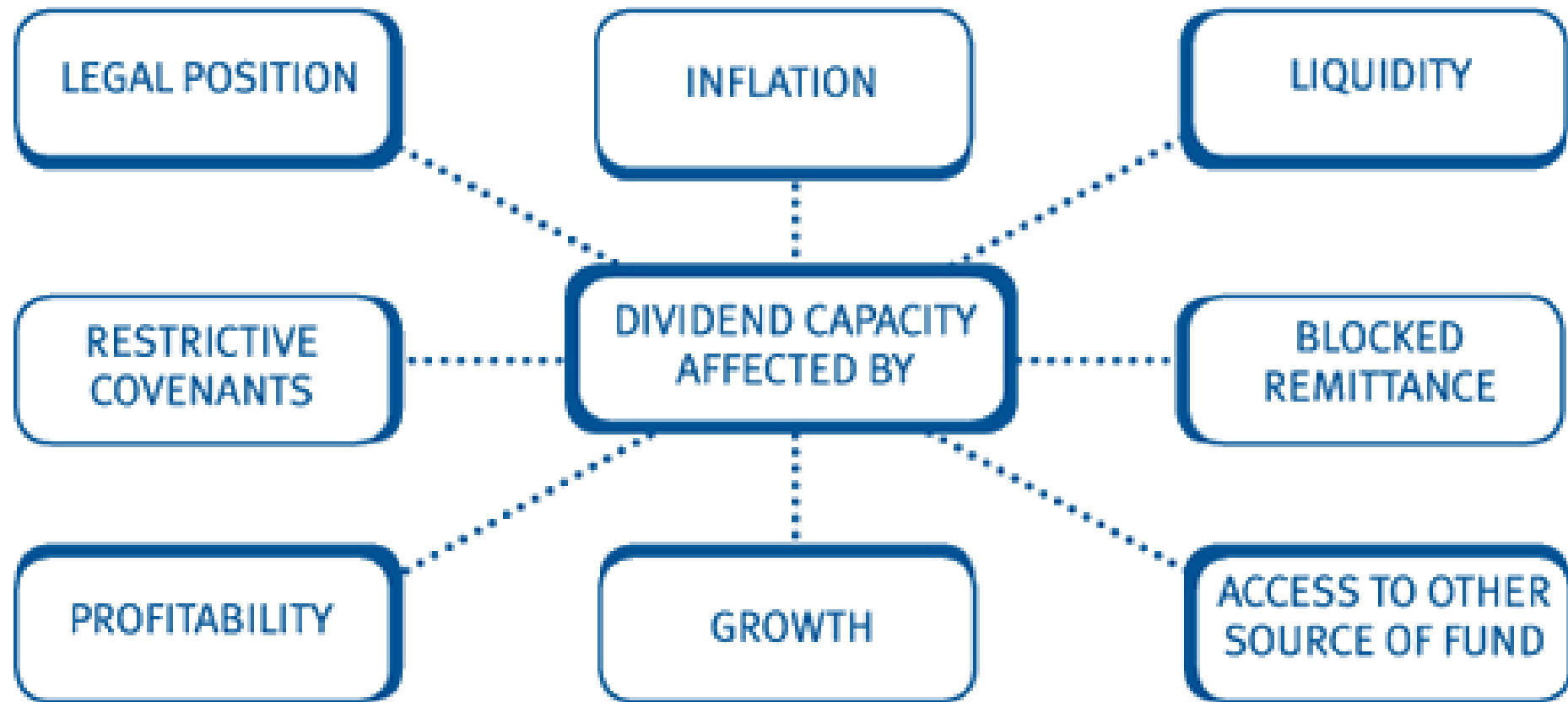


7 STEPS TO EFFECTIVE DECISION MAKING

Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions.

Using a step-by-step decision-making process can help you make more deliberate, thoughtful decisions by organizing relevant information and defining alternatives. This approach increases the chances that you will choose the most satisfying alternative possible.







Consumer Decision Making Process

01

Need Recognition

The first step is to realize/recognize the need.

For example: Communication is a need.

02

Search for Information

Check what kind of products can be used to satisfy the need.

