Guide 23: Make a decision with PACED

Your goal

Make a strategic decision for your business by comparing realistic choices. Use evidence and explain the trade-offs.

A strategic decision affects how the business pursues its goals. A structured process helps you avoid choosing an option only because it was your first idea.

What to produce

A strategic decision using the PACED model, linked to your existing canvas work.

Show the problem or opportunity, alternatives, criteria, evaluation, and final decision. You can use notes, a table, or another clear format. A scoring table is optional; the reasoning is essential.

Key terms

- **Alternative:** a possible course of action.
- **Criterion:** a standard used to compare choices. The plural is criteria.
- **Evaluate:** judge an option against the criteria using evidence.
- **Trade-off:** something given up to obtain another benefit.
- **Recommendation:** the course of action you advise, with reasons.

Step 1: P - Define the problem

Choose a decision that matters to your business. Use research, cost estimates, feedback, or performance information to explain why it matters.

Make the decision specific. “Improve the business” is too broad. “Which production method should we use for our first batch?” gives you a choice to examine.

Identify the goal and any limits, such as the available budget or a delivery deadline. Do not assume the cause of a problem without evidence.

Step 2: A - Identify alternatives

List realistic ways to respond. Include keeping the current approach if it is a genuine option.

Explain how each alternative could address the problem or use the opportunity. Do not include an obviously impossible option simply to make your favourite choice look better.

The options can be similar. Two suppliers or two direct sales methods can create a useful comparison.

Step 3: C - Set criteria

Choose criteria connected to your goals and limits before evaluating the options. Examples include total cost, delivery time, quality, and access to customers.

Use neutral names such as “cost,” not “cheaper cost.” You judge which performance is better during evaluation.

Explain which criteria matter most. If you use weights, show why the weights reflect your business goals. A weighted score is a tool, not a requirement or a substitute for evidence.

Example: Ready Pouch

Ready Pouch is our fictional example business. Its proposed product is a small pencil pouch for students.

This is a fictional decision using invented supplier figures, not actual quotations.

Problem: Choose how to obtain 50 pouches before a permitted school sales event.

Alternatives: Supplier A or Supplier B. Both meet the same stated quality requirement and can deliver before the event.

Criteria and evaluation:

- **Unit cost:** A charges USD 2; B charges USD 2.40. For 50 units, A costs USD 100 and B costs USD 120.
- **Delivery time:** A quotes 10 days; B quotes 5 days. The event is 20 days away.
- **Quality:** both passed the same fictional sample check. This does not guarantee that every later unit will pass.

Decision: Choose A because it meets the stated quality and timing requirements at USD 20 less total cost. The trade-off is a smaller time allowance for unexpected delay. The team should check order terms and plan what to do if delivery slips.

This is a comparison scenario. It does not change the shared year-one cost forecast unless the business adopts new figures and revises all affected work.

Step 4: E - Evaluate with evidence

Compare every alternative against the same criteria. Use comparable quantities and periods. Include delivery charges or other relevant costs rather than comparing only headline prices.

Record the source of facts and label estimates. If important information is missing, explain how that uncertainty affects the decision.

Scores should have clear meanings. A score of “5” is not evidence by itself. Explain the facts behind it and check whether small changes in assumptions would change your choice.

Step 5: D - Decide and explain

Recommend one option. State how the evaluation supports it, the main trade-off, and any condition that must be met.

Update the affected parts of your canvas. A new production method may also change costs, timing, quality, or the value proposition. Do not leave conflicting plans in different sections.

Your turn

Apply all five PACED steps to a real decision in your project. End with: “I recommend ____ because ____. The main trade-off is ____. I would reconsider if ____.” Use your own wording if preferred.

Check your work

- My decision addresses a specific issue.
- My alternatives are realistic.
- My criteria relate to goals and use neutral labels.
- My evaluation uses evidence and consistent comparisons.
- My recommendation explains a trade-off and uncertainty.
- Related canvas sections agree with the decision.

Next: Review your competitive position

In Unit 4, Task 4, you will use strategic frameworks to examine your market and business capabilities.

Independent guidance based on the AP Business with Personal Finance CED, printed pages 174-176. This is not an official College Board resource.