

Managerial. Economics

Syllabus

Finance 321

Summer 2000

Instructor: Pieter Vandenberg

Course Objectives

This course is designed to provide you with a foundation in Managerial and Business Economics. It will deal mainly with the resource allocation decision(s) that a firm faces. Questions that we will address, for example, include: How much to produce? What price to charge? How to produce the product? How and whether to substitute one input for another?

The course is composed of four parts. The first part addresses the tools of analysis and optimization.

The second part deals with demand analysis and forecasting, The third section deals with production and cost analysis. The last section deals with the pricing decision. Upon the completion of this course you should have an understanding of the above four parts and be able to use the concepts and tools to help in arriving at managerial decisions. A particularly significant point to keep in mind is the importance of the free market context within which these decisions are made.

Class Assignments

The calendar has the chapter reading assignments, dates of the exams, and homework assignment due dates. You should read the assigned chapters by the due date. We will not necessarily spend an equal amount of time on each chapter.

I will not collect the homework. Therefore you need only to have it completed for your personal use. Each period you will sign in on a roll sheet. At that point you will have the opportunity to say whether or not you are prepared to discuss the homework and the assigned readings (i.e. have it completed) or are not prepared. If you are not prepared I will not call on you. *If you sign in prepared and are not your overall class grade will suffer very significantly* since I consider this a breach of ethical behavior. If you constantly sign in unprepared your homework grade will suffer. I will drop two days in computing your final homework average to allow for extenuating circumstances.

It is not necessary that you have the homework absolutely correct when you say you are prepared, it is necessary that you are able to carry-on a discussion which indicates that you have made a serious effort to complete the assignment. (Absence, arrival after the roll sheet has been passed out, or leaving

early counts as unprepared.)

I do not give out check figures for the homework in advance because there are no check figures for the exams (or for problems that you will face after you leave college). Your homework grade will depend on whether or not you made a sincere attempt to work all the problems, if you do, you will find that you can work most problems or at least make substantial progress on them. If you do not work the problems in advance you will find that you will not benefit from much of the time we spend in going over the homework and the class material. We will go too quickly for you to follow if you are busy trying to read the question and understand the setting of the problem.

During the semester there will be several computer modeling assignments these will based on homework problems. See below for a more detailed explanation of these assignments. The assignments must be done with a computer model. You are free (encouraged) to work any remaining homework problems with the aid of a computer. But remember that you need to learn to work problems in a variety of ways. *Note that you cannot pass this course if the modeling assignments are not completed.*

Exams

The exams will be made up of a variety of types of questions and problems ranging from multiple choice, to short essay, to problems. There will be an exam every Friday. We will take the first part of the period for a review, followed by the exam (80 minutes), and we will review the exam following a break. The final will be 2 hours. Please bring a Scantron sheet [Form 882 (recommended type), 882-60, or 20788] to each exam. In order to be eligible to take *the first exam you must be fully registered in the class by Thursday.*

Exam Taking Techniques. Anything that is worth doing is worth planning this is especially true for an exam. When you take an exam remember to budget your time. Do not spend more time on a question than it's worth. The exam problems are frequently designed to measure progressively more difficult things as you answer the question. Therefore it is important that you attempt all questions on any exam and not attempt to answer all of one question before you try the next one. As you work you should ask yourself: "Is the time I'm spending here the best possible use of the time?"

The Grading Process

All of the work you do will be graded by me, *not* a grader. In addition you will receive regular reports on all of your grades. If you have a question about a grade please contact me at so that we may resolve it. The modeling and other assignments will not be returned so keep a copy for reference.

Weights

Exam 1	25%*
Exam 2	25%*
Final	25%*
Modeling	
Assignments	15%*
Class Participation,	
Homework	<u>10%</u>
Total	100%

**You must complete these, on time, in order to receive a passing grade regardless of your overall average.*

Final grade determination will be done using the schedule in Figure 1. If you are significantly above or below the mid point you will receive a plus or

minus. These grades are an absolute standard. If you achieve the above percentage on all of your work in *total*, then you are assured of getting that particular grade. I do not convert your scores on assignments into a grade until the end of the semester. It is possible that you might still receive a higher grade than the above if you are very close to the cutoff line. Whether you receive the higher grade will depend upon a variety of individual factors such as: the pattern of your exam grades during the semester, (do they go up or down) your performance on homework and your participation in class.

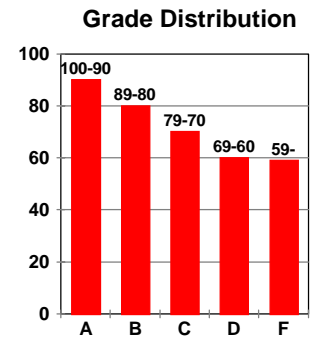


Figure 1

Questions and Concerns

You are expected to meet all class requirements as they are scheduled and assigned in this syllabus or as they may be modified during the class. If you have a problem with any class assignment please contact me immediately so that we may discuss your situation. It might be possible to reach an accommodation with respect to class requirements and your particular situation. But problems do not improve with age! A successful resolution may not be possible if you delay

in contacting me. You can always leave a phone or Email message, if all else fails, and then see me during my office hours.

