

REAL OPTIONS in LISBON 2013

OBJECTIVES

The course is for students interested in evaluating strategy and financial engineering value in infrastructure, property, hotels, power, R&D, sports, new ventures, media, telcos, banking and debt management. These businesses will be studied in terms of the real options which have generally been identified by practitioners. The "expected outcome" is that students will understand the basics of real options, and the practical applications to business opportunities and problems.

TEACHING METHODS

Each session will generally involve lectures and application to an appropriate industry or enterprise. Students are required to be familiar with Excel, and with the basics of options. There will be tutorials in connection with case/report. Relevant practical cases are in the REAL OPTIONS VALUE book.

Case/ Project

Students will advise a particular enterprise on the actions management should take regarding the identified real options. Do either a case or a group project. CASES: FUNAIR (Renewal), HUDSON HOTELS (renovation), HBS GREEN (Switching Inputs), REAL REFINING (Switching Inputs & Outputs). Projects might extend course/case models to a context of your interest such as PORTUGAL (Debt & Funding Options).

COURSE OUTLINE (provisional)

Thurs Feb 28 #1 Basic Real Options, Position Strategies

Fri Mar 1 #2 American Growth Options

Thurs Mar 7 #3 Real Portuguese Debt Strategies

Fri Mar 8 #4 Renewal Options

Thurs Mar 14 #5 Switching Options

Fri Mar 15 #6 Cases & Project Presentations.

Recommended Readings:

Brach, M.A. (2003), Real Options in Practice, Wiley Finance, Hoboken: ISBN 0 471 26308 7.

Howell, S., A. Stark, D. Newton, D. Paxson, M. Cavus, J. Pereira and K. Patel (2001), Real Options: Evaluating Corporate Investment Opportunities in a Dynamic World, Financial Times Prentice Hall, London: ISBN 0 273 65302 4.

Patel, Kanak, Dean Paxson and Tien Foo Sing (2005), “Practical Uses of Real Property Options”, RICS Research Papers, London.

Paxson, Dean (2013), REAL OPTIONS VALUE, manuscript.

Professor: Dean Paxson

Room 1.10, Crawford House, Manchester Business School, UK

PHONE 0161-275-6353, e-mail: dean.paxson@mbs.ac.uk

25810 S. Cedarcrest Dr., Sun Lakes, AZ 85248, USA.

DBA Harvard Business School, MA University of Oxford, BA Amherst College, Professor of Finance, Manchester Business School.