

StrategyDriven

Business Planning and Execution Series...

Decision- Making



Base Model

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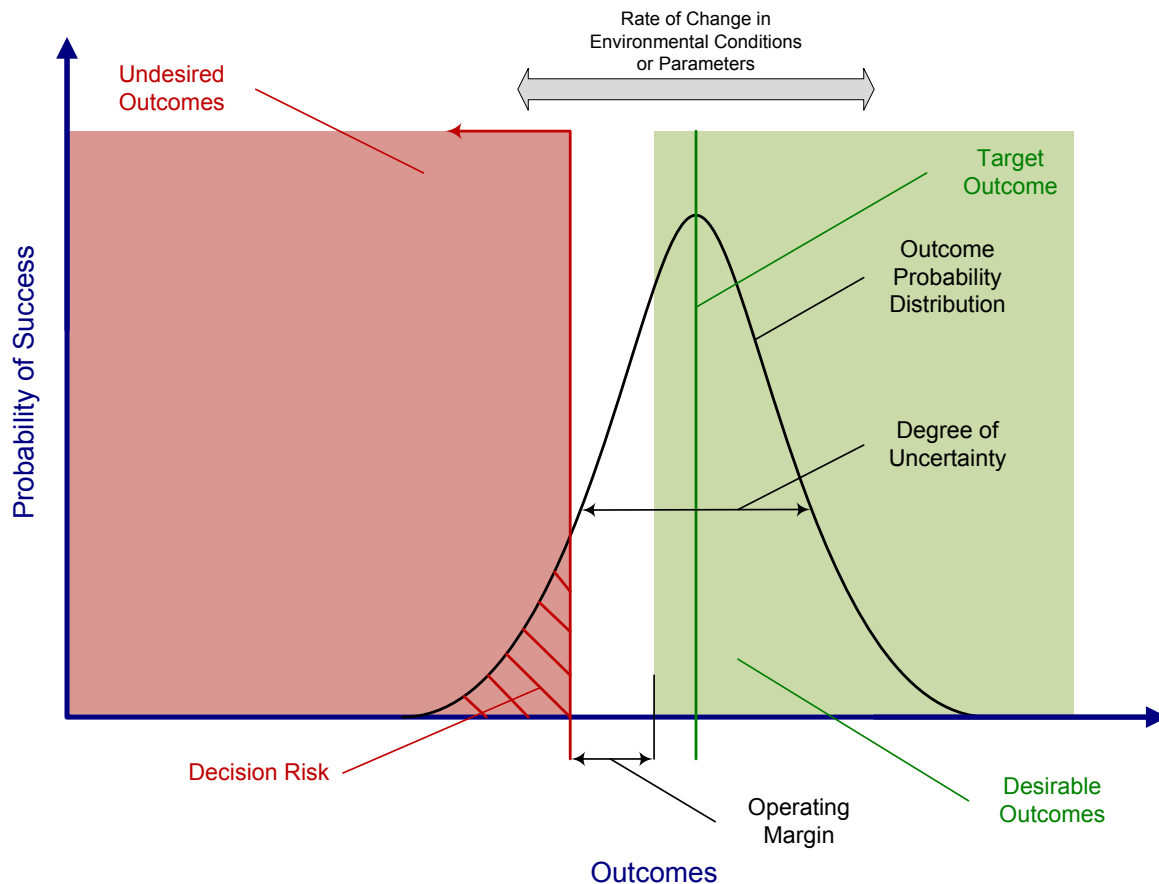
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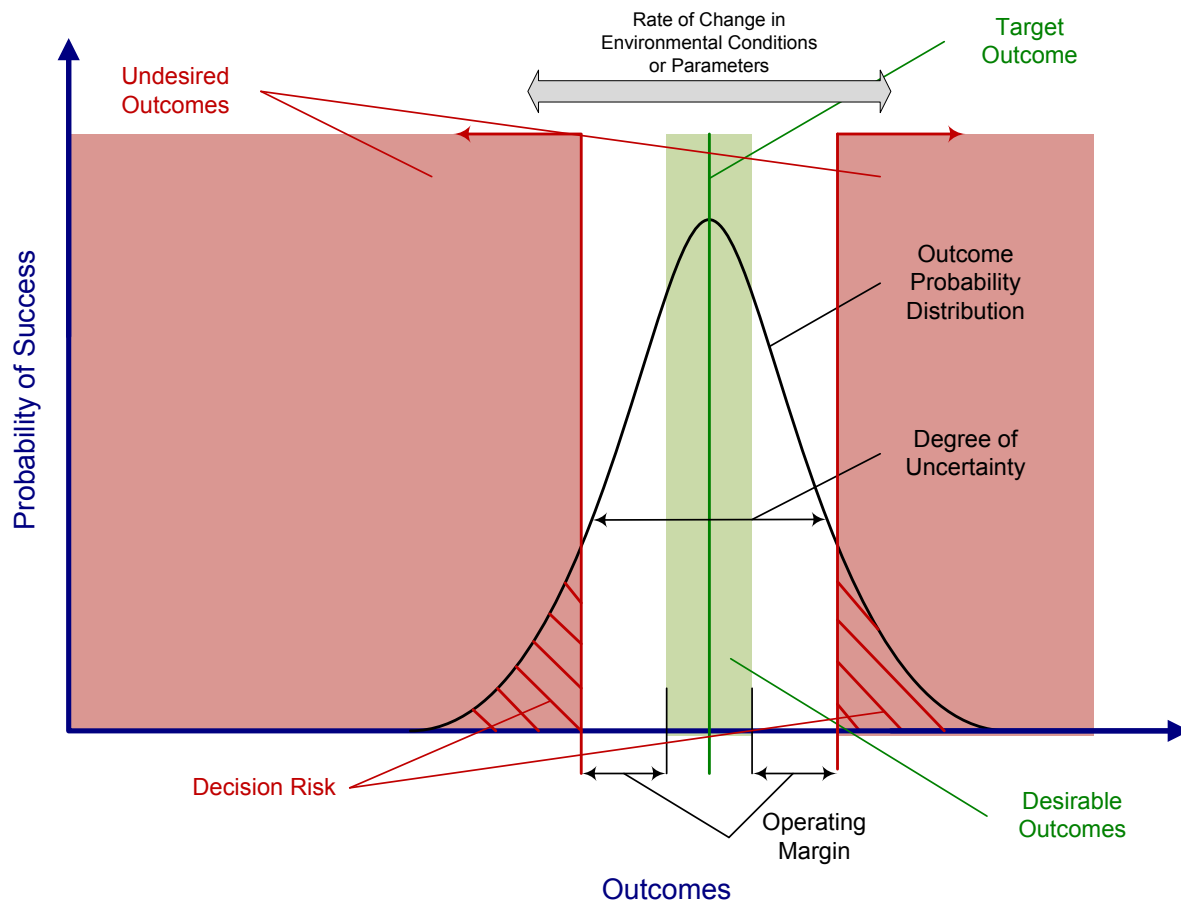
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Hurdle Decisions



