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Business Studies Grade 12 Creative Thinking and Problem Solving Notes

written by

cbodasingh



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CREATIVE THINKING AND PROBLEM SOLVING:

What is creativity:

- Specific way of thinking
- Results from originality of thought, expression etc.
- Some people have natural talent BUT there are many techniques and skills learnt which can enhance creativity
- Crucial aspect in modern day business = to cope with fast growth of technological changes and to stay ahead in an increasingly competitive society

Problem Solving:

- Problems are challenges that have not yet been conquered
- Keeps life interesting = helps us to grow in our personal lives and in the business
- Two types of problems:
 - Anticipated/ predictable problems:
Eg. Rapid growth= now need more office space, resource allocation, tax
 - Unexpected/ unpredictable
Eg. Natural disasters, inflations, competition
- Planning and risk management can be done in order to cope with problems more effectively

Problem Solving techniques:

Pros and cons list:

- Simple technique
- Arguments for both "for" and "against"
- Base your decision on the highest number/ most convincing pros or least cons
- Weigh up the options using detailed information
- Necessary to first prioritise issues then make decision
- Allocate ranking of importance with letter grading (A –F) where A's are most important, or score on a scale of (1-5) where 5 is most important and then add up each sub section to see highest score = referred to Force Field Analysis

SWOT Analysis:

- Identify **S**trengths and **W**eaknesses (internal)
- Identify **O**pportunities and **T**hreats (External)
- Used in Micro and Market environments

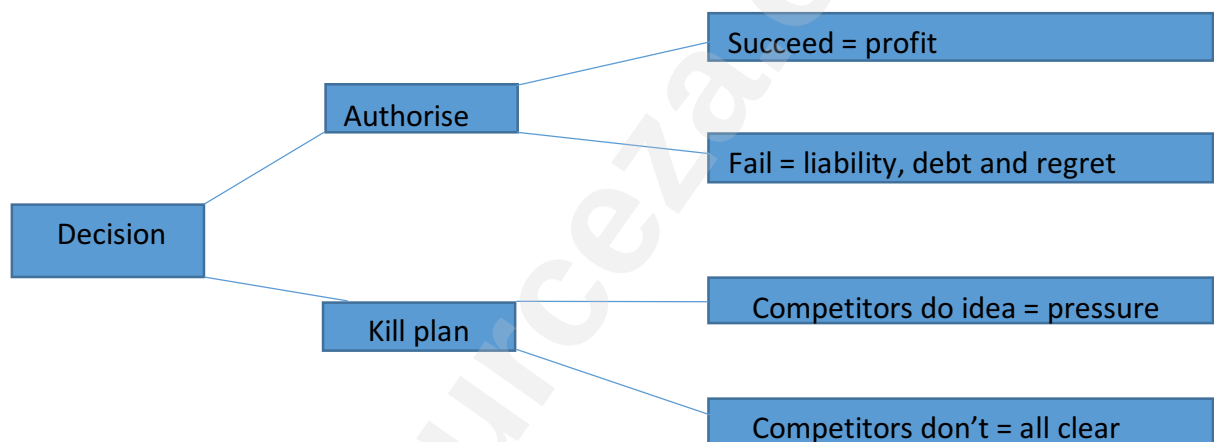
PESTLE:

- Political
- Physical environment
- Ethical
- Economical
- Social
- Technology
- Legislation (legal)
- Environment

- Identifies and analyses challenges affecting macro environment (no control)

Decision Tree Technique:

- Complex decision tool used by management to graphically compare different available options
- Aims to promote rational decision making and clarify available options
- Benefit: possible options are quantified = each decision process is calculated and a value reached shows the probability of success
- A simpler version is used for risk management as scenarios are brainstormed and possible decisions are noted, in case of a crisis arising = decision tree is used and applied to specific situation as possibilities were already analysed in a calm way when there was no actual crisis. This eliminates the possibility of overlooking important options



Note:

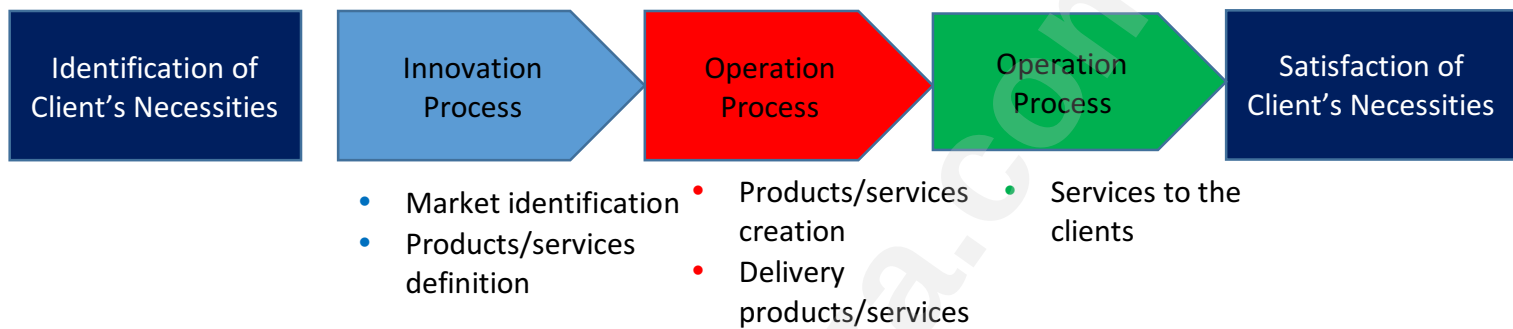
- In a crisis = management can use this diagram and follow the most logical route
- Essential for employee training in order to make process effective = must know the procedure that needs to be followed and their own role in process
- Once crisis is over = investigation and steps put in place to avoid a recurrence
- Essential to go back and re-evaluate process to make it more effective

Value Chain Analysis: (created by Lawrence Miles)

- Highly specialised problem solving technique
- Analyse costs of component parts of a product = aim of reducing costs = increasing the value of the product
- Inputs needs to be converted into outputs = supply value to consumers
- Not limited = involves all business departments
- Imperative that the organisation provides good quality at a reasonable price to satisfy the needs and wants of the consumers better than the competitors do

Steps:

1. Divide the business into different tasks/ activities/ processes that happen in business
2. Describe each process, starting with inputs then the process then ending with output/ production of the product or service and after sales service to customer
3. Identify critical areas to gain a competitive advantage and decide if business can handle change internally or need to outsource activity



Delphi technique:

- Method of group decision- making and forecasting that involves successively collating the judgements of experts
- Members do not necessarily have to discuss in person (physically present)
- Useful way to harness brainpower around the world
- Identity of expert is kept unknown/ anonymous to prevent the halo effect and avoid group think