Fall 2016 IEOR 4403

Course Objectives

This course will discuss how to allocate capital to projects within a firm in order to maximize the value of the firm to its shareholders. We describe how an investment project can be characterized by its cash flow profile, i.e., the amount and timing of costs and benefits of this project in the planning horizon. We show how firms should take into account the cost of capital, budgets, taxes, depreciation, inflation, and uncertainty, in order to decide which projects to undertake, reject, or postpone. Students can take only one of IEOR E4003 and IEOR E4403, but not both.

Grading

Participation (10%), Assignments (20%), Midterm (35%) and Final (35%). The exams are closed text and closed notes. You can bring one (1) double-sided 8.5" by 11" sheet with formulas and a calculator to the exams. All examinations and written homework are subject to the usual standards of academic honesty as described in the University's Student Handbook.

Important

No photographs, or audio or video recording allowed during class without permission

Course Materials

Required: Custom book (two volumes) from Wiley & Sons: S. Kachani, Corporate/Industrial Economics for Columbia University. 5th Edition. ISBN 978-1118490570 and 978-1118483374. This book can be purchased either from The Columbia University bookstore or ordered directly from the publisher. You can also get it from library reserve shelf (see link here https://clio.columbia.edu/catalog/11504365?counter=1).

Optional Texts:
