

Economic Analysis for Business and Strategic Decisions

Course Description

This course provides a clear and concise introduction to managerial economics. The course managerial economics is offered in a variety of titles including business economics, economic analysis for business decisions, economics for management decisions, etc. at both the undergraduate and graduate levels.

It focuses on the fundamentals and essentials needed to understand how business decisions are made and tackled using economics and other quantitative tools. It illustrates decisions with many solved problems to test and help students reinforce their understanding of the subject. Further, many business professionals can benefit from this course. The reader is assumed to have done some introductory-level work in economics. A minimal amount of background in college-level math and statistics is also expected.

This course extensively and intensively shows the application of economic theory and concepts to real-life business decisions. It consists of questions and problems along with their answers and suggested solutions.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.

CPE Credits: 11 (CPA)

Category: Finance

Prerequisite: None

Advanced Preparation: None

Course Learning Objectives

Chapter 1: The Fundamentals of Managerial Economics

After studying this chapter you will be able to:

1. Define the concept of time value of money.
2. Recognize the difference between value maximization and profit maximization.
3. Identify profit-making motives for companies.
4. Recognize how marginal analysis is used for business decisions.

Chapter 2: Optimization Techniques

After studying this chapter you will be able to:

1. Identify how a derivative is used in economic analysis.
2. Recognize the characteristics of a mathematical concepts in optimization techniques.
3. Recognize different goals for economic optimization.

Chapter 3: Market Forces: Demand and Supply

After studying this chapter you will be able to:

1. Recognize factors that affect the demand curve.
2. Identify examples of complementary goods.
3. Recognize the uses for the point price elasticity concept.
4. Identify how factors, such as technology, change the supply curve.

Chapter 4: Quantitative Demand Analysis

After studying this chapter you will be able to:

1. Recognize how demand estimates can be achieved with market experiments.
2. Identify methods for predicting how buyers might respond to product changes.
3. Recognize different terms used in quantitative demand analysis.
4. Identify how some of the problems in estimating demand.

Chapter 5: Economic and Business Forecasting

After studying this chapter you will be able to:

1. Recognize attributes of naive models of business forecasting.
2. Identify how econometric forecasting methods are constructed.
3. Recognize lagging and leading barometric forecasting economic indicators.
4. Identify characteristics of input-output analysis.

Chapter 6: Theory of Production

After studying this chapter you will be able to:

1. Define terms in the theory of production, such as the production function and average products.
2. Recognize output and input relationships under the law of diminishing returns.
3. Identify the purpose of an expansion path in illustrating relationships between capital and labor.

Chapter 7: Multiple Product Planning Linear Programming

After studying this chapter you will be able to:

1. Recognize the underlying assumption of linear programming (LP).

2. Define the objective function.
3. Identify implications of different slack variables.
4. Recognize applications for linear programming.
5. Define the isoprofit curve.

Chapter 8: Cost: Theory and Analysis

After studying this chapter you will be able to:

1. Recognize the functions used in statistical cost analysis.
2. Recognize how incremental (differential) costs vary with business decisions.
3. Identify the costs most relevant to managerial decisions.
4. Identify examples of the learning curve effect.
5. Define a cost-volume-profit (CVP) analysis.

Chapter 9: Markets and the Behavior of the Firm

After studying this chapter you will be able to:

1. Identify the conditions with perfectly competitive markets.
2. Recognize attributes for firms in a monopolistic competitive industry.
3. Define the concentration ratio used to determine monopolistic behavior.

Chapter 10: Pricing Policies and Strategies

After studying this chapter you will be able to:

1. Recognize some of the popular pricing strategies.
2. Determine optimal pricing based on price elasticity.
3. Identify examples of peak load pricing.
4. Recognize pricing policies used during initial product launches.

Chapter 11: Long-Term Investment Decisions (Capital Budgeting)

After studying this chapter you will be able to:

1. Recognize when a company should approve a capital budgeting project.
2. Define the cost of capital for a firm.
3. Identify how to determine the post-audit review values.

Chapter 12: Ricks in Project Analysis

After studying this chapter you will be able to:

1. Define the concept of the expected value.
2. Recognize factors and attributes involved in risk.
3. Identify the purpose of the decision tree.

Chapter 13: A Manager's Guide to Government in the Market Place

After studying this chapter you will be able to:

1. Recognize implications of different antitrust policies, such as the Sherman Antitrust Act and the Clayton Antitrust Act.
2. Identify departments within the federal government responsible for enforcing antitrust regulations and the powers they use to enforce the regulations.