



TEXAS TECH UNIVERSITY

Rawls College of Business™

BECO 5310-001: Economic Analysis for Business

Syllabus

2014 Summer II

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<i>Office hours</i>	Wednesday 2-5 PM and by arrangement with the instructor.
<i>Office</i>	Currently BA W324, moving to BA 139Q in late July.
<i>Class</i>	Offered online via Blackboard.
<i>Public Website</i>	http://giberson.ba.ttu.edu/BECO5310

Course description

Studies economic decision making in the context of the markets within which firms compete. Emphasizes how the interactions of these markets affect the formulation and implementation of business strategies.

Course materials

Primary course materials are Daniel Marburger and Ryan Peterson, *Economic Decision Making Using Cost Data: A Manager's Guide* (Business Experts Press, 2013) and a "coursepack" of business cases and readings from Harvard Business Publishing.

The Marburger and Peterson book is available from a variety of sources online. The publisher offers an electronic version for \$19.95 at <http://ebooks.businessexpertpress.com/Books/9781606495131>. The HBP coursepack can be purchased at: <https://cb.hbsp.harvard.edu/cbmp/access/27669316>.

Additional content will be posted on the course Blackboard site.

Expected Learning Outcomes

The course is intended to develop students' critical thinking skills within the business environment. Economic concepts and analytical tools will be presented and applied to business data and situations to deepen and develop the students' ability to better understand and act in business contexts. In addition, the student will be able to:

- Estimate demand and supply relationships and apply those estimates in business contexts;
- Apply economic analysis to pricing strategy issues and understand the broader socioeconomic context of pricing decisions;
- Identify uncertain factors in business decision making and employ appropriate risk management tools to guide decision making under uncertainty; and,
- Use Excel or other software tools to model and analyze business decisions.

Methods of Assessing Outcomes

Case study assignments – Each student will be required to submit a brief “case memo” for each of the assigned cases. In addition to several regular case assignments, the midterm and final exam will each include a case memo assignment. Additional guidance on case memo requirements and expectations are provided below.

Quizzes – Many reading assignments are accompanied by short quizzes of 4 – 8 questions. Such frequent, low-stakes quizzes have been shown to be effective in improving learning results.

Journal entries – Many reading assignments will be accompanied by required journal entries. Such journal entries are intended to provide a structured environment to encourage reflection on course material and to be an opportunity for in-context, individual interaction with the instructor.

Midterm exam – The midterm exam will be available from July 23 to 26.

Final exam – The final exam will be available from August 4 to 7.

Homework – Several homework assignments will be provided, along with an answer key for student self-grading. Homework results do not figure directly in course grading.

Grading

This course has a total of 100 points available, allocated as letter grades in the following manner:

- A (Excellent) 90 – 100
- B (Good) 80 – 89.9
- C (Average) 70 – 79.9
- D (Inferior) 60 – 69.9
- F (Failure) 0 – 59.9

Your overall course average will be rounded up to the nearest tenth of a point. (An average fractionally above an 89.9 will become an A, but at an average of exactly 89.9 or below will be a B. Similarly at the grade boundaries at 79.9, 69.9, and 59.9. At my option, I may modestly adjust downward the dividing lines between letter grades.)

Points toward your course average are available as follows:

- Case study assignments..... 20 points
- Quizzes 15 points
- Journal entries 15 points
- Midterm 20 points
- Final 30 points

Academic Integrity / Dishonesty (Operating Procedure 34. 12)

As stated in the TTU Catalog: “It is the aim of the faculty of Texas Tech University to foster a spirit of complete honesty and a high standard of integrity. The attempt of students to present as their own any

work that they have not honestly performed is regarded by the faculty and administration as a serious offense and renders the offenders liable to serious consequences, possibly suspension.”

Disability Accommodation (Operating Procedure 34.22)

Any student who, because of a disability, may require special arrangements in order to meet the course requirements should contact the instructor as soon as possible to make any necessary arrangements. Students should present appropriate verification from Student Disability Services during the instructor’s office hours. Please note: instructors are not allowed to provide classroom accommodations to a student until appropriate verification from Student Disability Services has been provided. For additional information, please contact Student Disability Services in West Hall or call 806-742-2405.

