

Unit 14

Business Intelligence

DECISION-MAKING

7-STEP DECISION MAKING PROCESS



Decision Making Process

Levels of Decision Making



Strategic Decision-Making

The process of making **long-term** decisions, choices and setting direction for an organization in order to achieve its long-term goals and objectives. These decisions are typically made by top-level executives, such as CEOs, board members, and senior managers, and they have a significant impact on the overall direction and success of the organization.

Strategic Decision-Making Examples

- Entering new markets.
- Merging with another company to achieve growth.
- Investing in research and development.

Tactical Decision-Making

The process of making **short-term** decisions that aim to achieve specific objectives within a relatively narrow scope. Unlike strategic decisions, which focus on long-term goals and overall direction, tactical decisions deal with the implementation of strategies and plans in order to address immediate challenges or opportunities.

Tactical Decision-Making Examples

- Adjusting pricing strategies to respond to changes in market demand.
- Deciding on inventory levels to balance supply and demand while minimizing storage costs.
- Implementing changes to operational processes to improve efficiency and reduce waste.
- Selecting training programs to enhance the skills of employees.
- Setting short-term sales targets.

Operational Decision Making

The process of making **day-to-day** decisions that directly affect the routine operations of an organization. These decisions are typically made by frontline employees and middle-level managers to address immediate issues, solve problems, and ensure that daily activities are carried out efficiently and effectively.

Operational Decision-Making Examples

- Scheduling employee shifts.
- Ordering inventory.
- Allocating resources to specific tasks or projects.
- Resolving customer complaints.
- Prioritizing tasks and activities to meet deadlines.

EXERCISE:

Sweet Treats Bakery Decision Making

Background:

Sweet Treats Bakery has been a local favourite for years, and it is known for its delicious cupcakes and friendly service. However, over the past year, sales have started to decline. The owner, Alex, has noticed two new bakeries opening nearby, offering similar products at competitive prices. Alex is concerned and believes it's time to make a strategic decision to boost sales.



