

DRAFT**B7619 (EMBA BLOCK WEEK)**
MARCH 30-APRIL 3, 2020Professor: Vicki G. Morwitz
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Timing and Location are TBD

Teaching AssistantOffice Hours:

TBD

TBD

◆◆◆ WHAT YOU NEED TO KNOW ◆◆◆

Below is a list of the **most important things for the class** (grading outline, course requirements, and required reading materials). If you email me or ask me a question about something that is answered in this section, I will refer you to the syllabus (and judge you harshly). For details on any of the points below, please consult the remainder of the syllabus. Due dates are listed in the Course Roadmap at the end of the syllabus.

1. **Before coming to the first class**, please do the **pre-class survey** (the link is provided on the course homepage in Canvas, and under Assignments).
 - a. The survey will count towards your participation grade, so even if you join the class late, please complete it!
2. There is a **strict no laptop/device policy** in class, except when participating in in-class polls (and even then, no laptops can be used for polling purposes).
 - a. Students who have special permission to use a laptop during class **must contact me before the first class meeting**. Otherwise, if you have a laptop, it must be stored during class. All other electronic devices (phones, tablets, etc.) are also prohibited during class time.
3. **Two textbooks are required** for the course: (1) *Thinking, Fast and Slow* by Daniel Kahneman, (2) *Misbehaving: The Making of Behavioral Economics* by Richard Thaler.
4. The **readings for each lecture** are listed in the roadmap (at the end of this document). These **readings must be done BEFORE the start of class**. The readings for each topic are required

and considered part of your preparation for that lecture. **This means that readings for days that cases are due will be helpful for your preparation of that case.**

5. **Participation is 25% of your grade.** Of that 25%, 48% will be determined by class participation, which includes participating in in-class exercises; 44% will be determined by attendance; and the remaining 8% is from completion of the pre-class survey.
 - a. **Attendance will be tracked via PollEverywhere.** Please set-up your account and make sure you can access the app before attending the first class.

6. **Written assignments are 40% of your grade.** There will be six case assignments total and **you have to complete five** of them (if you do all six, I will drop the lowest score for one of your assignments and give you a bonus point). There may also be other written assignments beyond the cases.
 - a. **Please see the formatting guidelines before writing your first case assignment.**

7. A **final exam will be 35% of your grade.** The final exam will be 90 minutes and will happen **in class on the last day of class** (Friday, April 3rd).
 - a. **Students who miss the exam (excused) and do not make it up during the stated make-up period will receive a zero for final exam grade. Students who miss the exam without notifying OSA or me (unexcused) will receive an F in the course.**

◆◆◆ COURSE OBJECTIVES ◆◆◆

The purpose of this course is to inform future managers, analysts, consultants, and advisors of the psychological processes and biases underlying decision-making, with an emphasis on how to incorporate such insights into marketing and business strategies.

The class has two main facets. First, it will give you a broad overview of important results from various behavioral sciences that clarify how people make decisions. Second, it will provide you with advice about applying these findings to topics in marketing, management, and finance (each the focus of approximately one-third of the class material). Classroom time will be devoted to a combination of lectures, discussions, and exercises illustrating the main concepts.

The first half of the class will be more theory focused to build the foundations that we need to move into a discussion of applications (the second half of the class).

◆◆◆ CLASSROOM CULTURE ◆◆◆

This course adheres to Columbia Core Culture. Therefore, you are expected to be present, prepared, and participating. This means:

- Being **on time and present** for every session (attendance will be tracked)

- **Students who miss 33% of classes (unexcused absences) will receive a maximum grade of P in the course. Students who miss 50%+ of classes (unexcused absences) will receive an F in the course.**
- **Completing the readings and assignments before class**
- **Expecting cold-calling**
- **Bringing your nameplates** to every class meeting
- **Participating in a meaningful way** is expected and part of your grade
- Using **electronic devices is not allowed**
- **Being respectful** of the professor and your fellow students (adhering to the Code of Conduct in the classroom)
- **Final Exams:** students who miss the exam (excused) and do not make it up during the stated make-up period will receive a zero for final exam grade; **students who miss the exam without notifying OSA (unexcused) will receive an F in the course**

◆◆◆ **FORMAT** ◆◆◆

This class is intended to be intellectually stimulating and challenging. I value class participation and the application of the ideas and theories that will be presented. Student engagement and interaction is my favorite part of teaching, so I hope to see buy-in from everyone in the classroom.