Hurdle Decisions represent those with circumstances where decision-makers attempt to achieve an outcome above a defined threshold. In this instance, all outcomes achieved above the threshold are acceptable to the organization or individual and differ only by the magnitude of the value offered. Hurdle decisions are characterized by a single downside.

Window of Opportunity Decisions



Window of Opportunity Decisions represent choices made to achieve outcomes between two ranges of undesirable results. In these cases, there are thresholds above and below the target goal that would yield undesirable results. These decisions are characterized by the existence of two downsides.

Glossary of Terms

- ***Probability of Success:*** Represents the likelihood on a scale of zero to one hundred percent of achieving the desired result.
- ***Outcomes:*** Represents the spectrum of results available from those that are fully undesirable to those that are ultimately desired and every instance in between.
- ***Undesired Outcomes:*** The set of all possible results above or below a defined threshold that would yield undesired consequences to the organization or individual.
- ***Operating Margin:*** Represents the range of outcomes between those that are undesired and those that are desirable within which acceptable but not highly valuable results are realized for the organization or individual.
- ***Desirable Outcomes:*** The range of outcomes that yield a significant value for the organization or individual.
- ***Target Outcome:*** Represents a specific desirable outcome that will yield the highest value for the organization or individual.
- ***Outcome Probability Distribution:*** Typified by a normal distribution curve, this distribution graphically represents the likelihood of achieving various distinct outcomes across the spectrum of all outcomes.
- ***Degree of Uncertainty:*** Mathematically represented it is as the magnitude of the standard deviation of the outcome probability distribution curve, the degree of uncertainty represents the magnitude of improbability to achieving a specific outcome. The greater the degree of uncertainty, the lower the probability of achieving the target outcome. Many factors influence the degree of uncertainty including availability of information, quality of information, and problem definition.

- ***Decision Risk:*** Mathematically equal to the product of the probability of achieving an outcome and the impact of that outcome on the organization or individual. Decision risk is represented graphically by the area under the outcome probability distribution curve for which corresponding outcomes are undesirable.
- ***Rate of Change in Environmental Conditions or Parameters:***
Represents the dynamic changes that occur with the passing of time and influence the likelihood of the decision to achieve targeted results. Environmental condition or parameter changes may either improve or did great the likelihood of achieving desired outcomes. The change rate often dictates the timeframe in which a decision must be made and execute.

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