First Class Assignments is published each term to inform students of assignments to be prepared before the first class meeting. These pre-assignments are mandatory for students enrolled in the class and strongly recommended for those who hope to add any of these courses during subsequent phases of registration.

**COURSES WITH A PRE-ASSIGNMENT:**

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<tr>
<th>Course Code</th>
<th>Instructor</th>
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<tr>
<td>30001-01/02/81</td>
<td>Gallemore, John</td>
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**RegionFly: Cost Cutting in the Airline Industry - Case Assignment**

**Instructions**
- The assignment is to be turned in via the course website prior to the start of the first class.
- The assignment must be submitted as a single PDF file.
- You may use a question and answer format for the completed assignment.
- Clearly indicate final answers and include any supporting calculations.

**Questions**

1. Calculate the overhead allocation rate per variable direct cost dollar for each of the years (2011, 2012, 2013, and 2014).
2. Are the route costs reported by the cost system appropriate for use in the current strategic analysis? Your judgment should be informed by a classification of the costs listed in Exhibit 2 as variable or fixed.
3. What happened to costs (both direct variable costs and overhead costs) when Route 2 and Route 4 were dropped? Were the two types of costs affected differently? If so, why?
4. Assume that revenues and variable direct costs for each route in 2015 will be the same as they were in 2014, regardless of whether Route 7 is dropped or not. With this information:
   a) Prepare an estimate of the budget for 2015, with respect to the following scenarios:
      i) No additional routes are dropped;
      ii) Route 7 is dropped in 2015;
   b) What assumptions did you make to prepare this estimation?
   c) What will be the overhead rate in each of the above scenarios?
5. Would you drop Route 7 in 2015? Why or why not? What additional information would you require (if any) before making a final decision?

**Definitions**

I often receive inquiries about the first class assignment. I do not answer these questions to ensure everyone has access to the same information set. In addition, I want you to reason through the concepts in the case as opposed to plugging numbers into formulas. The following definitions may help you understand the case and questions:

**Overhead**
All costs that are necessary for the production of goods or services, but are cannot be directly assigned to specific products. For example, direct labor and direct materials are not considered overhead. Depreciation and utilities are generally considered overhead.

**Overhead Allocation Rate** = Overhead for Period / Allocation Base for Period
Examples of allocation bases include: direct labor dollars, direct labor hours, machine hours, direct material dollars, etc.

**Gross Margin** = Sales Revenue - Cost of Goods Sold
This should be familiar from introductory financial accounting.

**Standard Cost**
Essentially, the expected (or budgeted) cost for a given period.
You should read Chapter 13 through at least page 728. We will spend the first two weeks on financial reporting and income taxes and page 728 corresponds to about how far we are likely to get in the first week. But the reading load is pretty heavy for week 2, so it is a good strategy to read further in Chapter 13, ideally all of it. The rest of the chapter (but only skimming pp. 752-756) will be assigned for week 2, along with some outside readings.

Note that there are three versions of the text:

Full text: The complete text book will be available at the campus bookstore and you will also be able to find it from online sites. A used book is fine (and much less expensive), but be sure it is the 7th edition. Prior editions will be out of date.

1. Custom text (print): The custom text contains only the chapters we will be using and is bound with a soft cover and printed in black and white. The chapters it includes are identical to the corresponding full text chapters. It will sell for about 70% less than a new full text book and will be available only at the campus bookstore. Purchase only the custom version with my name on it and marked for Winter 2020. Other "custom versions" will not contain the correct chapters.

2. Custom text (electronic): This version also contains only the chapters we will be using and is available electronically. It should also sell for about 70% less than a new full text print version. It is available directly from the publisher by following this link: [https://create.mheducation.com/shop/#/catalog/details/?isbn=9781307523546](https://create.mheducation.com/shop/#/catalog/details/?isbn=9781307523546)

Note that in the custom versions, the table of contents numbers chapters sequentially from 1, not using the text’s actual chapter numbers. Chapter 13 corresponds to the first chapter in the custom versions.