There is a strict no laptop/no electronic device policy in class. Accordingly, **laptop usage is not permitted** during class time with exceptions made only under special circumstances. **All other electronic devices – tablets, phones, etc. – are also prohibited during class time. Phones will be allowed for in-class attendance and polling purposes only and must be put away at all other times.** Please silence all such devices when you are in the classroom. This policy is to ensure better comprehension and participation, which will make the class better for everyone.

Since there are no laptops allowed, **I will provide handouts for all of the lectures for note-taking purposes.** If you have any questions about this policy, please see here first: goo.gl/YuLA3A (“To Remember a Lecture Better, Take Notes by Hand,” *The Atlantic*). If you attempt to use a laptop in class, you will be asked to put it away.

◆◆◆ **MATERIALS** ◆◆◆

There are two required books for this course:

1. *Thinking, Fast and Slow* by Daniel Kahneman (referred to as “Thinking” hereafter)
2. *Misbehaving: The Making of Behavioral Economics* by Richard H. Thaler (referred to as “Misbehaving” hereafter)

All other readings will be available online through Canvas (either in a Readings folder, through the Calendar, or via the “Library Reserves” link on Canvas).

Please note: readings from *Thinking* and *Misbehaving* will **not** be reproduced online due to copyright restrictions, except for those required for the first week.

The readings listed in the syllabus are required material that should be read before class. Cases listed in the syllabus should always be prepared before class.

◆◆◆ EVALUATION ◆◆◆

1. **Participation (25%).** In a course like this, the adage “garbage-in-garbage-out” is especially true. You will only get out of this course as much as you are willing to put in, and lively class discussion is essential for learning this material. It is therefore very important that you take an active role in classroom activities and discussions and come fully prepared. If you are distracting from the class or contributing in an inappropriate/irrelevant manner, you will not receive participation credit for such comments (in fact, you could end up receiving negative points!).

The class participation grade will be determined by:

- **Class attendance**
- **Constructive, respectful, and meaningful** participation in-class and completion of out-of-class exercises (pre-class survey, final exam question submission)
- **Completion of the pre-class survey**

Students who miss 33% of classes (unexcused absences) will receive a maximum grade of P in the course. Students who miss 50%+ of classes (unexcused absences) will receive an F in the course.

2. **Writing Assignments (40%).** To reinforce the learning process, you are required to do **five** written case assignments. You may also do a sixth assignment. If you do a sixth assignment, I will drop the case with the lowest score and I will give you one extra credit point. Of the writing assignments listed in the course roadmap, you can choose which five you would like to turn in.

Assignments should be done on an individual basis. You may discuss the case and assignment with other students in the class, but **each person must submit their own paper with original work**. The writing assignments should be contextualized in the case at hand and should draw on information from the readings and lectures to support your analysis.

All of the writing assignments will be case-based and **must be turned in prior to the start of class**, since we will be discussing and analyzing the case together in class. **Late assignments will not be accepted** and any cases submitted after five minutes into class will not be graded.

Here are some **general guidelines** for preparing effective write-ups:

1. Be concise and to the point. Provide a strong, logical flow in your analysis. Above all, do not spend time rehashing or paraphrasing the details of the case, as the TAs have read the cases and know these details already.
2. Make your assumptions explicit whenever necessary and defend their reasonableness.

3. Your analysis should be thorough, be carried out correctly, and should draw whenever relevant on material presented in class or assigned in the readings.
4. Focus any specific recommendations on the important issues in the case. Recommendations should be practical, cost-effective, and appropriate to the timing (short-term or long-term) of the problem at hand.

Formatting requirements:

Writing assignments have a **strict four-page limit**. All papers should be **double-spaced** with **1” margins** and **12-point font**. Please write a cohesive paper (do not submit numbered or bulleted lists summarizing your thoughts). **Failure to follow formatting guidelines will result in a one-point reduction**. Please upload assignments on Canvas.

3. **Final Exam (35%). The exam will be 90 minutes and will be held in-class on the last day of class (Friday, April 3rd).**

◆◆◆ GRADING SYSTEM ◆◆◆

All case assignments will be graded by the TAs using a five-point system. The grades can be interpreted as follows:

1	Some evidence of reading, but little understanding of the psychology or how it works. Minimal application of course concepts to the actual question that was asked.
2	An attempt at applying the course material, but with little or no depth of analysis (possibly just repeating ideas from the reading).
3	A solid application of the course material, with some good points but few creative insights. The majority of papers will receive this grade.
4	A deeper level of thinking than the obvious answer. Clearly written with creative examples.
5	An exceptional paper with an original insight and clear analysis. Such papers make us say, “I wish I had thought of that!” Very few of these grades are given.

