



SUMMER 2023

ECO 404

Topics in Managerial Economics

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University of Toronto (STG)

UNIVERSITY OF TORONTO (STG)
DEPARTMENT OF ECONOMICS
ECO 404, TOPICS IN MANAGERIAL ECONOMICS, SUMMER 2023
MONDAYS & WEDNESDAYS, 2 – 5 PM, IN VARIOUS LOCATIONS (SEE BELOW)
INSTRUCTOR: AJAZ HUSSAIN

COURSE DESCRIPTION

Applies quantitative economic methods to real world business-oriented cases. Sample topics include: new product design, decision making under uncertainty, market segmentation and price discrimination, inventory analysis, game theoretic analysis of price wars, financial portfolio design, and optimal pricing. Involves substantial modeling in Excel, regression analysis, optimization methods, and financial reports.

LEARNING OBJECTIVES

Students who successfully complete ECO404 will be able to:

- Able to analyze and articulate a structured “solution” to real life situations in business-economics cases (“experiential learning”).
 - Gain proficiency in Econometric modelling, Monte-Carlo simulations, and Quantitative analysis.
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REQUIRED COURSE MATERIAL/TOOLS/PLATFORMS

ECO404 Quercus for:

- Course Announcements and/or notifications
 - Submitting and grading Module-Deliverables including detecting plagiarism in “reports” and “projects”.
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Laptop with Excel (Microsoft Office 365 ProPlus)

- You *must* bring a laptop with Excel to every session.
 - Download Office 365 ProPlus (for free) from [here](#). Please install the following Excel add-ins:
 - “Solver” from “within” Excel
 - “Data Analysis” from “within” Excel
 - EIA-FRED (Excel Add-In/Google Sheets Add-On) from [here](#)
 - Take (free) Excel courses at [Lynda.com](#) and/or watch the Excel lessons on the [ECO204/404 YouTube channel](#).
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INSTRUCTOR: Sayed “Ajaz” Hussain

Office: GE 178 (Max Gluskin House, 150 St. George Street)

E-mail (for personal-course related matters): Use your UofT e-mail account (student id# in subject) and e-mail sayed.hussain@utoronto.ca (please ask case related questions *during* case-discussion).

TA: ATOM VAYALINKAL

Office: GE 072 (Max Gluskin House, 150 St. George Street)

Office Hours: By appointment. Use your UofT e-mail account (student id# in subject) and e-mail atom.vayalinkal@mail.utoronto.ca to request an appointment (you cannot ask questions about “how to solve cases”)

ECO404 Summer 2023 Course Schedule. All sessions are 2 - 5 pm.

| Module | Session | Date | Day | Event/Topic | Location | Note |
|---|---------|--------|-----|--|-----------------|--|
| 0 | 1 | 5-Jul | Wed | Introduction | UC 152 | |
| 1 | 2 | 10-Jul | Mon | "Theory": Financial Portfolios | "Lecture Video" | Posted Session #3 |
| 1 | 3 | 12-Jul | Wed | "Application": Construct Financial Portfolio | GE 313 | |
| 2 | 4 | 17-Jul | Mon | "Theory": Analyze Module-2 Case: <i>Compass Maritime</i> | GE 100 | |
| 2 | 5 | 19-Jul | Wed | "Application": Solve Module-2 <i>Compass Maritime</i> | GE 106 | Submit Module-1 Deliverables |
| 3 | 6 | 24-Jul | Mon | "Theory": Analyze Module-3 Case <i>Bidding Antamina Mine</i> | GE 100 | |
| 3 | 7 | 26-Jul | Wed | "Application": Solve Module-3 <i>Bidding Antamina Mine</i> | GE 106 | Submit Module-2 Deliverables |
| 4 | 8 | 31-Jul | Mon | "Theory": Analyze Module-4 Case <i>Citigroup-Blackstone</i> | GE 100 | |
| 4 | 9 | 2-Aug | Wed | "Application": Solve Module-4 <i>Citigroup-Blackstone</i> | GE 106 | Submit Module-3 Deliverables |
| | | 7-Aug | Mon | Holiday | | |
| 5 | 10 | 9-Aug | Wed | "Theory": Analyze Module-5 Case <i>Gold Claims</i> | GE 106 | Submit Module-4 Deliverables |
| 5 | 11 | 14-Aug | Tue | "Application": Solve Module-5 Case <i>Gold Claims</i> | GE 106 | Submit Excel Model and Presentation Slides and do in-class Solo Presentations of Module-5 Case |
| | | 15-Aug | Wed | Study Day | | |
| | | 17-Aug | Thu | | | |
| | | 18-Aug | Fri | | | |
| | | 19-Aug | Sat | | | |
| | | 20-Aug | Sun | | | |
| | | 21-Aug | Mon | | | |
| | | 22-Aug | Tue | | | |
| | | 23-Aug | Wed | | | |
| | | 24-Aug | Thu | | | |
| | | 25-Aug | Fri | | | |
| | 26-Aug | Sat | | (Restricted) Makeup-Test for students who miss any component of, or the entire, session-module(s). The makeup test will have one mini-case question per missed-module (whether partial or entirely) and require students to write an essay and solve the case in Excel (one hour per mini-case question). The "Restricted Makeup Midterm Test" begins at noon and can potentially end at 5 pm. Location TBA on Quercus. No aids permitted except for a calculator and Excel. | | |
| View the ECO404 Summer 2023 Google-Calendar in a browser | | | | | | |
| Add ECO404 Summer 2023 Google-Calendar to your Calendar-app (iCal format) | | | | | | |

