

**MOR 560 (Section 16693R)**Managerial Judgment and Decision-Making Online, M – W, 5:00 – 6:20PM

Fall 2020

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Office Hours: Before and after class, and by appt

# **Course Overview**

To expect the unexpected shows a thoroughly modern intellect. Oscar Wilde The more things change, the more they remain the same. French Proverb The observer affects the observed. Heisenberg No problem can be solved within the same consciousness that created it. Einstein A problem well-stated (framed) is a problem half-solved. John Dewey

#### **COURSE POSITIONING**

Covid-19, WFH, social isolation, #BLM, #metoo, social justice, corporate diversity-equityinclusion initiatives, immigration policies, globalization-deglobalization-reglobalization, shifts in the balance of world order, domestic and international travel, digital transformation, supply chain threats and no less than the entire reconceptualization of the future of work, the workplace and jobs/careers have all been brought into question in the present and very recent past. This unique confluence of circumstances and events can be characterized as no less than a "mess" (an apt term coined be decision theorist Russell Ackoff) or what has more popularly come to be recognized as "wicked problems".

Without doubt, we have entered into an extreme age of volatility, uncertainty, complexity and ambiguity (VUCA). Institutions, businesses, and our very social order are being disrupted in an ongoing way. In the face of all of this turbulence and unpredictability, our conventional playbooks no longer apply. So much so that even at the level of our very individual decisions to stay at home or go out, to wear a mask or not, to practice spatial distancing or not, must be continually re-evaluated. We are left to wonder, what is one to do? In this radically VUCA-ized world characterized by voluminous yet incomplete information and continuous challenges to source credibility, the role of both rationality and judgment in decision-making become even more significant.

Aside from breathing, there is probably no more ubiquitous human activity than decisionmaking. From the everyday and routine (what to eat for breakfast, following your daily habits) to the unusual and unique (reference the above plus the personal such as purchasing a house, getting married, creating/changing professional direction), decision-making is omnipresent.

As humans, we are literally making thousands of decisions on a daily basis. Some are consequential, many are not. Some operate at the level of our conscious awareness, most do not. Given the pervasiveness of decision-making and its significance in our personal and

professional lives, it is important to better understand the role of intuition, rationality and judgment in our decision process, and to better understand oneself as a decision-maker.

The purposes of this course are to (1) understand the relative importance of intuition and rationality in the formation of our judgments, and (2) enhance our ability to make effective decisions. We will do so by examining contemporary thinking derived from the fields of decision theory, cognitive science, behavioral finance and economics, and organizational behavior.

#### **LEARNING OBJECTIVES:**

By the conclusion of this course, participants will be able to:

- 1. Develop a multi-dimensional personal profile of oneself as a decision-maker (create)
- 2. Formulate well-crafted problem statements (create)
- 3. Analyze decision problem statements for biases and constraints (analyze)
- 4. Select, justify and apply decision tools based upon the nature and type of decision problem (apply)
- 5. Identify (understand) and appraise decision-making pitfalls and traps (evaluate)
- 6. Apply concepts and methods of rationality and judgment to individual and team decisions (apply)

The course is very applied in its orientation. It is structured by <u>themes</u> and <u>applications</u>. The four major organizing themes are:

- 1. The <u>person</u>: attention will be given to who you are as a decision-maker. What factors and experiences shape your approach to decisions and your decision-making style?
- 2. The <u>problem</u>: attention will be given to how you structure problems. How do you formulate and construct problems, and how does this process of formulation and construction fundamentally shape and define the probable solution? How is your perception and identification of problems shaped by both intuition and rationality?
- 3. The <u>process</u>: attention will be given to a variety of tools and methods for decision-making. Which tools/methods/approaches are best suited for different types of problems?
- 4. The <u>pitfalls</u>: attention will be given to the traps and pitfalls inherent in decision-making. What are the cognitive biases and limitations that interfere with our ability to make the most effective decisions?

#### The applications include:

- (1) <u>Individual</u> decision-making: attention will be given to the art and science of individual decision-making. How can we leverage self-knowledge and self-awareness, intuition, and analytical skills and techniques to enhance judgment and decision effectiveness?
- (2) <u>Team</u> decision-making: attention will be given to the process of team decision-making. How does team decision-making differ from that of individuals? What factors contribute to dysfunctional team decision processes, and what contributes to effective team decision processes and outcomes?

