

DRIVE: Decision Response Inventory Exercise

(from D.C. Skinner's *Introduction to Decision Analysis*,
Gainesville: Probabilistic Publishing, 2nd ed., 1999.)

Introduction

This exercise is designed to provide you with feedback on your risk-taking and analytical preferences.

Section 1: Ranking Descriptive Words

In Section 1 there are thirteen rows of four words each. Think of a recent or particularly difficult situation where you made a decision. Keeping this decision in mind, **reverse rank order** each of the four words across the page:

Use **4** to rank the word which **most closely** describes how you made the decision, and use **1** to rank the word which **is furthest** from the way you made the decision.

You may find it hard to distinguish some words from others, but give each word in a row a different ranking number.

- | | | | | |
|-----|------------------|-----------------|------------------|-----------------|
| 1. | ___ Intuitive | ___ Shrewd | ___ Questioning | ___ Risk-taker |
| 2. | ___ Doing | ___ Observing | ___ Thinking | ___ Active |
| 3. | ___ Acceptance | ___ Reservation | ___ Evaluation | ___ Venturesome |
| 4. | ___ Impartial | ___ Reasonable | ___ Circumspect | ___ Excessive |
| 5. | ___ Thoughtful | ___ Inquisitive | ___ Enlightened | ___ Incoherent |
| 6. | ___ Emotional | ___ Receptive | ___ Analytical | ___ Productive |
| 7. | ___ Slight | ___ Rational | ___ Discerning | ___ Daring |
| 8. | ___ Reactive | ___ Reflective | ___ Conceptual | ___ Inspective |
| 9. | ___ Involved | ___ Careful | ___ Stewardly | ___ Bold |
| 10. | ___ Feeling | ___ Cautious | ___ Pondering | ___ Prodigal |
| 11. | ___ Inconsistent | ___ Sensible | ___ Pragmatic | ___ Casual |
| 12. | ___ Reserved | ___ Speculative | ___ Responsible | ___ Irrational |
| 13. | ___ Ignorant | ___ Wise | ___ Conservative | ___ Intense |

Your name: _____

Section 2: Ranking Alternatives

In Section 2, read each case and then rank the four alternative actions, using the same reverse ranking system: use **4** for the action you'd **most prefer** and use **1** for the action you'd **least prefer**.

Case 1: You are at a casino and have just won \$1,000 at the blackjack table. You now have an opportunity to double your money, or to quit and take home your winnings. If you take the opportunity, the odds of winning are 55%.

- a. Definitely quit and take the money.
- b. Maybe take the bet (some hesitation).
- c. Maybe quit (some hesitation).
- d. Definitely take the bet.

Case 2: You have just paid \$10 for one of these opportunities. Which deal do you prefer?

- a. 50% chance of making \$40, 50 % chance of making \$0
- b. 50% chance of making \$100, 50% chance of losing \$60
- c. 20% chance of losing \$100, 80% chance of making \$50
- d. 10% chance of making \$110, 90% chance of making \$10

Case 3: You have \$10,000 to invest. You can invest in a certificate of deposit (CD) at a bank for a guaranteed 5% return, or a mutual fund with a 5-year average of 15% (range: -10% to +35%), or in a common stock with a 3-year average of 30% (range: -30% to +75%). The investment is only for a year and is not needed for daily maintenance.

- a. Not invest: all are too risky
- b. Invest in mutual funds
- c. Invest in a CD
- d. Invest in shares

Case 4: You are the product manager for an innovative new product that your company has just finished market-testing. You have a choice of going after market leadership or average sales. If you go after market leadership, sales have a 60% chance of being \$5,000,000 and a 40% chance of being \$1,000,000. If you choose average sales, you are certain to make \$2,000,000. What do you do?

- a. Commission a market study
- b. Go after market leadership
- c. Go after average sales
- d. Toss a coin