

Course Description: This course offers a survey of economic tools and analysis available to the manager for business decision making. It included topics such as pricing, forecasting, demand analysis and macroeconomic policy as it affects the business environment.

Prerequisites: BAA 505.

Instruction Method: Lecture, assigned readings and cases, assigned problem set. All assigned readings should be completed before the date for which they are scheduled.

Text: There is no text for this class. We will use readings and cases from Harvard Business School Publishing or Darden Business School Publishing, These will augmented by readings posted on internet and distributed in class. We may also reference optional readings in other books. Students will need to go online to purchase Harvard and Darden readings.

*From HBS (<http://www.hbsp.harvard.edu>)*

“Relevant Cost and Revenues” HBS 9-892-010

“Decision Analysis”, HBS 9-894-004

“Warren Agency”, HBS 9-106-036

“Canonical Decision Problems” HBS 9-396-308

“Getting Transfer Prices Right: What Bellcore Did”, HBS 89507

“Note on Linear Programming” HBS 1-191-085

“The Right Game: Use Game Theory to Shape Strategy” HBS 95402

“Merton Trucking” HBS 9-189-163

“Beauregard Textile” HBS 9-191-058

*From DARDEN (<http://store.darden.virginia.edu>)*

“Value Creation, Net Present Value and Economic Profit”, UVA-F-1164

“Regression: Forecasting Using Explanatory Factors”, UVA-QA-0693

Computer Skill Requirement: Students should be have access to MS Excel and possess a basic familiarity with spreadsheet tools.

Office Hours: Wednesday: 3:30 - 6:00pm, 10:15 - 11:00 pm. Office is B&E 256. I am in the office almost every day and am available to meet at other times as well. In general, I prefer to answer subject matter questions in person or over the phone rather than via email. Office phone is (678) 547-6164. Email address is Tutterow\_RC@mercer.edu

Attendance Policy: Attendance is left to the student's discretion. Since a substantial portion of examination material is drawn from topics as developed in class, students should realize that it is highly unlikely that a student will earn a passing grade if he/she does not attend classes regularly. Further, neither class time or office hours will be dedicated to correct deficiencies induced by poor attendance.

Make-up Examinations: On very rare occasions, make-up examination may be granted by prior permission of the instructor. These examinations are granted solely at the instructor's discretion.

Grading Policy: Final grades are determined by performance on three take-home exams (weighted evenly for a total of 70%) and individual “case writeups” (total of 15%) and a group application project and presentation (15%). Final grades may be curved at the instructor's discretion.

Incomplete Policy: Incompletes are awarded at the instructor's discretion.

36-hour Rule: The instructor does not answer questions about examinations, assignments or subject matter within 36 hours of examination.

Withdrawal Policy: Any student withdrawing on or before November 24<sup>th</sup> will receive a grade of "W". Any students withdrawing after November 24<sup>th</sup> will receive a grade of "F".

Honor Code: Mercer University Atlanta expects each and every student to maintain the highest principles of academic honesty and integrity. Violations of academic honesty represent a breach of the University's expectations and will be regarded as a serious matter. Violations include, but are not limited to, plagiarism, cheating, lying, and stealing. All violations will automatically result in a zero on the assignment in question.

Inclement Weather: If severe weather occurs, classes will be canceled in accordance with the Associate Provost's decision of Mercer-Atlanta. Call the Mercer weather phone for information about class cancellations (678) 547-6111 (Atlanta) or listen to WSB 750 AM.

Disability Statement: Students with a documented disability should inform the instructor at the close of the first class meeting. You are then referred to Rich Stilley, Assistant Dean for Campus Life for consultation regarding evaluation, documentation of your disability, and recommendations for accommodation, if needed. The office is located in Sheffield 212 and Mr. Stilley's phone number is 678-547-6823.

Course Outline: This tentative outline suggests approximate dates and does not constitute a contract. While every attempt will be made to adhere to this outline, instructor reserves the right to change this schedule as needed.