I keep all of your exams and assignments that you turn in to me and you are welcome to come and discuss them. This term will go very fast. So please don't let problems pile up. Experience has shown that students do as well during these terms as they do during the semester. But remember that the effort must be concentrated over a short period of time.

How to Contact Me

My office is in SS 3367. You can call me at 594-3027. This number is on voice mail so you can leave a message 24 hours a day, every day. My Email address is pieter.vandenberg@sdsu.edu. The best

way to contact me outside of class is to send me an email message.

My office hours will be right after class each day. If this is not satisfactory please see me and I can arrange another time.

Modeling Assignment Details

The following are the modelling assignments for this term. Please start working on them as soon as possible, so that if you have a problem you have time to obtain help.

Number	Problems (For due dates see calendar)
1	3-3,4
2	5-2, 5A-3 (page 190); 6-11
3	9-5,8,9

You should answer all questions that are listed for each question. You must turn in the solution requested by the instructions in the problem. You cannot simply use the computer as a printer. You

must write a model to solve the problem. You must document your model by presenting a list of the equations and formulas used. Finally this assignment, like all others, are to be done by the individual student.

Additional Questions

In addition to questions supplied in the book please answer the following questions.

For **Problem 5-2**, plot the regression line along with actual data on one graph similar to Figure 5.5 on page 148.

For **Problem 6-11** also use exponential smoothing with a smoothing constant of .3 and .5. Which is better?

For **Problem 9-8** parts a and b plot the various functions requested. For part c use the spreadsheet solver function to find the requested minimum value.

Which Spreadsheet?

You are free to do these assignments using any spreadsheet (e.g. Quattro Pro, Lotus, Excel, etc.) If you have a “Works” type program you will probably not be able to complete these assignments. If you are considering buying a new spreadsheet you can sometimes get a good deal in the bookstore, but be careful because they frequently charge more than one of the local computer stores. If you already own a spreadsheet and wish to upgrade checkout the competitive upgrade programs all of the major suppliers have. *Your best bet is to use the one you*

already own and know.

Depending on your choice you may want to acquire a “how-to-book.” These books have detailed examples that will usually answer all of your questions, if you read them and follow the examples. Go to a bookstore or computer store and find one you like. I suggest that you will find much better prices and selection if you go to a store away from campus. Do not attempt to use software without some manuals or resource material. If you would not attempt to take a course without a textbook, don't attempt to learn how to use a piece of software without manuals.

Grading

In grading the modeling assignments I will assign a score between 0 and 4. Most individuals will receive a two (2) which means that you have, in general, done the assignment completely and competently. If you have some problems with your solution will you receive a one (1). If you turn in an incomplete assignment you will receive a zero, meaning the assignment does not count.

If you make an obvious effort to complete the assignment it is unlikely that you will receive a zero.

A three can be earned by doing a particularly good

job. This could be an innovative approach to the solution, and/or an extra effort in the quality of presentation or explanation. A four (4) is reserved for a rare event. Every once in a while someone does an extraordinary presentation. The numbers can be converted to a percentage by the following scale:

Score	Grade
0	00%
1	75%
2	85%
3	95%
4	100%

Resource Material

(1) TEXT: James McGuigan and Charles Moyer *Managerial Economics* (M&M) 8th Edition (A Study Guide is available, but you may not need it.)

(2) NOTES: Pieter A. Vandenberg, *Managerial Economics Lecture Notes* (Aztec Shops Custom Publishing)

(3) Any financial planning language or spreadsheet.

May/June

28	29	30	31	1	2	3	4
	Holiday	Introduction M&M 1	M&M 2 {Prob 2-5,6}* M&M 3	{Prob 3-7,8, 9,10,13} M&M 4, 4A {Prob 4-1,5,7,15}	Catchup, Review Exam 1 M&M 1-4		
4	5	6	7	8	9	10	
	M&M 5 {Prob 5- 9,10,12,15} 1st. Modeling Assignment Due	M&M 6 {Prob 6-5,6,14} M&M 8	{Prob 8-6,7,10,12} M&M 9 {Prob 9-2,7}	M&M 10, 10A Case Page 384 2nd. Modeling Assignment Due	Catchup, Review Exam 2 M&M 5,6,8,9,10		
11	12	13	14	15	16	17	
	M&M 12 3rd Modeling Assignment Due	{Prob 12-6,8, 9,12,13} M&M 14 {Prob 14-4,10,11}	M&M 15 {Prob 15-6,7}	M&M 17 {Prob 17-5,8}	Catchup, Review Final Exam		
18	19	20	21	22	23	24	
25	26	27	28	29	30		

Finance 321 Class Planning Calendar

MAY							JULY						
	1	2	3	4	5	6							1
7	8	9	10	11	12	13	2	3	4	5	6	7	8
14	15	16	17	18	19	20	9	10	11	12	13	14	15
21	22	23	24	25	26	27	16	17	18	19	20	21	22
28	29	30	31				23	24	25	26	27	28	29
							30	31					

*Means: Chapter 2, problems 5 and 6

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