Religious Holy Day Observance (Operating Procedure 34.19)

A student who intends to observe a religious holy day should make that intention known in writing to the instructor prior to the absence. A student who is absent from classes for the observance of a religious holy day will be allowed to take an examination or complete an assignment scheduled for that day within a reasonable time after the holy day.

Course Communication

Course announcements, assignments, supplemental readings, and any changes to this syllabus will be posted on the Announcements page or other relevant locations within the class site on Blackboard. Students should first review the class site on Blackboard and this syllabus for answers to course management questions. Each module in the course will have a Q&A discussion board for questions concerning readings and assignments within that module.

Questions not addressed in those locations should be sent to the instructor as messages within the Blackboard system.

As an alternative, less preferred, you may email me directly. Emails identified as “BECO 5310” in the subject line will be responded to within 48 hours, Monday through Friday. The instructor may ignore or overlook emails not properly identified and emails seeking information readily available at the Blackboard site or in this syllabus. Use of the Blackboard in-course message system will likely bring prompter responses.

Policy on Office Hours

At least six hours of “office hours” will be scheduled for the first week and each subsequent full week of class during the term. In support of the online format, some of these office hours may be provided online (via Skype, Google hangout, or other technology) and some office hours may be offered at convenient off-campus locations. In addition, appointments can be made with the instructor at any mutually convenient time.

Policy on Due Dates and Late Assignments Due to Emergencies or Computer Failures

Assigned due dates are listed in the course schedule, a draft version of which is attached below. The final course schedule will be maintained on the course site in Blackboard. Items are due by midnight at the end of the assigned date unless otherwise indicated.

The assigned due dates are scheduled to provide a relatively even pace of work over the Summer II term. However, the distance education format and course design provides for a great deal of flexibility in student pacing through the course. With this in mind, *quiz* and *journal entry assignments* can be submitted up to four days after the listed due dates without penalty (up until the last week of class,

where such flexibility is impractical). All *case study-related assignments* are due on the dates as listed. The *midterm* and *final exam* will be available to you only during the time window listed.

In the event of an emergency or other contingency (as, for example, a computer failure) that prevents you from completing an assignment in a timely manner, you may request an automatic extension by phone or email. Assignments submitted within 24 hours of the due date will not be marked as late in cases in which a timely extension request has been made. Late assignments will be downgraded.

To request an automatic extension, (1) call my office number, listed above, at any hour of the day and leave a voicemail message, or (2) submit an email message. In the message clearly state the following items: (1) your name, (2) the class, BECO 5310, (3) the assignment on which you seek an extension. Extension requests must be submitted prior to the end of the day on the due date assigned, except when such action would be impractical. Automatic extensions will be for 24 hours only.

Blackboard resources

Student support for Blackboard and related issues is available online at <http://www.tlpd.ttu.edu/content/asp/blackboard/StudentSupport.asp>.

Attached to this syllabus

- **Course schedule and assignment due dates**
- **Guidance for completing case study assignments**
- **Guidance for journal entry assignments**

DRAFT

Please note this is the draft version of the syllabus and associated materials, provided in advance of the term in draft form to assist in your class preparation and planning. The final version of the syllabus, the course schedule, due dates, and assignment details will be made available through the course site on Blackboard.

Note that the instructor reserves the right to make changes to the material included herein.

BECO 5310: Applied Business Economics

Course schedule and assignment due dates 2014 Summer II

A note from the instructor on the Summer work load

It is summertime! But unlike the song “Summertime” where the living is easy, taking a graduate business class during a short summer term will take a little hard work and dedication. Because this class is offered online, you will have added flexibility about when you do your work *and* added responsibility to manage your progress through the course materials.

A typical “in-class” summer course meets two hours a day and requires additional time for the student to read texts and complete various homework assignments. You will need to dedicate a similar amount of time to keep up with this on-line summer course.

Graded assignments are clearly marked with due dates in the schedule below.

Quiz and journal entry assignments must be completed within four days of the listed due date (except assignments during the final week of class). These assignments are marked with asterisks below. Case study-related assignments are due on the dates as listed.

Note that the course schedule and assignment due dates represented here may be adjusted. In all cases the schedule and due dates presented at the course site in Blackboard will be official.

“M&P” in the schedule refers to text by Marburger and Peterson, *Economic Decision Making Using Cost Data: A Manager’s Guide*. *WSJ* refers to the *Wall Street-journal*.

Assignment	Due Date	
<u>Introductions to the instructor and the course</u>		
<u>Module 1</u>	M&P Preface reading assignment	
	M&P Preface..... quiz	Jul-8*
	M&P Preface..... journal entry	Jul-8*
	"I pencil, the movie" viewing assignment	
	"I pencil, the movie"..... journal entry	Jul-8*
<u>Economics and business decision making</u>		
<u>Module 2</u>	M&P Ch. 1 reading assignment	
	M&P Ch. 1..... quiz	Jul-9*
	M&P Ch. 1..... journal entry	Jul-9*
	WSJ-Struggling Malls reading assignment	
	WSJ-Struggling Malls..... quiz	Jul-10*
	WSJ-Struggling Malls..... journal entry	Jul-10*
<u>Case 1</u>	Old Mule..... blog entry	Jul-10
	Old Mule..... blog comments	Jul-11
	Old Mule..... case memo due	Jul-12
<u>Tools to aid decision making</u>		
<u>Module 3</u>	Tools for analysis-decision trees and probabilistic thinking	
	Tools for analysis-decision trees..... journal entry	Jul-12*
	Tools for analysis-Monte Carlo methods	
	Tools for analysis-Monte Carlo..... journal entry	Jul-14*

Case 2	George's T-Shirt..... blog entry	Jul-12
	George's T-Shirt..... blog comments	Jul-13
	George's T-Shirt..... case memo due	Jul-14
Relevant revenues and relevant costs		
Module 4	M&P Ch. 2-reading assignment	
	M&P Ch. 2..... quiz	Jul-15*
	M&P Ch. 2..... journal entry	Jul-15*
Case 3	Salem Telephone..... blog entry	Jul-15
	Salem Telephone..... blog comments	Jul-16
	Salem Telephone..... case memo due	Jul-17
Consumer value and demand		
Module 5	M&P Ch. 3a-reading assignment	
	M&P Ch. 3a..... quiz	Jul-16*
	M&P Ch. 3a..... journal entry	Jul-16*
Case 4	Catawba Industrial..... blog entry	Jul-18
	Catawba Industrial..... blog comments	Jul-19
	Catawba Industrial..... case memo due	Jul-20
Elasticity of demand		
Module 6	M&P Ch. 3b-reading assignment	
	M&P Ch. 3b..... quiz	Jul-19*
	M&P Ch. 3b..... journal entry	Jul-19*
	Creative destruction-reading assignment	
	Creative destruction..... quiz	Jul-21*
	Creative destruction..... journal entry	Jul-21*
Case 5	Springfield Nor'easters..... blog entry	Jul-21
	Springfield Nor'easters..... blog comments	Jul-22
Cost and Production Decisions		
Module 7	M&P Ch. 4a-reading assignment	
	M&P Ch. 4a..... quiz	Jul-22*
	M&P Ch. 4a..... journal entry	Jul-22*
	M&P Ch. 4b-reading assignment	
	M&P Ch. 4b..... quiz	Jul-23*
	M&P Ch. 4b..... journal entry	Jul-23*
Midterm	Midterm Exam	Available Jul-23 to Jul-26
	Springfield Nor'easters - Midterm case memo	Jul-25
Markets and prices-short run and long run adjustments		
Module 8	Uber: Supply and Demand or Price Gouging-reading assignment	
	Uber: supply and demand..... journal entry	Jul-24*
	Uber, taxis, and regulators-reading assignment	
	Uber, taxis, and regulators..... journal entry	Jul-26*
	M&P Ch. 4c-reading assignment	
	M&P Ch. 4c..... quiz	Jul-26*
	M&P Ch. 4c..... journal entry	Jul-26*

