



Victoria Management School

**MMMS 511 / MGMT 401**

## **MANAGERIAL DECISION PROCESSES**

Trimester One 2007

### **COURSE OUTLINE**

#### **Contact Details**

##### **COURSE COORDINATOR**

**Associate Professor Vicky Mabin PhD FORS**

Room: RH 911, Rutherford House

Phone: 463 5140

Fax: 463 5253

Email: [Vicky.Mabin@vuw.ac.nz](mailto:Vicky.Mabin@vuw.ac.nz)

Website: [www.vuw.ac.nz/vms](http://www.vuw.ac.nz/vms)

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**

**Patricia Lapham**

Room: RH 919, Rutherford House

Phone: 463 5381

Email: [patricia.lapham@vuw.ac.nz](mailto:patricia.lapham@vuw.ac.nz)

##### **Class Times and Room Numbers**

The class will meet weekly on **Tuesdays** from **9.30 – 12.20**, in **RWW 129**.

##### **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.

**Programme and Course-related Learning Objectives relating to VUW's Generic Graduate Attributes**

This course will provide students opportunity:

➤ to develop oral, written, visual and IT-related **communication skills**

- Summarise complex information in writing and/or orally;
- Interpret an author's position as expressed in their writing, and explain that position;
- Present an extended argument coherently and with clear and accurate expression;
- Concisely present key ideas, conveying the meaning clearly to a reader, viewer or listener; and
- Establish and maintain audience interest.

- through active participation in class discussion

- through the development and presentation of oral and written reports, using narrative, rhetoric, logic-based, diagrammatic, and other schema as forms of presentation

➤ to develop **creative and critical thinking skills**

- Analyse and evaluate information, claims, ideas, problems or questions;
- Summarise an argument, the assumptions it makes, and determine to what extent that argument and its assumptions are valid in a given context;
- Develop an argument in response to a problem or question;
- Synthesise information from different sources in a way which identifies similarities and differences.
- Argument and its assumptions are valid in a given context;

- through exposure to methods designed specifically to improve creative thinking skills, and exercises and assignments designed to practise these skills

- through exercises and assignments that require analysis, evaluation, interpretation and synthesis

- through exercises and assignments requiring the generation of creative ideas to solve problems

- through debate and classroom discussion

- through case studies based on real situations where these skills can be applied

➤ to develop **leadership skills**:

- Work well with others;
- Engage in constructive discourse, both within and without the academic environment;
- Understand and accept social and civic responsibilities;
- Manage time effectively;
- Be a good listener and ask open-ended questions to clarify others' ideas; and
- Show initiative and responsibility in the learning environment.

- through structuring independent study, choosing own examples for assignments

- through facilitation of and participation in group discussions or activities

- through development of skills in several DM techniques to more carefully diagnose problematic situations, analyse causes and develop action plans to help lead and implement change.

## 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. Computer workshops will be arranged as appropriate.

### Expected Workload

This course will require approximately 12-16 hours per week during term time and 48 hours outside of term. This is what we expect you to devote to classes, readings, worked examples 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 enable the on-time completion of assignments.

### Group Work

While the course has a component of group work, there are important elements in the assessment process that are strictly individual. You will be expected and encouraged to work in groups on in-class exercises and on the group project; however other reports must be your own work. Your attention is drawn to the University's policy on Academic Integrity and Plagiarism, and the need to provide a signed declaration with your assignment (see Annex A).

## 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:

<b>Winning Decisions</b>	<b>JE Russo and PJH Schoemaker</b>	Piatkus, 2003
<b>OR: Decision Traps</b>	<b>by same authors</b>	Fireside, 1989
<b>Judgment in Managerial Decision Making</b>	<b>- M Bazerman</b>	Wiley, 1998 (4 <sup>th</sup> edn)
<b>** The Goal (2<sup>nd</sup> Rev Edn)</b>	<b>- EM Goldratt and J Cox</b>	North River Press 1992
<b>** It's Not Luck</b>	<b>- E M Goldratt</b>	North River Press 1994
<b>** Critical Chain</b>	<b>- E M Goldratt</b>	North River Press 1997
<b>Thinking for a Change</b>	<b>- L Scheinkopf</b>	APICS/St Lucie Press, 1999
<b>Analytical Decision Making</b>	<b>- D Targett</b>	Pitman, 1996
<b>Insight.xla Business Analysis Software for MS Excel</b>	<b>- S Savage</b>	Duxbury Press 1998

\*\* available from VMS. All are available in VUW Library and most are also available at 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 which will be available on SCS computers and/or for download onto PCs.

## ASSESSMENT REQUIREMENTS

The course will be assessed as follows:

Assignment 1: Framing and reframing	25 %
Assignment 2: Application of TOC	30 %
Assignment 3: Multi-framing exercise	35 %
Class participation	10 %
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(s).

All but one assignment must be completed by individual students and must be their own work. Assignment 2 is designed to 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 Tuesday 20 March

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

#### 2. Assignment 2 Application of TOC – due Friday 4 May

Length Guide: 15-20 pages (see note on length guidelines below)

#### 3. Assignment 3 Application and integration of DM approaches – due Friday 1 June

Length Guide: 20 pages (see length guidelines)

#### 4. Contributions to Class Discussion

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 analyse the problem situation, and understand 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.

