



Victoria Management School

MMMS 511 / MGMT 401

MANAGERIAL DECISION PROCESSES

Trimester 1 2006

COURSE OUTLINE

CONTACT DETAILS

Course Coordinator

Associate Professor Vicky Mabin PhD, FORS
Rutherford House, RH 911
Email: vicky.mabin@vuw.ac.nz
Phone: 463 5140
Fax: 463 5253

If you have any queries, you are welcome to contact me. If I'm not in my office, I suggest you send me an email. Or you may email or phone ahead to arrange a time.

Administration Assistant

Tricia Lapham
Rutherford House RH 919
Phone: 463 5381
Email: tricia.lapham@vuw.ac.nz

CLASS TIMES AND ROOM NUMBERS

The class will meet weekly on **Fridays** from **9.30 – 12.20**, in **RH LT3**.

COURSE OBJECTIVES

Making decisions is a fundamental managerial task. Becoming a good decision maker is like becoming a good athlete: you need to examine the process of decision-making systematically, decide on better processes, and practise those improved methods. This course critically examines alternative approaches to managerial decision-making, allowing you to develop insights and understanding about the nature of decision making, and common errors associated with each part. We will explore a range of models to help you better understand, and improve, your own decision-making processes.

Specifically, the course has several objectives:

- Understand the variety of ways in which decisions are and can be made
- Understand the roles of intuition and analysis in decision making
- Exploring ways of approaching a range of typical business decision problems
- Improving your competence in structuring decision problems using models
- Developing analytical skills in data handling and interpretation
- Understand the role and impact of risk, uncertainty, ambiguity, preferences, judgement
- Developing familiarity with typical decision trade-offs and evaluation techniques
- Familiarising you with the use of computer-aided methods in decision making
- Developing your own ability to devise robust strategies and make balanced decisions.

COURSE CONTENT

Session content will vary, including discussion of problematic situations and how they may be approached, using lectures, class discussions, exercises, games and computer demonstrations. A schedule of topics considered in the course is attached and includes the dates on which they will be covered in class. Session outlines will be provided at least one week in advance. Optional tutorials/computer workshops can be arranged if desired.

This course will require approximately 8 - 10 hours per week, in addition to class time to complete the readings and assignments. However this is only a guide: the readings and assignments usually take longer than expected, and unexpected problems may occur, so you are advised to start applying the methods early to facilitate the on-time completion of assignments.

READINGS

Readings and cases will be made available at least a week in advance. Most sessions will draw on published literature as well as real cases - where possible, New Zealand examples. Several books are drawn on, and while not required texts, you may prefer to have access to these books at the appropriate times in the course. Copies of selected chapters and published articles, as well as lecture notes and other class materials, will be handed out in class.

In particular, I recommend:

Winning Decisions	JE Russo and PJH Schoemaker	Piatkus, 2003
OR: Decision Traps	by same authors	Fireside, 1989
Judgement in Managerial Decision-Making	- M Bazerman	Wiley, 1998 (4 th edn)
** The Goal (2nd Rev Edn)	- EM Goldratt and J Cox	North River Press 1992
** It's Not Luck	- E M Goldratt	North River Press 1994
** Critical Chain	- E M Goldratt	North River Press 1997
Analytical Decision Making	- D Targett	Pitman, 1996
Insight.xla Business Analysis Software for MS Excel	- S Savage	Duxbury Press 1998

** available from VMS. The remainder are available from Victoria Book Centre.

MATERIALS AND EQUIPMENT

Access to a computer is expected, as all assignments should be typed, printed and bound/stapled, and some set work will need you to use spreadsheet or specialist computer software.

ASSESSMENT REQUIREMENTS

The course will be assessed as follows:

Assignment 1: Framing and reframing	25 %
Assignment 2: Application of TOC	30 %
Assignment 3: Applying one or more other methods	30 %
Class participation and course review	15 %
Total	100 %

The assignments are designed to allow you to develop your understanding of the methods explored in class, by applying them to real life problems. In each case, you will need to demonstrate a thorough understanding of the theoretical underpinnings of the method(s), as well as demonstrating its/their application to a real problem. You will be expected to draw on your own experience or contacts when choosing a problem to use to demonstrate the application of the technique.

All but one assignment must be completed by individual students and must be their own work. Assignment 2 may be undertaken as a group project, with one main project report per group, each student in the group receiving the same grade.

Course Contributions and Assignments

1. Assignment 1 Framing and Reframing assignment – due Friday 24 March

Length Guide: 10 pages (see note on length guidelines below)

2. Assignment 2 Application of TOC – due Friday 5 May

Length Guide: 15 pages (see note on length guidelines below)

3. Assignment 3 Application of MCDA or other analytical tool covered in Weeks 7 – 11 – due Friday 26 May

Length Guide: 15 pages (see length guidelines)

4. Contributions to Class Discussion and Course Review

As is the case with most post-graduate courses, course members will have plenty to learn from each other as well as the teaching staff, and thoughtful contributions are welcomed in class. Please read materials/case studies prior to the class, and attempt to analyze the problem situation, the method being explored, and integrate those with your own experiences, so that you can gain a better grasp of the material covered in class, and make a valuable contribution to the discussion.