Case 6	Superior Manufacturing..... blog entry	Jul-27
	Superior Manufacturing..... blog comments	Jul-28
	Superior Manufacturing..... case memo due	Jul-29
Economic decision making using accounting data		
Module 9	M&P Ch. 5a-reading assignment	
	M&P Ch. 5a..... quiz	Jul-29*
	M&P Ch. 5a..... journal entry	Jul-29*
	WSJ-Guilty and gullible-reading assignment	
	WSJ-Guilty and gullible..... quiz	Jul-29*
	WSJ-guilty and gullible..... journal entry	Jul-29*
Cost allocation methods and economic decision making		
Module 10	M&P Ch. 5b-reading assignment	
	M&P Ch. 5b..... quiz	Jul-30*
	M&P Ch. 5b..... journal entry	Jul-30*
	M&P Ch. 5c-reading assignment	
	M&P Ch. 5c..... quiz	Jul-31*
	M&P Ch. 5c..... journal entry	Jul-31*
Case 7	Landau Co..... blog entry	Jul-31
	Landau Co..... blog comments	Aug-1
	Landau Co..... case memo due	Aug-2
Applying Monte Carlo analysis		
Module 11	M&P Ch. 6-reading assignment	
	M&P Ch. 6..... quiz	Aug-2
	M&P Ch. 6..... journal entry	Aug-2
	Tools-review and Monte Carlo again..... journal entry	Aug-4
	WSJ-Price for hotels-reading assignment	
	WSJ-Price for hotels..... quiz	Aug-4
	WSJ-Price for hotels..... journal entry	Aug-4
Case 8	Kimpton Hotel..... blog entry	Aug-4
	Kimpton Hotel..... blog comments	Aug-4
Applying optimization tools		
Module 12	Tools-Optimization	
	Tools-Optimization..... journal entry	Aug-4
	Cases/Course Content Survey..... quiz	Aug-5
Case 9	Merton Truck..... blog entry	Aug-5
	Merton Truck..... blog comments	Aug-5
Final	Final Exam	Available Aug-4 to Aug-7
	Kimpton Hotel or Merton Truck-Final exam case memo	Aug-6

BECO 5310: Applied Business Economics

Guidance for case study assignments 2014 Summer II

Case studies are brief narratives presenting a business situation or problem requiring your thoughtful assessment and recommendation. Some case studies involve real-world companies and situations while other cases are fictional. Be aware that, just like in real-world situations, the cases do not always present the all of the necessary information in a complete or well-organized fashion.

Most of the case study assignments in the course will have three parts: a blog entry on Blackboard, blog comments, and a case memo writing assignment. Each of these parts are explained below.

Case study assignments constitute 20 percent of your overall course grade. The blog entry and blog comments assignments represent one-quarter of the case study grade; the written case memo represents the remaining three-quarters of the case study grade.

Blog entry assignment.

For each case you are required to produce a short blog post by the date assigned. The blog post should briefly state your assessment of the main problem situation advanced by the case and identify the main concepts and tools you expect to be useful in analyzing the case. These posts should be substantive, but need not be exhaustive. Read through the case carefully once or twice and then spend 10 or 15 minutes composing your initial thoughts on the case.

In addition, if you have questions about the case or how a concept or analytical tool could be productively applied, you can include your questions in this post. Note, however, that the blogs are primarily for student-to-student interaction. If you have questions you wish me to address, send it through the Blackboard message system or submit it to the Case Study Q&A discussion board.

Grading. In general, you will get full credit for this portion of the case study assignment if your blog post appears complete and thoughtfully responds to the assignment. Late, incomplete, or otherwise careless work may be downgraded.

Blog comment assignment.

After your blog post, review and comment on two or more of your classmates blog posts. Your comment should consider and constructively respond to at least a portion of the substance of the post. Such comments should be at least two or three sentences, but needed be longer.

Grading. In general, you will get full credit for this portion of the assignment if your blog comments appear constructive and responds to substance of your classmate's blog post. Late, incomplete, or otherwise careless work may be downgraded.

Case memo writing assignment.