# **Course Format**

The course is designed around a series of lecturettes and applied exercises – be they decision cases, judgment situations or decision-making exercises. In a given class session, you can expect any combination of lecture, class discussion, case analysis or experiential activity and/or video. Given the transition to virtual, we will look for opportunities to "flip" the classroom.

Each class session requires advance preparation and active participation. **Some activities** may require that you meet with others outside of class as part of pre-class preparation.

# **Keys to Class Success**

There are four keys to getting the most out of this course:

- <u>Do the readings</u>. Grasp the key concepts of judgment and decision-making. Reflect upon and apply course concepts in your preparation for, and participation in, each class, case or activity. Coming prepared will enhance your learning as well as that of the entire class and, ultimately, your individual and our collective team decision-making effectiveness.
- <u>Design personal learning experiments</u>. Think about your own judgment and decision style and process, as well as your sense of your personal decision-making effectiveness. What works for you? What doesn't? Where do you get yourself in trouble in your personal decision-making process? Design "experiments" to modify your style to enhance your effectiveness. These will be incorporated into your personal selfassessment and developmental action plan.
- Reflect on your decision-making experiences. Draw out the principles that explain your choices and how those are likely to apply (or not) in future decisions.

The bulk of the work is devoted to preparing for, experiencing, and debriefing a variety of decisions and situations.

# **Course Materials**

#### **Texts (required):**

Russo, J.E., & Schoemaker, P.J.H. (2002). *Winning Decisions: Getting It Right the First Time*. New York: Doubleday (ISBN 0749922850, pbk.). [abbreviated R&S below] Generally recognized as the best "how to" make managerial decisions book out there.

Self-Assessment Instruments. A <u>fee (payable either to me or an identified 3<sup>rd</sup>-party) will</u> be required for some instruments

Course Reader. Articles and cases available through HBS Publishing

#### Summary of Course Assignments

Scores and grades for this course are assigned based on completion of, and relative performance on, the following:

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1.	Preparation & Participation	15%
2.	Personal Assessment: Self as Decision Maker	25%
3.	Problem-Solving a Personal / Professional Problem	20%
4.	Case Analyses (two @ 15% each)	30%
5.	Personal Journal	10%
	TOTAL	100%

Details and due dates are described and summarized in the Schedule of Sessions (pgs 7-9).

# **Course Assignments and Grading**

# NOTE: Written requirements MUST BE SUBMITTED BY WAY OF BLACKBOARD NO LATER THAN THE BEGINNING OF CLASS ON THE ASSIGNED DUE DATE

#### 1. Class Preparation and Participation (15%)

Preparation involves completing the assigned readings and preparing assigned cases.

Self Assessment and Goal Statement – due Wednesday, August 19, start of class

Complete a goal statement (< 1 page double-spaced). Include a frank assessment of your decision-making strengths and weaknesses (1 paragraph) and a declaration of a personal goal – what you want to get out of the course (1 paragraph). You may also identify the **3** major difficulties encountered in your past decision-making, and **3** things you would most like to improve about your decision-making.

Participation in class discussions involves **active** participation that **contributes** to the class. Class discussions will be monitored through the chat function in zoom. <u>Active participation</u> means asking questions, answering questions, making observations, commenting on other students' comments, challenging a view, and representing your break-out groups observations and insights. <u>Making a contribution</u> means your comments actually move discussion forward.

#### 2. Learning Experiments and Personal Self-Assessment (25%) – due Sept 28

Successful C-level executives consistently report that the single most important activity contributing to their overall effectiveness is the development of self-insight, and the translation of that into their management and leadership practice. This course represents an opportunity for you to do just that!

**Personal Self-Assessment.** You will receive a cross-section of individualized feedback through a variety of self-assessment instruments. Each instrument is deemed useful in better understanding yourself broadly, but as a decision-maker, specifically. Together, they represent an invaluable tool for personal reflection, building self-awareness and understanding, and advancing your personal development. Assessments will include: Decision Style Inventory, Learning Style Inventory, Risk Profiler, and Rotter Locus of Control. May also draw upon MBTI and SDI (Strength Deployment Inventory).

Learning Experiments. Each participant will design and conduct at least three (3) personal learning experiments intended to improve or enhance your judgment and decision-making skills and/or style. A learning experiment is derived from reflection upon an "as is" condition, where an "as is" condition is linked to "concrete experience" (to be defined and illustrated in class). A learning experiment is based upon an "if – then" hypothesis about behavior and its consequences that is derived from an "as is" condition. It might take the following form: "If I try new behavior (style) X, then outcome Y will happen". Your experiment will be a test of the validity of the hypothesis. The setting for a learning experiment is any situation or activity that presents you with a personally meaningful decision-making/judgment opportunity.

