MGT 571 Managerial Metrics & Decision Making
Fall 2019

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Office: BA 305

Course Description:

This course is an examination of the conceptual and practical aspects of managerial decision making. Emphasis is placed upon ethical grounding and business metrics as the appropriate driving forces in operational and financial decisions. Barriers to effective decision making are explored and strategies to improve the quality and sustainability of decisions are presented. Experiential learning is facilitated through self-assessments and decision making exercises. Case studies are employed to demonstrate typical managerial decision making in production and service industries.

Course Texts:


Note: Other course materials are embedded or linked within the weekly modules of the course.

Learning Outcomes: The learner who successfully completes this course will be able to competently

1. Relate the basic process of Evidence-Driven Decision Making
2. Recognize the psychological pitfalls that are barriers to effective decision making
3. Employ ethical frameworks to facilitate sustainable decisions
4. Identify and characterize operational and financial metrics commonly employed in managerial decision making
5. Apply knowledge of decision making “best practices” to situations that arise in organizations.

Course Assignments & Grading

There will be a Mid-term and a Final Exam. Both exams will be comprised of 10 essay questions worth 10 points each. The exams are available on-line and are timed.

There will be eight (8) cases to read and provide written responses to questions at the end of the case. Each case is worth 20 points.

There will be one Self-Assessment worth 20 points. This is a survey instrument to help you recognize and assess your preferred decision making style.

There will be one Reflection Paper worth 20 points. This is a short essay of 8 to 10 pages in length. The topic will relate to one or more of the learning outcomes of the course.
Total points available:

<table>
<thead>
<tr>
<th>Points</th>
<th>Assignment</th>
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<tbody>
<tr>
<td>160</td>
<td>Cases (8)</td>
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<tr>
<td>20</td>
<td>Self-Assessment</td>
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<td>20</td>
<td>Reflection Paper</td>
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<tr>
<td>100</td>
<td>Mid-Term Exam</td>
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<td>100</td>
<td>Final Exam</td>
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<td>400</td>
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Letter grade determination:

<table>
<thead>
<tr>
<th>Grade Range</th>
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<tbody>
<tr>
<td>360 - 400</td>
<td>A</td>
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<td>320 - 359</td>
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<td>280 - 319</td>
<td>C</td>
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<td>Below 280</td>
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Course Content & Schedule

The weekly course content and assignments are planned as described below. Please note that content and schedule is subject to change at the discretion of the instructor.

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
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<tbody>
<tr>
<td>26 Aug</td>
<td>Introduction to Managerial Metrics and Decision Making</td>
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<tr>
<td></td>
<td>Review of the course syllabus and student Q&amp;A</td>
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<tr>
<td></td>
<td>Course content Introduction - - Management, Metrics &amp; Decision Making</td>
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<td>Metrics and Why They Are Important in Managerial Decision Making</td>
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<td>Managing Financial Performance</td>
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<td>Managing Operations</td>
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<td>Business Forecasting</td>
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<td>Types of Managerial Decisions</td>
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<td>Programmed &amp; Non-programmed Decisions</td>
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<td>Proactive &amp; Reactive Decisions</td>
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<td>Intuitive &amp; Systematic Decisions</td>
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<td>Intuition &amp; Experience vs. Data Driven Decision Making</td>
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<td>The 7 Basic Approaches to Managerial Decision Making</td>
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<td></td>
<td>Why Good Managers Sometimes Make Bad Decisions</td>
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<td></td>
<td>Summing Up</td>
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<td>Case 1: Setting the Major Performance Metrics for the Year.</td>
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<td>02 Sep</td>
<td>Systems Theory and Contingency Variables in Decision Making</td>
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<td>Classical, Behavioral &amp; Management Science approaches</td>
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<td></td>
<td>Understanding Systems Theory in organizations &amp; operations</td>
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<td></td>
<td>Identifying &amp; Accounting for Contingency Variables</td>
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<td>The Vroom-Jago Normative Decision Model</td>
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</table>
The Uncertainty Problem - - Dealing with the Unknowns & Risk
Summing Up
Case 2: Accounting for Contingency Variables and Uncertainty

09 Sep  Ethical Standards and Common Pitfalls of Group Decision Making
An overview of business ethics
Stakeholder relationships and social responsibility
Emerging business ethics issues
Laws that encourage ethical decision making
Overview of 5 ethical standards in common practice
Habits of strong ethical leaders
Bias and the motivational / emotional Influences on decision making
Human Foibles - - Overcoming common pitfalls of group decision making
Summing Up
Case 3: Applying Ethical Standards in Dealing with Personnel Issues

16 Sep  A Structured Approach to Evidence-Driven Decision Making – Part I
Overview of the Process
Deciding How the Decision Will be Made
Establishing the context for Success
Framing – clearly defining the problem / situation / opportunity
Information Gathering & Analysis
Identification of the Alternatives
Summing Up
Assignment: A self-assessment