For each of the case studies assigned you should prepare a brief “case memo” meeting the following requirements. A sample memo follows the instructions and illustrates what a complete memo will look like; a grading rubric offers further guidance.

1. Memo header will be composed of four lines as follows:

- The “To” line should read: To: Michael Giberson, BECO 5310-006
- The “From” line should read: From: [Your Name]
- The “Date” line should read: Date: [Assignment Date]
- The “Re” line should read: Re: [case title]

2. The memo header will be followed by a break (either a horizontal line or a line break).

3. The first paragraph in the body of the memo summarizes the “big picture” problem or situation faced in the case study. State clearly and briefly the nature of the problem faced.

4. The second paragraph presents your recommendation for action. State clearly and briefly which of the available courses of action ought to be pursued in the case.

5. Finally, explain your recommendation. Here you may (a) summarize any calculations or other analysis helpful in explaining your recommendation, (b) briefly explain the principle or concept that helps makes sense of the situation, (c) and so on.

Note that some cases are short and relatively simple and others are longer and more complicated. There is no uniform “right length” suitable for all twelve cases. In points 3 and 4 above I ask you to “state clearly and briefly” the needed material. For the explanation, too, you should be clear and brief, though you may include more than one paragraph as needed to explain your recommendation.

If you need to present quantitative results as part of your explanation, do it either in tables or in the text of your memo as appropriate. Turn in Excel spreadsheets only when specifically requested.

You are encouraged to discuss and analyze cases with your classmates. The blog entry assignments provide some opportunity for interaction and you may engage in additional interaction at your discretion. However, *your written memo must be your own work, must be in your own words, and must reflect your own understanding and views on the case.*

Grading. To gain full credit for the written assignment, case memos must be (a) turned in via Blackboard by midnight at the end of the day assigned; (b) formatted as required; and (c) and reflect your original, careful and competent assessment of the case.

For further guidance, please review the sample case memo and the assignment grading rubric on the next page.

Advice. Note that you can find many of the cases already analyzed on line in a variety of formats and quality. You are free to consult any materials you can find, including such analysis. However, please realize that if you can find case analyses on line, so can I. Review the case study and such other materials as you wish, but when it comes time for you to write up the memo *your case memos must reflect your individual original efforts in both analysis and writing.*

SAMPLE CASE STUDY MEMO

SAMPLE CASE STUDY MEMO

To: Michael Giberson, BECO 4310-006
 From: J. K. Rowling
 Date: January 17, 2014
 Re: The Indian Mall Shoe Store

The opening of the Mall at Turtle Creek has resulted in an immediate and significant drop off in customer traffic at Indian Mall. Some Indian Mall retailers have already closed, others will likely follow, and therefore the loss of customer traffic is likely permanent. The Indian Mall Shoe Store has seen a significant loss of sales, and a resulting shift from profits in the months before Turtle Creek opened to losses in the months after the competing mall opened. The Indian Mall Shoe Store now must consider whether it should remain in business or shut down.

I recommend the owners of the Indian Mall Shoe Store continue operating at a smaller scale at present, but continue to explore alternative opportunities for their investment as business at the Indian Mall is expected to continue to fall.

Table 1 below summarizes the changes in revenues and costs expected to come about from closing the store based on accounting results for a month before the opening of Turtle Creek and results for a month after the opening. The table suggests that closing the store will result in the loss of \$75,670 in revenue and in the reduction of costs by \$76,274. Overall, if we take the results as indicative of future performance, the owners would save \$604 per month by closing now.

Ultimately reduced customer traffic at Indian Mall will make it no longer profitable to operate at that location, but by reducing costs it should be possible to keep the store open for a few more months. During that time the owners should explore the possibility of opening a shoe store in a new location and other opportunities for their investment of time and capital. Table 2 summarizes projected changes in revenues and costs based on a reduction in operations at the current store. Cutting back will involve reducing hours and staff, so may further reduce revenue. However, the reduction in costs should be greater than the lost revenue leading to positive expected value from remaining open.

