

Homework 10: Business Agent

Points: 20 | **Due:** Sunday, April 19, 2026 @ 11pm Pacific
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Compute: CPU (free tier)

Learning Objectives

- 1. **Understand** what AI agents are and how they work
- 2. **Build** an agent that can use tools to accomplish tasks
- 3. **Design** agents for specific business workflows
- 4. **Implement** the ReAct (Reasoning + Acting) pattern
- 5. **Evaluate** agent behavior and handle failures gracefully

Why This Matters for Business

Autonomous Operations: Klarna’s AI agent handles 2.3 million customer service conversations monthly—doing the work of 700 full-time agents. It doesn’t just answer questions; it takes actions like processing refunds and updating accounts.

Sales Automation: HubSpot’s AI agents qualify leads, schedule meetings, and update CRM records automatically. Sales reps focus on closing deals while agents handle the repetitive coordination work.

Financial Analysis: Morgan Stanley’s AI agents pull data from multiple sources, generate reports, and flag anomalies—tasks that took analysts hours now happen in seconds.

The Agent Revolution: Sam Altman predicts AI agents will be “the biggest platform shift in computing history.” Businesses that master agents now will have a significant competitive advantage.

Grading

Component	Points	Effort	What We’re Looking For
Agent Setup	3	*	Basic agent with tool access
Tool Design	5	**	Useful, well-defined tools
ReAct Loop	5	**	Reasoning → Action → Observation cycle
Business Task	5	**	Solve a real business problem
Error Handling	2	*	Graceful failure, retry logic
Total	20		

Effort Key: * Straightforward | ** Requires thinking | *** Challenge

The Big Picture

An **AI Agent** = LLM + Tools + Loop

User Request



AGENT LOOP

1. THINK: What should I do next?
2. ACT: Choose and use a tool
3. OBSERVE: Process tool result
4. REPEAT until task complete



Final Answer

Unlike simple LLM calls, agents can: - Take multiple steps to solve problems - Use external tools (search, calculate, query databases) - Adapt their strategy based on results - Handle complex, multi-step workflows