The final exam will be out of 26 points and will be graded blindly by me. Graded exams will not be returned unless specifically requested by the student (though individual grades and a histogram of the grades for each section will be posted on Canvas).

If you would like to request a re-grade, you must contact me directly. Please keep in mind that it is entirely possible that your grade will go down after my review. If you have **any issues** with the grade or comments, **please contact me, not the TAs.**

◆◆◆ TENTATIVE COURSE ROADMAP / SUBJECT TO CHANGE ◆◆◆

DAY 1 <i>Monday, March 30th, 2020</i> Morning	
Your Two Brains & Loss Aversion	
Readings	<ul style="list-style-type: none"> ▪ Thinking, Ch. 1, 2, p.105 (online) ▪ Thinking Ch. 26, 27, pp. 316-321 (starting with “The Fourfold Pattern”) (online)
To-Do	→ Complete the pre-class survey BEFORE the start of class

DAY 1 <i>Monday, March 30th, 2020</i> Afternoon	
Perception of Risks: The Use of Heuristics	
Readings	<ul style="list-style-type: none"> ▪ Thinking, pp. 97-101 (stop at “The Mood Heuristic for Happiness”); Ch. 10, 12, 14

DAY 2 <i>Tuesday, March 31st, 2020</i> Morning	
Confidence & Mental Accounting	
Readings	<ul style="list-style-type: none"> ▪ Thinking, Ch. 19 ▪ Misbehaving, Ch. 9, 8 ▪ JC Penney Case (online)
To-Do	→ Read the JC Penney Case before class → Submit the writing assignment before class

DAY 2 <i>Tuesday, March 31st, 2020</i> Afternoon	
Perceptions of Fairness & Impatience	
Readings	<ul style="list-style-type: none"> ▪ Misbehaving Ch. 14 ▪ Coca-Cola's New Vending Machine (A) Case (online) ▪ Misbehaving, pp. 85-94, Ch. 12
To-Do	<p>→ Read the Coca-Cola (A) Case before class</p> <p>→ Submit the writing assignment before class</p> <p>→ Take an implicit attitude test (IAT) here: https://implicit.harvard.edu/implicit/ (select continue as guest option – you can do whichever one you like – if you send me a screenshot of the completion page (without the result showing) I will give you an extra point)</p>

DAY 3 <i>Wednesday, April 1st, 2020</i> Morning	
Choosing and Helping Consumers with Risk and Memory & Decisions	
Readings	<ul style="list-style-type: none"> ▪ Predictably Irrational (Dan Ariely), Ch. 1 (online) ▪ Thinking, pp. 346-349 (the section on “Regret”) ▪ Toro No S’no Case (online) ▪ Thinking, pp. 50-52 (stop at “The Marvels of Priming” section)
To-Do	<p>→ Read the Toro No S’no Case before class</p> <p>→ Submit the writing assignment before class</p>

DAY 3 <i>Wednesday, April 1st, 2020</i> Afternoon	
Emotion, Affect, and Consumer Choice	
Readings	<ul style="list-style-type: none"> ▪ Thinking, Ch. 5 and pp. 101-104 (starting at “The Mood Heuristic for Happiness”), pp.138-140 (the section on “Availability and Affect”) ▪ Selling CFLs at Wal-Mart Case (online)
To-Do	<p>→ Read the Selling CFLs at Wal-Mart Case before class</p> <p>→ Submit the writing assignment before class</p>

DAY 4 <i>Thursday, April 2nd, 2020</i> Morning	
Experts vs. Novices	
Readings	<ul style="list-style-type: none"> ▪ Thinking, Ch. 21, 22 ▪ Google Prediction Markets (GPM) Case (online)
To-Do	<ul style="list-style-type: none"> ▪ Read GPM Case ▪ Submit the writing assignment before class

DAY 4 <i>Thursday, April 2nd, 2020</i> Afternoon	
Defaults and Choice Architecture	
Readings	<ul style="list-style-type: none"> ▪ Nudge, Introduction (online) ▪ Cialdini, “Harnessing the Science of Persuasion” HBR article (online) ▪ Behavioural Insights Case (A) (online)
To-Do	<ul style="list-style-type: none"> → Read Behavioural Insights Case (A) → Submit the writing assignment before class

DAY 5 <i>Friday, April 3rd, 2020</i> Morning	
Happiness	
Readings	<ul style="list-style-type: none"> ▪ Thinking, Ch. 35, 37, and 38

DAY 5 <i>Friday, April 3rd, 2020</i> Afternoon	
Course Wrap & FINAL EXAM	
Readings	<ul style="list-style-type: none"> ▪ Misbehaving, Conclusion (pp. 347-358)
To-Do	<ul style="list-style-type: none"> → The exam will be 90-minutes long and will happen in the second half of class

◆◆◆ **WRITING ASSIGNMENT QUESTIONS** ◆◆◆

Below are the questions/topics you will be asked to respond to for the writing assignments listed in the Course Roadmap.

