

Case Study: Do You Have to Spend Money to Make Money?  
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Do You Have to Spend Money to Make Money? Case Study 6.1

This paper aims to discuss the case study *Do You Have to Spend Money to Make Money?* (Scandura, 2016, pp. 160-161). One of the questions from the case study is based on key decision-making approaches (rational decision-making model, intuition, wicked organizational problems and creative problem solving) and Scandura (2016) invites the reader to think as a director of African and Asian sales for SABMiller (large brewing company that controls 90% of the South African market) to try to come to a decision for the organization using the tenants of each approach. The author of this paper, as the director, needs to approve or deny Leyva's idea of financing renovations and bar suppliers in order to attract the target market- female consumers. Scandura (2016) explains that the rational decision-making process includes six stages: problem or opportunity identification, information search and analysis, generation of alternatives, evaluation of alternatives, decision and action plans. Under the rational decision-making model,

the director would firstly gather and analyze available information: what attracts female customers, what prevents women to frequent bars and pubs, what kinds of flavor female customers prefer, etc. Next, the director would identify possible courses of action: renovation, locations, etc. The next step for the rational decision-making process approach would be to analyze the courses of actions in terms of costs, benefits and convenience. The decision would then be made upon the analysis of the alternatives. The decision-making process approach tends to simplify information and alternatives (Scandura, 2016). As the director of African and Asian sales and Leyva's boss, this author would approve the managing director idea without developing an exhaustive list of alternatives, but by considering that an investment would bring greater results. Another key decision-making approach (intuition) refers to the ability that leaders have to rely on their instincts to make important decisions, mainly when decisions are linked to innovation. Nitã & Solomon (2015) state that "the intuition is not based on previous knowledge or other past experiences, and it cannot be explained in rational terms, or understood by the mind" (p.87). Scandura (2016) explains that one of the benefits of intuition is that it expedites decision making and promotes decisions that are compatible with the culture of the organization. In *Do You Have to Spend Money to Make Money?* the reader learns SABMiller started its plan to attract female customers by introducing sweeter beers that are already well accepted by the target market. Renovating bars and buying bar supplies that please women seem to be in accordance with the values of the organization which aims to innovate. So, as the director of SABMiller, this author would approve Leyva's idea under the intuition approach by considering the values of the organization and also instincts that foresee a sales growth by implementing innovations. The third approach is wicked organizational problems. Scandura (2016) states that some problems are "wicked" because of their complexity and dynamism and there might have "limits to whether

analysis or heuristics can be applied” (p. 147). The author also emphasizes the importance of paying attention to decision traps when dealing with difficult problems. In *Do You Have to Spend Money to Make Money* the reader learns that SABMiller wants to find ways to gain greater sales and increase market share. This author, as the director of African and Asian sales, would consider Leyva’s idea of financing to invest in bar renovations and bar supplies, but would confirm that decision by refraining from traps, especially the overconfidence trap. The director could assign “a trusted follower to critique the decisions” (Scandura, 2016, p. 150) to learn different opinions and welcome new alternatives to generate more sales. The last approach, creative problem solving, deals with the ability one has to solve problems in a more creative way. Scandura (2016) details a three-component model of creativity that includes expertise, creativity skills and task motivation. The model foundation is creativity; the author argues that people can learn how to be more creative with training. Some of the characteristics of this approach include that “creative ideas are more likely to come from teams that work on problems” (Scandura, 2016, p. 154) and new ideas are combinations of old ideas. Creative leadership involves problem finding, problem solving and solution implementation. The director of SABMiller could approve or deny Leyva’s idea of helping establishments refurbish themselves in order to attract more SABMiller’s female consumers by using the creative problem solving. Scandura (2016) emphasizes the importance of the role of a leader in enhancing creativity by allowing, for instance, teams work on problems over time in order to have a creative solution. The director could invite more people to join the decision-making process, giving them autonomy to combine expertise, skills and motivation. In conclusion, the author of this paper analyzed four approaches to decision making: rational decision-making model, intuition, wicked organizational problems and creative problem solving to decide whether or not the director would approve the idea of the

managing director. This author agrees with the findings of Scandura (2016) who states that decision making is an important skill and creative problem solving can help leaders to increase decision effectiveness and avoid traps such as overconfidence.

#### References

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- Scandura, T.A. (2016). *Essentials of organizational behavior: An evidence-based approach*. Thousand Oaks, CA: Sage.