

Chapter 1 Engineering Economic Decisions

There are no end-of-chapter questions in this introductory chapter. However, the following questions could be added as a part of instruction:

1. Ask students to review the contents of The Wall Street Journal for the past 3 months. Then, identify and categorize the types of investment decisions appeared in the journal according to the types of strategic economics decisions discussed in the text.
2. Work in small groups and brainstorm ideas about how a common appliance, device or tool could be redesigned to improve it in some way. Identify the steps involved and the economic factors, which you would need to consider prior to making a decision to manufacture the redesigned product. A detailed design and actual cost estimates are not required. Some items, which could be considered for this redesign exercise, are: a shopping cart, telephone, can opener, screwdriver, etc.
3. Many oil price forecasts in the early 2000 indicated that the price of oil in the year 2007 would not exceed \$50 per barrel. What is the price of today? Why are these prices so difficult to predict? Imagine what the consequences would be if you used these optimistic estimates in your economic analysis in your early project undertaking. What would be some practical ways to consider this type of variation in economic analysis?