For each experiment, specify the following:

- The purpose or objective of the experiment
- The action or behavior undertaken
- The relevance or personal meaning of the experiment

- An assessment of your effectiveness in executing the experiment
- A statement of the outcome of the experiment
- A statement as to how, if at all, your first learning experiment informed the design and execution of your second learning experiment
- A statement as to how, if at all, your second learning experiment informed the design and execution of your third learning experiment

**The Deliverable**: An integrated assessment of self as decision-maker with a developmental action plan. Briefly address each of the following:

#### PART A - Self-Assessment Instrument Feedback

- Reflect on your self-assessment feedback. Identify and discuss any patterns, relationships, connections.
- How would you characterize yourself as a decision-maker given this feedback?
- What do you now see as your decision-making strengths? Shortcomings?
- How might your style interfere with achieving the outcomes you desire?
- How do you rate your personal effectiveness in making managerial judgments and decisions?

#### **PART B – Learning Experiments**

- Restate (modifying as appropriate) the learning goals you submitted at the second class session.
- Briefly describe each of your three judgment and decision-making learning experiments in terms of its goal, design, implementation, and outcome. Include a statement of your perception of each experiment's effectiveness. Reflect on your experience in the "Judgment in a Crisis" sim – what additional insights did you obtain about yourself as a decision-maker?
- What did you learn?
- How, if at all, have your experiments affected your decision-making style and skills?

# PART C – Personal Development Plan

- Given your self-identified strengths and shortcomings as a decision-maker, and taking into account the experiences and the outcomes of your personal learning experiments, what new learning goal(s) can you formulate for yourself?
- Develop a personal development action plan to address your identified areas for development. Your development plan should be specific and actionable; that is, it should identify specific activities and/or behaviors, milestones, a timeline, and some characterization of how you would assess the outcomes of your plan.

#### 3. Problem-Solving a Personal / Professional Problem (20%) – due Oct 26

Identify a meaningful <u>current</u> personal or professional problem that you are facing. Utilizing appropriate course concepts and tools, <u>frame</u> the problem, gather and analyze appropriate data, identify possible <u>pitfalls</u> and how they can be addressed, generate and evaluate possible <u>alternatives</u>, and formulate a solution/<u>decision</u>. Be sure to appropriately identify relevant tools and concepts, and provide bibliographic references.

#### 4. Two Case Analyses (15% each = 30%) – due start of class of assigned case

Each student will write up a case analysis for <u>two</u> of the three (3) assigned cases. Cases will be evaluated based upon the selection and application of appropriate tools and concepts, as well as the quality of the rationale developed to support your approach, and decision and action recommendations. Assume that I have read and am familiar with the case situation; therefore, do NOT simply reiterate known case information – use case data tactically to support your framing of the problem and your recommendations.

The cases available for write-up and their due dates include the following:

- Shellye Archambeau: Becoming a CEO (A), August 31
- Basic Industries, September 14
- Clayton Industries: Peter Arnell, October 5

A basic case write-up format is provided below. Treat each of these as bold-faced section headers in the form of a sentence as suggested here. Follow each section header using paragraphs and bullets, as appropriate, with the data, rationale, etc that supports the assertion made in the header:

•	The problem(s) that must be addressed is (are) (outline problem)
•	The situation the protagonist/decision-maker is facing is (root issues)
•	The opportunity for the protagonist is, and her/his challenge is
	·
•	To address the problem X is facing, she/he should (recommendations)

#### 5. Personal Journal (10%)

Journaling has been empirically demonstrated to be a powerful tool for self-insight and understanding (Jourard, 1971). Developing the habit of keeping a personal journal will yield life-long personal and professional benefits. When it comes to cognition, Weick has observed, "I don't know what I think until I hear what I say". Journaling is a form of dialogue and conversation with yourself; an opportunity to pause, listen, and hear what you have to say.

Maintain a personal journal that identifies and reflects upon <u>meaningful</u> choice points (Glidewell, 1970; Brooks, 2012, TED, 2013) that arise for you throughout the duration of the course – the anticipated, as well as the unexpected. Take note of precipitating events, your reactions – cognitive and emotional, immediate and delayed, and your choices. Were your choices made through System 1 (fast) or System 2 (slow)? How would you evaluate their effectiveness.

