



## TenStep Supplemental Paper

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### The Rational Decision-Making Model

Organizations make many decisions during the functioning of day-to-day activities. However, what goes into the process of making decisions?

#### Types of decisions

There are two major categories of decisions - programmed and non-programmed. Programmed decisions are tested formulas for problems that occur repeatedly. Non-programmed decisions are responses to situations that are unique and have not been encountered previously.

#### Rational decision-making model

This is a commonly used framework for making decisions and aids in making non-programmed decisions.

**Step 1:** Identify the problem that needs to be solved and the criteria that have to be met. Misdiagnosed problems result in faulty decisions. Framing the problem in a new perspective helps decision-makers think unconventionally. Another issue is mistaking the symptoms for problems and not recognizing the root cause. This hinders the problem identification stage and biases the process.

**Step 2:** Develop a list of alternative actions. Generating a list of choices aids the solution search. Soliciting information from various sources improves the quality of the alternatives that are generated.

**Step3:** Choose a solution from the list of alternatives. However, this is not the actual decision-making process. It is the first stage of a lengthy process of decision-making. The solution selected should meet the criteria identified in the first step. Often, there is no single alternative that meets all the criteria outlined in the problem identification stage.

**Step 4:** The process of decision-making does not end with the selection of a solution. Its success depends on the implementation of the solution, which necessitates envisioning the future. This vision must be translated effectively into action. Identifying each task to be completed and the resources required for the completion of the objective is critical for the success of a decision-making process.

**Step 5:** Evaluate the choice. Even after a successful implementation, the effectiveness of the decision needs to be monitored and evaluated periodically. The criteria developed in the first step are used for evaluation.

#### Summary

The rational decision-making model demands creativity and innovation. Organizations thus need to create an environment that fosters ingenuity in decision-making.