



Spring 2016
FINANCE 6387 - Managerial Analysis

Course Syllabus

Instructor: Professor Natalia Piqueira
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Office Hours: Thursday, 4:30 p.m. – 5:30 p.m.
Other times by appointment
Course Website: UH Blackboard
<http://www.uh.edu/blackboard/>

Time: Thursday, 6:00 p.m. – 9:00 p.m.
Location: CBB 120

Course Description

This course introduces and develops the principles and techniques from Economics that are essential for management. Models and techniques developed in Economics provide a framework for decision making that can be applied to several business disciplines. For example, game theory methods are applied to investigate how a firm strategically interacts with its competitors and suppliers.

The topics covered by this course include the analysis of supply and demand, production and costs, market structure, pricing strategies and market power, the application of game theory to managerial strategies and decisions, and the application of contract theory to problems of incentives and compensation.

We discuss and apply these concepts and techniques by working on practical examples and in-class problems, as well as case studies and class discussions about current economic issues and articles. The course is essential for business professionals in all areas, by providing the fundamentals of management decision making based on economic principles.

Textbook and Course Material

- **(Recommended) Course Textbook:**¹
Managerial Economics and Organizational Architecture
Authors: James Brickley, Clifford Smith, and Jerold Zimmerman
Publisher: McGraw-Hill Irwin; 6th edition.
- **(Required) Four *Harvard Business School Cases***, available for purchase at:
<https://cb.hbsp.harvard.edu/cbmp/access/43764411>
 - (1) “Notes on Exchange Rate Determination”
 - (2) “Metabical: Pricing, Packaging, and Demand Forecasting for a New Weight-Loss Drug”
 - (3) “Chiquita Brands International”
 - (4) “Zara: Fast Fashion”
- **Articles** from the *Wall Street Journal*, *The Economist*, and other specialized business publications will be discussed in class, and posted weekly on Blackboard. The list of articles, which will be updated regularly, is available on Blackboard, under folder “Course Content”.

Grading

• Exam 1:	20 points
• Exam 2:	30 points
• Group Assignments:	20 points
• Class Presentation:	20 points
• Class Participation:	10 points
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TOTAL:	100 points

Exams

- There will be two in-class exams during the course. The exams will be based on the material covered in the lectures, required readings and assignments.
- No books, computers, or class notes are allowed during the exams, except for one sheet of 8.5x11 notes (one side) that each student should prepare in advance and bring to the exam.

¹ We use “BSZ” when referring to the textbook in the class schedule and lecture notes.

Group assignments

- There will be **two group assignments** in the course (10 points each). Each student should form a group of three or four members, and notify the instructor if he / she needs assistance in joining a group. All group members are expected to participate and cooperate in the preparation of the group assignment and a peer evaluation form will be available to each group member.
- Each group assignment will be based on a *Harvard Business School Case* – cases (3) and (4) in page 2. The assignments will be posted on Blackboard and the due dates are posted on the class schedule. Assignments are due at the beginning of the class. No late submissions will be accepted.

Class Presentation

- The class presentation consists of a group presentation at the end of the semester, on April 24th. Each student should work in groups of three or four students and prepare a short Power Point presentation of around 12-15 slides. The slides should be sent to the instructor by e-mail the day before the presentation. Each group will have a maximum of around 16-18 minutes to present and discuss the slides with the class and the instructor.
- All group members are expected to participate and cooperate in the preparation of the class presentation and a peer evaluation form will be available to each group member.
- All students must attend and pay attention to all group presentations, not only their own group. Students arriving late or leaving early on the date of the class presentation will have their class presentation grade reduced by 10%.
- The presentation should be based on a topic chosen by the students, and directly relevant to Economics or Finance, which may or may not have been directly discussed in class.
- For example, a student could prepare a presentation about:
 - A particular product or industry, and related analysis of demand, supply, competition and pricing.
 - The pricing strategies for a certain firm, when there is potential for entry of new competitors in the industry.
 - Production, pricing and other issues related to oil markets, based on supply and demand in the industry.

- The advantages and disadvantages of the managerial compensation / incentives system applied by a particular firm or sector.
- The slides must provide a substantial economic analysis of the topic of choice, based on the models discussed in class.
- Significant research, in addition to the material covered in class, is expected. Specific research databases provided by UH Libraries to all faculty and students are listed below:
 - Finance (FINA) Resources: <http://guides.lib.uh.edu/Finance>
 - Company Research Resources: <http://guides.lib.uh.edu/CompanyResearch>
 - Industry Research Resources: <http://guides.lib.uh.edu/IndustryResearch>
 - News (Economist, Financial Times, New York Times and Wall Street Journal): <http://guides.lib.uh.edu/c.php?g=432655&p=2953899>
- The instructor will also post a “Sample Presentation” on Blackboard, detailing the suggested structure for the presentation.
- Each group is expected to email the instructor a one page proposal explaining their choice of topic by March 24th. If a group is unsure about the relevance of a topic, he / she should contact the instructor for advice before this date.