To prepare for our first meeting of 33032 Managing the Workplace, please refresh your memory of how labor markets function, read Chapters 1 and 2 of the Lazear & Gibbs text, Personnel Economics in Practice, 2nd or 3rd Edition.

Come to class prepared to advice Susan Cassidy regarding the promotion of either Jennifer Ayres or Daniel Wang into the role of director of marketing for the packaged goods division at Bertram Gilman International.

Study Questions
Meeting 1-January 7, 2020
Refresher from 33001/33101 Microeconomics*

1. How does an unfettered labor market function?
2. Demographic trends influence the demand for goods and services. How do demographic patterns (like the baby boom) impact labor markets?
3. What mechanisms can the government use to intervene in labor markets?

Lazear & Gibbs, Personnel Economics for Managers, Chapters 1-2.

1. What economic factors are relevant in hiring decisions?
2. What dimensions of compensation are dictated by the market and which by individual firms?
3. What non-monetary means do managers utilize to attract candidates to work for their firm? to retain valuable employees?

Review the Bertram Gilman International case and come to class prepared to discuss the following:

1. What information does Susan Cassidy have about the candidates under discussion? What information is missing or incomplete?
2. How “qualified” for the position is each of the candidates?
3. What do you infer about each candidate’s qualification for the position from Exhibit 2?
4. Based on your analysis, which candidate should receive the promotion and why? Where did the other candidate fall short?

*If you have not taken a microeconomics class at Booth, now is a good time to reconsider taking this class.
Read the syllabus. Do the readings for week 1 indicated on the syllabus.

INTRODUCTION
As noted in the syllabus, each week will have two writing assignments that you are required to complete and submit by the start of the week’s class. The first is your reflection journal entries (covered on the syllabus) and 1-2 Class Assignments each week to be completed prior to class. The assignments combined with the readings are designed to help you clarify concepts related to Interpersonal Dynamics and apply them to yourself and your T-group.

It is important that you have read the questions and reflected on them and their context. Your written answers are important, yet the time you spend reflecting on them is also crucial.

In addition to submitting your assignments to Canvas, please have a copy on hand for each class as you may find times when you will need it. In order to receive full credit, you must submit your assignment prior to the beginning of class. Partial credit will be given for assignments submitted within 24 hours of the class but none will be given after that. As noted in your syllabus, the reflection journals will not be read by your T-group leader but by the leaders of the other section. Your journal entries will not be shared with your T-group leader under any circumstance. Either your reading coach or I will give you timely feedback if your written work fails to meet expectations.

THERE IS AN ASSIGNMENT DUE THE FIRST CLASS. Please see Canvas for electronic versions of all written work.

DOCUMENT NAMING CONVENTION
Please label each document prior to uploading it to Canvas using the following convention: Date (MM/DD) - assignment # - assignment name - your name. So, for example, the first assignment which is due on January 6, 2020 should be labeled “1-6-Assignment 1-Expectations-John Doe.” Note that the date should be the date the assignment is due, not the day you submit it. Do not use anything but dashes, numbers and letters in labeling your document or you may have trouble uploading it to Canvas. In addition to labeling your document using the convention above, please be sure to include your name, assignment number and date in the body of the document as well. Please also include T-group number after the first week.

Page limits
Please limit your Class Assignment responses to a maximum of one page (11 point font, single spaced) beyond the template provided. Sometimes the templates are longer than one page—please do not worry about this—what matters is that what you write not be much more than a page in total. In general, these assignments should not take you more than about an hour to complete. Please note there are penalties for exceeding the maximum page limit.

There may be times when you find you have answered an assignment question in your journal or vice versa. Feel free to “cut and paste” anything you have written in one place to another.

You must attend the first class if enrolled in the course and if you want to try to add the course in Drop/Add/Swap
**34108-01/81/85  Lyman, Lindsey**

**Please complete prior to Class 1.**

1. Familiarize yourself with the Syllabus and attendance policy

2. Introduce yourself: write me a brief bio (include any innovation experience if relevant) and what you hope to get out of the class. 1 paragraph is sufficient. Please upload this to the ‘Introduce Yourself’ assignment tab within in Canvas.