Make at least one journal entry per week every other week for a total of five journal entries. Submit a journal entry at the end of Weeks 3, 5, 7, 9 and 11.

MOR 560 – Managerial Judgment and Decision-Making, Schedule of Sessions, Readings and Deliverables, Spring '13			
Week	Date	Topic / Assignment	Exercise/Deliverable
1	Aug 17	Introduction / Course Overview Alexander, et al (2020), Decision-Making in Uncertain Times (McKinsey) Goel (2009), How Google Decides to Pull the Plug (NY Times)	Sheena Iyengar, The Art of Choosing (TED)  Malcolm Glidewell, Choice, Happiness and Spaghetti Sauce (TED)  Student Info Sheet (Qualtrics Survey)
	Aug 19	Setting the Stage R&S, Introduction: Decision-Making in the Real World R&S, C1: Setting the Course	Case 0: Dave Armstrong – A (not to be used for case write-up) One page Self-Assessment and Goal Statement due
2	Aug 24	Establishing the Decision-Making Context Heifetz, at all (2009), Leadership in a (Permanent) Crisis, HBR Snowden & Boone (2007), A Leader's Framework for Decision-Making, HBR	
	Aug 26	The Person: Who Am I as a Decision-Maker?  Lewin & Stephens (1994), CEO Attitudes as Determinants of Organization Design  Friedman (2020), New Zealand's PM May be the Most Effective Leader on the Planet, The Atlantic  Henley & Roy (2020), Are Female Leaders More Successful at Managing CV-19?, The Guardian  Glick (2020), Masks and Emasculation: Why Some Men Refuse to Take Safety Precautions, Scientific American	Who am I? Exercise The Power Flower
3	Aug 31	Cheng, For Black Professionals, Unrest Lays Bare a Balancing Act at Work, NY Times Goldberg, For Doctors of Color, Microaggressions Are All Too Familiar. NY Times	Chimamanda Ngozi Adichie: The danger of a single story (TED)  Case 1: Shellye Archambeau: Becoming a CEO (A)
	Sep 2	Simon, et al: Making Management Decisions: The Role of Intuition and Emotion  Campbell & Whitehead: How to Test Your Decision-Making Instincts (McKinsey)	Self-Assessment Feedback and Interpretation – I  • Learning Styles Inventory (LSI)  • Risk Attitudes Profiler <a href="http://www.humanmetrics.com/risk-taking/quiz">http://www.humanmetrics.com/risk-taking/quiz</a>
4	Sep 7	HOLIDAY	

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**REVISED AND UPDATED, Sept 7, 2020** 

Week	Date	Topic / Assignment	Exercise/Deliverable
4	Sep 9	R&S, C8: Personal Challenges of Learning Christensen, How Will You Measure Your Life, HBR	Self-Assessment Feedback and Interpretation – II  Rotter Locus of Control (assessment posted to BB)  Values Self-Assessment
5	Sep 14	Who am I as a Decision-Maker: Integrative Discussion	Decision Style Inventory (DSI) Summary: Who am I as a Decision-Maker
	Sep 16	The Problem: What is the Problem? Constructing Frames R&S, C2: The Power of Frames R&S, C3: Creating Winning Frames R&S, Interlude A: Improving Your Options	Framing Lecturette / Discussion  Case 2: Basic Industries
6	Sep 21	Framing and Reframing Garvin & Roberto: What You Don't Know About Making Decisions, HBR Smith: An Intergroup Perspective on Individual Behavior	Reframing Exercise
	Sep 23	Systems Theory and Problem Analysis Laurie Garrett, <i>The Last Word</i> , May 5, 2020 Stein (2020), CV-19 Fallout will Haunt US Economy for Years, <i>WaPo</i> Long (2020), The Next Big Problem for the Economy, <i>WaPo</i>	Mapping Systems
7	Sep 28	Clarifying Problem Statements Carroll (2020), How Will We Know When It's Time to Reopen?, NY Times El-Erian (2020), How Would You Decide to Restart the Economy? Bloomberg	Judgment in a Crisis (Sim)  *** Personal Self-Assessment due ***
	Sep 30	When Values Count Wheeler & Pillemer: Moral Decision-Making: Reason, Emotion and Luck, HBS Urbany, et al: How to Make Values Count in Everyday Decisions, MIT Sloan	Debrief

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**REVISED AND UPDATED, Sept 7, 2020** 

