Unit Outline*

MGMT8617
Decision Making & Business Judgement

MBA Trimester 2, 2011
Crawley

Professor Malcolm Richmond

Business School
www.business.uwa.edu.au

* This Unit Outline should be read in conjunction with the Business School Unit Outline Supplement available on the Current Students web site http://www.business.uwa.edu.au/students
UNIT DESCRIPTION

Introduction

No Leader underestimates how good judgement and good leadership are intertwined. I was struck by this prescient article; an interview with General Petraeus from “Fortune” magazine.

Question: ‘How do you identify which officers are going to make the best leaders?’
Answer: “There has to be a foundational level of just sheer physical fitness. As we say sometimes, soldiering is still an outdoor sport. There is a certain degree of mental toughness. There’s obviously integrity. There is sheer professional expertise – technical and tactical competence. But what then starts, I think, to separate the future stars from the rest of the pack are some other qualities. And now you’re getting into judgement, just hugely important.”

To put the matter more bluntly, nothing is more essential to a business leader’s success than sound business judgement. It is not easily taught – it is not a discipline, it is not just intelligence, or knowledge (although these help) it includes imagination, analytical rigour, self discipline and also years of experience.

Unit content

The unit is about decision making and judgement at senior levels in the firm – not just by individuals but also teams, executive and investment committees and Boards. Specifically, it will consider the following:

- Making major decisions usually follows a reasonably formal process that is well recognised. It is both rigorous and analytical and seeks closure – the early lectures cover the theory and how to apply it.
- Later lectures deal with institutional decision making; the approaches directors and executives generally adopt in coming to grips with strategic decisions, how they prepare for the “decisions that really matter” and how they work as a collegiate in doing so. The “intellectual glue” that holds these potentially disparate players together is the firm’s mission or storyline. The lectures spend some time considering this issue.
- An outline of the types of mistakes (often behavioural) that have led to poor decisions and, in some cases, corporate failures.

This is a very challenging unit, designed for those students seeking to make a significant improvement to their leadership capability and potential. It is assumed that the size of the class would be smaller, appealing largely to those students already in reasonably senior positions and who have almost completed their course and seeking direct, intensive teaching of an increasingly important component of their own role at work.
The goal of the unit

Students will already (implicitly) have covered judgement and decision making in various disciplines (marketing, finance, etc), they have already undertaken, however, understandably, little time is spent in coming to grips with the nature of the decision making process itself – particularly those of considerable complexity (and where statistical tools are less relevant) due to the unique aspects of such decisions. This unit remedies these omissions and attempts to raise the importance of judgement in a student’s awareness as to how he/she might attempt to assess a particular problem.

The prime goal of this unit is, thus, to create a firm foundation for students to develop their quality of business judgment and decision making, even in situations of considerable complexity and where facts may well be ambiguous. This will remain, of course, a lifelong mission for those who consciously strive to become business leaders.

This unit’s secondary goal is to provide a useful, practical supporting narrative, offering the student a good understanding of how directors and senior executives generally approach decision making at a strategic level, thereby providing a useful backdrop for students to judge their own performance.

Thirdly, to provide students with a good grounding in the theory of decision making.

Learning outcomes

On completion of this unit the student should be more comfortable in making individually or participating in, complex decisions that affect his/her organization.

Educational principles and graduate attributes

In this unit, you will be encouraged to develop the ability to form critical judgements as part of a small group or “Board”. In fact, in the key (final) project, students will take the role of a company director (with the lecturer as CEO). The role of “director” demands, inter alia, the student to master a complex set of Board papers and sustain incisive questioning (at a “Board meeting”) about a major new investment the firm is considering. The Board papers and investment proposal are authentic. Students will be asked to outline whether the company should proceed with the investment under review, and if so, under what conditions.

TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning strategies

The course will demand a high degree of participation by students, in presentations (eg “Decision Scrap book”), in discussions and through involvement in the skill-building exercises. Additional subject material will be provided by the lecturer during the seminars. Most lectures will involve experiential exercises to reinforce the teaching material and to give students the opportunity to develop their judgement skills. Students will be required to submit written work as part of these exercises.