Table 1: Closing the store

Decision: Close the store		
Decrease in Revenues:		(\$75,670)
Decrease in Costs:		
Cost of sales	\$43,889	
Ads	\$8,515	
Mailings	\$3,750	
Payroll	\$20,120	\$76,274
	NET:	\$604

NOTE: Based on information in text.

Table 2: Cutting back on operations

Decision: Continue at smaller scale		
Decrease in Revenues:		(\$15,000)
Decrease in Costs:		
Cost of sales	\$7,500	
Ads	\$2,000	
Mailings	\$1,500	
Payroll	\$5,000	(\$16,000)
	NET:	\$1,000

NOTE: Author's calculations developed from information in text and additional assumptions.

Notes:

1. Memo header in the format required by the assignment (followed by a break, which can be a line or just some white space).
2. The first paragraph summarizes the "big picture" challenge in the case study.
3. The second paragraph presents the recommendation for action.
4. The recommendation is explained.
5. Information from the case relevant to the explanation is repeated correctly.
6. Original additional analysis is presented to support the recommendation made.

Case Study Memo Grading Rubric

Component	Weak Below Expectations	Satisfactory – Good Meets Expectations	Excellent Exceeds Expectations
Header	Incomplete or includes errors, does not follow instruction	Header is complete, correct, and in the required format	---
First Paragraph / Summary and Introduction	The introduction is incomplete or inaccurate and fails to show basic understanding of case.	The introduction adequately summarizes the case study situation with a focus on the key topic of interest.	The introduction demonstrates a clear grasp of the case and describes the situation clearly and insightfully.
Second Paragraph / Recommendation	No clear recommendation provided. Recommendation fails to respond to the case conditions.	The recommendation is stated simply and clearly. Recommendation reflects understanding of the case.	The recommendation is stated directly, carefully, and clearly. Recommendation reflects insight into the case.
Analysis / Justification / Supporting Information	Explanations are unclear, fail to reflect an understanding of the case. Mistakes in simple calculations. Explanation fails to actually support the recommendation made.	Explanation provides clear support for recommendation, reflects an adequate understanding of the case, and displays good knowledge of course concepts. No glaring mistakes.	Explanations provide clear and complete support for the recommendation, reflects good or deep insight into the case, and employs course concepts with sophistication.
Typical result:	C or worse	B	A

Finally: Details matter—grammatical errors, typographical errors, poorly presented tables, and so on—can result in your paper being downgraded. While the focus of the assessment will be on your substance (clarity of your introduction, recommendation, and justification; the insightfulness of your analysis; the proper application of course concepts), appearance matters too.

BECO 5310: Applied Business Economics

Guidance for journal entry assignments 2014 Summer II

Many reading assignments will be accompanied by required journal entry assignments. Such journal entries are intended to provide a structured opportunity to reflect on course material. In addition, the journal entries will allow for in-context, individual interaction with the instructor.

Note that in some cases the “reading assignment” with a required journal entry is actually a viewing or listening assignment. Below I refer to reading assignments but the reference includes assigned videos or audio presentations.

Required structure for assigned journal entries. Each assigned journal entries should be at least two paragraphs long and perhaps a little longer.

1. The first paragraph should offer a brief summary that identifies the overall point and key terms and concepts of the reading assignment. This paragraph need not repeat every point made nor list every term. Three or four sentences capturing the highlights will be sufficient.
2. The second paragraph should respond to the specific question or directions provided with the journal entry assignment.

When you are asked to make a connection between assigned readings, please be aware that the connections may or may not be obvious. If the connection between the material is not obvious, you may have to stretch creatively to make a connection. In either case, make clear how the current reading assignment can help you understand or view in a new perspective the material you are connecting it with.

3. The optional additional paragraphs are available to you to direct questions to the instructor regarding the reading assignment. The instructor will aim to respond to journal entries within two days of submission, Monday through Friday.

Grading. To gain full credit for these assignments, journal entries must be (a) submitted in via Blackboard by the end of the day assigned; (b) include at least two paragraphs as described above; and (c) and reflect your original, careful and competent assessment of the assigned reading.

In general, full credit will be given for thoughtful, complete journal entries submitted on time. Careless, incomplete, and/or late entries will be downgraded.