Today’s Session

• What
  – Make decisions
  – Overview of how we think
  – Cognitive heuristics (shortcuts, rules of thumb)
  – Team decision making and leadership

• Why
  – Build awareness of heuristics or “rules of thumb” that make us really efficient and effective at processing information and making decisions
  – “Conscious” or mindful decision makers
  – Improve individual and team decision making
Your Decisions

• Pre-session survey
• Carter racing
  – In your groups, make a collective decision to race or not race
  – Race time
  – Additional information

Novus Pharmaceuticals

• You are one of several VPs of a company called Novus Pharmaceuticals
  – Sr. VPs of Sales & Marketing, HR, Ops, R&D, Finance
• Purpose
  – Recommend a firm to acquire
• Process
  – Review information, make recommendation and tell me why
  – Hand in all materials to me (you can take notes on separate sheet of paper)
  – Meet with group to reach consensus decision
Carter Racing

• Justifications for …

Racing

Not Racing

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Rational Decision Making

• Steps in the rational decision model
  – Clearly identify problem
  – Clearly identify criteria for successful solution
  – Identify options
  – Evaluate options in light of criteria for success
  – Select outcome that maximizes criteria
Rational Decision Making

- Problems with the model
  - Probabilities and all alternatives are not known
  - Values (preferences) may be unclear or in conflict
  - Perceived rationality may become a “rationalization”

The Realities of Decision Making

- Bounded Rationality
- Personal Constraints/Maintain self-concept
- Organizational Context/Leader says I think, the thinking stops