Ch. 1. Introduction to Managerial Economics

1. Three Examples:
   a. Boeing
   b. Disney
   c. Toyota

2. Relationship of Managerial Economics to Other Disciplines
3. The Basic Process of Decision Making

   a. Step 1. Establish or Identify the Objectives

   b. Step 2. Define the problem

   c. Step 3. Identify Possible Solutions

   d. Step 4. Select the Best Possible Solution

   e. Step 5. Implement the Decision

4. The Theory of the Firm

   a. Goal: Maximize the value of the firm:
5. The Role of Constraints (e.g., elephants can’t fly; except Disney’s Dumbo)

6. What are Profits?

7. The Reason for the Existence of Profits
8. Organizational Factors and “Satisficing”

9. Managerial Interests and the Principal Agent Problem

10. Demand and Supply: A First Look

   a. What is a Market?
11. The Demand Side of the Market

12. The Supply Side of the Market
13. **Equilibrium Price**

14. **Actual Price**
15. What if the Demand Curve Shifts?

16. What if the Supply Curve Shifts?
17. How Russia Glutted the Aluminum Market: A Case Study