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Executive MBA Program

Spring-Summer 2018

***Managerial Economics***

B5200

Professor Frank Lichtenberg  
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**Course Description**

Success in business depends on the positioning of the firm and the management of its resources. Through the lens of economics, students will learn to think systematically and strategically about critical management issues concerning consumer demand, costs, pricing, market competition, and organizational incentives. This course differs from undergraduate microeconomics in its emphasis on how economic principles apply to real-world managerial decisions, with a reliance on quantitative data analyses rather than the use of calculus.

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**Course Structure**

Outlined below are topics for each class session, assignments, corresponding news articles (referred to as NA), and (optional) readings from Managerial Economics by Froeb, McCann, Shor, and Ward (4th Edition) (referred to as FMSW). In addition, class notes will be distributed in class and posted on Canvas. The emphasis in the course is on understanding and being able to apply effectively in business a relatively small number of general principles.

**Grading Policy**

Grades in the course will be based on assignments, class participation, and a final exam.

The weights on each of these elements are roughly 20% for the homework, 20% for class participation, and 60% for the final exams.

**Class Participation**

In-class discussions are an integral part of the course, and students are expected to contribute to the learning experience of the class by asking relevant questions, offering insights into the topic at hand, and generally behaving in a professional manner. Quality of contribution matters more than quantity. Class participation scores will also take into account attendance, lateness, and completion of pre-class (Canvas) and in-class (clickers) surveys. Students are expected to attend each class session.

**Case Studies**

The course will feature discussions of three cases, also found on Canvas. Cases must be read prior to class discussion. Students are encouraged to work in groups but must be prepared to (individually) present their solutions to problems and questions accompanying the case.

**Problem Sets**

Students will be asked to solve several of problems constructed to help them learn the course material. These problems will be available on-line (on Canvas).

Problem sets will be given a percentage grade, and a student’s best 4 of 5 scores will count towards the final grade. These assignments are Type B (see table below).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Type | Designation | Conceptual Discussion | Preparation of submission | Grade |
| B |  | As desired | **Individually** | Individual |

To be eligible to receive full credit, students must turn in their problem set by 11:59PM on the due date via Canvas. In order to reduce workload during your stay on campus, the due dates will be in the periods between your block weeks:

Problem set 1: Sunday, March 25

Problem set 2: Sunday, April 1

Problem set 3: Sunday, April 8

Problem set 4: Sunday, May 13

Problem set 5: Tuesday, May 22

**Final Exam**

The Final Exam will be held during the time window of May 28-June 4. It will be an “online” exam. The exam will include a combination of quantitative and qualitative components, very similar to the Problem Sets. The final exam will be submitted via Canvas and students will be able to work on laptops and have access to their class materials, but use of the internet is only allowed for downloading exam materials and uploading exam submissions.

**Review Sessions**

Review sessions will be conducted based on students’ demand and availability of time slots.

**Individual Class Sessions**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Class** | **Date** | **Topic** | **Assignments (problem sets, cases, & news articles (NA))** | **Optional Readings**  **(FMSW)** |
| **Block 1 – March - Columbia** | | |  |  |
| 1 | March 13 | Consumer Demand |  | Chapter 6 |
| 2 | March 13 | Costs & Profitability I |  | Chapter 3 |
| 3 | March 14 | Costs & Profitability II | GM Case | Chapter 4 |
| 4 | March 14 | Marginal Analysis |  |  |
| 5 | March 15 | Targeted Pricing | Airline Pricing Case | Chapter 3 |
| 6 | March 15 | Pricing for Segmentation |  | Chapter 3 |
| **Block 2 – April – San Fransisco** | | |  |  |
| 7 | April 11 | Supply and Demand |  | Chapter 8 |
| 8 | April 11 | Decision Trees |  |  |
| 9 | April 13 | Market Analysis I | AMAX Case |  |
| 10 | April 13 | Market Analysis II |  |  |
| 11 | April 14 | Adverse Selection I |  | Chapter 19 |
| 12 | April 14 | Adverse Selection II |  |  |
| **Block 3 – May – Columbia** | | |  |  |
| 13 | May class 1 | Strategic Interaction  (Game Theory) |  |  |
| 14 | May class 1 |  |  |
| 15 | May class 2 |  |  |
| 16 | May class 2 |  |  |
| 17 | May class 3 |  |  |
| 18 | May class 3 |  |  |
|  | May 28-June 4 | FINAL EXAM II |  |  |