23 Sep  A Structured Approach to Evidence-Driven Decision Making – Part II
Evaluation of the Alternatives – Pros and Cons
Risk Identification, Evaluation & Response Planning
Qualifying & Ranking the Viable Alternatives
Selecting of the “best “course of action
Planning & Allocating Resources
Communicating the Decision Among the Stakeholders
Implementing the Decision
Monitoring Implementation Effectiveness & Adjusting as Required
Summing Up

30 Sep  Objectives, Key Results and Business Metrics for Performance Management
The Role of Business Objectives in the Management of a Firm
Managerial Metrics
Financial vs. Managerial Accounting for Decision Making
Corporate vs. Business Unit Metrics & Decision Making
The Annual Operating Plan (AOP)
   Elements of the Plan (Bookings, Sales, Backlog, Cost Centers, Profits, etc.)
   Sales and Profit Forecasting
   The AOP as a Financial Controls Tool
Summing Up
07 Oct  Revenue & Expense Methods, Metrics & Decisions
   Revenue Recognition Decisions
      Sales basis, WIP, Milestones,
      Percent complete method, completed contract,
      cost recovery, accrual, etc.
   Profit and Cash Flow Recognition Decisions
   Cost Centers – Cost Classification and Assignment Decisions
      Fixed vs. variable cost
      Direct, Indirect & Allocated cost
      Product and Period cost
      Out of Pocket and Sunk cost
      Incremental and Opportunity cost
      Imputed cost
   Budgeting Decisions
      Operational Budgeting
      Financial Budgeting
      Capital Budgeting
   Summing Up
   Case 4: Managing Costs to Align With Business Objectives

14 Oct  Mid-term Exam

21 Oct  Typical Marketing, B&P, R&D Decisions
   4Ps of Marketing – Product, Price, Place (Distribution) & Promotion
   Marketing Objectives & Strategies
   Product & Market Scope, Segments & Targets, etc.
   Data Driven Marketing Decisions
   B&P Decisions for Project Oriented Businesses
   Gate Reviews and Expenditure Decisions
   R&D Decisions for Product Oriented Companies
   Summing Up
   Case 5: Building the Annual Operating Plan

28 Oct  Typical Product Design, and Service Decisions
   Reading the trends & preferences - - research and analysis
   Assessing product strategy options
   Product /Service design - - features & benefits
   Deciding on a value proposition
   Making the tradeoff decisions
   Legal, ethical and environmental issues affecting product decisions
   Life cycle considerations
   Standardization, Robustness, modularity and degree of “newness”
   Accounting for cultural differences / preferences
   Summing Up
   Case 6: The Boeing 737-MAX Decision
04 Nov  Typical Production Operations Decisions

- Process design - - Selecting a transformation system
- Capacity and location planning decisions
- Supply chain decisions
- Inventory management decisions

Principles of Cost-Volume-Profit Analysis
Decisions Based Upon Variance Analysis and Performance Evaluation
Measuring & Analyzing Cost Variance
Measuring & Analyzing Schedule Variance
Quality Metrics & Control
Summing Up
Case 7: “A Day in the Life of an Executive Decision Maker”

11 Nov  Pricing Decisions

- Pricing Models (History, standard cost, “Similar to”, Parametric, etc.)
- Work Breakdown Structure, Basis of Estimate (BOE) & Price Build-up
- Forward Pricing (Direct Labor, Material, ODC, Fringe, Overheads, G&A)
- Bid Factors for Allocated Cost
- Price-volume relationships / Learning Curves
- Make vs. Buy Decisions
- Time & Material and Over & Above Rates
Summing Up

18 Nov  Cash Flow and Working Capital Decisions

- Deliveries, Progress Payments, Performance Milestones
- Commitments and Disbursement
- Working Capital Cycle - Managing inventories, accounts receivable & payable, and cash

Capital Investment Decisions
- The Capital Budgeting Process
- Accounting Rate of Return (ARR)
- Average Accounting Return (AAR)
- Payback Period
- Time value of money & cost of capital decisions
- Profitability index
- Internal Rate of return
Summing Up
Case 8: “A Day in the Life of an Executive Decision Maker”

25 Nov  Improving Your Managerial Decision Making Processes - - Part 1

- Analytics, Models and Decision Support Systems
- Inquiry vs. Advocacy
- A Checklist for Asking the Right Questions
- Conquering a Culture of Indecision
Summing Up
02 Dec Improving Your Managerial Decision Making Processes - Part 2
- Cross-functional decision teams and boards
- The Role of Constructive Conflict
- Reading “red flags” to Avoid Catastrophe
- Learning from failures & “near-misses"
- Using feedback & re-do loops
- Summing Up
- Assignment: A Reflection Paper

09 Dec Final Exam

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