



## Accounting: Depreciation: Standard Methods



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- Linear
  - Depreciation per year: (purchasing price remaining value at end of usage) / duration of usage
- · By output / usage
  - e.g. per kilometer driven, tons anodized,...
- By a fixed percentage of the remaining value



e.g. 30 % of the purchasing price for the first year, 30 % of (purchasing price – 30 %) for the second year, ...

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### Decision Making: Certainty vs. Uncertainty



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Decision Making under certainty is simple, because we can compute the financial result in advance:

#### Example:

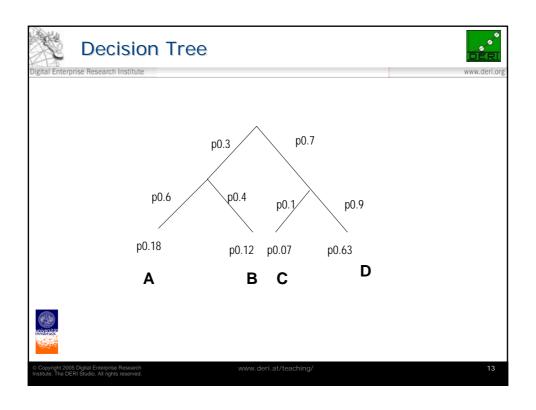
- Option 1: We produce 10 units of Corn Flakes, which causes costs of 1 EUR per unit, and will sell all of them or 3 EUR per package
- Option 2: We produce 20 units of Corn Flakes, which reduces the costs to 0,5 EUR per unit and will be able to sell 15 of them at 2 EUR per package

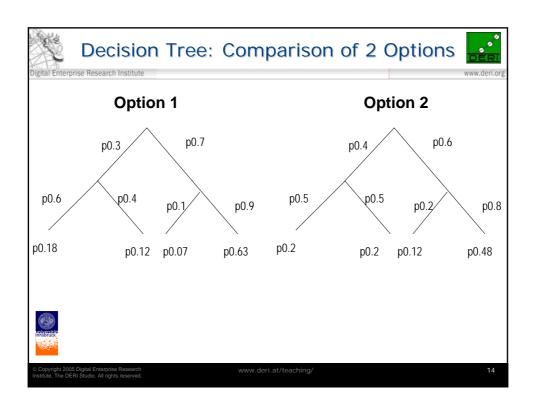
However, in most cased we do not know the actual outcome. Standard technique: Working with estimated probabilities



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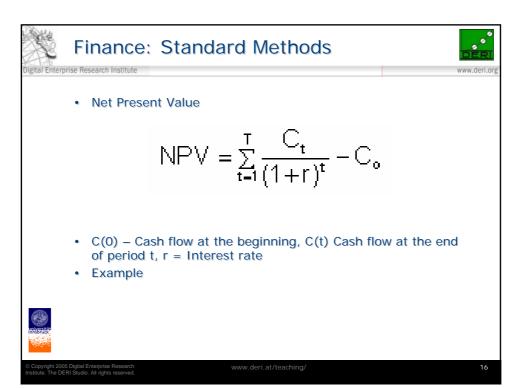






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- Core topics:
- · Managing Human Resources
  - Recruiting
  - Career Management
  - Contracts, Salaries, Monitoring
  - Legal constraints of human labor as a factor of production
- Incentives and Agency Conflicts
  - Only part of an agent's behavior is observable
  - Agents are assumed to be guided by own interests
  - Example: Fix salary vs. commissions
  - Efficient contracts make sure that the incentives of employer and employee match



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# Marketing Marketing



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- In the early industrial age, enterprises produced what they could technically produce.
- Marketing was a revolutionary approach of putting market demand and preference structures in the center of interest.
- "Marketing is the process of planning and executing the pricing, promotion, and distribution of goods, ideas, and services to create exchanges that satisfy individual and organizational goals." American Marketing Association.

#### Core Topics:

- Product Design based on consumer preferences
- · Pricing (price elasticity)
- Market Segmentation (e.g. professional vs. consumer products)
- Promotion / Advertisement



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