1. JC Penney

- a. Using principles from mental accounting, explain why Johnson's pricing strategy may not have worked as intended.
- b. Do you think the pricing problem was a strategy or execution problem? Did Johnson just need more time?
- c. If you were hired to replace Ullman (as Johnson was), what would be your plan for pricing? If you had to switch from a high-low pricing strategy, what would you do differently from Johnson? Would you do anything the same?

2. Coca-Cola Vending Machine (A)

- a. What did Coca-Cola do right? What did it do wrong?
- b. What do you think of Ivester's comments? What would you have said if you were Ivester?
- c. Using principles of mental accounting, how would you introduce a paradigm shift or increase the price?
- d. How would you change the public's perceptions of fairness/ethicality related to Coca-Cola's potential decision to introduce dynamic-pricing vending machines?

3. Toro S'no Risk Program

- a. The Toro No S'no case raises issues that involve many of the concepts we have studied during the course. Write a memo to Pollick giving him some insights on what Toro should do the following year and why.

4. Selling CFLs at Wal-Mart Case

- a. Why does Wal-Mart care about CFLs? Why do consumers care about CFLs?
- b. What is the diagnosis? Why has public reception been so lousy? You should be able to tie in several concepts we have discussed already.
- c. Identify potential solutions for the problems/issues you identify in the preceding question. In other words, how could the problems be addressed or overcome?
- d. What about LED bulbs? Will they face the same problems?

5. Google Prediction Markets

- a. Is it a good idea to encourage all employees to trade in these markets? Should insiders and/or highly uninformed people be allowed to trade? Do they help the market or hurt it?
- b. What kind of decisions are prediction markets useful for?
- c. Will most managers welcome prediction markets within their companies? Why or why not? Will they welcome a prediction market about a project or outcome that they're responsible for?
- d. How would you get managers to use the prediction markets in their decision-making?

6. Behavioural Insights Case

- a. Do the assignment listed at the end of the case: using principles of behavioral economics, develop the best possible letter to send to delinquent taxpayers.

◆◆◆ OTHER RECOMMENDED READINGS ◆◆◆

- Dan Ariely (2008). Predictably Irrational. New York: Harper Collins.
- Richard H. Thaler and Cass R. Sunstein (2008). Nudge: Improving Decisions about Health, Wealth, and Happiness. New York: Penguin Group.
- James Surowiecki (2005). The Wisdom of Crowds. New York: Anchor Books.
- Michael Lewis (2004). Moneyball: The Art of Winning an Unfair Game. New York: W.W. Norton & Company.
- Michael Lewis (2017). The Undoing Project: A Friendship That Changed Our Minds. New York: W.W. Norton & Company, Inc.
- Jon Krakauer (1999). Into Thin Air: A Personal Account of the Mt. Everest Disaster. New York: Anchor Books.
- Nate Silver (2012). The Signal and the Noise: Why So Many Predictions Fail—but Some Don't. New York: The Penguin Press.
- Robert B. Cialdini (2006). Influence: The Psychology of Persuasion (revised edition). New York: William Morrow & Company.
- Robert B. Cialdini (2018). Pre-Suasion: A Revolutionary Way to Influence and Persuade. New York: Simon & Schuster.
- Nassim Nicholas Taleb (2010). The Black Swan: The Impact of the Highly Improbable (2nd edition). New York: Random House.
- Aziz Ansari and Eric Klinenberg (2015). Modern Romance. New York: Penguin Press.
- Laszlo Bock (2015). Work Rules!: Insights from Inside Google That Will Transform How You Live and Lead. New York: Hachette Book Group.
- Michael J. Sandel (2009). Justice: What's the Right Thing to Do?. New York: Farrar, Straus and Giroux.
- Michael J. Sandel (2013). What Money Can't Buy: The Moral Limits of Markets. New York: Farrar, Straus and Giroux.
- Philip E. Tetlock and Dan Gardner (2013). Superforecasting: The Art and Science of Prediction. New York: Broadway Books.

- Richard O. Prum (2017). The Evolution of Beauty: How Darwin's Forgotten Theory of Mate Choice Shapes the Animal World—and Us. New York: Doubleday.
- Merv Emre (2018). The Personality Brokers: The Strange History of Meyers-Briggs and the Birth of Personality Testing. New York: Doubleday.