The course review is due with Assignment 3, and comprises your reflections on the course, the component parts and interrelations between them.

MANDATORY COURSE REQUIREMENTS

To meet Mandatory Course Requirements, you must

- Submit all assignments by their due dates or within approved extensions;
- Obtain at least 30% on each assignment;
- Attend at least 9/12 classes.

The overall pass mark is 50% of the total marks available.

- A student who fails one of the mandatory requirements will have their course mark calculated in the usual way. Students who fail to satisfy the mandatory requirements for this course but who obtain 50% or more overall, will be awarded a "K" grade.
- Standard fail grades (D or E) will be awarded when the student's overall course mark falls below the minimum pass mark, whether or not the mandatory course requirements have been satisfied.
For example, a student who obtains an overall course mark of 35 and does not fulfil one or more of the mandatory course requirements will be given an E grade.
- Notice of Failure to meet Mandatory Requirements (a) – (c) will be posted on Blackboard or on the Mezzanine Floor Notice-board. Students will be expected to check both places for notification.

Individual Work

While Victoria graduate programmes encourage group discussions, there are important elements in the assessment process that are strictly individual. Collaboration on individual assignments is not allowed beyond general discussion as to how one might interpret the nature of the assignment question. Please do not work together to formulate a response and do not loan out your completed assignments.

Handing in Assignments

Assignments should be submitted, in hard copy form in class by the due time on the due date. Assignments received after that time will be deemed to be late, and must be handed to the lecturer concerned or to Tricia Lapham, the Management Administration Assistant, RH 919.

All Hand-Ins should have: a Cover Sheet stating your name, the course name, assignment name and number, a word count and due date. You should also put page numbers on each page, and use in-text referencing and include a list of references at the end.

Students must prepare two copies of each hand-in and keep the second copy for their own reference. Students must also keep an electronic copy of their work.

Referencing

There are many different styles of referencing and the Faculty of Commerce & Administration at VUW has decided to make APA (American Psychological Association) referencing style the common standard across the Faculty. The Commerce and Central Libraries hold the APA Style Guide. You can also access the information from the online VUW library site (<http://www.vuw.ac.nz/library/resources/virtualref.shtml#style>).

PENALTIES

Penalties for lateness

In keeping with standards of professionalism appropriate to a Masters/Honours degree, it is expected that deadlines will be honoured. In fairness to students who complete work on time, work submitted after the deadline will be subject to a penalty of 5% of the total marks available per day of lateness. Assignments more than 7 days late will not be accepted. A "zero" mark will be applied. In the event of unusual, unforeseen circumstances (e.g., serious illness, family bereavement), students should discuss waiver of the penalty with the course co-ordinator as soon as possible, prior to the deadline date. When calculating the late penalty, Saturdays, Sundays and public holidays are included when counting the number of days that an assignment is late.

Length Guidelines

Word limits or length guidelines are given for each assignment. The length or word guides suggested are designed to incorporate a succinct statement of the problem situation; a brief description of the method(s) being applied; the demonstration of the application, including diagrams or tables; discussion of the findings, conclusion and recommendations; reflections/critique of the usefulness of the approach; and a full list of references and source material. You may allow additional pages for title pages, and appendices as appropriate. A style of writing suitable for business reports is normally required, though for the first assignment, you may wish to adopt a more personal style. Significant departures from an economical style, word limits, or inattention to spelling, grammar, punctuation, formatting, ... will reduce the marks awarded to the report by up to 10% of the original mark.

COMMUNICATION OF ADDITIONAL INFORMATION

An MMMS511/MGMT401 email distribution list and Blackboard will be used for additional information, and students are advised to ensure that the Course Coordinator has an up-to-date student email address. Important notices and exam timetables are posted on Blackboard. Students must ensure they check Blackboard and their student email accounts regularly for important notices.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student Administration Office

The Student Administration Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the office on (04) 463 5376.

Easterfield (EA) - FCA/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce & Administration and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office is available for the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- FCA Student Administration forms (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

Check with the Student Administration Office for opening times (04) 463 5376.

GENERAL UNIVERSITY POLICIES AND STATUTES

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

Student Conduct and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at: www.vuw.ac.nz/policy/StudentConduct.

The policy on Staff Conduct can be found on the VUW website at: www.vuw.ac.nz/policy/StaffConduct.

Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website:

www.vuw.ac.nz/policy/AcademicGrievances.

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is **prohibited** at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.

Plagiarism is not worth the risk.

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct (www.vuw.ac.nz/policy/studentconduct) and may be penalized severely.

Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

Find out more about plagiarism and how to avoid it, on the University's website at:

www.vuw.ac.nz/home/studying/plagiarism.html.