For example: Need for communication can be satisfied with an old schooled mobile phone or a smart phone.

03

Evaluation of Alternatives

The consumer now evaluates all products and brands which satisfy his need.

For Example: Smartphones are expensive but satisfy various needs, while old-schooled phones are cheap.

04

Purchase Decision

Make the appropriate purchase.

For Example: The consumer needs a durable cheap phone. Hence he would purchase a simple Nokia phone.

05

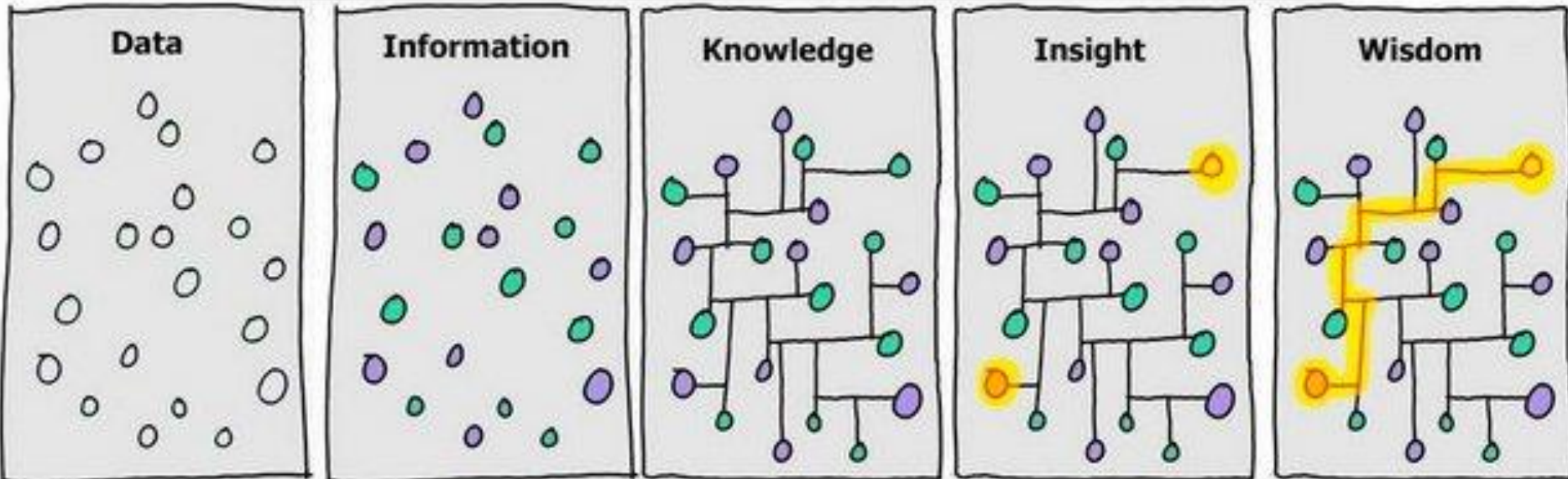
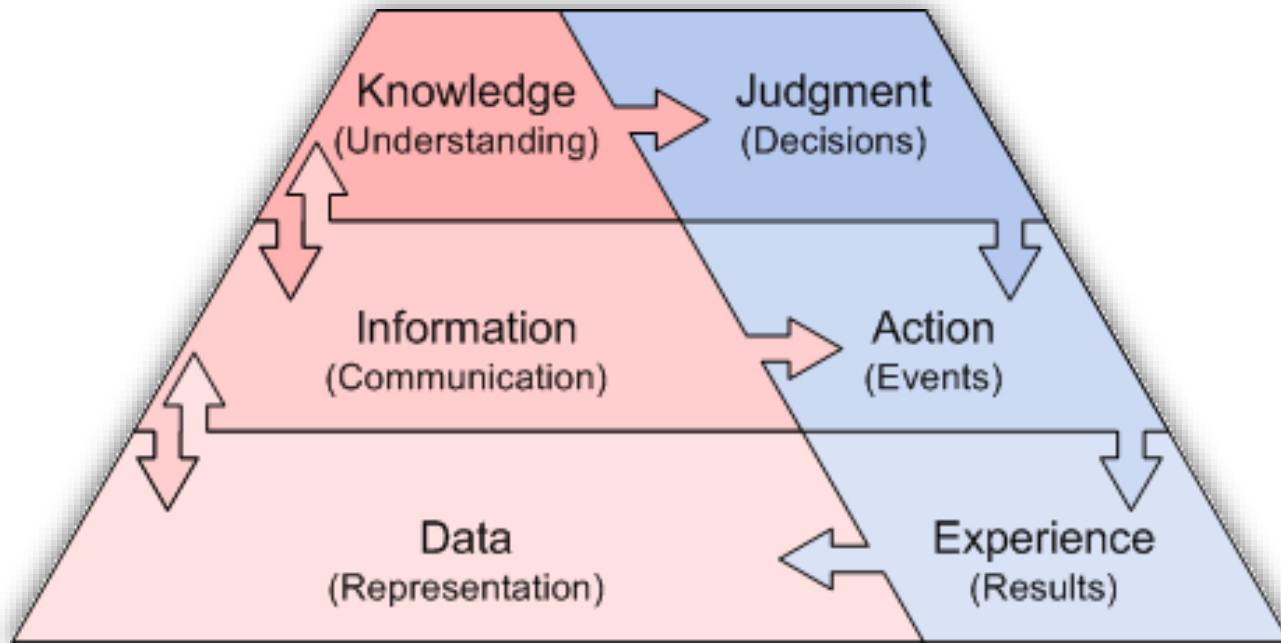
Post-Purchase Evaluation

