

IS1107 Personal Productivity with Information Technology

Lesson 03 – Decision Making

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Intended Learning Outcomes

- Describe the different types of the decisions in a typical organization
- Describe decision support software
- Describe decision making model, Decision Trees

Decision Making

- Decision Making is the process of choosing a course of action from among alternatives to achieve a desired goal.
- Decisions can be
 - Medium term
 - Short term
 - Long term

Decision Making in Business

- In Business it is usually the Owners or Managers that make decisions.
- Management decisions are made at several levels in an organization. Starting at the top:
- There are THREE main levels of decisions
 - Strategic – Long Term
 - Tactical – Medium Term
 - Operational – Short Term

Strategic Decision

- Will affect the organization over a number of years
- Set aims and objectives
- Produce policies for overall direction, purpose, competitive edge
- HIGH RISK (difficult to reverse)

Examples of Strategic Decision

- Whether to expand into new markets
- Whether to install new equipment
- Where to locate or relocate business
- Whether to introduce new products/services
- Where to get finance for projects
- Whether to restructure
- Whether to move into bigger or smaller premises
- Information needs
 - Market & economic forecasts, political & social legislative, environmental and technological constraints

Strategic Decision Makers

- *Typical Strategic level job titles:
 - Chairman
 - President
 - CEO (Chief Executive Office)
 - Board of Directors
 - General Manager

Tactical Decision

- Will affect the organisation over 6 months to a year
- Putting strategic decisions into action to achieve the aims and objectives
- MEDIUM RISK (take some time to change)

Examples of Tactical Decision

- Whether to introduce new working arrangements in the office or factory
- Whether to increase/decrease overall stock levels
- Whether to increase/decrease staff levels in a department
- Whether to use e-mail for all internal communications
- Information needs
 - Cost & sales analyses, performance reports, summaries of operational/production

Tactical-Level Job Titles

- Advertising manager
- Personnel manager
- Creative director
- Manager of information systems
- Communications director
- Chief Financial Officer

Operational Decision

- Will affect the organization over a few days/months
- Dealing with the detail decisions of tactical
- Day-to-day decisions to meet standards/targets
- Making adjustments to suit changing circumstances
- LOW RISK (can be quickly changed at little cost)

Examples of Operational Decision

- Whether to move workers in office/factory from one job to another to meet a target
- Organising holiday rotas
- When to hold staff meetings in department
- maintenance, re-ordering, credit approval
- Information needs
 - Sales orders, production requirements, performance measures, customer credit status, delivery records, dispatch records etc

Operational Job Titles

- Store manager
 - Foreman
 - Army Sergeant
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- Operational managers directly manage non-management staff and the public.
 - They make day-to-day decisions that are vital to actually make things, sell things, provide services.

Decision Structure

- Operational – more structured
 - Tactical – more semi-structured
 - Strategic – more un-structured
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- Structured decisions: These are all decisions for which a well-defined decision-making procedure exists.

DECISION STRUCTURE

INFORMATION CHARACTERISTICS

UNSTRUCTURED

Strategic Management

Executives and Directors

Ad Hoc
Unscheduled
Summarised
Infrequent
Forward Looking
External
Wide Scope

SEMISTRUCTURED

Tactical Management

Business Unit Managers and
Self-Directed Teams

STRUCTURED

Operational Management

Operating Managers and Self-Directed Teams

Perspecified
Scheduled
Detailed
Frequent
Historical
Internal
Narrow Focus

Example

- Strategic
 - Supermarket, a country wide chain of stores wants to increase its profit.
 - The board of directors discusses how to best achieve this.
 - They decide they will start to run a café shop and include bakery shops in their stores.
 - This is a big departure from their usual business. It's a strategic decision.

Example

- Tactical
 - The directors instruct the tactical managers to implement the decision.
 - The personnel manager advertises for staff to be employed.
 - The publicity manager plans a TV & newspaper campaign to advertise the change.
 - The facilities manager puts out tenders for the construction work needed.

Example

- Operational
 - The builders arrive at a local supermarket.
 - The supermarket manager instructs staff to reorganize shelving to allow the construction of the café shop.
 - The manager chooses and arranges training for staff who will be working at the café shop.