

Decision Making in Business

- Understanding Economic Principles Behind Business Choices
- Presented by: [Bechiri Imane]

What Is Business Decision Making?

- Definition: Choosing among alternatives to achieve business goals
- Why It Matters: Improves efficiency and competitiveness
- Example: Outsourcing production to reduce costs

Types of Business Decisions

- Strategic: Long-term, e.g., entering a new market
- Tactical: Medium-term, e.g., adjusting pricing strategy
- Operational: Daily operations, e.g., staff scheduling

Steps in the Decision-Making Process

- 1. Identify the problem
- 2. Gather information
- 3. Develop alternatives
- 4. Evaluate alternatives
- 5. Choose the best option
- 6. Implement the decision
- 7. Review the results

Economic Principles in Decision Making

- Opportunity Cost: What is given up when choosing another option
- Supply & Demand: Affects pricing and output decisions
- Cost-Benefit Analysis: Compare advantages and disadvantages
- Marginal Analysis: Benefit or cost of one more unit

Internal vs. External Influences

- Internal: Goals, resources, culture
- External: Market conditions, laws, competition
- Example: A company avoids automation due to union contracts

Tools for Better Decision Making

- SWOT Analysis: Strengths, Weaknesses, Opportunities, Threats
- PESTLE: Political, Economic, Social, Technological, Legal, Environmental
- Break-Even Analysis: Units needed to cover costs
- Decision Trees: Visual outcomes
- Forecasting: Predicting trends

Case Study Example

- Tech startup considers subscription model
- Alternatives: Launch, delay, or partner
- Decision: Pilot launch in one region
- Outcome: Successful rollout

Common Decision-Making Mistakes

- Overconfidence Bias
- Groupthink
- Anchoring
- Sunk Cost Fallacy
- Example: Continuing a bad project due to previous investment

Role of Technology in Decision Making

- DSS: Analyzing data
- AI: Predicting customer behavior
- Dashboards: Real-time visualization
- Example: Retail chain uses AI for inventory management

Summary

- Decisions should be structured and insightful
- Use economic principles to guide choices
- Leverage tools and tech
- Always evaluate results