   Take the quiz, and add your results to the google doc under the “Innovation Archetype” assignment tab. I only need a list of your primary and secondary traits, not your full report.

   **Note:** This assessment does not measure your innovation capabilities or potential, and I do not use this to profile or assess you in any way. There is no single ‘type’ that defines a strong innovation leader. What is important is that teams have multiple types of innovation personalities working together. This is simply a tool to help you form more diverse (and therefore stronger) innovation teams. I will make this data available to everyone on class 1 so that you can make team formation choices with diversity in mind, or at least be aware of biases and blind spots on your teams.

4. Read the “Innovator’s DNA” article and 1st Chapter of Creative Confidence (posted to Canvas under Week 1 readings)

5. Read the elBulli case (also posted under Week 1 readings) and be prepared to discuss during the 1st class

**34110-01  Hachikian, Christina**

Log into canvas and prepare the assignments noted as due in week 1.

**34302-01  Agnew, Mark / O’Connor, Brian**

**Assignment: Download the ETA Student Biography template from the Canvas site and submit your copy with the following information.**

The short bio (400-word limit) should include:
- Where you grew up
- Work history
- Work interests after graduation
- Interests/passions outside of school and work
- Something unique about yourself that others might be surprised to know (either personal or business-related)
- Most meaningful event in your life to date

**35200-01/02/81  Jeffers, Jessica**

Before the first class session, read the following sections from the textbook: (Berk & DeMarzo 4th Ed.): 4.1-4.5, 5.5, 7.1-7.4, 10.6-10.8

**35210-01/81/85  Rajan, Raghuram**

**Read “The Burma Pipeline” case and be prepared to answer the following questions.**

1. Has Unocal violated any laws or norms as a result of its participation in the Yadana project?
2. What responsibility, if any, does Unocal have to the people of Burma?
3. Was the association of Unocal with the Burmese junta inevitable?
4. How should John Imle respond to his critics?
Please do the readings in the Introduction section of the syllabus and begin the readings in the Puzzles and Anomalies section. Before class 1, find some current examples of cheap value stocks and pricey “glamour” stocks. Which value measures make these stocks look cheap/expensive? What is the “story” behind each of these stocks? Please bring your nameplates to class.

First Class Assignment and Preparation Notes

Topic: Course Introduction

In week one we start with an overview of the content and mechanics of the course. Among other topics, we will define the domain of marketing and discuss a philosophy for managing the enterprise via this domain. We will also introduce an overall framework for marketing strategy and implementation. Throughout the remainder of the term, this framework will then serve as the principal unifying structure for the various topics covered in the course.

Preparation: Readings for Week 1

1. “Driving Growth: The Little Engine That Could” from Counterintuitive Marketing; Clancy, Kevin and Krieg, Peter. This short reading begins to define the scope and philosophy of marketing.
2. “From Sales Obsession to Marketing Effectiveness;” Kotler, Philip. Introduces the role of marketing within an organization, presents criteria for evaluating its effectiveness, and also briefly touches on the scope and philosophy of marketing.
3. “Basic Quantitative Analysis for Marketing;” Dolan, Robert J. Covers accounting concepts relevant to marketing (fixed costs, variable costs, contribution, margin, etc.) and breakeven calculations.

Also, be sure to carefully read the Course Syllabus. You are responsible for understanding and adhering to all policies and guidelines discussed in the Syllabus.

Note on First Class Attendance

Normally, a certain percentage of students have not finalized their class schedules prior to the first class session. It is strongly recommended that students attempting to add into the course attend the first class session. The same recommendation holds for students who are course shopping or considering switching into another section of 37000.

Students who miss the first class session and then attempt to “catch up” in this course put themselves at a significant disadvantage. Please see the Course Syllabus for more detail.

Download and read the syllabus from Canvas. Complete the readings for Class 1. For the Group projects, form a team of exactly 5 students prior to the first class.