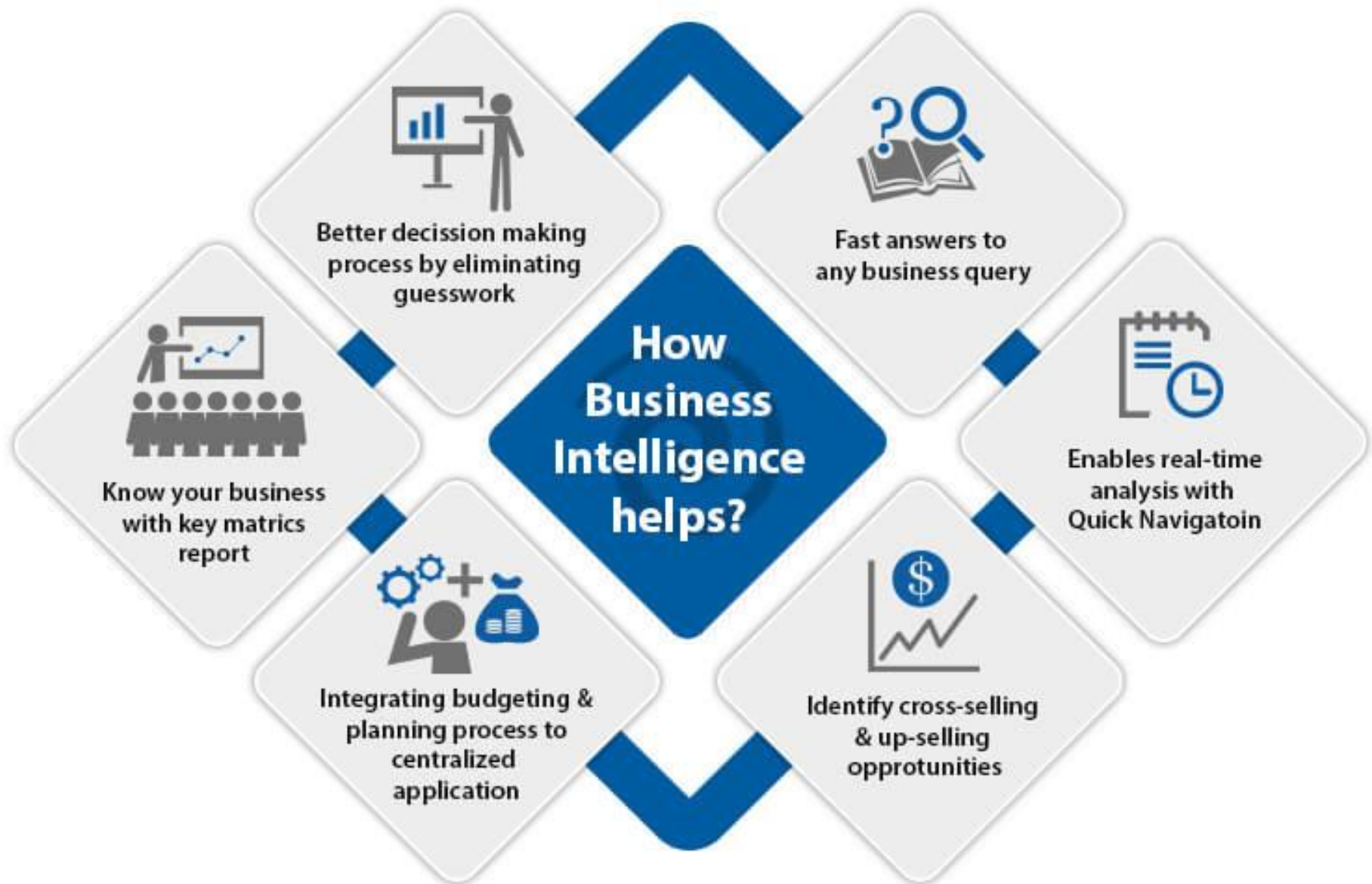
After the purchase is made, the consumer analyzes if he has made the right decision. In case, if he realizes that he has made the wrong decision, he faces Cognitive Dissonance. If he has made the right decision, he faces delight.

