

# Decision Making

# Exercise

2

- First, assume that you oversee a startup that's having 5 games online games and having **1 Million** users, whereas one of your game is very popular among all age group. Your company is a pioneer in bringing innovative gaming experience to its customers.
- If you were the Head of **Gaming App Company**, what is your
  - Vision, Mission and core values would you want to guide the behavior of your employees? Identify Four core values that you would want to guide the behavior of your employees.
  - What is your strategy and tactics to reach to **10 million consumers**.
  - What are your **objectives**
  - What is Long term and short term plan to achieve **10 million consumers**
  - What is your business model?
  - What are your short term and long term objectives.
  - Which areas of management like Marketing, finance, HR is most important for you.
- Note: You have office in Bangalore, with 35 employees. You are facing tough competition from existing big gaming companies and some new start ups. Market is very volatile, consumers retention is very low. A recent research survey says that a average consumer change his/her gaming preference after 1 month.

# Q?1 Million-----10 Million customers

- Presence on social media-----operational/tactical
- Group of customers to reach. Specific age group to be motivated.
- Testimonials by gamers on various social media.....process
- Prize money in terms of points.
- Add on weekly and fortnightly which create sustenance so that the user may feel interesting and retained
- Partnering with other companies
- Opinions of the players so that the company can upgrade the game.
- USP
- Monthly Live gaming battles on youtube/facebook/ Platform for gamers...to showcase their talent.
- Certificates
- Features and benefits if they use more.

When Jio Been Entered

2.5 Lakh Cr

Top Manger – Airtel/Vodaphone & Idea  
What's response

- Identify the problem.
  - 1Mn ---10 Million
  - Local market---Global Market---Exiting games ----Add products –App on new games(products)—Social Media promotion-----
- What are the choices with the company?
  - A Social Media Promotion.....
  - b. Coming out with innovative products which cannot be copied
  - Acquiring and collaborating with other businesses
  - Keeping tournaments and putting prize money
- Gather information: What information should the person gather that would be helpful to know before making a decision?
  - a. Which demographic to target
  - b.Prospect -----converted into -----customers
  - 1Cr
- Consider the outcome. What would be the results of the decision?
  - a. 1000 customer .....
  - b.
- Make the decision. Who will take the decision in the organization (TL/ML/LL)?
  - Evaluate your decision. Why do you think this is the best decision possible?

When Jio Been Entered 2.5 Lakh Cr

Decision Criterion for Top Manger – Airtel/Vodaphone & Idea What's response

5

South Ex-Delhi 10,00,000X500=

4,00,000X500X12=

S -Large Customer Base -Good Connectivity -Connectivity at remote locations -Brand Visibility -Very Large Network of retailers and company owned stores. Manpower	W  -4G Network
O	T -Jio
Keep your technology State of Art and Keep the prices low	

# Decision Making Criteria for Airtel

6

- *Technology--On Data front*
  - HR challenge
  - Operations-Invest in Technology 4G---5G
- 
- Focus on Customer Retention
    - Loosing every day 5K-15 K customer

A key to success in management and in your career is knowing how to be an effective decision-maker.



