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ECON 6200

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University of New Orleans

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**MANAGERIAL ECONOMICS
ECONOMICS 6200-601
6:00-8:45 THURSDAY
KH220**

FALL 2015

SYLLABUS

Instructor

The instructor is J. Ronnie Davis, Professor of Economics, Department of Economics and Finance, University of New Orleans, New Orleans, LA 70148; office KH421; email address jrdavis1@uno.edu, and telephone number 280-7148. For more information on the instructor, Google "J. Ronnie Davis," with the quotation marks. Office hours are Monday 4:00-6:00; Tuesday 10:45-11:45 and 4:00-6:00; and Thursday 10:45-11:45.

Course and Objective

In both academics and business practice, managerial economics is understood to be the body of economic principles known to underlie business decisions and shape business strategies. Much of the language used in business practice stems from these economic principles. If taught properly, managerial economics deals with *business practice* rather than esoteric theories irrelevant to making business decisions or to crafting business strategies. As Dr. Samuel Johnson wrote in the eighteenth century, theory is only "speculation by those unversed in practice."

The fundamental intent of a course dealing with managerial economics is to deliver information and instruction regarding key economic principles as well as decisions and strategies that ensue from their application to a broad range of business conditions. Correspondingly, student learning outcomes center on developing comfort in the use of business language and mastering economic principles used to analyze competitive conditions, inform managerial decision making, and develop business strategies. When the course is completed, students should be able to define, recognize, and explain basic economic principles underlying analysis, decisions, and strategies as well as to apply these principles.

Topics covered in the course include basic economic principles associated with demand, supply, demand elasticity, production, cost, and profit. Additional topics include productivity, cost, and profit improvement, particularly Six Sigma; pricing strategies; vertical boundaries of businesses, particularly the make-or-buy decision; competitive analysis; competitive advantage; and antitrust law. The first half of the course focuses on principles, whereas the latter half of the course deals mostly with decisions and strategies based on these principles.

As a course, therefore, managerial economics is dedicated to delivery of a lot of information needed in understanding managerial decisions and comprehending business strategies. As the instructor who delivers this information, I hope to make the course both interesting and fun even for the most incurious student. I draw heavily on many years of ongoing experience in management consulting, mainly in the chemical and automobile industries but also including many other kinds of businesses and organizations as disparate as public school systems, law firms, commercial banks, and the U.S. Navy. Most of this experience has been in strategic planning as well as improving productivity, cost, and profit.

Attendance Policy

Attendance is expected. Attendance means presence at the beginning of class and presence throughout class until adjournment. Attendance is a matter of respect for the instructor and students. Arriving late and leaving early are distractions. A class roster will be circulated at the beginning of each class. Those in attendance will be expected to sign the roster.

Attendance earns you a lot of consideration if needed when final grades are submitted. Make a commitment to attend class unless illness, work, or some other requirement intervenes. Do not yield to the seductive temptation to take off a day. However, doing well in the course does not depend on merely attending class. Learning and understanding depend on attending classes *plus* reading *Economics for Executives* and thinking about material until comprehended and understood.

Economics for Executives

Reading material for the course is J. Ronnie Davis, *Economics for Executives*, published by North American Business Press. Based on my consulting experience, *Economics for Executives* represents what students *really need to know and will eventually use* in business and related positions. The immediate intent is to provide material that minimizes the need to take notes during classes. *Economics for Executives* also is meant to provide a reference that will be useful beyond the course itself. At the end of each chapter, practice questions (*and answers*) are provided. These questions are intended to foster understanding, uncover deficiencies in understanding, and thus to provide a means to prepare for examinations. *Economics for Executives* is available in the UNO Bookstore and on Amazon.

Reading, Learning, and Graduating

Robert Half, founder of Robert Half International (RHI) and pioneer of specialized staffing services, once said, "It's easier to graduate than to learn." *To make his point differently, a degree will get you an interview; what will get you the job is how much you learned.* Whether enrolled to graduate or to learn, let me encourage you to read.

Business reading begins with the *Wall Street Journal* [wsj.com]. Other basic business reading includes the weekly publication, *Business Week* [businessweek.com], and the biweekly publication, *Fortune* [fortune.com]. The British magazine, *The Economist* [economist.com], is highly recommended for international business. For day-to-day business news, view or visit the website of CNBC [cnbc.com].

Only a few business books are worthwhile reading. *The Investment Biker* is a book written by Jim Rogers, co-founder (with George Soros) of a hedge fund (Quantum Fund), and it is based on his experiences during a trip around the world on a motorcycle. This truly exceptional book was followed by *Adventure Capitalist*, based on his three-year trip around the world, 1999-2001, in a specially built yellow Mercedes.

