Student's Name:

Admission Number:

Course:

Date:

1. How the company should handle the risk if it ultimately came into being

"The major risk is not taking any risk. In a world that's changing really fast, the only strategy that is assured to fail is not taking risks."--Mark Zuckerberg, Founder of Face book.

Everything has a a degree of risk, from learning to ride a vehicle to trying a new hairstyle. When you have a small business, you know you're ready for any risks--some you're aware of, and some not aware of. As a CEO, you don't let this stop you from weighing the reality and making the best possible decision. And if things don't work as expected? Well, you come up with a new strategy from a wiser perspective. As manager of this focus company I strongly advice the CEO to always develop new strategies from a wiser perspective Liverant, S., & Scodel, A. (2014).

With few resources and fluctuating profit margins in the market, knowing how to manage risk and make good decisions ought to be a major priority. As a manager tasked with this duty, I recommend the following considerations:

Track your cash flow:

How much money do you have right now? Can you pay your bills? What if your major customer went elsewhere? Generally, you have four to eight months of money tucked away to cater for expenses. Be conservative. Request your vendors for sixty or ninety days to pay. You ought to always know your financial condition, better or worse, and have a achievable contingency plan.

Listen to alerts:

If you've hired well, or have close advisors, you can trust their doubts. Are they noticing something concerning in a contract, employee, vendor, or opportunity?

It's easy to disregard others' ideas, but you require listening. They have your best interest at heart, even if you don't need to hear it. Thank them and reward them Bell, D. E. (2015)

.**Get legal**:

Truth is, you can't grow and excel without legal advice. Hire an accountant. Form a LLC to reduce any liabilities, instead of your company's finances is at risk. Have an attorney relook your company contracts. Yes, its expensive, but you can't allow *not* to protect company as its CEO. Chances are that at some moment, you will be happy you had the foresight to hire experts.

Avoid commitment:

It may appear safe to sign a long-term office lease. Until you are properly established, you need to be nimble and able to develop fast improvements. Customers change and projects go sideways. You may decide to reduce your focus...or increase it.

Something like costly address can become a detriment. Be careful about committing to anything that may be a drain on your company's resources.

Risk is necessary--actually it can be exhilarating to climb you to the next level. But always, even when you become a Fortune 500 Company, it requires being cautious considered. Remember: Mark Zuckerberg wouldn't have succeeded without risk. As your company's manager here's looking forward to see you use risk to become the next phenomenal business!

2. Conditions under which decisions are made

Decision Making

Decision-making under conditions of risk should look to identify, quantify, and absorb risk where necessary.

the quantity of risk is equal to the sum of the probabilities of a risky outcome (or various outcomes) multiplied by the expected loss as a result of the outcome.

A company's ability to absorb, transfer, and manage risk will always show management's risk appetite; once risks are known and quantified, decisions may be made as to what degree risky outcomes may be accepted.

a. Don't forget risk acceptance

Many occasions further risk mitigation simply does not have financial sense. When the potential loss resulting from a risk is not much than the cost of putting into use a risk mitigating control, get senior management to accept the risk and match forward to more unacceptable risks. That said; remember to monetize the likely cost of reputational damage or loss of customer or regulatory goodwill in your decisions.

b. Use risk to enable business development

You don't have to remove all risk. In some cases technology risk management professionals don't remember that businesses must undergo certain risks to excel. Coming up with innovative new products can be risky. Just be certain your company comprehends the risks and keeps them at a manageable state.. As long as risk is at or below the company's acceptance level, stop, or you'll mitigate your way to a reduction in revenue!

c. Consider risk transference

Transferring risk somewhere is a relatively not painful, but oft forgotten means. Risk can be shifted to a third party through a lawful agreement or an insurance policy. Nowadays majority of commercial property and casualty policies develop a built-in cyber-insurance policy or rider. As the CEO, be certain you are aware of any such coverage and include that into your risk evaluation. Instead of adding new controls, it may be much cheaper to allow a contract or insurance policy to cover losses.

d. Improve existing controls before deploying new ones

Technology risk management experts always start down the road of suggesting the implementation of new controls without assessing the effectiveness of present ones. Always current controls can be improved or shored up enough to lower risk to an acceptable degree without undertaking an expensive new deployment.