# The Decision-Making Process

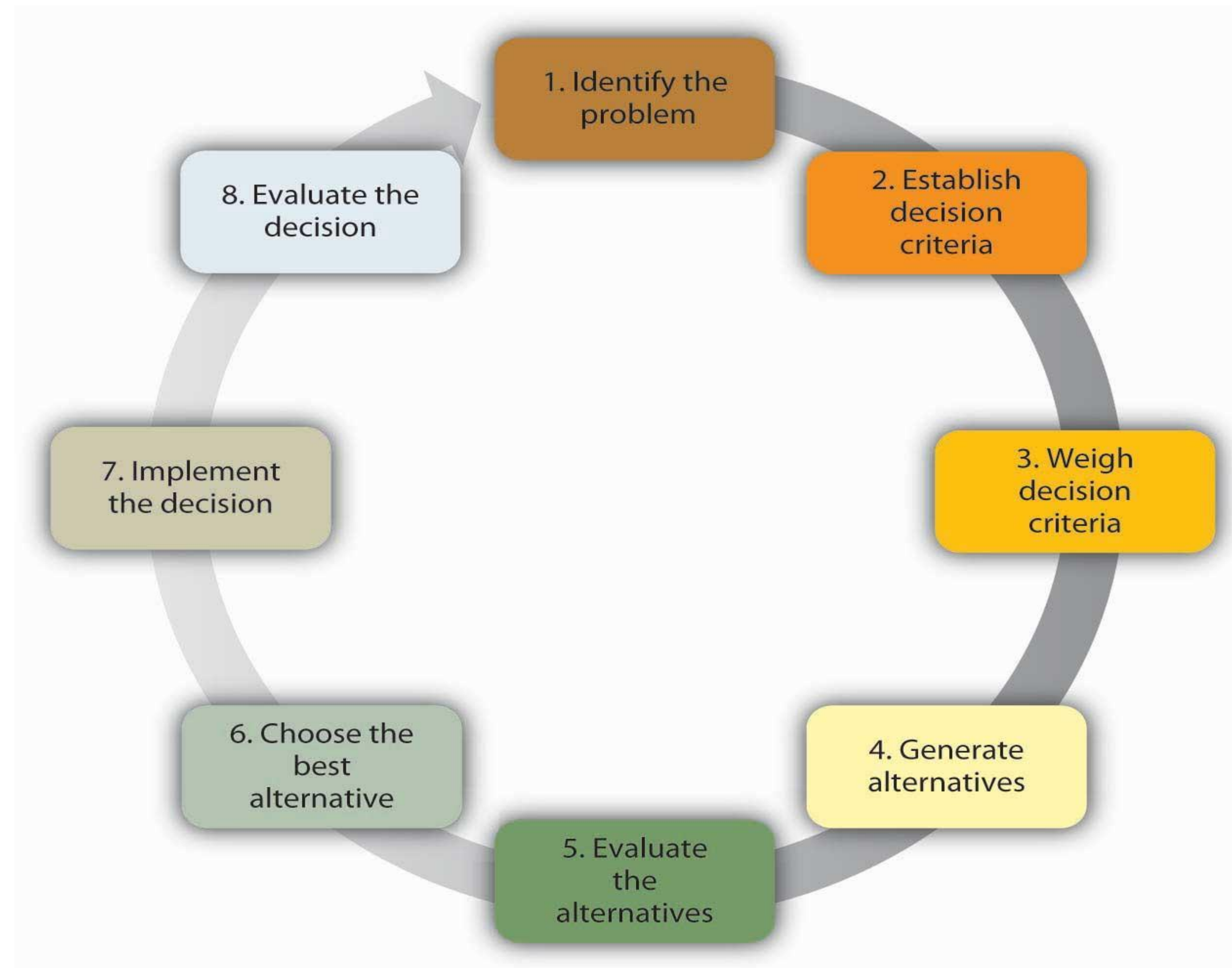
8

- **Decision** – making a choice from two or more alternatives.





# Decision-Making Process



# Decisions Managers May Make

## Planning

- What are the organization's long-term objectives?
- What strategies will best achieve those objectives?
- What should the organization's short-term objectives be?
- How difficult should individual goals be?

## Organizing

- How many employees should I have report directly to me?
- How much centralization should there be in an organization?
- How should jobs be designed?
- When should the organization implement a different structure?

# Decisions Managers May Make

## Leading

- How do I handle employees that appear to be unmotivated?
- What is the most effective leadership style in a given situation?
- How will a specific change affect worker productivity?
- When is the right time to stimulate conflict?

## Controlling

- What activities in the organization need to be controlled?
- How should those activities be controlled?
- When is a performance deviation significant?
- What type of management information system should the organization have?