You will enjoy reading *Snapshots from Hell*, a book written by Peter Robinson about his first year in the MBA program at Stanford. Another enjoyable book is Philip Delves Broughton, *Ahead of the Curve: Two Years at Harvard Business School*. You also will enjoy reading *Business Luncheon Conversations*, written by Bo Dietl, a retired NYPD cop, corporate security authority, entrepreneur, and genuine character who is one of the most connected people in the world. Read anything by John Micklethwait and Adrian Woolridge, such as *The Witch Doctors: Making Sense of the Management Gurus*.

Exams and Grades

Examinations involve questions with short answers as well as problems requiring calculated solutions. Material covered on examinations is based on *Economics for Executives* and on topics, examples, and so forth delivered in class lectures only. *Indeed, on each of the three examinations, some questions will be based on class material, which makes class attendance important. Moreover, some questions will be based on written material, which makes reading the material important.* Therefore, reading the material and attending class are necessary to prepare for examinations. Prior to each examination, a memorandum will be provided as a guide to study and preparation. On each examination, students will have as much time as needed to complete the examination. *Each of the three examinations is scheduled for 6:00, but each can be taken earlier as announced in class.*

Course grades will be based on total scores for the three examinations. A total of 255-300 is a grade of A; 210-254, a grade of B; and 165-209, a grade of C. In the case of disappointing results on one of the first two examinations, an option to be reexamined on the material for *one* of the first two examinations will be offered between the second and third examinations. If a higher grade is made on the reexamination, the higher grade will be substituted for the lower grade and included in the total for the three examinations. *Making an A for the course begins with the first day of class, not trying to catch up later. In particular, do not fall behind in reading the material and then try to catch up on your reading later.*

Academic Integrity

Academic integrity is fundamental to the process of learning and evaluating academic performance. Academic dishonesty will not be tolerated. Academic dishonesty includes, but is not limited to the following: cheating, plagiarism, tampering with academic records and examinations, falsifying identity, and being an accessory to acts of academic dishonesty. Refer to the Student Code of Conduct for further information. The Code is available online at <http://www.studentaffairs.uno.edu>.

Students with Disabilities

University policy is to provide, on a flexible and individualized basis, reasonable accommodations to students who have disabilities that may affect their ability to participate in course activities or to meet course requirements. Students with disabilities should contact the Office of Disability Services as well as their instructors to discuss their individual needs for accommodations. For further information, please go to <http://www.ods.uno.edu>.

Advice

Let me offer some avuncular advice based on the experience of students who have taken the course previously. Students who have done well told me that they read each chapter *prior* to the class in which it is covered, study the chapter immediately afterwards, and then work through the practice questions. Do not just look at the questions and answers. Write out your own answers and check them against the answers provided. This method is what is meant by "practice." They also told me that class attendance is critical. I want all students to do well, and I hope this advice helps both you and me in achieving this goal.

Final Comments

I want to thank all of you for choosing to take this course when I teach it. As the course unfolds over the semester, I hope to prove worthy of your choice. In particular, I hope you will find the classes interesting and entertaining enough to attend, and I hope we will have a lot of laughs together. I look forward to getting to know each one of you. My job is to help you learn. If I can help you in any way now or afterwards, please feel free to call on me.

Course Calendar

Week	Date	Topic	Chapter
1	24 Aug	Management and Economics	1
2	31 Aug	Supply and Demand in Business Practice	2
3	7 Sep	Labor Day	
4	14 Sep	Supply and Demand in Business Practice Demand Elasticity in Business Practice	2 3
5	21 Sep	Demand Elasticity in Business Practice	3
6	28 Sep	Examination 1: 6:00 or Earlier Chapters: 1, 2, and 3	
7	5 Oct	Productivity and Cost	4
8	12 Oct	Productivity and Cost	4
9	19 Oct	Profit Strategies and Market Valuations	5
10	26 Oct	Six Sigma: Strategies for Improving Productivity, Cost, and Profit	6
11	2 Nov	Six Sigma: Strategies for Improving Productivity, Cost, and Profit	6
12	9 Nov	Examination 2: 6:00 or Earlier Chapters: 4, 5, and 6	
13	16 Nov	Pricing Strategies Integration and Outsourcing	7 8
14	23 Nov	Competitive Analysis and Market Structures	9
15	30 Nov	Antitrust, Mergers, and Acquisitions	11
16	7 Dec	Examination 3: 6:00 or Earlier Chapters: 7, 8, 9, and 11	