Week	Date	Topic / Assignment	Exercise/Deliverable
8	Oct 5	The Pitfalls: How Do I Get Myself in Trouble? R&S, C4: Avoiding Distortion and Bias Hammond, Keeney & Raiffa: The Hidden Traps in Decision-Making (HBR)	Lecturette / Discussion: Bias in Decision-Making
	Oct 7	The Process: How Do I Decide? Wu, Decision Analysis (HBS) Tingling & Brydon: Is Decision-Based Evidence-Making Necessarily Bad? (MIT)	A Review of Techniques  Case 3: Clayton Industries: Peter Arnell
9	Oct 12	R&S, C5: Intelligence in the Face of Uncertainty R&S, Interlude B: Technologies for Aiding Decisions	A Review of Techniques (cont'd)
	Oct 14	R&S, C6: Choosing: A Pyramid of Approaches R&S, Interlude C: Implementing Your Chosen Option	A Review of Techniques (cont'd)
10	Oct 19	Rogers & Blenko: Who has the D? (MIT)	Back Bay Battery (Sim)
	Oct 21	Teams / Participation: What's Different About Teams? R&S, C7: Managing Group Decisions	Debrief
11	Oct 26	Frisch, When Teams Can't Decide (HBR) Eisenhardt, et al, How Management Teams Can Have a Good Fight (HBR)	BCPC Internet Strategy Team: An Exercise  *** Personal Problem-Solving Paper due ***
	OCT 28	Brett, et al, Managing Multicultural Teams (HBR)	Lecturette / Discussion: Team Decision-Making
12	Nov 2	Moldoveanu & Martin, Stretching the Mind: Developing an Adaptive Lens to Deal with Complexity	
	Nov 4	Mauboussin, Embracing Complexity (HBR)	Patient Zero (sim)
13	Nov 9	Lovallo & Sibony, Distortions and Deceptions in Strategic Decisions (McKinsey)	Debrief
	Nov 11	Bringing it All Together – Recap and Review	
		R&S, C9: Learning in Organizations	
4.5	Nov. 40	R&S, Epilogue: Learning into Action	
15	Nov 18	FINAL EXAM, 4:30 – 6:30PM	

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# **ARTICLE LINKS FOR ASSIGNED READINGS**

Simon, Making Management Decisions

 $\underline{\text{http://proquest.umi.com/pqdweb?index=2\&did=129075\&SrchMode=2\&sid=1\&Fmt=6\&VInst=PROD\&VType=PQD\&RQT=309\&VName=PQD\&TS=1294179519\&clientId=5239}$ 

Lovallo & Sibony, *Distortions and Deceptions in Strategic Decisions* (McKinsey) <a href="https://www.mckinseyquarterly.com/Distortions\_and\_deceptions\_in\_strategic\_decisions\_1716">https://www.mckinseyquarterly.com/Distortions\_and\_deceptions\_in\_strategic\_decisions\_1716</a>

**NOT REQUIRED** (but may be interesting)

Lovallo & Sibony, *The Case for Behavioral Strategy* (McKinsey) https://www.mckinseyquarterly.com/The case for behavioral strategy 2551

Garbuio, Lovallo & Viguerie, *How Companies Make Good Decisions* (McKinsey)
<a href="https://www.mckinseyquarterly.com/How\_companies\_make\_good\_decisions\_McKinsey\_Global\_Survey\_Results\_2">https://www.mckinseyquarterly.com/How\_companies\_make\_good\_decisions\_McKinsey\_Global\_Survey\_Results\_2</a>
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#### STATEMENT ON ACADEMIC CONDUCT AND SUPPORT SYSTEMS

#### **Academic Conduct:**

Plagiarism – presenting someone else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, "Behavior Violating University Standards" policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, policy.usc.edu/scientific-misconduct.

#### **Support Systems:**

Counseling and Mental Health - (213) 740-9355 – 24/7 on call studenthealth.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press "0" after hours – 24/7 on call

studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office of Equity and Diversity (OED) - (213) 740-5086 | Title IX – (213) 821-8298 equity.usc.edu, titleix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298 usc-advocate.symplicity.com/care\_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

The Office of Disability Services and Programs - (213) 740-0776 dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC Campus Support and Intervention - (213) 821-4710

#### campussupport.usc.edu

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

*USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call* dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call <a href="mailto:dps.usc.edu">dps.usc.edu</a>

Non-emergency assistance or information.