

Assurance of a Good Decision

To assure that the decisions made are good one requires developing a decision criteria metrics. Developing decision criteria metrics involve determining the data to be used to quantify and measure the decision made (Tillman and Cassone, 2012). The decision-making criteria can be either subjective or quantitative in nature. Good decisions can be determined using data that is quantitative and using a subjective scale of the managers making the decision. Furthermore, reviewing and revising the findings of previous decisions will better assure a good decision in the future.

Assumptions of Decision-making

In making a decision, assumptions must be made. In making decisions, the makers assume maximum payoffs. They assume that the choice made will yield the highest perceived value. Time and constraints are other factors that are assumed during the decision-making process since the makers assume that there will be no time and cost constraints. Additionally, the decision makers also assume that the problem at hand is clear and unambiguous (Rozycki, 2006).

Credibility of Assumptions

An automobile manufacturer assumes that the demand of SUVs will rise due to increase in gas prices. The assumption made by the automobile manufacturer is both credible and not credible. The assumption is credible. First, SUVs are American cars known for low gas consumption (Kelly Blue Book, 2015). Therefore, the assumption is logic that the demand for the cars will increase since they do not consume a lot of gas and people will prefer this type of cars to save on gas cost due to increase in gas prices. The assumption is not credible. The consumer market for automobile has consumers with different tastes, budget, and preferences. Some consumers cannot afford SUVs car due to their price. Furthermore, some consumers do not