Students with Disabilities

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: disability@vuw.ac.nz. The name of your School's Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

Student Support

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Co-ordinator, or Associate Dean

who will either help you directly or put you in contact with someone who can.

The Student Services Group is also available to provide a variety of support and services. Find out more at www.vuw.ac.nz/st_services/ or email student-services@vuw.ac.nz.

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email education@vuwsa.org.nz.

Manaaki Pihipihinga Maori and Pacific Mentoring programme (Faculties of Humanities and Social sciences and Commerce and Administration).

What:

- ⊞ Academic Mentoring for Maori and Pacific students studying at all levels in the above faculties. Weekly sessions for an hour with a mentor to go over assignments and any questions from tutorials or lectures. Registered students can use the faculty's study rooms and computer suite at any time at Kelburn and Pipitea,
- ⊞ Mature student and Post grad network.

If you would like to register as a mentor or mentee please contact the coordinator.

Melissa Dunlop
Programme Coordinator
Room 109 D
14 Kelburn Parade: back courtyard
Ph: (04) 463 6015
Email: Maori-Pacific-Mentoring@vuw.ac.nz

Please Note: A mentoring room will also be running at Pipitea Campus starting January. Please contact the Programme Coordinator for details.

COURSE SCHEDULE

Week 1 • Introduction to Problem Solving and Decision Making

This session introduces the course, learning objectives, and assignments. The first part of the course covers generic issues and methods, while after the break, the methods become more problem specific. Today we look at how people typically make decisions, some common shortcuts, traps we fall into, plus some models that have been proposed to describe the decision making process.

Week 2 • Framing the Problem

Russo and Schoemaker argue that the way we frame a problem determines critical elements of the problem and hence the solutions derived, yet framing is usually inadequately understood/performed. They provide a frame analysis worksheet which we will use to explore the impacts of frames on likely outcomes. In particular we focus on making explicit the features of a frame, such as the boundaries, values, objectives and performance measures, that often remain implicit, yet are crucial determinants of the quality of the 'solution' to the problem.

Week 3 • Setting the Direction for Improvement – Theory of Constraints

Goldratt's book, *The Goal*, describes a common problematic situation, and how the hero, Alex Rogo, resolves the mess with guidance from Jonah. We will start looking at the Theory of Constraints: starting with Goldratt's 'process of ongoing improvement'. We will discuss how this fits in with the previous week's framing concepts.

Week 4 • Taking a Systems View - TOC Thinking Processes Part I

Goldratt's Thinking Processes framework provides a useful analytical approach to problem structuring, solution and implementation that uses the decision maker(s)'s intuition in developing a systems view with appropriate levels of detail at each stage of the decision making process. In this session we will start our study of the TP tools with those that use 'necessary condition' thinking. We will use the Evaporating Cloud method to explore and resolve conflicts, dilemmas and tradeoffs.

Week 5 • Taking a Systems View - TOC Thinking Processes Part II

One of the key aspects of a frame is the boundaries it imposes: taking a systems view is important. However there is also a need to use the appropriate level of detail. In this session we will explore the tools that use 'sufficient cause' or cause-effect thinking.

Week 6 • Mid-course Review and Integration and Preview of Second Half

To round off the first part of the course, we will review the frameworks covered so far, and explore how they may be used together, for example to address the upcoming group assignment.

Week 7 • Dealing with Variability

Variability is an unavoidable part of our lives, and its effects are often underestimated. In this session we will explore the effects of variability and present some ways of using simulation models to evaluate the effects of variability in a range of situations.

Week 8 • Project Management

Many activities we undertake are one-off activities or projects, the management of which present special challenges. Moreover, current management practices are using 'project' management increasingly often. This session we will look at issues inherent in project management and some strategies for managing them.

Week 9 • Incorporating Multiple Criteria when making Choices

Sometimes choices are problematic because many criteria are considered to be important in making the choice, but no one alternative performs well on all criteria. Multi-criteria decision analysis provides a framework that helps managers decide between alternatives in such complex situations.

Week 10 • Product Mix Decisions using TOC and Linear Programming

Many decisions revolve around the best use of scarce resources, for example the (implicit or explicit) choice of product mix to make best use of production resources. TOC has a simple rule of thumb to help. In addition, optimisation tools can provide invaluable aids for such decisions, using the speed of the computer to aid decision making in well-structured problem situations.

Week 11 • Dealing with Risk and Uncertainty

Sometimes choices between alternative actions are made problematic by the uncertainty surrounding the outcomes that may result from each action. Prospect Theory provides an explanation of how we often deal with such situations. Decision Analysis provides an analytical framework for structuring and resolving such problems. Decision Analysis can also be used to structure and analyse sequences of decisions that commonly occur in real life problems.

Week 12 • Review and Integration

In reviewing the course, we will explore linkages and synergies between the methods described, and the benefits of taking a multi-perspective approach in order to arrive at robust strategies and well-balanced decisions.