CONSUMER PURCHASE DECISION PROCESS



		IMPACT		
		High	Mid	Low
URGENCY	High	1	2	3
	Mid	2	3	4
	Low	3	4	5





WebFOCUS

KPI Dashboard | My Dashboard | Product Analysis



New Page

Select Page...

Customer Satisfaction

93.13%

Previous 79.82 % Change +14.29 Trend ▲

Gross Profit

\$192.13M

Previous \$183.61M % Change +4.43% Trend ▲

New Customers

10,719

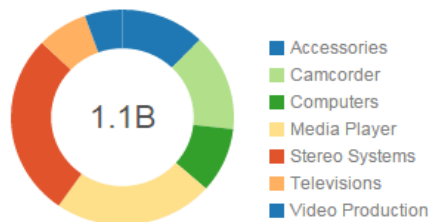
Previous 11,918 % Change -11.21% Trend ▼

Revenue

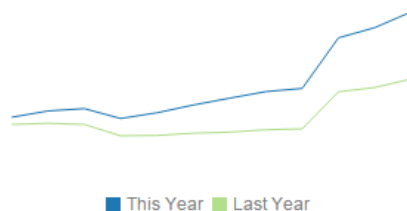
\$1,061M

Previous \$906M % Change +14.61% Trend ▲

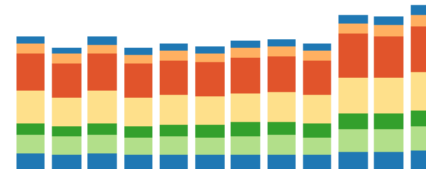
Sales by Product Category



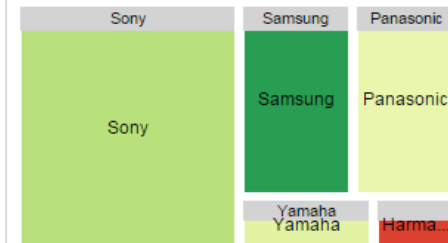
Sales Comparison



Sales by Month

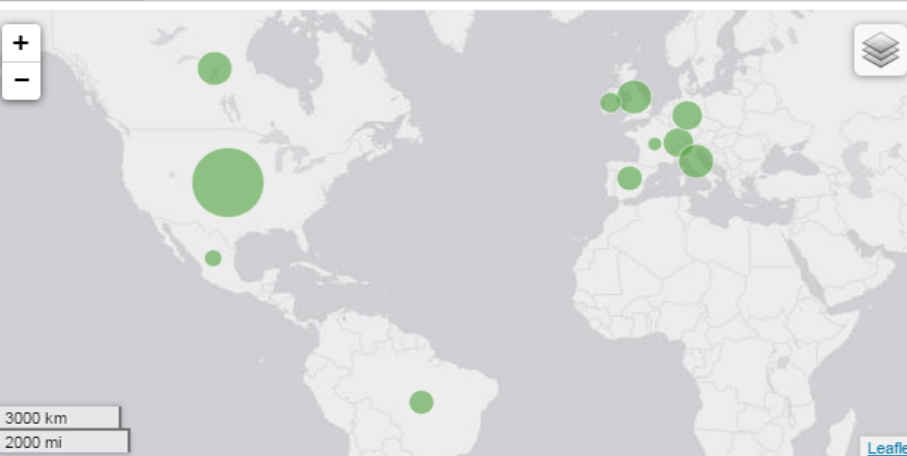


Brand Profitability



Sales by Country

Sales by Country | Sales by Month | Sales by State



2 Comments

Products

Products ▾	Region	Stores	Customers	Comments		
Subcategory	Gross Profit		Discount	MSRP	COGS	Qty
Blu Ray	\$51,771,195	<div></div>	\$10,895,633	243,779,705	\$181,112,921	679,495
Speaker Kits	\$25,819,242	<div></div>	\$4,954,243	112,169,618	\$81,396,140	244,199
Headphones	\$24,523,024	<div></div>	\$3,516,913	79,703,501	\$51,663,564	228,349
Handheld	\$21,393,655	<div></div>	\$1,959,624	43,930,192	\$20,576,916	250,167
