

**PROBLEM SOLVING**

ADVANCED

**DECISION MAKING IN  
PROBLEM SOLVING**



## **SKILL ADDRESSED:**

Problem Solving

## **LEVEL OF CHALLENGE:**

Advanced

## **TITLE OF ACTIVITY:**

Decision making in problem solving

## **INTRODUCTION TO THE SKILL**

Problems rarely solve themselves and if they are solving themselves they usually entail hidden costs. Most of the times, businesses have to take a decision in order to solve problems. In fact, even a temporary problem must be addressed with a decision as it may endanger the sustainability of the business if it takes place at the wrong time. Even inaction can be the result of decision. People in charge of decision making compare the costs of action to the cost of inaction and choose the optimal path. This shows us the sheer scope of decision making and how closely it is tied to problem solving.

## **THE CHALLENGE**

You are responsible for choosing the right country to export a sports wearable for cycling, which is widely available in other markets. Lightblueland has a well-developed cycling network, as a result of nationwide CO2 emissions reduction efforts. Polkadotlandia, on the other hand, has a ten times bigger population but only a 6% of the population is cycling. The bicycle market is highly competitive in Lightblueland, meaning that there are many suppliers selling sports wearables. There is a big market for smart gadgets in Polkadotlandia.

With this in mind, what kind of a decision making model would you use in order to choose the best option? What information do you need to research in order to apply the decision making model at hand? Draw down a model and justify your decision.



## STRUCTURE

To tackle this challenge, you can equip yourself with the following resources:

1. The [Six Step Problem Solving Model](#) is great to structure decisions, as it is versatile and consistent, ideal for teamwork. One feature to mention is that the steps are repeatable, meaning that with the slightest update you can go a step back to adapt.
2. A simpler approach can be structured with [OODA loop](#), which stands for Observe, Orient, Decide, Act. Beware that this is a linear approach, meaning that you will need to write down alternative scenarios to apply it to this activity.
3. It is important to realize that when you are launching a product in a new market you are essentially trying to solve a problem in the geography or demography of that market. You can check this [resource](#) for more insight.
4. Customer validation is an interesting concept according to which feedback is gathered from potential customers in order to assess their reaction to the introduction of a product. You can read more about [customer validation](#) here.

Complete a six-step problem solving model based on this challenge to complete the activity!







## DEMONSTRATION AND EVALUATION

Great job completing an even more challenging task this time!

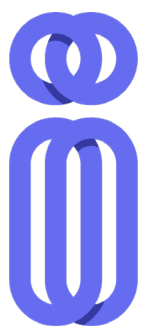
Did you consider if in the process of product validation you should change your product's features as opposed to excluding a market as a choice? This indicates that you can either decide to adjust your solution to a problem the market is trying to address or find a different problem in another country/ market. In other words, products are solutions in their own way.

- *Which decision making model was easier to use in this context? Was it the one with the simpler structure or the more complex one?*
- *What other parameters would you like a decision making model to include? Do you think it can be added as an incremental step?*

This challenge also highlights the fact that you will often have to compare costs which are not of the same nature. For example, the cost of adjusting the development of a product in a way that addresses a new market is different than the nature of customer acquisition cost (how much am I paying in marketing to gain a new customer?). This highlights the importance of an established finance department, comprising of experts who can make sense of such aspects of decision making costs and benefits.

You may now take the quiz to reinforce your reading regarding decision making in the context of problem solving!





# INTERFACE



Co-funded by  
the European Union

"The European Commission's support of this publication does not constitute an endorsement of the contents, which reflect the views only of the authors, and the Commission can not be held responsible for any use which may be made of the information therein." Project Number: 2021-1-DE02-KA220-000034783