# Types of Decisions

## **Programmed**

Repetitive and  
routine

There is a definite  
procedure for  
handling them

## **Non-Programmed**

Novel and  
unstructured

No established  
procedure for  
handling the problem  
or situation



# Types of Decisions

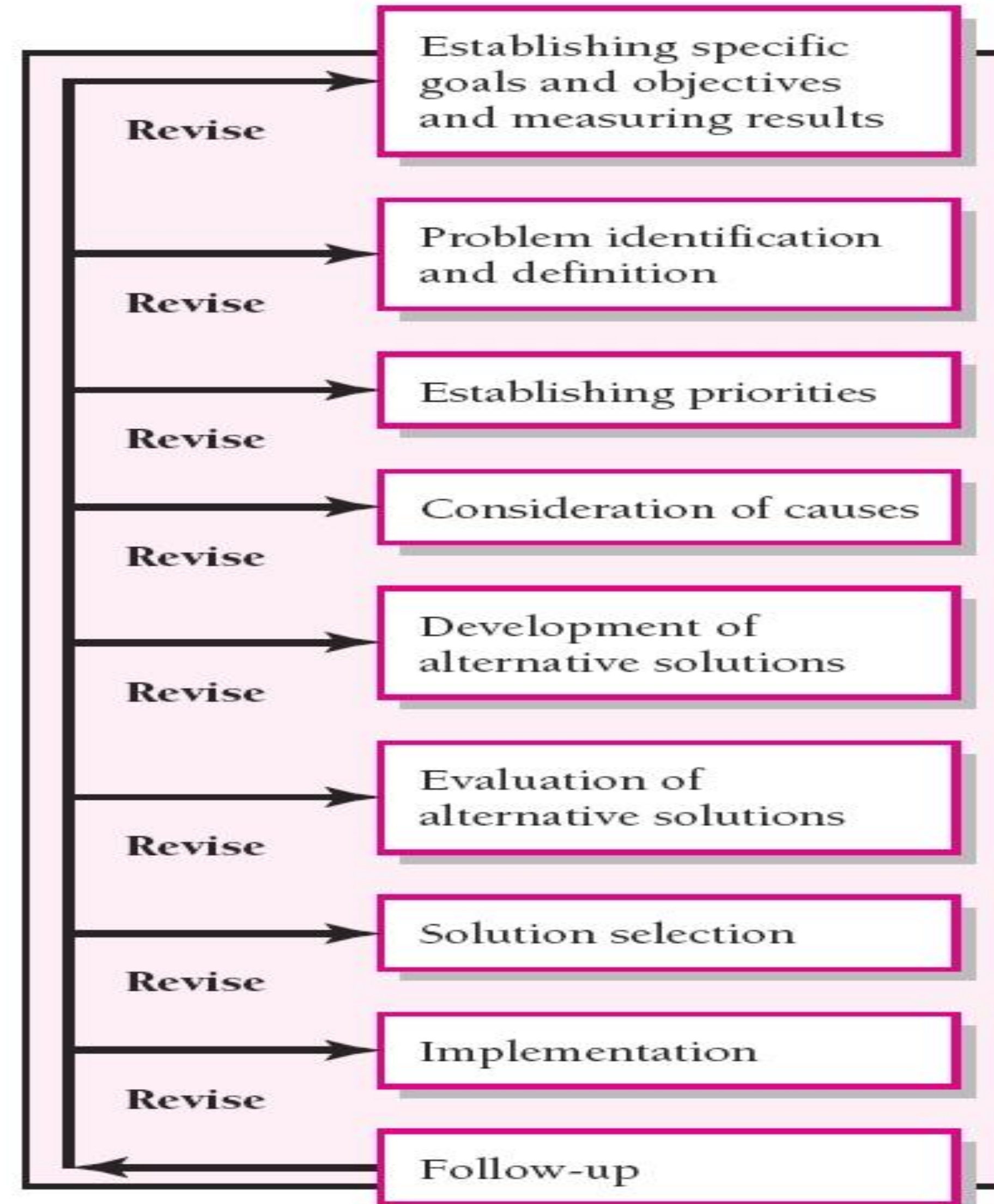
Characteristic	Programmed Decisions	Nonprogrammed Decisions
Type of problem	Structured	Unstructured
Managerial level	Lower levels	Upper levels
Frequency	Repetitive, routine	New, unusual
Information	Readily available	Ambiguous or incomplete
Goals	Clear, specific	Vague
Time frame for solution	Short	Relatively long
Solution relies on...	Procedures, rules, policies	Judgment and creativity