Please note that in order to gain the maximum value from the practical exercises, the classes on some days may extend beyond the scheduled finishing time.
The approach to learning which underpins the structure of this unit is shown in the following diagram:

<table>
<thead>
<tr>
<th>Resources</th>
<th>Processes</th>
<th>Learning</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>other students' experiences</td>
<td>feedback</td>
<td>identification of own approach</td>
<td>Good Business Judgement</td>
</tr>
<tr>
<td>(particularly Decision Scrap book)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>own experiences (work, role plays etc)</td>
<td>reflection</td>
<td></td>
<td></td>
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<tr>
<td>research (principles of good practice</td>
<td>reading</td>
<td>understanding</td>
<td></td>
</tr>
<tr>
<td></td>
<td>lectures &amp;</td>
<td></td>
<td>A good grasp of underlying</td>
</tr>
<tr>
<td></td>
<td>discussion</td>
<td></td>
<td>theory</td>
</tr>
<tr>
<td></td>
<td>(Case Study)</td>
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**Teaching and learning evaluation**

You may be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Students' Unit Reflective Feedback (SURF). The SPOT is optional and is an evaluation of the lecturer and the unit. The SURF is completed online and is a university wide survey and deals only with the unit. You will receive an email from the SURF office inviting you to complete the SURF when it is activated. We encourage you to complete the forms as your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate.

**Attendance**

Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process, therefore it is important that you attend classes. More formally, the University regulations state that ‘to complete a course or unit students shall attend prescribed classes, lectures, seminars and tutorials’. Where a student, due to exceptional circumstances, is unable to attend a scheduled class, they are required to obtain prior approval of the unit coordinator to be absent from that class. Any student absent from class without having had such absence approved by the unit coordinator may be referred to the faculty for advice and may be required to withdraw from the unit.
CONTACT DETAILS

We strongly advise students to regularly access their student email accounts. Important information regarding the unit is often communicated by email and will not be automatically forwarded to private email addresses.

<table>
<thead>
<tr>
<th>Unit coordinator/lecturer</th>
<th>Lecturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
<td>Professor Malcolm Richmond</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:Malcolm.Richmond@uwa.edu.au">Malcolm.Richmond@uwa.edu.au</a></td>
</tr>
<tr>
<td>Phone:</td>
<td>(08) 6488 7993/2741</td>
</tr>
<tr>
<td>Consultation hours:</td>
<td>By appointment – This unit is challenging and I will make myself available when needed.</td>
</tr>
<tr>
<td>Lecture times:</td>
<td>Tuesdays, 6-9 pm</td>
</tr>
<tr>
<td>Lecture venue:</td>
<td>BUSN: 2:42 (UWA Business School)</td>
</tr>
</tbody>
</table>

Lecturer

Professor Malcolm Richmond has a long and distinguished business career – largely with the international minerals industry, with a career spanning 30 years with Rio Tinto Ltd (many years of which at senior positions), for example Vice President Strategy and Acquisitions, MD of Research and Development and Executive Director of Hamersley Iron. Malcolm has been (and remains) a Director of many companies and organizations. His major interests include strategy and decision making in complex and uncertain environments – particularly where technological risk is a major factor.

TEXTBOOK(S) AND RESOURCES

Unit website

http://www.webct.uwa.edu.au

Recommended/required text(s)

"Judgement", Tichy, N.M. and Bennis, W.G.; Portfolio Books; 2007
"Why Smart Executives Fail and What You Can Learn from their Mistakes", Finkelstein, S.; Portfolio/Penguin.
"Who Says Elephants Can't Dance?", Gerstner, L.V.; Harper Business
(Strongly recommends the Gerstner book be read before commencing the unit).

Additional resources and reading material

"Franklin Delano Roosevelt : Champion of Freedom", Black, C.; Public Affairs.
"The Smartest Guys in the Room", McLean, B.; Penguin
"Wharton on Making Decisions", Hoch, S.J; John Wiley & Sons
UNIT SCHEDULE

<table>
<thead>
<tr>
<th>Week #</th>
<th>Lecture</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>Intro and L1 – 17 May</td>
<td>(a) Introduction: Aims of the Unit (b) L1 – Discussion On Judgement &amp; Decision Making In The Firm; Particularly Strategic Decisions</td>
</tr>
<tr>
<td>2</td>
<td>L2 - 24 May</td>
<td>Strategic Decision Making: A Look at the Basics</td>
</tr>
</tbody>
</table>
| 3      | L3 – 31 May | • Worked (case study)  
  • Selected Cases                                                               |
| 4      | L4 – 7 June | Leadership and the Centrality of Business Judgement                   |
| 6      | L6 – 21 June | Shaping Decisions about Growth and Innovation in Large Firms Attachments 1 & 2 |
| 7      | L7 – 28 June | Problem framing, Models and Psychological traps in Decision Making   |
| 8      | L8 – 5 July | Judgement and Decision Making Within the Firm (Part 1)               |
| 9      | L9 – 12 July | Judgement and Decision Making Within the Firm (Part 2)  
  • Attachment – HI Case Study                                                 |
| 10     | L10 – 19 July | Case Study/Major Essay – “The Board” Questions the MD                |
| 11     | L11 – 26 July | Structuring the Board for Better Decisions  
  • Attachment – Corporate Governance                                           |
| 12     | L12 – 02 August | Questions at the Board Table                                         |

Exam week | Review of Submission

ASSESSMENT MECHANISM

The purpose of assessment

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work provides you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.
Assessment mechanism summary

The unit will involve a series of assessment methods, including: Class participation and the development of a major project. Prior to undertaking this unit students should have completed Stage 1 of the MBA, and have a reasonable grasp of both financial and strategic analysis.