Modules 2-5 cases will be “decided and chosen” one week in advance. **POTENTIAL MODULES 2-5 CASES:**

- [Game Theory] *Bitter Competition: The Holland Sweetener Co. vs. NutraSweet (A)* [with spreadsheet supplement] in conjunction with *Bitter Competition: The Holland Sweetener Co. vs. NutraSweet (B)*
- [Finance, Decision Making Under Uncertainty with Monte-Carlo Simulations] *Gold Claim at Sturgeon Lake* [with spreadsheet supplement].
- [Finance, Credit Risk] *Blackstone and the Sale of Citigroup's Loan Portfolio* [with spreadsheet supplement].
- [Pricing, Segmentation] *Tupelo Medical: Managing Price Erosion* [with spreadsheet supplement].
- [Finance, IPO Valuation] *Valuing Snap After the IPO Quiet Period (A)* [with spreadsheet supplement] in conjunction with *Valuing Snap After the IPO Quiet Period (B)* and *Valuing Snap After the IPO Quiet Period (C)*
- [Finance, Mark-to-Market Valuation] *Compass Maritime Services, LLC: Valuing Ships* [with spreadsheet supplement].
- [Finance, Mark-to-Model Valuation] *Ocean Carriers* [with spreadsheet supplement].
- [Finance, M&A LBO Valuation] *Valuation of AirThread Connections* [with spreadsheet supplement] in conjunction with *Note on Cash Flow Valuation Methods: Comparison of WACC, FTE, CCF and APV Approaches*
- [Environment] *Cook Composites and Polymers Co.* [with spreadsheet supplement].
- [Game Theory, Strategy] *Race to Develop Human Insulin* in conjunction with *An R&D Race* (pw announced in class)

| MARKING SCHEME (SEE “COURSE POLICIES” SECTION) | | | | |
|--|-------------------|-------------|--------------------------------------|---------------------------------|
| Module | Max 5-page Report | Excel Model | Presentation | Module Totals (Sum across rows) |
| 1 | 5% | 15% | | 20% |
| 2 | 10% | 10% | | 20% |
| 3 | 10% | 10% | | 20% |
| 4 | 10% | 10% | | 20% |
| 5 | | 10% | 10% | 20% |
| | | | Grand Total (sum of column) = | 100% |