Standard	\$19,369,668	<div></div>	\$3,214,787	71,656,083	\$49,071,633	192,205
Video Editing	\$17,947,620	<div></div>	\$2,695,891	60,749,162	\$40,105,657	199,749
Tablet	\$17,674,116	<div></div>	\$2,018,135	45,464,132	\$25,771,890	146,728
Receivers	\$16,555,836	<div></div>	\$2,643,045	59,528,536	\$40,329,668	150,568
Flat Panel TV	\$15,885,499	<div></div>	\$3,478,829	78,441,670	\$59,077,345	92,501
Smartphone	\$15,834,702	<div></div>	\$2,790,776	62,661,241	\$44,035,774	205,049
Professional	\$8,835,523	<div></div>	\$1,933,997	45,987,828	\$35,218,308	12,872
Charger	\$1,970,124	<div></div>	\$187,486	4,210,324	\$2,052,711	105,257
Streaming	\$1,936,587	<div></div>	\$338,560	7,339,881	\$5,064,730	67,910



Big Data Gold

Five business functions expect to reap the biggest benefit from big data:

(respondents ranked the potential benefit on a scale of 1-5, with 5 being highest)

- #1** Identifying prospective high-value customers **4.05**
- #2** Monitoring product quality **4.02**
- #3** Monitoring product shipments **4.00**
- #4** Identifying customer needs **3.95**
- #5** Identifying flight risk customers **3.94**

Base: 643 companies from 12 industries in nine countries

Source: "The Emerging Big Returns From Big Data," Tata Consultancy Services, 2013