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight/Component</th>
<th>Submission</th>
<th>Due Date</th>
</tr>
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<tbody>
<tr>
<td>Class participation (including two “scrap book” presentations)</td>
<td>60%</td>
<td>20% Class Participation</td>
<td>Uniprint</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15% “Scrapbook No. 1”</td>
<td>Uniprint</td>
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<tr>
<td></td>
<td></td>
<td>25% “Scrapbook No. 2”</td>
<td>Uniprint</td>
</tr>
<tr>
<td>Major Project</td>
<td>40%</td>
<td>Uniprint</td>
<td>Second last week of term</td>
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</table>

Supplementary exams are not available in this unit.

Note 1: Results may be subject to scaling and standardisation under faculty policy and are not necessarily the sum of the component parts.

Note 2: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning outcomes as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the unit.

Assessment components

Major Project/Presentation

The major project, together with its formal presentation later in the Trimester, is an opportunity for you to demonstrate a down-to-earth understanding of the strategic and behavioural aspects of decision making. It builds upon the coursework presented but extends your analysis into detailed “real world” situations. The project takes you into your role as a company director of “ABC Limited” in coming to terms with a major project.

The project for your analysis is large and complex (a technically risky $US 600m investment). The papers are actual Board papers directors regularly receive. You are required to provide a formal answer – should the firm proceed with the project? Why? Why not? What concerns do you have from your viewpoint as a company director? The answer will draw upon the student’s understanding of business judgement and the ability to absorb large amounts of information – much of which he/she will have little direct experience in.

Length: Not more than 2,500 words (with latitude for graphs and appendices)
Submission: Lecture 11 (Week Commencing 25 July 2011).
Assessment criteria

a) **Major Project:**
Your project will be assessed according to the following criteria:
(i) to what extent does the analysis and discussion in the assignment show that the student has both successfully mastered the constructs and ideas raised in the lecture room together with the approaches outlined in the required reading. (ii) to what extent does the assignment reach clear practical conclusions that are relevant in terms of the issues outlined in the “Board Papers” students are given as part of the exercise.

b) **Class participation**
Class sizes will be reasonably small and so considerable interaction is both feasible and desirable (much like a Board meeting). Students will be assessed in terms of the quality of responses to the key issues of the lecture. This will include their ability to take discussions into new imaginative and useful lines of the argument. A good understanding of the recommended texts and pre-reading of Lecture Notes is essential.

c) **Scrap Book**
There will be one (or two if time permits) class presentations. The two scrap book exercises are concerned with a major political, business or warfare related decision. Students need to critique the actual decision made from the viewpoint of the decision maker and the information he/she had available at the time. Students are marked according to how well they understand the forces on their chosen decision maker and the reasons he/she came to the conclusions they did and to point out both the strengths and weaknesses of the process that was followed. Details on the “Scrap Book” presentations are laid out in Lecture 1.

**Final Exam**
There is no final examination for this unit.

**Submission of assignments**
Submit your assignment in an electronic format by going to the Uniprint web site [www.uniprint.uwa.edu.au](http://www.uniprint.uwa.edu.au), then click on “Student Assignments” and follow the instructions.

Please remember to attach an Assignment Cover Sheet to the front of your assignment. You can download and print your Assignment Cover Sheet from the Current Students web page [http://www.business.uwa.edu.au/students/assessments](http://www.business.uwa.edu.au/students/assessments).

**Student Guild**
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Facsimile: (+61 8) 6488 1041
E-mail: enquiries@guild.uwa.edu.au
Website: [http://www.guild.uwa.edu.au](http://www.guild.uwa.edu.au)

**Charter of Student Rights and Responsibilities**
The Charter of Student Rights and Responsibilities outlines the fundamental rights and responsibilities of students who undertake their education at UWA (refer [http://handbooks.uwa.edu.au/undergraduate/poliproc/policies/StudentRights](http://handbooks.uwa.edu.au/undergraduate/poliproc/policies/StudentRights)).

**Appeals against academic assessment**
The University provides the opportunity for students to lodge an appeal against assessment results and/or progress status (refer [http://www.secretariat.uwa.edu.au/home/policies/appeals](http://www.secretariat.uwa.edu.au/home/policies/appeals)).