- All deliverables are on an “individual” basis (i.e. you cannot collaborate with anyone else) and must be submitted through Quercus assignment tabs.
- The (max) 5-page “business report” must have a title page (does not count towards the page limit), a one-page executive summary (counts towards the 10-page limit), supplemented with a technical appendix (no page limit on appendix), and accompanied by an Excel model with the “analysis”. See “Paper Grading Rubric” below. *“Normally, students will be required to submit their course essays to the University’s plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool’s reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University’s use of this tool are described on the Centre for Teaching Support & Innovation web site <https://uoft.me/pdt-faq>”*
- Presentation must be max 10 minutes with “slides” and accompanied by an Excel model. Students are expected to be in formal attire. See “Presentation Grading Rubric” below. *“Normally, students will be required to submit their course essays/projects to the University’s plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays/projects to be included as source documents in the tool’s reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University’s use of this tool are described on the Centre for Teaching Support & Innovation web site <https://uoft.me/pdt-faq>”*
- Penalty for late/no submissions:
 - Each “late” deliverable in Modules 1 through 4: 50% of the deliverable max score for each day past the deadline.
 - “Late” Excel deliverable in Module 5: 50% of the max score for each day past the deadline.
 - “Failure” to do the in-class, in-person presentation in Module-5: 51% of the course mark.
 - Students who miss any component of, or the entire, session-module(s) will be required to take a restricted makeup test from noon to potentially 5 pm on Saturday August 26. The test will have a mini-case question for each missed-module (whether partially or entirely) requiring students to solve the case in Excel and write up the solution in an essay and submit the Excel model (each mini-case will be approximately one hour. Test location TBA on Quercus. No aids permitted except for a calculator and Excel (no internet access).

| “REPORT” GRADING RUBRIC | | | | |
|--|---|---|---|--|
| Score: | Excellent 3 | Good 2 | Fair 1 | Problematic 0 |
| Economic Argument, Concepts & Evidence | Clearly stated argument & concepts. Economic reasoning is sound and indicates thorough understanding of concepts discussed in class. | Fairly clear and convincing argument. Adequate use of economic concepts. Demonstrates understanding of topics discussed in class. | Argument is confusing or contradictory. Weak definition/application of economic concepts. Demonstrates some understanding of topics discussed in class. | No clear argument. Confused or no use of economic concepts. Poor quality and little if any displayed evidence of understanding of topics discussed in class. |
| Organization & Flow | Each main point is written in a separate paragraph, in a logical order. Article closes with a clear and convincing call to action. | Each reason is written in paragraphs, but not necessarily separate. Closing gives a fairly clear and convincing call to action. | Reasons are not written in distinct paragraphs. Closing gives a call to action, although not well supported. | Reasons are not written in good paragraphs and have questionable order. No clear or convincing call to action at close. |
| Writing, Clarity, Conciseness, Sentence Structure, Grammar, Active Voice, interest to Reader | Easy to read, even for a non-specialist. Writing enhances understanding and interest. Short, clear, correctly structured sentences with active voice throughout. Minimal (if any) errors. | Mostly easy to read. Mostly short, clear, correctly structured sentences with active voice. A few minor errors. | Sentence/word level problems get in the way of understanding, distracting reader in places. Some passive voice and/or jargon. | Significant sentence/word level problems make it difficult for reader to understand argument. Considerable passive voice and/or jargon. |

| PRESENTATION GRADING RUBRIC | | | | |
|---|--|--|--|--|
| Score: | Excellent 3 | Good 2 | Fair 1 | Problematic 0 |
| Case Analysis: Arguments, Evidence, Understanding | Clearly identifies salient issue[s] in case. Effective and forceful arguments based on solid economic and (if applicable) econometric analysis. Demonstrates sound understanding of issues and economic/econometric concepts. Clear recommendations and/or findings. | Adequate identification of salient issue[s] in case. Somewhat effective arguments based on adequate use of economic and (if applicable) econometric analysis. Demonstrates adequate understanding of issues and economic/econometric concepts. Adequate recommendations and/or findings. | Inadequate identification of salient issue[s] in case. Poor and/or invalid arguments based on sparse use of economic and (if applicable) econometric analysis. Demonstrates inadequate and/or confused understanding of issues and economic/econometric concepts. Inadequate recommendations and/or findings | Misidentifies salient issue[s] in case. Incorrect arguments which are not based on economic and (if applicable) econometric analysis. Demonstrates little to no understanding of issues and economic/econometric concepts. Lacks recommendations and/or findings |
| Organization & Flow: Clarity, Conciseness, Structure, Flow, Grammar, Interest to Audience | Presentation has excellent structure and flow. Slides are properly formatted and titled, and effectively and succinctly convey information and/or arguments. Data and econometric analysis (if applicable) presented clearly and effectively. Clear, effective tables, graphs, charts, etc. Excellent backup slides for the Q&A session effectively demonstrating “behind the scenes” analysis. Minimal (if any) errors. | Presentation has less than stellar structure and flow. Some issues with formatting and titles. Slides inadequately convey information and/or arguments. Inadequate presentation of data and econometric analysis (if applicable). Ineffective use of tables, graphs, charts, etc. Backup slides inadequate for Q&A session and ineffectively demonstrating “behind the scenes” analysis. A few minor errors. | Presentation has poor structure and flow. Major issues with formatting and titles. Slides fail to adequately convey information and/or arguments. Data and econometric analysis (if applicable) shoddily presented. Poorly organized tables, graphs, charts, etc. Backup slides completely inadequate for Q&A session and for demonstrating “behind the scenes” analysis. Many minor errors. | Presentation lacks structure and flow. Lots of major issues with formatting and titles. Slides do not convey information and/or argument. Data and econometric analysis (if any) poorly or not presented. Poor, ineffective, use of tables, graphs, charts, etc. No backup slides for demonstrating “behind the scenes” analysis. Many major errors. |