3. Alternatives the CEO should consider in minimizing the risk.

Conditions of uncertainty in decision-making

A state in which decision maker does not know all the choices, as well as risks linked with every one of them and possible consequences.

In this situation majority of today's serious decision are being made. The continuous changing of financial life determines the CEOs to decide without being aware of all alternatives, as well as knowledge of the risks brought about with the known alternatives M. L., & MacGregor, D. G. (2005). Such situation is linked with very high chances of erroneous decision, which could lead to counterproductive impacts. First of all, in order to lower the risk: CEOs ought to gather as much important data, and then try to make rational and logical choice. Intuition, correct judgment and encounter are in such situations, the priority, although you should remember about other methods that may assist to decide.

Conditions of certainty in decision making

A situation under which the CEO should take a decision involves reasonable level of suavity about its outcome, what are the opportunities and what conditions accompany this decision.

It boils down to the fact that the CEO sees all the possibilities and risks of available alternatives, which in the simplest example, there are two. Unfortunately there is not much company's decision be taken in conditions of genuine suavity. Cyclic decisions have a certain level of certainty, but if the recurrence is upset (for example through the bankruptcy of one of the

suppliers) the decision-making process has to be done with a certain amount of risk, and this is due, first of all, a larger range of possibilities, secondly, ignorance of the other actors, secondly a continuous volatility and unpredictability of market changes.

4. Making decision under the conditions of risk

A condition in which the availability of the various chances and associated with each of them the likely benefits and costs are known with some estimated probability.

Important here is the ability to predict by the CEO, the likely outcome of the actions. The CEO ought to carefully use own individual qualities such as intuition, and capitalize on the encounter of the past. Risk situations are accompanied by the average degree of confusion and moderate risk of taking the wrong decision. Scientists link this type of situation with gambling. In management, risky decision is being made knowing the *opponent cards*, at least in a substantial part of it Singh, J. V. (2014). . On the other hand, it is not known what impacts can bring decision favoring either party.

5. Classical decision-making model

Assumptions behind the Model

How would you describe ideal situations for making a decision? Many individuals would be fast to mention few access to information, fully eliminated lack of suavity, and or perhaps even the ability to predict the future. **The classical model of decision-making** matches this description quite closely. It is a rational model of decision-making that assumes that CEOs have

access to the complete data and are able to make an optimal decision by weighting every alternative. The model then suggests the list of actions for the CEOs to apply to arrive at the decision that is best for their companies.

There are four main assumptions behind the **classical model:**

- **Clearly defined problem**--The model assumes that the decision-maker has clearly set goals and knows what is expected from him.
- **Certain environment**--The model further suggests that it is in the power of the decision-maker to eliminate any uncertainty that might impact the decision. As the result, there are no risks to account for.
- **Full information**--The decision-maker is able to identify all alternatives available to him, and to evaluate and rank them objectively.
- **Rational decisions--**Finally, the decision-maker is believed to be always acting in the best interests of the organization.

6. Behavioral aspects

Behavioral Aspects of Leadership

Sometimes the type of leadership involve in a company may impact either positively or negative the decision made. In this case the company's system of leadership do not favor quick decision making sine there is a long chain of management involved and so the decision takes quit long to make.

Behavioral Aspects of cost management

The cost of management aspect do not really affect the decision making for company, but this can result due to quality of the amount of time tacking during decision making process.

7. Advantages and disadvantages of making decision within a group or team

Advantages of Group Decision Making

Group decision making provides two advantages over decisions made by individuals: synergy and sharing of information. Synergy is the idea that the whole is greater than the sum of its parts. When a group makes a decision collectively, its judgment can be keener than that of any of its members. Through discussion, questioning, and collaboration, group members can identify more complete and robust solutions and recommendations.

Disadvantages of Group Decision Making

Diffusion of Responsibility

One possible disadvantage of group decision making is that it can create a diffusion of responsibility that results in a lack of accountability for outcomes. In a sense, if everyone is responsible for a decision, then no one is Bell, D. E. (2015). Moreover, group decisions can make it easier for members to deny personal responsibility and blame others for bad decisions.

My focus company is Starbucks.

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