

Risk takes a part of decision making

Articulate Problem

To make a good decision, the company need to calculate and manage the attendant risks.(Buchanan and Connell,2006) But to calculate and manage risk requires information and predictions for the future, and in the MGMT class, we use a simulation company. The gap between simulation and reality is often the doubt and controversy of our team.

Analysis of the Problem

As in the fourth week of the group's meeting, we discuss the future pre-sales of products, market share, retailer marginal revenue and branding costs. The main core revolves around two aspects. The first one is the report provided by mikebike. The other is that the difference between mikebike and reality will affect our judgment on the future. This will often make our decision to be conservative but at this stage is the best time to develop. For instance, the bike shop distribution in the real world, if a company give the support more than others, the bike shop highly likely to push up the company's product, so it would be waste to keep the small amount money to support the bike shop. however, it's arguable that in the simulation the number you have put in the support section, you always get a feedback from the bike shop.

Formulation and testing of a tentative theory to explain the problem:

Based on the understanding of computer technology, there is generally an output in an algorithm if have an input. Based on the understanding of computer technology, there is usually an input in an algorithm. So we make decisions to maximize the benefits we might have on this premise, although this may make us spend more time. , energy and money. why not use personal mode? Because the variables are different, if they are different, the consequences will be too great. If the risk cannot be calculated, don't make the decision easily.

Action

This week, we use a more conservative approach to ensure the development of the best to determine whether the conjecture is true. If it is different from the real world, then our interests will be maximized. If they are the same, then the future decisions will be more full and correct.

Buchanan, L., & O Connell, A. (2006). A brief history of decision making. *Harvard business review*, 84(1), 32.