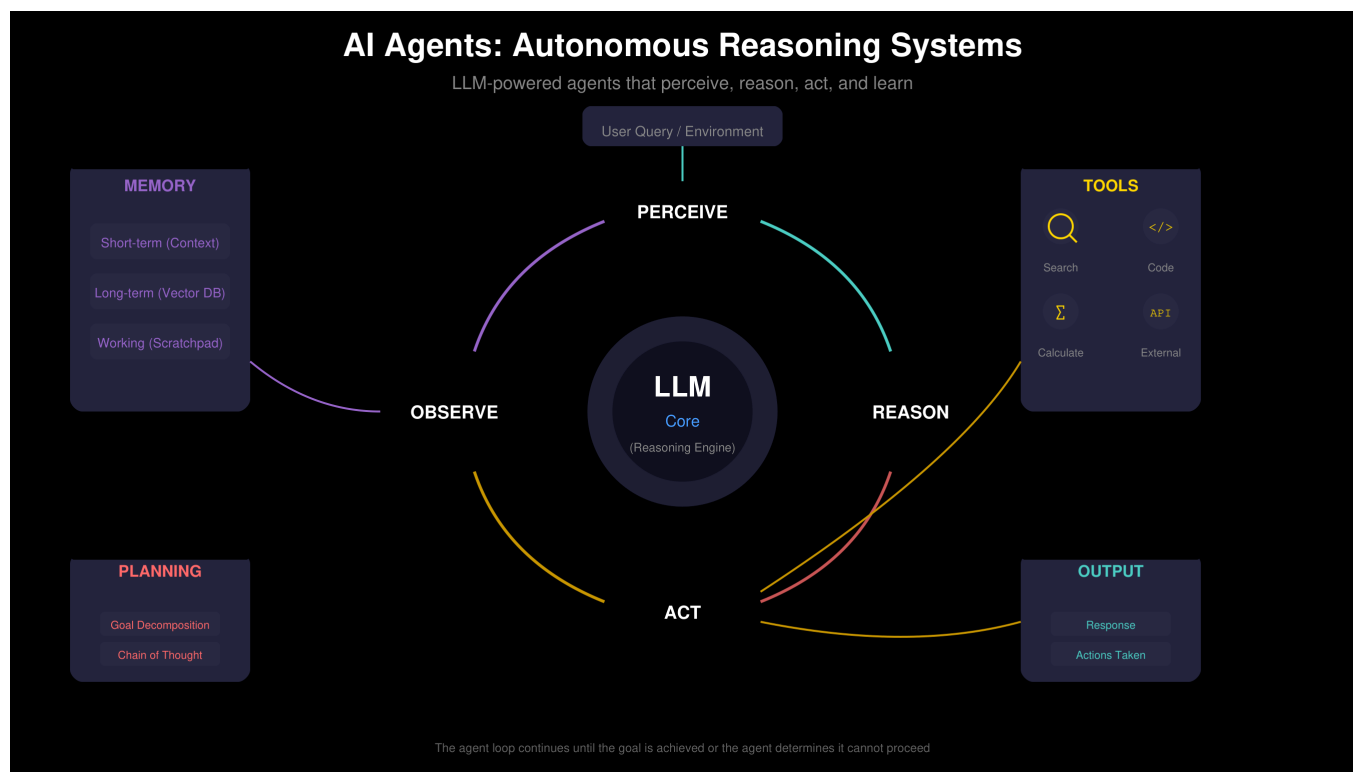


Figure 1: AI Agent Loop

Instructions

1. Open MIS769_HW10_Business_Agent.ipynb in Google Colab
2. Understand the ReAct pattern

3. Define 2-3 tools your agent can use
4. Build the agent loop
5. Test on a business scenario
6. Document the agent's reasoning and actions

What Your Output Should Look Like

Agent Tools:

□ AVAILABLE TOOLS

=====

1. search_products(query) → List of matching products
2. get_price(product_id) → Current price
3. check_inventory(product_id) → Stock status
4. calculate_discount(price, percent) → Discounted price

Agent Execution (ReAct Pattern):

```

□ TASK: "Find the cheapest laptop with at least 16GB RAM in stock"

□ THOUGHT 1: I need to search for laptops with 16GB RAM first.
□ ACTION: search_products("laptop 16GB RAM")
□ OBSERVATION: Found 5 products: [LP001, LP002, LP003, LP004, LP005]

□ THOUGHT 2: Now I need to check prices for all these products.
□ ACTION: get_price("LP001")
□ OBSERVATION: $899

□ ACTION: get_price("LP002")
□ OBSERVATION: $749

□ ACTION: get_price("LP003")
□ OBSERVATION: $1,299

□ ACTION: get_price("LP004")
□ OBSERVATION: $649

□ ACTION: get_price("LP005")
□ OBSERVATION: $799

□ THOUGHT 3: LP004 is cheapest at $649. Let me verify it's in stock.
□ ACTION: check_inventory("LP004")
□ OBSERVATION: In Stock (23 units)

□ THOUGHT 4: LP004 is the cheapest at $649 and is in stock. Task complete.

□ FINAL ANSWER:
The cheapest laptop with 16GB RAM that's in stock is LP004
(TechPro UltraBook) at $649. There are 23 units available.

```

Business Scenario:

□ BUSINESS AGENT: Customer Support

Customer: "I ordered product #12345 last week and it hasn't arrived. Can you help?"

Agent Trace:

1. THINK: Need to look up order status
2. ACTION: lookup_order("12345")
3. OBSERVE: Order shipped 3 days ago, tracking: TRK789
4. THINK: Should check delivery status
5. ACTION: check_tracking("TRK789")
6. OBSERVE: Package delayed, expected tomorrow
7. THINK: Should offer resolution
8. ACTION: apply_credit(order_id="12345", amount=10)
9. OBSERVE: \$10 credit applied successfully

RESPONSE: "I found your order #12345. It shipped 3 days ago but is experiencing a slight delay—it should arrive tomorrow. I've applied a \$10 credit to your account for the inconvenience. Would you like me to email you the tracking link?"