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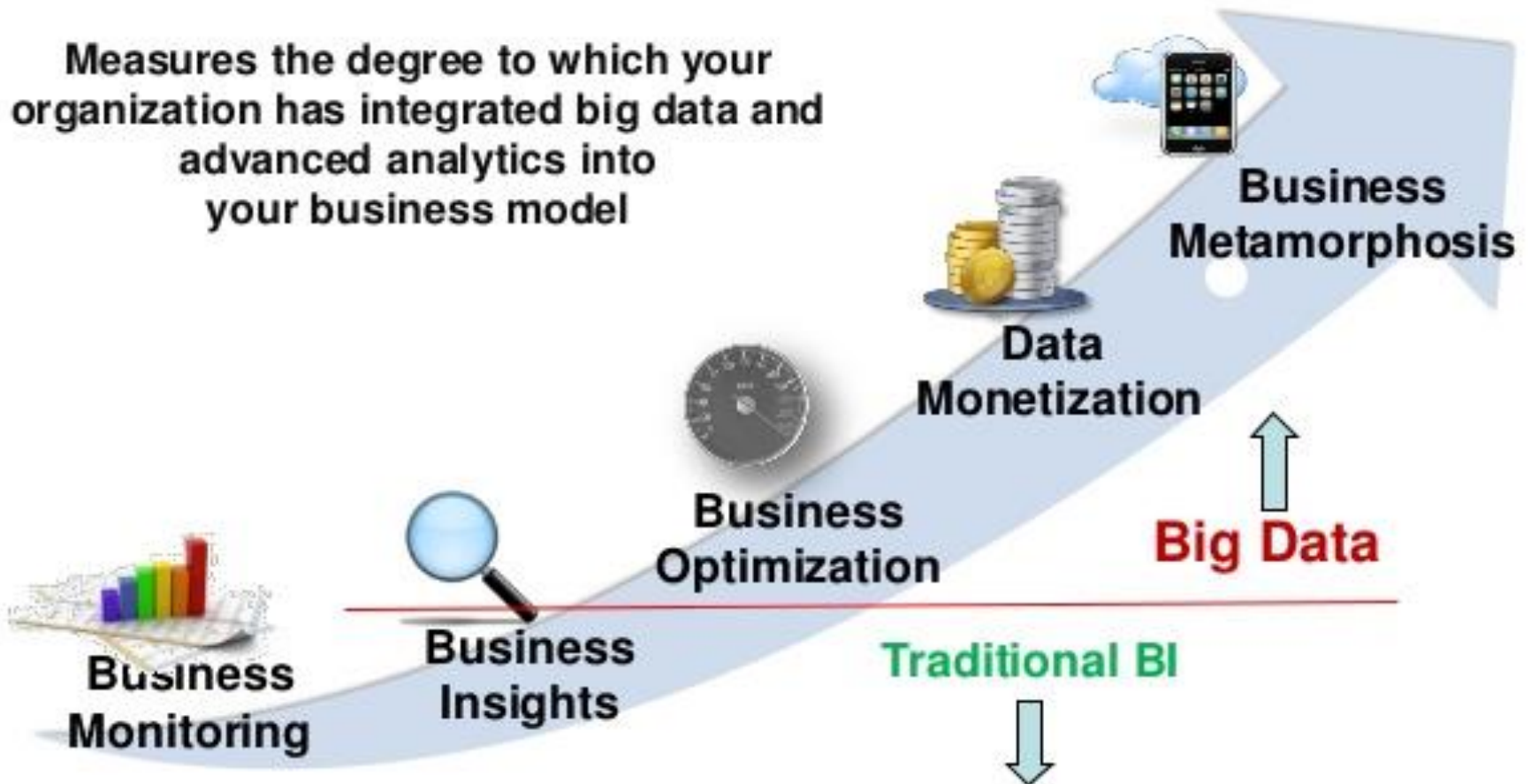


For more information and to read the full report, "Analytics Drives the Future at Consumer Products Companies," visit www.sap.com/360customer

**Bloomberg
Businessweek**
RESEARCH
SERVICES






Big Data Business Model Maturation Index

Measures the degree to which your organization has integrated big data and advanced analytics into your business model

