



APPLIES TO ACADEMIC YEAR 2016/2017

GRA 8507 Decision Making & Value Optimization

Programme

Executive Master of Management in Energy (EMME)

Responsible for the course

Pål Berthling-Hansen

Department

Department of Accounting - Auditing and Business Analytics

Term

According to study plan

ECTS Credits

5

Language of instruction

English

Introduction

This course is part of the Executive Master of Management in Energy in cooperation with BI Norwegian Business School and IFP School.

Today's competitive environment and disruptive nature in the energy industry places great demands on a company's ability to understand the commercialization process. The relationship between organizational conduct, optimal decision-making and value generation is critical for many companies.

Learning outcome

After the session students should have gained the ability to conduct advanced profitability and investment analysis'. Students will learn the theoretical models largely in use today, and their limitations. The students will also learn how to adapt the theoretical models to capture the real-life complexity that is often the case. The students will gain a thorough understanding of the importance of analyzing the context of the decision problem before applying the appropriate models.

Acquired knowledge

- Gain a thorough understanding of a model for analysing value generation.

Acquired skills

- Be able to conduct advanced net present value calculations in connection with real decision problems.

Reflection

- An acceptance that economic/financial output often is the result of decisions and processes. An understanding that this therefore means that decision analysis is key to obtain financial results.
- Gain a critical view on financial/economic analysis and understand their limitations, and at the same time understand the advantages of developing a data/information driven organization, where the focus is on knowing and not believing.

Prerequisites

Granted admission to the Executive Master of Management in Energy programme.

Compulsory reading

Books:

Milbourn and Thakor. 2008. The Value Sphere: Secrets of Creating and Retaining Shareholder Wealth

Articles:

Gilbert, Eyring. May 2010. Beating the Odds When You Start a New Venture. Harvard Business Review
Patrick Barwise, Paul R. Marsh, Robin Wensley. 1989. Must Finance and Strategy Clash?. Harvard Business review
Timothy A. Luehrman. 1989. Strategy as a Portfolio of Real Options. Harvard Business Review

Recommended reading

Course outline

- The decision context and decision biases

- Value generation model
- The connection between strategy, competitive advantage, quality and financial goals.
- Profit versus net present value
- Cash flow analysis
- How to handle tax in specific decisions
- The value of real options
- Risk analysis for diversified and non-diversified investors/owners.

Computer-based tools

It's Learning

Learning process and workload

1 ECTS credit corresponds to a workload of 26-30 hours.

Attendance to all sessions in the course is compulsory. If you have to miss part(s) of the course you must ask in advance for leave of absence. More than 25% absence in a course will require retaking the entire course. It's the student's own responsibility to obtain any information provided in class that is not included on the course homepage/ It's learning or other course materials.

Sessions include lectures, seminars and group work.

Examination

The students are evaluated through an individual 72 hours home exam, counting for 5 credits.

Specific information regarding student evaluation beyond the information given in the course description will be provided in class.

Examination code(s)

GRA 85071 - Home exam; counts for 100% to pass the course GRA 8507; 5 credits.

The course is a part of a full Executive Master of Management in Energy (EMME) and examination in all courses must be passed in order to obtain a certificate.

Examination support materials

Re-sit examination

Re-takes are only possible at the next time a course will be held. When course evaluation consists of class participation or continuous assessment, the whole course must be re-evaluated when a student wants to retake a exam. Retake examinations entail an extra examination fee.

Additional information