Analysis of Prodigy's Acquisition by SBC Communication

Posted on September 20, 2018

Right decisions in life or in business determine our future. Making decisions is one of the basic skills; either we get good results or face consequences as a result of making decisions (Hartley, 2011). Even if the results are not according to our desires, we can still derive lessons from them for further improvement and betterment in the future. However, in order to make a decision, you must have a clear objective in mind. Your objectives set a path for your decision; the method is then adopted for fulfillment of the objective. Managerial decisions require a proactive approach; smart managers need to comprehensively analyze the effects of their decisions. The focus must revolve around the benefit of the company. In this regard, long-term planning skills are required (Hammond et al.).

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The decision made by Prodigy (Internet Service Provider) to merge with telecommunication giant SBC proved to be rational and profitable for them at the same time. The deal saw the rise of Prodigy's subscriber base within months. Prodigy's agreement to get acquired by SBC gave them $80 million more than what SBC offered them in the first place. Therefore, the time taken by the committee formed by Prodigy counted greatly in terms of profit. Prodigy (ISP) provides services for both owned and managed digital and dial subscribers. Prodigy has coverage at so many locations covering all the states of America. SBC already had a 42 percent stake in Prodigy. Therefore, purchasing 58 percent of Prodigy's outstanding common stock or 70.5 million shares at the rate of $6.60 amounted to approximately $465 million. In this regard, the tactics adopted by Prodigy benefited the company and its stakeholders. The committee first analyzed the market situation, and they knew that after some time, SBC would increase its offer, which proves that decisions must not be taken in haste; rather, a careful analysis of the whole system proves worthwhile.

Factors Included In The Managerial Decision-Making Process

Identification of Problem

Awareness of the problem enables managers to take appropriate measures in order to resolve it. Describing and discussing the problems with authorities and with other stakeholders is also the key.

In this way, everyone will be on board when different minds together help achieve better results. Creativity in defining the problems is also very important. Someone has rightly said that a well-defined problem means half of the problem is solved. The information that is relevant to the problem must be gathered thoroughly for analyzing it critically; this is the way of diagnosing the problem. Briefly, it is the responsibility of managers to look for the critical factors for the application of the choices that are available. Similarly, during the identification of the problem, managers must take into account the reasons and determine whether they can be controlled or not.

Comprehensive analysis of the problem

This is the 2nd step in the decision-making process. A comprehensive analysis of the problem is instrumental in determining who will make the decision and who will be informed about the decision. Some key elements must be kept in mind while making the decision; these are as follows:

- The outcome of the decision
- The overall impact of the decision
- Qualitative considerations
- Distinction in terms of decision

Collection of relevant data

Identifying and analyzing the problem is followed by a collection of relevant data. There is an abundance of information in the world of business with the advancement of new technology. Technology has given businesses new trends. Therefore, all the relevant available data should be employed for the effectiveness of the decision. The collection of relevant data leads to clarity in all aspects of the problems.

Preparing alternative solution

Once all three of the above-mentioned steps have been completed, managers have to determine what the next line of action will be to solve the problem. For this purpose, they need to explore the best available options that can be used to solve the problem. They need to explore different options that can be used to solve the problems.

Choosing the best solution

This stage is highly significant in terms of outcome as the course of action determines the outcome. If the manager has adopted the right line of action, it will produce good results, but if the action is not in the right direction or is not applied correctly, then the company may have to face the consequences. Also, in this stage, roles must be defined clearly, i.e., assignment of tasks to the relevant members.

This is also the responsibility of the manager to choose the right people for the job.

Implementation of decisions through actions

After completion of all five of the above-mentioned steps, it's the responsibility of the manager to ensure the proper implementation of the decision. One of his responsibilities is to get the work done in the right way by the people who have been assigned tasks. Managers must give confidence to their subordinates and convey to them the importance of the decisions made by them. This act of managers will serve as a morale booster for the employees who work to solve the problem. Actually, in a structured organization, different departments work to achieve the goals. Therefore, managers must collaborate with all these departments to ensure smooth operations.

Getting Feedback

Feedback is the last process in the decision-making process. In order to test the developments made and for further improvement, proper feedback plays a key role. Feedback can be obtained through organized reports, emails and through personal observation. It is important to know if management should stick to the same decision or if some modifications are needed according to the current trends.

Sequel

Every single step in the decision-making process is crucial, and it needs proper attention by the managers (Hammond, Keeney). This leads to accurate and effective decision-making. In this regard, quantitative techniques such as CPM, linear programming, etc., are the tools that are helpful in an effective decision-making process. Decision-making has an effect on the managerial environment as a whole. Faulty and erroneous decisions often create huge problems for the organization. That is why such irrational decisions must be avoided. Management is a process that needs frequent decision-making. If all six steps of decision-making are followed, managers can derive maximum advantages from the decisions by making sure that the decisions are timely, rational and appropriate. Hasty decisions often result in disasters.

