

SEMINAR SERIES  
Department of Quantitative Analysis and Operations Management  
University of Cincinnati

**Optimization Criteria in Dynamic Operations Models:  
Discounting and Risk Neutrality**

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**Friday, December 5, 2008**  
**1:30 p.m.**  
**214 Lindner Hall**

There is overwhelming evidence that people are sensitive to risk, but stochastic optimization models for supply chain management usually presuppose a risk-neutral decision maker. This talk concerns the representation of preferences in dynamic stochastic models. How should joint preferences for risk and timing be represented? This talk (a) explains why the usual representation in economics and finance is self-contradictory, and (b) sketches the effects of an alternative approach in models of the coordination of operational and financial decisions.

Matt Sobel is the William E. Umstatt Professor at Case Western Reserve University in the Department of Operations at the Weatherhead School of Management (also the Department of Electrical Engineering and Computer Science). His research interests include preference theory and its applications, the coordination of operations with finance, operations management, and environmental management. He was educated at Columbia University and Stanford University and is an INFORMS Fellow.

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