Date	Topic	Assignments
10/21	<p align="center"><b>Intro to Course On the Goal of the Firm</b></p>	<p>“Relevant Cost and Revenues” HBS 9-892-010  “Value Creation, Net Present Value and Economic Profit”, UVA-F-1164 (if available)</p> <p><a href="http://en.wikipedia.org/wiki/Profit">http://en.wikipedia.org/wiki/Profit</a>  <a href="http://en.wikipedia.org/wiki/Economic_Value_Added">http://en.wikipedia.org/wiki/Economic_Value_Added</a>  <a href="http://www.investopedia.com/university/EVA/">http://www.investopedia.com/university/EVA/</a>  <a href="http://en.wikipedia.org/wiki/Present_value">http://en.wikipedia.org/wiki/Present_value</a>  <a href="http://en.wikipedia.org/wiki/Time_value_of_money">http://en.wikipedia.org/wiki/Time_value_of_money</a></p> <p>“An Analysis of EVA and Other Measures of Firm Performance Based on Residual Income” – Martin, Petty and Rich</p> <p><i>The Quest for Value</i>, Bennett Stewart, Harper-Collins  (OPTIONAL: for those who want more on EVA and the economic vs. accounting models)</p>
10/28	<p align="center"><b>Optimization I</b></p>	<p>“Note on Linear Programming” HBS 1-191-085  <a href="http://en.wikipedia.org/wiki/Linear_programming">http://en.wikipedia.org/wiki/Linear_programming</a></p> <p>“Notes on Mathematical Programming” – Tutterow lecture notes (in Blackboard).</p> <p><i>Economic Theory and Operations Analysis</i>, William Baumol, Prentice-Hall. (OPTIONAL: For some background on marginal analysis)</p> <p><i>Introduction to Operations Research</i>, Hillier and Lieberman, McGraw-Hill (OPTIONAL: for those who crave more on linear programming and optimization)</p>
11/4	<p align="center"><b>Optimization II On Transfer Pricing Cost and Production</b></p>	<p>Merton Trucking” HBS 9-189-163 (due on 9/14)  <a href="http://en.wikipedia.org/wiki/Shadow_price">http://en.wikipedia.org/wiki/Shadow_price</a>  <a href="http://en.wikipedia.org/wiki/Transfer_pricing">http://en.wikipedia.org/wiki/Transfer_pricing</a>  <a href="http://en.wikipedia.org/wiki/Production_function">http://en.wikipedia.org/wiki/Production_function</a>  <a href="http://en.wikipedia.org/wiki/Cost_curves">http://en.wikipedia.org/wiki/Cost_curves</a></p> <p>“Transfer Pricing” pp. 398-402 in <u>Managerial Economics</u>, by Evan Douglas.</p> <p><i>Contestable Markets and the Theory of Industrial Structure</i>, William Baumol, John Panzer and Robert Willig, Harcourt Brace Javonovich (OPTIONAL – for those who want more on cost and production relationships.)</p>

11/11	<b>Regression Modeling</b>	<p>“Regression: Forecasting Using Explanatory Factors”, UVA-QA-0693</p> <p>“Notes on Regression Analysis” – Tutterow lecture notes (in Blackboard)</p> <p><a href="http://en.wikipedia.org/wiki/Regression_analysis">http://en.wikipedia.org/wiki/Regression_analysis</a></p> <p><i>Econometric Models and Economic Forecasts</i>, Pindyck and Rubinfeld, McGraw-Hill (<u>OPTIONAL</u>: for those who like regression)</p>
11/18	<b>Modeling Demand and Elasticity</b>	<p>Acme Clinic (distributed in class - due)</p> <p><a href="http://en.wikipedia.org/wiki/Supply_and_demand">http://en.wikipedia.org/wiki/Supply_and_demand</a>  <a href="http://en.wikipedia.org/wiki/Price_elasticity_of_demand">http://en.wikipedia.org/wiki/Price_elasticity_of_demand</a>  <a href="http://en.wikipedia.org/wiki/Perfect_competition">http://en.wikipedia.org/wiki/Perfect_competition</a>  <a href="http://en.wikipedia.org/wiki/Monopoly">http://en.wikipedia.org/wiki/Monopoly</a></p> <p>“Notes on Demand Modeling and Elasticity” – Tutterow lecture notes (in Blackboard)</p>
12/2	<b>Decision Analysis &amp; Choice Under Uncertainty</b>	<p>“Decision Analysis”, HBS 9-894-004</p> <p><a href="http://en.wikipedia.org/wiki/Decision_tree">http://en.wikipedia.org/wiki/Decision_tree</a></p> <p>“Warren Agency”, HBS 9-106-036  “Canonical Decision Problems” HBS 9-396-308</p> <p><i>Applied Decision Analysis</i>, Derrick Bunn, McGraw-Hill (<u>OPTIONAL</u>: for those who want more on decision analysis)</p>
12/9	<b>Pricing I: Revenue Management</b>	<p>Pillsbury (distributed in class – due)</p> <p><a href="http://en.wikipedia.org/wiki/Price_discrimination">http://en.wikipedia.org/wiki/Price_discrimination</a>  <a href="http://en.wikipedia.org/wiki/Revenue_management">http://en.wikipedia.org/wiki/Revenue_management</a>  <a href="http://ite.pubs.informs.org/Vol3No1/NetessineShumsky/">http://ite.pubs.informs.org/Vol3No1/NetessineShumsky/</a>  <a href="http://en.wikipedia.org/wiki/Game_theory">http://en.wikipedia.org/wiki/Game_theory</a></p>
12/16	<b>Pricing II: On Collusion Market Design</b>	<p>The Right Game: Use Game Theory to Shape Strategy” HBS 95402  “Beauregard Textile” HBS 9-191-058 (due)  <a href="http://en.wikipedia.org/wiki/Auction">http://en.wikipedia.org/wiki/Auction</a>  <a href="http://en.wikipedia.org/wiki/Sealed_bid_auction">http://en.wikipedia.org/wiki/Sealed_bid_auction</a></p> <p><i>Games and Information</i>, Eric Rasmusen, Basil-Blackwell (<u>OPTIONAL</u> - for those who want more on game theory and auctions).</p> <p><i>Thinking Strategically: The Competitive Edge in Business, Politics, and Everyday Life</i>, Avinash Dixit and Barry Nalebuff, Norton (<u>OPTIONAL</u> – for those who want more on application of game theory)</p>