Class Participation

- Students are strongly encouraged to participate in class. Class participation will be evaluated by the instructor based on each student’s contribution to in-class problems and discussions, as well as his / her contribution to Blackboard discussion forums.

Preparing for Class

- The assigned readings for the lectures and a summary of the topics to be covered in class are posted on the class schedule, and they will be updated regularly on Blackboard. Students are strongly recommended to cover the readings before class.
- Lecture notes will be posted on the course website at the beginning of each week prior to the lecture. Students are encouraged to print a copy to bring to class, or load the notes in their personal computers and bring it to class.

- Suggested problems will be assigned at the end of each Chapter. Students are strongly encouraged to work on examples covered in class and suggested problems, and let the instructor know about any particular example or exercise that they would like to be clarified in class.

Re-grading and Make-up Exam

- Requests for re-grading of exams will be accepted but must be made within two days after the graded exams are returned. The request must include a typed detailed note for each question with a grading discrepancy. However, the students must be aware that the entire exam will be re-graded, not only the specified question(s).
- If a student is unable to attend an exam, the instructor must be notified as soon as possible. In exceptional circumstances, the instructor might allow for a make-up exam to be discussed in a case-by-case basis and with sufficient evidence of the circumstances. The decision will be made at the discretion of the instructor.

Class Policies

- Attendance and class participation are essential for this course. We will have in-class exercises, applications, cases, and regular discussions about current news related to the course. All students are strongly encouraged to participate. Students should avoid disrupting class by arriving late or leaving early.
- Students are very welcome to stop by during office hours, to clarify the material, ask for further references, or simply discuss course topics of interest. The students should take advantage of this resource throughout the semester, not only before exams!
- Students are responsible for checking the course website regularly for updated materials and announcements.
- Cell phones must be turned off before coming to class. No texting is allowed during class.

Accessibility Statement

- The C.T. Bauer College of Business would like to help students who have disabilities achieve their highest potential. To receive academic accommodations, students must register with the Center for Students with Disabilities (CSD) (telephone 713-743-5400).

Academic Honesty

- As students enrolled in courses offered by the C.T. Bauer College of Business, you are expected to adhere to the ethical principles described in the Bauer Code of Ethics and Professional Conduct (Bauer Code), in addition to those required by the UH Student Handbook. You may review the Bauer Code by clicking on the following link: <http://www.bauer.uh.edu/BCBE/BauerCode.htm>. You should obtain and review a copy of the UH Student Handbook, available at: <http://catalog.uh.edu/content.php?catoid=15&navoid=4012>

Course Evaluations

- The C.T. Bauer College of Business requires all its instructors to be evaluated by their students. The results of these evaluations are important to provide feedback to instructors on how their performance and course content can be improved in the future. We encourage all students to provide feedback through the on-line evaluation process.

Course Outline

The tentative outline of course topics is presented below. It will be updated on the course website as class progresses, and it may change accordingly.

Lecture	Date	Topic	Readings	Assignments / Exams
1	1/21/2016	Introduction to the Course Theory of Choice	BSZ, Chapter 2 Articles, Week 1	
2	1/28/2016	Theory of Choice Introduction to Supply & Demand	BSZ, Chapters 2 & 3 Articles, Week 2	
3	2/4/2016	Demand	BSZ, Chapter 4 Articles, Week 3	
4	2/11/2016	Demand Production and Costs	BSZ, Chapters 4 & 5 Articles, Week 4	In-Class Discussion -- Case (1) Assignment 1 is posted
5	2/18/2016	Production and Costs Review of Suggested Problems	BSZ, Chapter 5 Articles, Week 5	
6	2/25/2016	Market Structure	BSZ, Chapter 6 Articles, Week 6	Exam 1 (first half of class)
7	3/3/2016	Market Structure Pricing with Market Power	BSZ, Chapters 6 & 7 Articles, Week 7	Assignment 1 is due Assignment 2 is posted
8	3/10/2016	Pricing with Market Power	BSZ, Chapter 7 Articles, Week 8	
SPRING BREAK				
9	3/24/2016	Economics of Strategy: Game Theory	BSZ, Chapter 9 Articles, Week 9	In-Class Discussion -- Case (2), first hour of class
10	3/31/2016	Economics of Strategy: Game Theory	BSZ, Chapter 9 Articles, Week 10	Assignment 2 is due
11	4/7/2016	Incentive Conflicts and Contracts	BSZ, Chapter 10 Articles, Week 11	
12	4/14/2016	Incentive Compensation	BSZ, Chapter 15 Articles, Week 12	
13	4/21/2016	TBD Review of Suggested Problems		Class Presentations (first two hours of class)
14	4/28/2016			Exam 2

Last Update: 1/14/2016