MDQ STEP THREE: BUILDING THE DECISION

GATHERING INFORMATION:

The purpose of this week’s brainstorming discussions is to address the type of information HH needs to gather in

coming up with creative alternatives to use in the MDQ decision making model. Useful information involves

researching anything that the decision maker needs to know that might influence the decision making process. This

includes experience from past or future situations as well as factual information. Even though the decision maker has

no control over future events, information needs to be gathered to anticipate outcomes, consequences or actions

when acting on Hannah's Hats' alternatives.

CREATING ALTERNATIVES:

In Building the Decision, the decision maker will create FOUR viable alternatives. The case study mentions several

obvious alternatives, such as: Partnering with the investors or increasing E-commerce sales. However, NONE of

these alternatives are strong enough on their own to meet all the objectives HH would like from the decision. Harry

must look for ways to combine them with other possibilities to make stronger alternatives. The expectation is to

create alternatives that are creative, demonstrate critical thinking, use additional research, and meet as many of the

objectives as possible. Remember: The alternatives must satisfy as many objectives as possible.

Directions:

Discuss in one paragraph the type of information that Hannah's Hats needs to gather to make a decision. Discuss

the biases and traps that should be avoided in gathering, selecting, and interpreting information. Watch your

predisposition to select information that is in your comfort zone or might lead to a problem solving approach rather

than a decision making one.

Create FOUR possible alternatives for Hanna's Hats. Discuss each of these alternatives in separate paragraphs by

explaining the alternative in detail, pointing out the biases, and potential consequences. Additional research will be

required to support their viability.

All conclusions, justifications, reasoning, and explanations must be supported with course material in the form of

APA in-text citations (page/paragraph numbers required when quoting) and a reference list.

Hannah's Hats:

Hannah's Hats is an online children’s hat retailer with a brick-and-mortar store in Chicago, Illinois. The company has

27 employees and was founded by Harry Hannah in 2015. At that time, Hannah was a single father of 3-year-old

twin boys. After five years, sales were $1 million. The company topped $7 million in sales after the winter of 2020.

Hannah’s Story

Working as a freelance children’s clothing buyer, Harry could work from home and be a stay at home dad to his

twins, Harry, Jr. and Harold. This was important to him and to his wife, Harriet, a software designer whose job

involved a great deal of travel. However, on one cold night in November, Harry was contacted by local police who

informed him that his wife had been killed in an auto accident. She was returning home after seeing a client in the

Chicago suburb of Arlington Heights.

Devastated by the news, Harry did everything he could to keep himself together for the kids. He needed help; he

decided to send them to day care three days a week so he could deal with getting his new life together. Every day

Harry noticed the caretakers trying to find the children's hats and mittens when he came to take the boys home.

Harry noticed that many of the children had mitten clips that seemed to help reduce the number of lost mittens. The

hats, however, were another matter.

Chicago winters are exceptionally bad for children because the wind whips across Lake Michigan and freezes every

part of the face that has moisture, especially the mouth. While many of the children’s coats had attached hoods, this

was not enough. Parents used wool scarfs tied around the children’s faces (below the eyes) to stop the painful

feeling of the cold. The scarves were awkward and bulky for the children who often pulled them off or dropped them

in their travels. Harry decided to design a hat that could be attached with Velcro onto a coat hood or a coat collar and

designed to fit closely around the mouth, nose, ears, and eyes of a child just like a ski mask. The hat could be easily

attachable relegating the need for scarves to the past. Harry knew the hat could come in a variety of colors and have

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various child-friendly designs.

Several months passed. Harry discovered that payments from Harriet’s workmen’s compensation and her life

insurance would provide him and the children some financial freedom for years if invested wisely. Harry thought a

better way to change his family’s life would be to invest some portion of the money in his hat idea. Founded as a

small storefront shop near Marshall Fields, Hannah’s Hats also developed a loyal following online. Through its

creative use of social media, sales took off. Harry expanded his product line to include matching winter gloves and

socks.

Beginning in the fall of 2017, Harry, flushed with success from his children’s hats, decided that the design could be

adapted to work for adults as well. The company invested $150,000 in new designs and inventory for attachable hats

for adults. By offering seasonal products for the whole family, Harry thought Hannah’s Hats would double their sales

in three to five years.

With visions of becoming a destination store like LL Bean’s flagship store, Hannah’s Hats moved from its old store

near Marshall Fields to a large space on the Navy Pier. This cost Hannah’s Hats $25,000. Harry also moved the

warehouse from a 10,000 sq. ft. space near the old store to a 20,000 sq. ft. space closer to his home in Arlington

Heights. This location was considerably further from the store.

As the boys grew older, Harry left most of the work to his staff. He set out to increase the sales through travel and

spent most of his time marketing products through several marketing channels. He was determined to have his hats

available to every possible cold weather clothes customer. He introduced numerous marketing initiatives, including a

partnership with Blizzard Relief, an organization intended to increase awareness of the clothing needs of the

homeless during massive cold weather storms.

To sustain these efforts, Hannah’s Hats bulked up its marketing staff that consisted of Hannah and three of the

employees who worked in the warehouse. Gradually, the marketing team grew to 5 full-time employees. Additionally,

Hannah hired an IT person to handle the online sales.

From 2017 to 2019, Hannah’s Hats grew at an annual rate of 35 percent. Hannah’s talks and marketing pitches to

large retailers attracted the attention of two investors. The investors told Hannah that with their help they could grow

the company to be a $75 million dollar business. Hannah began to think bigger, “If the investors think they can grow

Hannah’s Hats to be a $75 million-dollar business, why can’t I”? This goal became his new objective. Hannah

doubled his marketing trips and went after Walmart and Target to broaden his customer base. Although both

companies liked his product, they felt that a cheaper version was needed to meet their target customers.

Hannah continued his heavy marketing plan but despite his effort sales began to flatten. Expenses grew higher,

especially with the adult hats. Hannah knew he had to change his plan fast or they would be in trouble. He sought

expert help to gain some idea of his company’s current position. The following conclusions were reported to Hannah.

Finances:

The rate of overall sales growth had declined from 35% annually to 25%.

The children’s hats had increased sales by 11% over the last year.

Adult hat sales had dropped by 22% over the last year.

The company was still growing but at a slower rate.

Operational expenses for the company had increased by 8% last year. Much of which was due to increased

advertising in a more expensive mode (5% and increased operational expenses with the new location and

warehouse taking up rest).

E-sales were up by 25% with sales of children’s and adult hats being about equal.

Opportunities:

Investor interest

E-commerce growth

Big store interest if a cheaper line were developed

New product line for Summer

Threats:

LL Bean entering the children’s market with a similar product

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Chinese e-commerce competition with a cheap line

Hannah reviewed the report and instinctively knew that he had to restructure his growth plans. A decision had to be

made that would position Hannah’s Hats for better growth potential.