# The Rational Decision-Making Process

- Decisions are an organizational response to a problem
  - Every decision is the outcome of a dynamic process influenced by a multitude of forces
- The diagram on the next slide shows a rational decision-making process
  - If a policy is established to handle problems, this process may not be necessary

# The Rational Decision-Making Process



# Making Decisions: Rationality

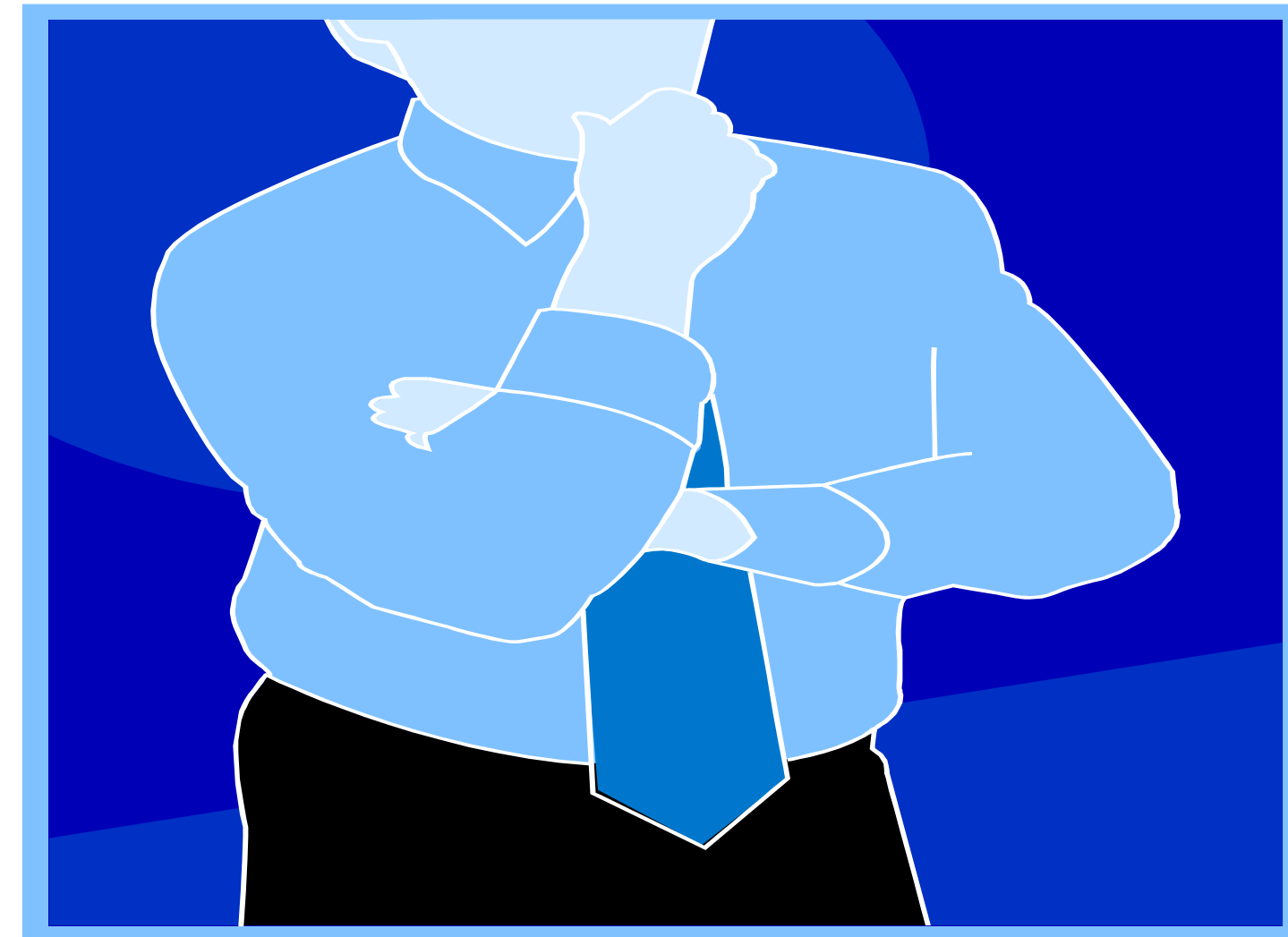
- **Rational Decision-Making** – describes choices that are logical and consistent while maximizing value.
- Assumptions of Rationality
  - The decision maker would be fully objective and logical
  - The problem faced would be clear and unambiguous
  - The decision maker would have a clear and specific goal and know *all possible alternatives* and *consequences* and consistently select the alternative that maximizes achieving that goal