Rational decisions are best in a way that they often cause the expansion of business. Once rational decisions are made within the organization, it adds to the goodwill and guarantees further prosperity in business. Rationality and good decision-making are interlinked. Rational decisions should be applied to every single aspect of the organization. Rationality means proper thinking, analyzing and then implementing decisions. All the decisions related to business, economics and society must be fair and rational. It should leave an example in the long run. However, on some occasions, rational and fair decisions are not made, and there are several reasons for that. One possibility could be that when the decision was taken, it was rational, but the outcome as a result of that decision was not expected, which is why the decision was classed faulty or irrational. Also, if the overall approach of

the decision-maker is not somewhat causal or indifferent, it yields irrational decision-making in the end. In brief, all businesses and managers tend to stay as rational as possible for the purpose of effective decision-making. Other reasons for irrational decision-making are: 1. Incomplete information – In order to make decisions rationally, the right piece of information is necessary, as wrong or incomplete information often causes irrational decision-making. 2. Uncertainty – If the overall corporate environment is uncertain, then a proper decision with rationality is not possible because the decision is made on the basis of different variables in terms of economy, society and politics, and if the information is inadequate, rational and timely decisions won't be made. 3. Limitations of decision-maker – A decision-maker should be smart enough to make the decision; he should have proper vision and be able to foresee the situation in the future that could arise as a result of the decision that is being made by him or her. Lack of such abilities and experience is a hurdle in a rational and fair decision-making process. Therefore, responsibility also lies on the shoulders of the authorities to ensure a smooth and rational decision-making process. 4. Involvement of personal factors – A decision-maker should act neutrally all the time; their personal likes and dislikes must not affect the process of rational decision-making. The decision-makers should be fully dedicated to working for the betterment of the organization. A biased decision-maker won't do any good for the organization. 5. A rational decision cannot be independent as a whole – Some compromises are made for the rational decision-making process. A decision-maker gives priority to one factor while paying less attention to others; this is sort of a give and take. For example, if there is a demand in the market to reduce the price of the product, managers or decision-makers have to compromise on the quality so that the market trend can be followed to increase the volume of sales. Actually, the ultimate goal is the benefit of the organization in the long run. This may bring a bit of irrationality in some of the decisions.

Relationship Between Planning And Decision-Making

Decision-making and planning are closely related to each other. Planning is the first step that is involved in the proper decision-making process. If planning is solid, it means it has laid the foundation for rational and fair decision-making. Planning is the first step to achieving the goals that have been defined and for which a particular decision is made. Planning involves careful consideration of all the factors and how the task can be completed by following certain steps. Planning must be carried out intelligently as it is an integral part of the decision-making process. According to Peter Drucker, the responsibility lies on the shoulders of top management to set the objective of the business related to business, finance, HR and all other matters. Proper actions cannot be taken without management decisions. The managerial decisions should be accurate in all aspects to achieve sustainability in the market; therefore, risk factors are minimized in this regard.

Example (Logistic Management)

The ultimate objective of logistic management is planning and coordination of all the factors that are necessary to fulfill the requirement of quality and service at the best possible price, i.e., being cost-effective all the time. The scope of logistics ranges from the management of raw materials to the delivery of the stock to its destination. The needs of the customers are satisfied in terms of the coordination of materials and information that is derived from the marketplace. A logistic manager's planning involves all the necessary elements that are required for the smooth delivery to the supplier. He should consider all the elements, for example, the demand of the supplier and the duration of the product delivery. He should also take into account the competitor's strategy, i.e., how competitors are approaching the market, and how quick the delivery process is. Based on such elements, he can plan effectively to get better results. The product is actually delivered to the supplier by the company, but the end user is the customer. The company actually doesn't sell the product. Rather, it sells the value.

In the market, there is strong competition in the supply chain. The previous concept was strong brands followed by solid marketing campaigns, but this concept seems to have faded away. Many prudent organizations have now discovered that it is their competitive edge and strong decision-making policies that keep them in the market. For this purpose, strong coordination among all the departments is necessary. Rational and fair decision-making is reflected from top to bottom. To achieve this, proper meetings should also be conducted on a regular basis with all the stakeholders, and expert opinions must be sought for better results and to counter the intense competition that is growing every single day.

In conclusion, we can say that rational decision-making is the foundation for the growth and sustainability of a company, as we have seen in the example of Prodigy's merger with SBC Communication. The rational decision made by Prodigy boosted its customer base and gave it $80 million more than what it was previously getting. Therefore, to adapt to the latest trends, companies must go for rational decision-making for long-term growth. Identifying and analyzing the market is also a key element.

Works Cited

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