COURSE OBJECTIVES:

The objective of this course is to help you become a better decision maker. When asked about their ability to make decisions, previous students express concerns and several said they lacked self-confidence in making decisions. Others indicated that the process of making decisions is may be painful, especially if one has to make an important decision. This may stem from the deliberation process one goes through that may be stressful. Yet others added that at times they second-guess their decisions and some acknowledged that they suffer from regret when a decision they have made led to an undesired outcome. A few mentioned that having gone through such a process made them indecisive and unclear about how to go about making decisions.

While the above concerns are described with regard to personal and business decisions, similar concerns are often voiced even by more experienced managers whose work requires making many business decisions. Making decisions at work may be easier when one can solicit the help of his or her colleagues but at the same time the consequences may loom even larger when making decisions at work rather than when making personal decisions. This course takes a systematic approach to improve your decision-making skills. The course is organized around two major themes: (1) a distinction in decision-making between descriptive, normative and prescriptive aspects, and (2) a distinction between intuitive and systematic decision-making.

I. Descriptive, normative and prescriptive aspects

Descriptive aspects: This aspect examines how do we make judgments and predictions about the world (such as how successful a certain start-up is going to be)? How do we learn and how we update our beliefs based on new information? How do we make decisions based on these judgments? How do we deal with risk? All these questions are descriptive and we will attempt to describe the actual way people behave in dealing with those aspects. It appears that while people may be consistent in forming judgments and making decisions, their decisions are not always as wise as they can be.

Normative aspects: How should we act in a given decision situation? In what way should our decisions be structured and constrained so that we eventually make decisions
in a consistent manner? We will devote considerable time in class to compare the “should” (normative analysis) with the “do” (descriptive aspect). The normative aspect often refers to the question of rational decision-making, that is, how we should act if we wish to behave rationally. Suppose you find a difference between the descriptive and normative aspects of decision behavior, what can one do to “correct” their behavior? This is the topic of the next section.

Prescriptive aspects: How can you improve your decision-making? The emphasis here is on prescription, similar to the way a doctor writes a prescription to improve someone’s physical condition when their behavior (descriptive) does not conform to what it ought to be (normative). In this course we will develop a framework that will help you understand your own decision behavior and will allow you to improve and generate options from which to choose the best alternatives.

II. Intuitive vs. systematic decision-making

We often describe someone’s decision behavior as “intuitive” because we cannot explain her/his behavior in a causal sequential manner. For example, a doctor who makes a diagnosis of a patient in 10 seconds is not comprehensible to the naive observer. We classify a decision as intuitive if it is fast and appears to be non-explainable. On the other hand, systematic decision mode is often perceived as slow and algorithmic type of a structured process.

In this course we will examine the perspective that intuition is knowledge based and may have required a long practice until it becomes fast and appears to be intuitive to an observer.

III. Course format: a workshop

Since we will be meeting for 3 full Sundays, the course will take the form of a workshop, which means that we will engage in several exercises and analyze cases in groups with the goal of learning from ourselves as well as from the other students in the class. To that end there will be 2 electronic surveys prior to class; one that will request you to respond to a variety of questions, the second will be a stock price competition with prizes for the two best performers for whom the total deviation between their predictions and actual prices will be minimal. Please complete these 2 surveys by the time specified in the e-mail message that will be sent to you.
COURSE REQUIREMENTS

Attendance Policy

It is imperative that you attend all class sessions. Missing a class, and the first class in particular for anything other than a family or medical emergency will substantially reduce this component of your grade. If you must miss a class due to an emergency, please notify me before the class session you will be missing. Partial attendance at a class session or showing up unprepared for a class will be treated as an absence.

1. Class Participation (25% of your grade). You are expected to attend all class sessions since live discussion is essential for learning the class material. Students are expected to participate in all class discussions. Participation includes full preparation for class and for exercises. If you will be absent (only under exceptional circumstances) or unprepared, I should be notified in advance. There are reading assignments for each class and in class exercises in all class sessions. Class participation includes:

   * Quality of class Participation. Active discussion is a very important part of the learning process in the course and is also part of what will make the course interesting for you and your fellow students. You will be evaluated on the quality of your contributions and insights. Quality comments possess one or more of the following properties:

   - Offer a different and unique, but relevant, perspective
   - Contribute to moving the discussion and analysis forward
   - Build on other students' comments
   - Transcend the "I feel" syndrome. (That is, they include some evidence, argumentation, or recognition and demonstrate some reflective thinking.)
   - Provide a real life example of a course concept

*Cold Calls. I will cold call, that is, call students to answer questions without prior notification. To make sure that you are not surprised, prepare for all the classes. Trying to respond as if you have read the case and the articles while you have not done so will definitely not look good.

*Create a home page (See instructions in the Appendix).

2. Home assignments (45% of your grade). There will be three home assignments. All assignments should be submitted electronically via Blackboard (BB).

3. Group paper (30% of your grade). The paper should analyze a current or previous work experience or a newspaper or a magazine article that illustrates one or more principles that were covered in the course. If the source is a personal experience; provide a brief description of the situation (two pages maximum in addition to the analysis). The paper should analyze
the case and describe its relevance to material that was covered in the course. The paper should be both descriptive (Why did the decision maker behave as they did in the specific situation) as well as prescriptive (How could they have acted better?). Groups should consist of 4 persons. In analyzing the problem you need to chose a model.

The paper will be graded according to (1) whether the insights generated from your analysis are based on the course concepts (integration); (2) the relevance of the analysis conclusion to the decision makers involved in the case (relevance); and (3) the originality and depth of your analysis and prescriptions (originality).

Texts:  

Readings:  
1. Cases and readings from the Harvard Business School (HBS)*
2. Web (source specified, download from Bobst library). Links will be provided. They work easily from campus, but you have to set a link to Bobst to Be able to download out of campus. This will save you the money of permission and duplication in a reading packet (*Bobst*).
3. Articles and cases posted on Blackboard (*BB*).