“Communications”:

- Please check **ECO404 Quercus** announcements and your UofT E-mail daily.
- Double check that:
 - Quercus settings are set to “receive notifications”
 - You have registered your UofT e-mail account on Quercus
 - You are not forwarding your UofT e-mails to an external e-mail account
- Quercus “mail” is wonky. As such, please don’t send messages through Quercus “mail”.
- Emails must be sent from your University email address and must include your student ID# in the subject field. For emails asking for a reply, if we can answer briefly without explaining course content or revealing something of general interest, then we will reply within three business days.
- It is imperative that you asap inform us by e-mail at sayed.hussain@utoronto.ca of *any* changes to your name and/or e-mail address on file on ACORN and Quercus. **Penalty for administrative tasks stemming from violating this policy: 5% of your overall course grade.**

ECO404 Quercus: submitting assessments for grading and/or detecting plagiarism:

- *“Normally, students will be required to submit their course essays to the University’s plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool’s reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University’s use of this tool are described on the Centre for Teaching Support & Innovation web site <https://uoft.me/pdt-faq>”*

“Accessibility Accommodations”:

- The University provides academic accommodations for students with disabilities in accordance with the terms of the Ontario Human Rights Code. This occurs through a collaborative process that acknowledges a collective obligation to develop an accessible learning environment that both meets the needs of students and preserves the essential academic requirements of the University’s courses and programs. Students with diverse learning styles and needs are welcome in this course. If you have a disability that may require accommodations, the first step is to contact Accessibility Services.

“Religious Accommodations”:

- The University provides reasonable accommodation of the needs of students who observe religious holy days other than those already accommodated by ordinary scheduling and statutory holidays. You have a responsibility to alert us in a timely fashion to upcoming religious observances and anticipated absences that affect your ability to fully participate in this course. We will make every reasonable effort to avoid scheduling compulsory activities at these times.

“Academic Integrity”: For *anything* that counts towards your course grade:

- You may not receive assistance from another individual. This includes, but is in no way limited to, any online forum or other digital communication as well as any tutoring or assistance service.
- You may not give assistance to any individual enrolled in ECO404.
- We *will* report all suspected cases of academic misconduct to the Department of Economics and Dean’s Office. The consequences can be severe. Being unaware of the policies or what is considered unauthorized collaboration (e.g., plagiarism) is not a defense. If you have questions or concerns about what constitutes appropriate academic behavior, please reach out to me. Please know that the University expects you to seek out additional information on academic integrity from me or from other institutional resources. The University’s Academic Integrity website is an excellent source of information. Further, it is a course requirement that you have read University’s Code of Behavior on Academic Matters, especially section B which outlines what are considered academic offences.

“Requests for Remarking Projects”:

- Remarking requests must be submitted by e-mail to the TA at atom.vayalinkal@mail.utoronto.ca after one week, but no later than two weeks, of the assessment returned to the student.
- Requests will be accepted neither before nor after this window.
- It is important that you clearly articulate why your response merits additional marks. We will re-read your entire assessment. Your mark could go up, down, or remain unchanged.
- A calculation error does not constitute a “remarking request”: in such cases, contact the TA at atom.vayalinkal@mail.utoronto.ca.

“Copyright Policy”:

- ECO404 course materials are copyright protected and belong to the instructor, the University, and/or other sources depending on the specific facts of each situation. Students may download course materials for their own academic use, and cannot copy, share, or use them for any other purpose without the explicit permission of the instructor.