



MiM 2024-2025
2 credits

Prof.: Roberto García-Castro
Prof. e-mail:
rgarcia@iese.edu

Assistant: Myriam Lantero
Assistant e-mail:
mlantero@iese.edu

Decision Analysis

Introduction

Managers often face decisions in a cloud of ambiguity, with uncertain consequences that extend over time. Do managers deal correctly with such problems? Many only use intuition and overall some are successful, but many are not.

Objectives

The objective of this course is to foster certain habits and give you a tool-box of methods that lead to well-structured decisions, taking into account human cognitive imperfections – with the goal of improving on the quality of decisions. This involves improving analytical skills and educating intuition.

Learning Outcomes

RA12. Equip students with learning skills that enable them to continue studying independently and self-directedly.

RA1. Possess and comprehend knowledge that provides a basis or opportunity to generate original ideas in the development and application of concepts, often within a research context.

RA19. Enable students to apply acquired knowledge and solve problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their area of study.

RA11. Enable students to integrate knowledge and address the complexity of making judgments based on incomplete or limited information, including reflections on social and ethical responsibilities linked to the application of their knowledge and judgments.

RA20. Enable students to communicate their conclusions, along with the knowledge and rationale supporting them, to both specialized and non-specialized audiences clearly and unambiguously.

RA21. Listen, understand, and compare differing viewpoints to develop an objective understanding of a business situation. Communicate in a structured and persuasive manner (Interpersonal communication).

RA13. Work effectively in multicultural teams, assuming project leadership when necessary. Integrate the value of diversity into the team's decision-making and work process (Multicultural teamwork skills).

RA14. Critically evaluate information and the context of a business situation to reach prudent decision-making conclusions (Critical thinking).

RA22. Acquire self-knowledge and self-control necessary to work effectively under pressure in professional environments, understanding others' motivations and the corporate culture (Emotional intelligence).

RA3. Identify relevant data to diagnose a business problem and generate sensible decision alternatives.

RA23. Develop communication skills in a business context following the classic framework of logos, ethos, and pathos to structure a solid, convincing argument, accompanied by body language and effective storytelling.

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Content

The course is divided in three main parts: (1) Introduction and classical techniques, which include decision structuring, decision under uncertainty, risk attitudes, Monte Carlo Simulation, and the value of information (2) Time Value of Money and (3) Intuitive decision making and cognitive biases. Within the parts we will address both analytical and psychological aspects.

Instructional Activities

AF1: Training sessions and meetings with the teacher (classes, seminars, lectures, tutorials, company visits, simulations): 22hrs

AF2: Individual student work (personal study, preparation of assignments): 28hrs

AF3: Teamwork (preparation of group assignments and execution of simulations): 8hrs

AF4: Evaluation tests: 2hrs

Evaluation

The final grade will be the combination of relevant class participation during the course and a final exam as follows:

Class participation 40%

Final exam 60%