

- Kenneth Brown is facing three alternatives with two possible outcomes—a favorable or an unfavorable market—for those alternatives. In no less than three pages, describe and justify the decision-making steps Brown may perform in his case. What decision would you make?


Be sure to provide research to support your ideas. Use APA style, and cite and reference your sources to avoid plagiarism.

### Problems

Q•3-17 Kenneth Brown is the principal owner of Brown Oil, Inc. After quitting his university teaching job, Ken has been able to increase his annual salary by a factor of over 100. At the present time, Ken is forced to consider purchasing some more equipment for Brown Oil because of competition. His alternatives are shown in the following table:

EQUIPMENT	FAVORABLE	UNFAVORABLE
	MARKET	MARKET
	(\$)	(\$)
Sub 100	300,000	-200,000
Oiler J	250,000	-100,000
Texan	75,000	-18,000

For example, if Ken purchases a Sub 100 and if there is a favorable market, he will realize a profit of \$300,000. On the other hand, if the market is

ans the problem may be solved with Excel QM; and  means the problem may be

unfavorable, Ken will suffer a loss of \$200,000. But Ken has always been a very optimistic decision maker.

- What type of decision is Ken facing?
- What decision criterion should he use?
- What alternative is best?