### Handing in Assignments

Assignments should be submitted, in hard copy form by the due date to the lecturer. 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, or to 10<sup>th</sup> Floor VMS Reception staff.

All Hand-Ins should have: a Cover Sheet stating your name, the course name, assignment name and number, a word count and due date, with a signed declaration regarding freedom from plagiarism (See Annex A). Please 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 archived, as back-up for the rare occasion when work goes astray.

### 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/research/reference/referencingguides.aspx>

## MANDATORY COURSE REQUIREMENTS

To meet Mandatory Course Requirements, you must

- a. Submit all assignments by their due dates or within approved extensions;
- b. Obtain at least 30% on each assignment;
- c. Attend at least 10/12 classes.

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

## GRADING GUIDELINES

The following broad indicative characterisations of grade will apply in grading assignments and the exam:

A+	excellent performance in all respects at this level
A	excellent performance in almost all respects at this level
A-	excellent performance in many respects at this level
B+	very good, some aspects excellent
B, B-	good but not excellent performance at this level
C+, C	work satisfactory overall but inadequate in some respects
D	poor performance overall, some aspects adequate
E	well below the required standard
K	failure to achieve mandatory course requirements and have achieved at least an average "C" over all the assessment. Note this is a failing grade.

- 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.

## 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.

## Class attendance

In the event of unusual, unforeseen circumstances (e.g., serious illness, family bereavement) that prevent attendance, students should see the course co-ordinator as soon as possible, with a medical certificate or equivalent evidence.

## Length Guidelines

Word limits or length guidelines are given for each assignment. The length or word guides suggested are designed to incorporate an executive summary, 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 cover/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, etc will reduce the marks awarded to the report by up to 10% of the original mark.

## **COMMUNICATION and ADMINISTRATION**

Information on course-related matters will be announced at class and posted on the **Blackboard** website at <http://blackboard.vuw.ac.nz/>. It will be crucial for you to regularly check Blackboard for messages, announcements and materials.

### **Email Contact**

Students wishing to contact staff by email should adhere to the following instructions: Include the **Course Code**, your **Name**, and a sensible **Subject** header.

All students should use their VUW SCS email account and ID. Otherwise, email may be classified as Spam and dumped without being read. All emails with attachments will be dumped, unless requested by staff.

### **Faculty of Commerce and Administration Offices**

#### Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services 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 Student and Academic Services Office on (04) 463 5376.

#### Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education 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.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

### **General University Policies and Statutes**

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar or go to [www.vuw.ac.nz/policy](http://www.vuw.ac.nz/policy).

For information on the following topics, go to the Faculty's website [www.vuw.ac.nz/fca](http://www.vuw.ac.nz/fca) under Important Information for Students:

- Academic Grievances
- Academic Integrity and Plagiarism
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

### **Manaaki Pihipihinga Programme**

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email [manaaki-pihipihinga-programme@vuw.ac.nz](mailto:manaaki-pihipihinga-programme@vuw.ac.nz) or phone (04) 463 5233 ext. 8977. To contact the Pacific Support Coordinator, email [pacific-support-coord@vuw.ac.nz](mailto:pacific-support-coord@vuw.ac.nz) or phone (04) 463 5842.

**ANNEX A**

**VICTORIA UNIVERSITY OF WELLINGTON**  
*Te Whare Wānanga o te Ūpoko o te Ika a Māui*



**Victoria Management School**

**MGMT 401 / MMMS 511 Assignment Cover Sheet**

Name: \_\_\_\_\_ Student ID: \_\_\_\_\_

Date Due: \_\_\_\_\_

Date Submitted: \_\_\_\_\_

*I have read and understood the university policy on Academic Integrity and Plagiarism.  
I declare this assignment is free from plagiarism.*

Signed: \_\_\_\_\_

Extension of the due date (*if applicable*)

**Please attach a copy of the note authorising your extension.**

Date extension applied for: \_\_\_\_\_

Extension granted until: \_\_\_\_\_

Extension granted by: \_\_\_\_\_

## ***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, and how they may be used to map out the relevant influences, consequences, and conditions of the problem symptoms.

### **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.

## **Easter Break**



**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 • 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 9 • Dealing with Multiple Conflicting Criteria**

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 (MCDA) provides a framework that helps managers decide between alternatives in such complex situations.

**Week 10 • Allocating Resources**

In every organisation, the allocation of scarce resources is a key strategic decision that affects organisational performance. MCDA can be used to assist with resource allocation decisions between competing projects, as can other methods. For example, TOC has a simple rule of thumb to help the (implicit or explicit) choice of product mix to make best use of production resources; optimisation tools can provide valuable aids for such decisions, using the speed of the computer to aid decision making in well-structured problem situations; TOC's PRT can be used to work out what needs to be done.

**Week 11 • Applications and Extensions**

This week we will continue with the models from previous weeks, and discuss the applications, implications, and integration of the above methods.

**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.