

# Decision Making Skills

- Purpose of this course:
  1. Build your analytical skills
  2. Build your capabilities to take decisions
  3. Understand various issues affecting an organization-Environmental issues; Functional issues
  4. This course would use what you have learnt in the past 3 semesters plus this semester-it will utilize your theoretical knowledge in real life business situations (Cases)

# The course

- The course is designed to serve the needs of business organizations today.
- Business organizations today are facing rapidly changing environments –e.g.-RIM's BlackBerry; Retail in India, etc.
- Business policy making has become a more formal ,rather than ad-hoc process.
- Emphasis has shifted to integration of functional areas in a rapidly changing environment : need for a powerful way of thinking to resolve strategic issues (long term issues)
- Students doing this course would have completed a set of core functional area courses, so that they can integrate their knowledge in solving broad-based cases.

- Main method used in this course: Case Studies
- Cases would be such that they contain elements of various specializations, i.e. Marketing, HR, finance, etc.
- Your final paper will contain one or two case studies.

# The Case Study Method of teaching at Post Graduate Level

# What is a case study ?

- A description of a real life or simulated business situation
- It normally presents a 'problem' and a need to take a decision to solve the problem
- Eg: The Kingfisher Airlines case: why did the company face the financial difficulties? ; how can the company come out of these problems?

# Some Rules

- There are usually no 'right' or 'wrong' answers: there are however, 'good', 'bad' and 'stupid' answers .
- One major example of Stupid answers is: a mere repetition of the case
- Basic answers such as : 'offer customer satisfaction'; 'good quality'; 'reduce prices'; 'fight competition' : would not earn high marks unless quality is really one of the main reasons and student demonstrates *how* quality should be improved.

# Good answers versus Bad answers

- However, in the case of Kingfisher Airlines, giving a recommendation to “demand for a government bail-out” should be marked less than recommendations which are more *proactive*: e.g.: cost cutting; redefining routes which the airlines will operate on; organization structure change; refocusing on what the ‘Kingfisher flying experience’ is: Kingfisher Red competes with Kingfisher—this way, you would be solving the issues which have caused Kingfisher its problems.
- How well the student ‘justifies’ his/her recommendation is important

# Problems versus Symptoms

- Fix the problems not the symptoms
- *Examples:*
- A company is facing high level of absenteeism.
- A company is losing market share
- A company is facing shortage of working capital
- By finding the problem behind the symptom, can accurate decisions be taken.

The case 'problem'	<i>Fixing the symptom:</i>	<i>Fixing the Problem:</i>
Increasing absenteeism	Make attendance necessary; reduce allowable leaves (CLs)	Improve motivation levels (how ..- restructuring jobs)
Losing Market share	Gain back market share through sales promotion; price cuts	Customer needs have changed: new product features are needed (innovation needed)
Lack of adequate working capital  (WC = CA-CL)	Borrow ; keep cash reserves	Creditors not paying on time; surplus inventory (cash locked)

# A Case

- A business hotel , ABC Hotels is a budget business hotel ,enjoys occupancy of 70% during most of the year, which as per industry standards is very high.
- In March, occupancy rates even touch 80%.
- Coincidentally, in March , a cricket match is scheduled in the same city as the hotel.
- The cricket event managing team approaches the hotel with a proposition: to allow members of cricket teams & managers of the cricket association to stay with group booking discount for of 10% for 10 days;
- in return of which the event management team will give promotion worth Rs. 1,00,000 free to the hotel.

- The hotel has 300 rooms
- The hotel charges: Rs. 4000 per night/room
- Cricket event management is asking for group booking of 90 rooms @ room charge discount of 10% for 10 days in March for which a promise of free promotion of the hotel worth Rs. 1,00,000 is offered.
- *Question: Should the hotel accept the proposal ? (see next slide for more details)*
- Groups are given 15 mins to come up with a solution.