

Preface

This book is designed to support you in making difficult decisions in a more rational way. Based on an established theoretical foundation, it shows that simple requirements concerning rational behavior lead to a general calculus of determining optimal decision alternatives; the book then goes on to present methods and instruments useful for the practical implementation of these concepts.

Psychological research has uncovered a multitude of systematic cognitive biases associated with the intuitive decision process, especially concerning the formation of preferences and subjective probability judgments for uncertain events. These developments have elevated prescriptive decision theory to the status of an important discipline with increasingly strong practical ties – nowadays, even managers are concerned with decision trees, probability distributions and risk profiles. There is also a wide range of software available on the market to aid users with the use of the instruments. We would like to convince you, by help of the many practical questions and case studies included with most chapters, that the material covered is not purely an academic diet but also of high practical nutritional value.

The mindset suggested by the theory as an approach for decision problems will surely be of much use to you both in your private and professional life, even if you do not apply the presented methods of decision making support in every little detail.

This book is the translation of a German text book released simultaneously in its fifth edition that has established its position as the definitive book on the German market for the topic of “Rational Decision Making”. We hope that this English version will help persuade an even wider readership of the advantages of the modern developments in the area of rational decision making. Completing this book was a long and difficult process, and we would like to thank everyone who contributed; we would especially like to express our gratitude to Dr. Maik Dierkes, Dr. Carsten Erner, Michael Goedde-Menke, Andreas Jacobs, Moritz Lehmensiek-Starke, Sven Nolte, Daniel Smith, Dr. Ulrich Sonnemann, Dr. Dennis Vrecko and Dr. Stefan Zeisberger.

A text book is intended to be refined; for this, we are dependent on feedback by the readers, i.e. both the teachers and the students. Please assist us in improving the next edition and provide us with all of your suggestions. You may reach us at:

www.rationalesentscheiden.de

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