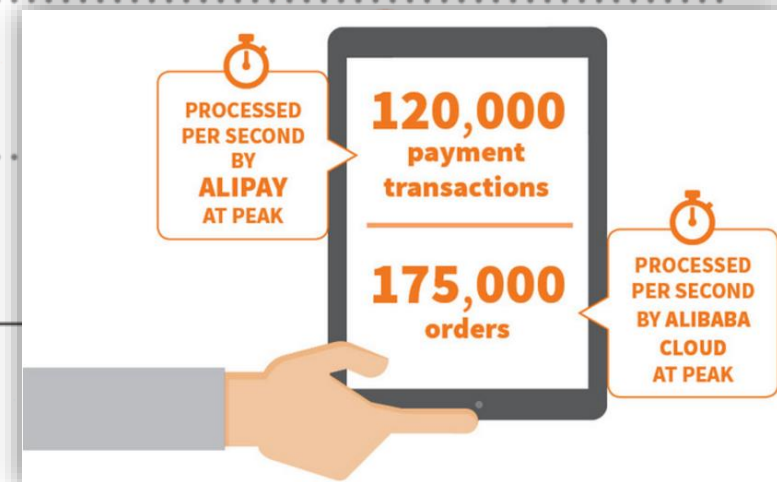


Internet companies

Selected, 2013

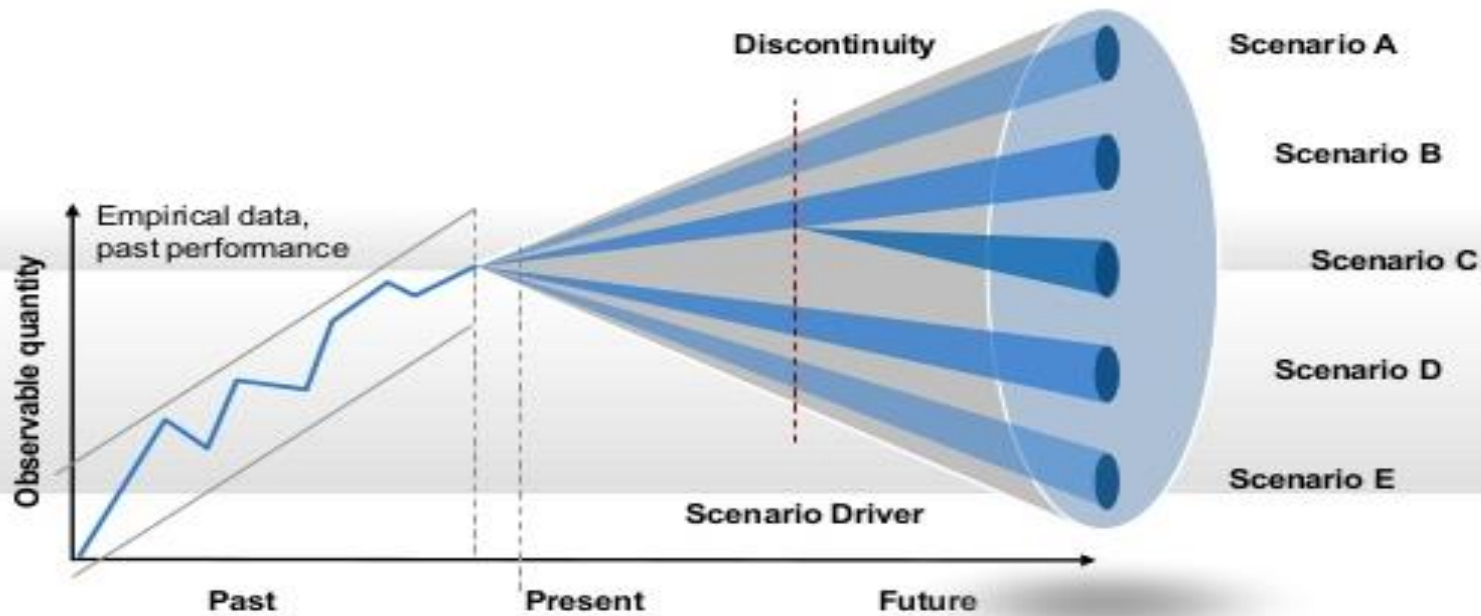
	Total value of transactions, \$bn	Active users, m	Spending per second, \$	Market value* per user, \$	Average spending per user, \$
 Alibaba [†] (China)	269	279	9,368	602	1,061
 amazon (United States)	116	244	3,691	614	477
 ebay (United States)	88	128	2,775	504	684
 JD.COM (China)	21	47	656		
 Rakuten (Japan)	16	90	521		

Sources: Company and press reports;
The Economist estimates



Scenario Analysis

Visions, utopias and future plans



Scenario analysis is a process of analyzing possible future events by considering alternative possible outcomes (sometimes called "alternative worlds"). Thus, **scenario analysis**, which is one of the main forms of projection rather than exact picture of the future.





Thank you