Application Portfolio Assignment – Part 4

Part 4 – Do 2-Stage Decision Analysis of Alternative Designs

Set up and carry out a 2-stage Decision Analysis of the Designs identified in AP 3. At the end of each stage include at least 3 chance outcomes (for example: forecast, high and low levels).

Specifically, the decision analysis should be structured as follows:

- At first stage, you have all designs, followed by chance outcomes
- You calculate outcomes at end of first stage
- At second stage, you adjust flexible design as seems appropriate (but you cannot adjust fixed design, by definition). The second stage chance resolutions follow, and you can calculate the outcomes.
- Calculate Expected Value and define Optimal Strategy over 2 periods.

General Comments:

- Your numerical model does not have to be sophisticated. It should however be able to define the consequences of the various design and management decisions.
- Don’t be too ambitious! Unless the work is part of research or another project, it is to be done in the context of a normal course. Be reasonable in defining your workload!