

[November 12, 2019]

B Econ 500, Introduction to Business Economics

Autumn 2019

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Office hours: Anytime, but by appointment (email in advance)

Overview

In this class, students learn to apply tools from economics to improve business decisions. In particular, economics casts important light on a firm's ability to make and sustain profits.

I will not assume any prior knowledge of economics. I realize that some students have taken economics classes as part of previous degree programs. The class will be more applied than many undergraduate economics classes.

Parts of economic analysis are quantitative. However, I will not use more mathematics than necessary. In particular, I will not make use of calculus.

Class materials

The class textbook is:

Managerial Economics, 5th Edition, by Froeb, McCann, Shor, Ward

An alternative to the textbook readings is to watch the corresponding textbook videos. I will post links on Canvas (they are also easy to find using Google).

I have stopped short of making the textbook "required." But the textbook is very readable, and an excellent resource. It also contains some end-of-chapter questions that are useful for additional practice.

In addition to the main textbook, I highly recommend "The Undercover Economist" by Tim Harford. I will draw from at least some material in this book, and post at least two chapters on Canvas, but the whole book is interesting.

I will place additional readings and lecture notes on the Canvas page. I will generally not bring hard copies to class.

Topics

We will cover the topics below, in the order listed. The associated textbook chapters are in parentheses.

Basic tools of economic analysis: Economic profit, marginal analysis (chapters 3, 4)
Demand curves, and their use in pricing decisions (chapter 6)
Economies and diseconomies of scale (chapter 7)
Industry analysis and basic strategy (chapters 8, 9, 10, 11)
Back to pricing decisions (chapters 12, 13, 14)
Auctions (chapter 18)

Guest lectures

Class 5 (Oct 8): Alaska Airlines: Daniel Fry, Manager, Marketing & Loyalty Analytics;
Shane Tackett, Executive Vice President, Planning & Strategy
Class 16 (Nov 13): Luxi Guo, Data Science Manager in online advertising

Class expectations

Class Attendance: Required, as stated in handbook. Participation and attendance can affect your grade.

The main aim of the class is the application of economic principles. To accomplish this, class participation is very important. There will be extensive class discussion and small-group in-class exercises.

Please arrive in class on-time. Use electronic devices only for class-related activity. If you own a tablet, please use this in preference to a laptop.

Name tents: Please display your name tent in class. I will remind you to do this.

Honor code: The Foster MBA Program Honor Code applies. A full statement is here: <http://www.foster.washington.edu/academic/mba/currentstudents/Pages/honorc ode.aspx>

In brief the Honor Code states: "Cheating, attempted cheating, plagiarism, lying, and stealing in relation to academic work is prohibited."

Core grading: I will follow the agreed guideline for core classes, and assign grades with a median of 3.4.

Class assignments

The class calendar below lists all key dates. If any of these present a problem for you, please let me know immediately.

Weekly online quizzes:

There are relatively short online quizzes most weeks, administered via Canvas. Each quiz will be available midnight Thursday to midnight Sunday. I will set a time limit of approximately 1-2 hours for each quiz, but my expectation is that quizzes

will require much less time. The quizzes will test basic understanding of recent class material. These quizzes must be done individually. However, you may use the textbook and class notes.

You have the option to take each quiz twice. Only the higher score will count towards your grade.

Group homeworks:

There are 5 group homeworks. Each homework is due at the beginning of class on the relevant day. I will post the homework on Canvas a minimum of one week ahead of time.

The homeworks are designed to be done in groups. You can hand in one write-up per group. However, if you cannot reach agreement within your group, you are welcome to submit multiple solutions.

It is really important that all group members actively participate in the entire homework. Also, each group's submission should be independent from the submissions of all other groups. I am very happy for you to discuss economics outside of class, and that potentially includes discussing homeworks in *general* terms. But the *specifics* of homeworks should be discussed only within your group, and breaches of this constitute a serious breach of academic honesty.

My main aim in the homeworks is to encourage you to apply economics to situations different from those we have explicitly discussed in class.