# Alternatives to Rational Decision-Making

17



Administrative  
Decision Making



Intuitive  
Decision Making

# Administrative Decision Making

## Impacts on the Decision Making Process

Time Pressures

Incomplete information

Limited human resources

Managers with limitations and restrictions often take a bounded rationality approach



# Assumptions of Bounded Rationality

Managers rarely have all the info they need or want

Managers are not aware of all possible alternatives  
and cannot predict consequences

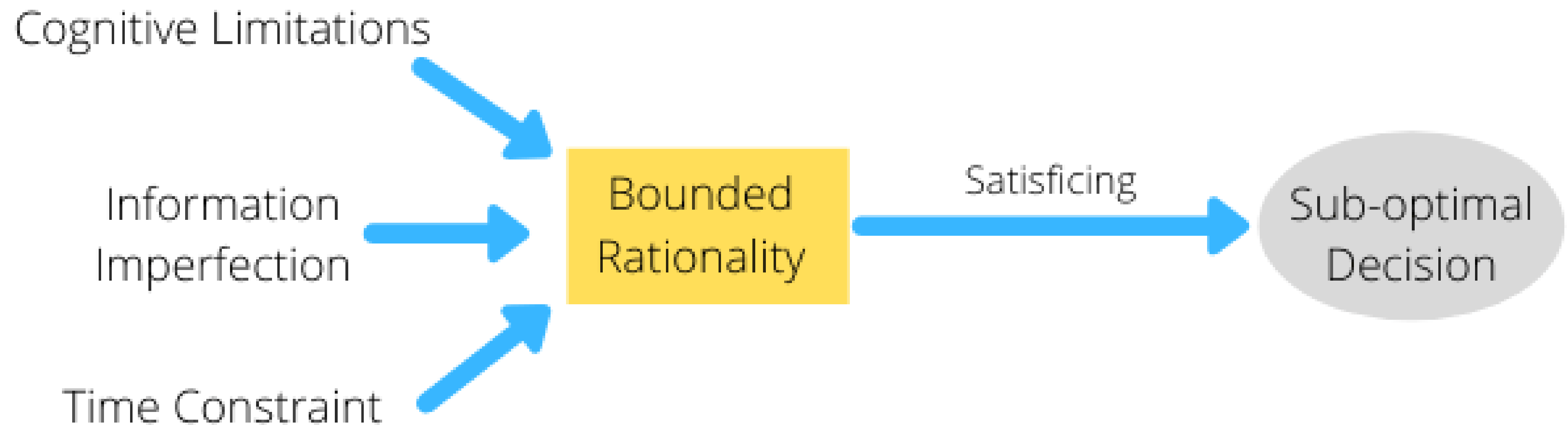
Early alternatives and solutions are quickly  
adopted because of constraints and limitations

Organizational goals constrain decision making

Conflicting goals can force compromise solutions

# Nobel laureate Herbert Simon 1956

20



# Making Decisions: Bounded Rationality

- **Bounded Rationality** – decision-making that’s rational, but limited (bounded) by an individual’s ability to process information.
- **Satisfice** – accepting solutions that are “good enough.”
- **Escalation of commitment** – an increased commitment to a previous decision despite evidence it may have been wrong.

# Intuitive Decision Making

## An intuitive decision maker

Uses  
experience,  
self-confidence,  
and self-  
motivation

To process  
information,  
data, and the  
environment

To address a  
problem or  
opportunity

# Intuitive Decision Making:

- Intuitive decision making occurs because of...
  - High levels of uncertainty about a problem, the goals, and the decision criteria.
  - No history or past experience to draw upon
  - Intense time pressures
  - An excessive number of alternatives