For your Lab project: Schedule client kickoff meeting, hold internal meeting with your Lab team, meet with your Faculty Coach.

Download and read the syllabus & Assignment #1 from Canvas. Complete the readings for Class 1.

"Read and come to class prepared to discuss the following papers posted on Canvas:

Before the first class session, read the article "Prepare, prepare, prepare" and listen to the audio recording "The Good Guy Discount," which are both posted on Canvas.

Welcome to Designing a Good Life! Please understand that this is an ethics course. The course title comes from the assumption that you want to lead a good life, one that is good in three senses of the term: 1) being successful, 2) being ethical, and 3) being happy. We will spend part of the first class talking about the relationship between ethics and success in business, will discuss common misunderstandings about ethical behavior, and will begin providing what I think is a more constructive and scientifically accurate framework for thinking about ethical behavior. The bulk of the course will then focus on how to create a more ethical business by better understanding the psychology underlying ethical behavior. We will end the class by assessing whether being ethical and being happy are aligned with each other. That is, does doing good feel good?

For the first class, I will need you to complete an online background questionnaire and read several papers and chapters. I will send out more information about the background questionnaire approximately one week before the first class.

The readings for Week 1 describe what behavioral scientists have learned about several different aspects of moral judgment and ethical behavior. In *The Moral Instinct*, Pinker describes how science reveals a basic universal set of ethics. Despite obvious variability in what people find ethical or unethical, there is generally a broad consensus both across cultures and across time of what constitutes ethical and unethical behavior. This moral sense, Pinker argues, has served an evolutionary advantage, building in a desire not only to appear good but to actually be good. This is your conscience. In Chapters 1 and 2 of *Blind Spots*, Bazerman and Tenbrunsel describe behavioral science that helps to explain why you and I—good people with a widely-shared conscience—might nevertheless be unaware of our own unethical behavior. This work helps to explain the most important puzzle in human behavior: why good people like you and me can nevertheless do bad things. In Chapters 1-4 of *The Righteous Mind*, Haidt further explains this puzzle by describing an inherent weakness in our own moral beliefs and good intentions: they tend not to guide our behavior as much as we think they do. Instead, moral actions often seem guided by emotions and impulses that are then justified by moral reasoning. Teaching people moral reasoning or ethical principles will not necessarily make you a more moral person because that moral reasoning is often a weak guide in moral action. Finally, *The Hidden Cost of Organizational Dishonesty* describes some organizational costs of unethical behavior that go beyond what might not be easy to observe directly on a balance sheet.

I need you to read these papers and chapters carefully for the first class. Be prepared to answer the following questions based on the content from these readings, and from your own insights and experience. Please note that you do not need to answer all of these questions. Pick one or two you are most interested in:

1. What does Pinker’s discussion in *The Moral Instinct* suggest about moral relativity? Is there a shared conscience between people, or does everyone have their own ethics? If there is a common conscience, then what function value do these ethical beliefs provide for an individual?
2. How is moral reasoning, and people’s ethical beliefs, related to actual ethical behavior? When are these aligned with each other and when might beliefs and behavior be misaligned?
3. Based on the readings for this week, what do you think is the business case for ethical behavior in organizations? How is it that ethical behavior can improve business performance? That is, what is the mechanism through which ethics can “pay” in business? Does this mechanism suggest that ethical behavior will ALWAYS “pay” in business, or are there points in time when ethical behavior will not “pay”? Although I do not believe you need to be able to make a business case in order to motivate ethical behavior, it is easier to motivate ethical behavior in a firm if you know what the business case for ethical behavior actually entails.
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<tr>
<th>Class Code</th>
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<tr>
<td>38122-01/81</td>
<td>Risen, Jane</td>
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<tr>
<td><strong>Read:</strong> Syllabus</td>
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<tr>
<td>Equality by Design: Introduction, 1-17 (required textbook #1)</td>
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<tr>
<td>The Person You Mean to Be: Preface and Introduction, xvii – 19 (required textbook #2)</td>
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<tr>
<td>Complete Web Survey 1: The link to the survey can be found on Canvas. You should complete the survey by Tuesday January 7th, 8am.</td>
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<tr>
<td>39906-50</td>
<td>Bergemann, Patrick; Sharkey, Amanda</td>
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<tr>
<td>Students should complete the Week 1 readings before the first class.</td>
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<td>40110-01/81</td>
<td>Ward, Amy</td>
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<td>• Read the case “Rapid Rewards at Southwest Airlines”;</td>
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<tr>
<td>• Take the Rapid Rewards Pre-Class Poll (found in Canvas);</td>
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<tr>
<td>• Fill out Student information sheets;</td>
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<td>• Read the syllabus.</td>
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<th>Class Code</th>
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<tr>
<td>42001-01/02/81</td>
<td>Mahoney, Neale</td>
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<tr>
<td>• Read over the syllabus</td>
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<tr>
<td>• Familiarize yourself with the Canvas course website and purchase the Cabral and Stone books</td>
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<tr>
<td>• Read the chapters from Cabral and the Porter article</td>
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<tr>
<td>• Read the case “Cola Wars Continue”</td>
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<tr>
<td>• Prepare for a discussion of the case based on the week 1 discussion questions</td>
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**For the first week, you do not need to turn in a memorandum. Make sure you are prepared for the discussion, however.**

*Note: This class will draw heavily on material from your microeconomics class. If you are unsure of your command of that material, I strongly recommend that you spend some time reviewing it before we begin. The chapters from the Cabral book assigned for the first week, along with chapters 2 and 4 (which are not assigned), can serve as a guide.*
READES

- Read over the syllabus
- Purchase the Cabral book *Introduction to Industrial Organization* and the Dixit and Nalebuff book *The Art of Strategy*
- Read Cabral Ch. 1 (Micro Review: Ch. 2.1-2.2, Ch. 3.1-3.2, Ch. 4.1, Ch. 5.3, Ch. 8)
- Read Porter: “Note on the Structural Analysis of Industries”
- Watch the movie *Money Ball*, or read the book. We will discuss this during the lecture.
- Porter: “The Five Competitive Forces that Shape Strategy” (optional)
- Harford: “Who Pays For Your Coffee?” (optional)

*Note: This course is designed for students who have taken microeconomics at Booth (typically 33001, also potentially 33002 or 33101). Students who have a strong undergraduate microeconomics background may take the class as well. For example, Sections 2.1, 2.2, 3.1, 3.2, and 4.1 of the Cabral textbook we use in this course should be mostly familiar. Students may contact the professor if they are unsure whether they have sufficient microeconomics background for the course.*

CASE DISCUSSION QUESTIONS

**Cola Wars**

1. Is the industry that Coke and Pepsi compete in an attractive one? What about the CSD bottling industry? What have profits in each industry looked like historically?
2. Perform a five forces analysis of Coke and Pepsi’s industry, treating the concentrate producers and bottlers as an integrated entity. Then think about how your five forces analysis would change if you treated the CPs and bottlers separately. In your analysis, try to come up with evidence for each of the following:
   - How intense is rivalry among firms in the industry? Why?
   - How much power do suppliers and customers have?
   - How large are barriers to entry?
   - How much competition is there from substitute goods?
3. Who has been winning the cola war?
4. How would you predict that the industry will evolve after 2000? What strategic moves would you recommend that Coke and Pepsi make to respond to these changes? (Analyze each firm’s problem separately.)

***For the first week, you do not need to turn in a memorandum. Make sure you are prepared for the discussion, however.***

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**42121-81  Morrissette, Stephen**

Please access the Canvas site and complete the tasks listed in the “Pre-Work” folder in the Course Documents area prior to the first class meeting. If you are not yet officially registered for the course and do not have access to the Canvas site for this course, please email the professor at stephen.morrissette@chicagobooth.edu to obtain access to the materials. The Canvas site will open approximately one week before class begins.

**42125-01  Hachikian, Christina**

Log into canvas and prepare the assignments noted as due in week 1.