The textbook contains many additional questions. I will post lists of recommended questions on Canvas.

Exams:

Exams are Friday November 1 and Monday November 25.

Both exams are in-class closed book exams. For each exam you can bring a one-page "cheat sheet," written on both sides.

I will devote at least some of the classes on October 31 and November 21 to pre-exam review. In addition, the review sessions on October 25 and November 22 will focus on going over old exam questions.

The final is comprehensive, i.e., covers material from the entire quarter.

Optional review sessions

Most weeks there is review session. The standard time is Fridays, 12.30-2pm, but there are some exceptions; see the calendar at end of this syllabus. The review

sessions are optional, and are led by the teaching assistant for the course, Josh Ding (econjosh@uw.edu). The exception is the final review session on Nov 22, which I will conduct myself.

Grading

I will assign final grades using the maximum of

(i) Quizzes, 12%; Homeworks, 15%; Joint case, 10%; Exam I, 31%; Exam II, 32%

(ii) Quizzes, 12%; Homeworks, 15%; Joint case, 10%; Exam I, 21%; Exam II, 42%

Religious and disability accommodations; academic integrity; student conduct; student safety

UW policies on religious and disability accommodations, academic integrity, student conduct, and student safety will be strictly followed. Policy details can be found online including at the following links:

<https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/>;

<http://depts.washington.edu/uwdrs/faculty/syllabus-statement/>;

<https://www.washington.edu/studentconduct/conduct-code-and-policy/>.

Class calendar

All classes meet in Paccar 390, and last 1 hour 30 minutes.

		Section A	Section B
Class 1	Tues, Sep 24	3.15pm	1.30pm
Class 2	Wed, Sep 25	1.30pm	3.15pm
Review session (optional)	Fri, Sep 27	12.30pm	
Quiz 1 due	Sun, Sep 29	midnight	
Class 3	Tues, Oct 1	3.15pm	1.30pm
Class 4/HW1 due	Thur, Oct 3	3.15pm	1.30pm
Review session (optional)	Fri, Oct 4	12.30pm	
Quiz 2 due	Sun, Oct 6	midnight	
Class 5 (guest lecture)	Tues, Oct 8	3.15pm	1.30pm
Class 6/HW2 due	Thur, Oct 10	3.15pm	1.30pm
Review session (optional)	Fri, Oct 11	12.30pm	
Quiz 3 due	Sun, Oct 13	midnight	
Class 7	Wed, Oct 16	1.30pm	3.15pm
Class 8	Thur, Oct 17	3.15pm	1.30pm
Review session (optional)	Fri, Oct 18	12.30pm	
Quiz 4 due	Sun, Oct 20	midnight	
Class 9	Mon, Oct 21	8.45am	10.30am
Class 10/HW3 due	Tues, Oct 22	3.15pm	1.30pm
Review session (optional)	Fri, Oct 25	3pm	
Quiz 5 due	Sun, Oct 27	midnight	
Class 11	Tues, Oct 29	3.15pm	1.30pm
Class 12	Thur, Oct 31	3.15pm	1.30pm
Exam I	Fri, Nov 1	9.30-11am	
Class 13	Tues, Nov 5	3.15pm	1.30pm
Review session (optional)	Wed, Nov 6	1.30pm	
Class 14	Thur, Nov 7	3.15pm	1.30pm
Quiz 6 due	Sun, Nov 10	midnight	
Class 15	Tues, Nov 12	3.15pm	1.30pm
Class 16 (guest lecture)/HW4 due	Wed, Nov 13	1.30pm	3.15pm
Quiz 7 due	Sun, Nov 17	midnight	
Class 17	Tues, Nov 19	3.15pm	1.30pm
Class 18/HW5 due	Thur, Nov 21	3.15pm	1.30pm
Review session (optional)	Fri, Nov 22	12.30pm	
Exam II	Mon, Nov 25	2.30-4.30pm	
Case competition launch	Mon, Dec 2		
Case competition deliverables due	Fri, Dec 6		
Case competition presentations	Mon/Tues, Dec 9/10		