Team Assignment 1: Decision Traps in Business

By Steven Coy ©2018

Introduction:

This assignment will require you to connect the concepts of decision biases and decision traps to business. As decision makers, we routinely face situations in which either we or others we work with fall into these traps. One of the keys to making better decisions is to recognize a decision trap before we make the decision and employ a strategy that will allow us to circumvent or mitigate it. When a poor decision is made as a result of a decision trap, it is important to be able to analyze the organizational and environmental dynamics that influenced the decision maker. Once the dysfunctional attributes are identified, a strategy for preventing future occurrences or mitigating the effects of these mistakes is much easier to devise.

In this assignment, you will write a case study of a firm that fell into a decision trap. Your source for this case study will be either from personal experience as a business professional or from the news media. This assignment has a specific structure that you are required to follow. This structure is described in the Requirements section below.

Learning Objectives:

At the end of the exercise, students will be able to

- Describe how decision makers fall into decision traps.
- Analyze how dysfunctional decisions are made in business organizations.
- Create graphics to illustrate the major elements of the decision process.
- Identify effective strategies to prevent or mitigate the effects of dysfunctional decision making.

Preparation:

Complete all of the reading assignments included in Learning Modules 1 and 2 including Hidden Traps in Decision Making by Hammond, Keeney and Raiffa. Review material on decision diagramming.

Requirements:

Choose a decision trap from your Hidden Traps reading. Then, find an example of the trap from your professional experience (primary source) or the news media (secondary source). If you write a primary sourced case, you must obtain written approval from the people involved before proceeding (emails are fine). If you write a secondary sourced case, the most recent events must have occurred within the last three years. Once you have identified your subject decision event, which exhibits your chosen decision trap, you will then analyze the decision event using the steps outlined in the Analysis section below. Finally, in the Discussion section, you will suggest steps that the firm could have taken to avoid the decision trap, and you will identify steps that the firm should take to prevent future occurrences of this error.

Title Page

The title page must include the title of the paper and names of each student on the team.

Introduction

In this section, you will briefly introduce the objective of the paper, discuss your research methodology (e.g., personal interviews for primary sourced studies and periodicals/websites etc. for secondary sourced studies), define the decision trap that you will study in the paper in your own words, identify the firm that you will use in the Analysis section, provide a brief overview of this firm, and outline how the paper is organized.

Analysis

- Describe the events leading up to the decision (antecedents), the decision itself, and the outcomes of the decision in detail. Then create a timeline of events that show the recent decision, antecedents to the decision, and the outcomes of the decision. Describe the major elements of the timeline in your narrative. See the Decision Diagramming video for examples. [1]
- Identify the decision maker and the key organizational and environmental forces that influenced the decision maker. Add as much detail as possible including names of stakeholders, competitors, facts and figures, etc.
- Describe the decision making environment, impact of policy and procedures on the decision, availability of information, and the degree of bounded rationality of the decision maker. Use the assigned readings and videos from Weeks 1 and 2 as references for this analysis.
- Create an influence diagram that illustrates how the various forces and antecedent events interacted and influenced the decision. Describe the major elements of the diagram in your narrative.
- Discuss how the decision fits the trap as defined in the Introduction. Use the influence diagram and timeline that you created to support your argument.

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[1]It is very important that you view the Decision Diagramming video before beginning the assignment. In the video, I model escalating commitment to a failed course of action, which is closely related to the sunk cost trap. The example includes a timeline, a decision tree, and an influence diagram. In the video, I demonstrate how you can represent biases (internal and external) and other elements of the decision traps in the influence diagrams (ID). These techniques are extensions of the standard ID model.