Common Mistakes (and How to Avoid Them)

Mistake	Symptom	Fix
No loop termination	Agent runs forever	Add max_steps limit
Tools with unclear names	Agent picks wrong tool	Use descriptive names + docstrings
No error handling	Agent crashes on tool failure	Catch exceptions, retry or report
Tools returning too much data	Token limit exceeded	Summarize tool outputs
Vague task description	Agent gets confused	Be specific about success criteria
No observation parsing	Agent ignores tool results	Explicitly include observations in prompt

If the agent gets stuck in a loop: - Add "If you've tried 3 times, report failure and stop" - Limit max iterations: `for i in range(10):`

If the agent picks wrong tools: - Improve tool descriptions - Add few-shot examples of correct tool usage - Make tool names more descriptive

Questions to Answer

- **Q1:** Describe your agent's tools. Why did you choose them?

- **Q2:** Walk through one complete agent trace. What worked well?
 - **Q3:** When did the agent fail? How would you improve it?
 - **Q4:** How could this agent save time in a real business?
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Going Deeper (Optional Challenges)

Challenge A: Multi-Agent System

Build two agents that can collaborate. Example: A “Researcher” agent finds information, and an “Analyst” agent interprets it. How do they communicate?

Challenge B: Memory-Enhanced Agent

Add memory so your agent remembers previous conversations. Can it handle follow-up questions like “What about the second option you mentioned?”

Challenge C: Self-Improving Agent

Let the agent learn from failures. If a tool call fails, have it record the mistake and avoid it in future runs.

Quick Reference

Install dependencies

```
!pip install openai langchain
```

1. DEFINE TOOLS

```
tools = [
    {
        "name": "search_products",
        "description": "Search for products by keyword. Returns list of product IDs.",
        "parameters": {
            "type": "object",
            "properties": {
                "query": {"type": "string", "description": "Search query"}
            },
            "required": ["query"]
        }
    },
    {
        "name": "get_price",
        "description": "Get the current price for a product.",
        "parameters": {
            "type": "object",
            "properties": {
                "product_id": {"type": "string", "description": "Product ID"}
            },
            "required": ["product_id"]
        }
    }
]
```

```

    }
]

# 2. IMPLEMENT TOOLS
def search_products(query):
    # Simulated product search
    return ["LP001", "LP002", "LP003"]

def get_price(product_id):
    prices = {"LP001": 899, "LP002": 749, "LP003": 1299}
    return prices.get(product_id, "Not found")

def execute_tool(name, args):
    if name == "search_products":
        return search_products(args["query"])
    elif name == "get_price":
        return get_price(args["product_id"])

# 3. BUILD AGENT LOOP
from openai import OpenAI
client = OpenAI()

def run_agent(task, max_steps=10):
    messages = [
        {"role": "system", "content": """"You are a helpful agent.
        Think step by step. Use tools when needed.
        Format: THOUGHT: [reasoning] then ACTION: [tool_name(args)]"""},
        {"role": "user", "content": task}
    ]

    for step in range(max_steps):
        response = client.chat.completions.create(
            model="gpt-3.5-turbo",
            messages=messages,
            tools=tools
        )

        message = response.choices[0].message

        if message.tool_calls:
            # Execute tool
            tool = message.tool_calls[0]
            result = execute_tool(
                tool.function.name,
                eval(tool.function.arguments)
            )
            messages.append(message)
            messages.append({
                "role": "tool",
                "tool_call_id": tool.id,

```

```

        "content": str(result)
    })
    print(f"ACTION: {tool.function.name}")
    print(f'OBSERVATION: {result}')
else:
    # Final answer
    print(f'FINAL: {message.content}')
    return message.content

```

```

return "Max steps reached"

```

4. RUN AGENT

```

run_agent("Find the cheapest product in our catalog")

```

Agent Architecture Patterns: | Pattern | Description | Use Case | |---|---|---| | ReAct
 | Reason → Act → Observe loop | General tasks | | Plan-and-Execute | Plan all steps, then execute |
 Complex multi-step | | Tree of Thoughts | Explore multiple paths | Ambiguous problems | | Reflexion |
 Self-critique and improve | Iterative refinement |

Common Agent Tools: | Tool Type | Examples | Business Use | |---|---|---| | Search | Web
 search, DB query | Information gathering | | Calculate | Math, analytics | Financial analysis | | API | REST
 calls, webhooks | System integration | | File | Read, write, parse | Document processing | | Communication
 | Email, Slack | Notifications |

Submission

Upload to Canvas: - Your completed . ipynb notebook with all cells executed



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