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Pre-Requisites:

FIN 3150 (Managerial Finance I)

Required Materials

1. Scott Besley and Eugene F. Brigham, 2010, *4LetterPress - CFIN*, 1st edition.

or

Scott Besley and Eugene F. Brigham, 2008, *Essentials of Managerial Finance*, 14th edition.

A copy is available in the business student lounge.

2. Case packet – we'll discuss this in class.

3. A financial calculator (see below).

Overview

The course is designed to expand upon those concepts gained in FIN 3150 (Managerial Finance I). This course is a hybrid of a lecture and case study course. The case study method is designed to apply a broad set of decision making tools to a potentially real situation. It was originally developed at the Harvard Business School and is used extensively in MBA and graduate business programs across the country.

This is a depth course aimed at delving deeper into the financial decision-making and financial management of public and private firms. The course is intended to stimulate the interest in the field of finance as an area of further study and as an area of practice for a life-long career. The ultimate goal is to develop critical thinking so as to evaluate dispassionately the merits and demerits of different policies and projects and of techniques of financial management. This analytical ability can be developed by solving and discussing problems.

I recommend that you regularly read the Wall Street Journal or similar publication to increase your understanding of business and finance. Please feel free to ask any questions you have related to this reading.

Course Objective

1. Further understand the financial environment.
2. Learn methods of project and firm valuation
3. Analyze and compare costs of capital.
4. Create and evaluate pro forma statements of income and expenses.
5. Critically analyze financial policy decisions
6. Evaluate the demands for working capital.
7. Evaluate capital structure decisions.
8. Implement tools of forecasting and planning.

Attendance

The success of this course depends on class participation. You are not required to attend every class; however, excessive absences may be detrimental to your final grade. You are responsible for all material presented in class, regardless if you were present or not. This includes instructions on assignment format and turn-in procedures. If you miss class, I will be glad to tell you what material you may have missed but I will not re-teach it.

Cases and Readings

Selected cases have been taken from *Case Studies in Finance: Managing for Corporate Value Creation*, Fifth edition, by Robert F. Bruner. In addition, some cases will be borrowed from cases written by Ron Lease. All cases used in this class are copyrighted. The Bruner cases may be purchased. I have permission to use selective material produced by Ron Lease which will be available on Blackboard.

Cases are designed to enable a student to integrate financial theory into real world situations. These situations are often distinctly different from textbook examples. A primary difference is that in the case study method, information given may be incomplete and some of the specifics may not apply. It is the job of the student to differentiate, summarize, analyze and make assumptions where no information is given. The following outline is a good way to approach the case study method:

1. Read the case in its entirety.
2. Read it again noting details and developing your awareness of situational details.
3. Define the problem.
4. Prepare the quantitative analysis addressing the problem (typically in a spreadsheet format).
5. Take a position prior to class discussion and defend that position.

Your case study grade will be largely determined from participation. Students from the class will be chosen randomly and “cold-called” during the case discussion. It is in your best interest to prepare each case prior to attending class. Participation credit is awarded to those students able to answer questions from the case.

Some cases require you to write-up your position supported by analysis. When a written deliverable is required, I will announce it in class and give you ample time to prepare.

With the wonderful addition of the Elsevier Journal database in the library, you will be required to find, read and report on an academic article of your choice. More information will be provided. Directions for access and search options are provided on the library website. The library assistants would also love the opportunity to show you the terrific resource.

Homework:

Select case style problems will be assigned from to enhance your mastery of the materials. The problems will be discussed in class and then collected and graded on a completion basis only. They are primarily for your benefit and help you prepare for class and exams. Solutions will be made available once you have had a chance to work the problems.

Examinations:

There will be two closed-book exams. You may use a calculator during these exams. Additional materials such a student produced 5" x 8" note card may also be used. Full credit will be awarded for all correct answers and partial credit will be awarded as deemed appropriate by your instructor.

Course Grade Computation:

Your course grade is based on a point system. The point allocation for exams and homework is:

	Points	Points	Grade
Participation	20/5	>93	A
In-class Work	10	90 to 92.9	A-
Presentation	10	87 to 89.9	B+
Case Study	30	83 to 86.9	B
Reports		80 to 82.9	B-
Test 1	15	77 to 79.9	C+
Test 2	15	73 to 76.9	C
Total Possible	<u>105/100</u>	70 to 72.9	C-
		<70	D

Financial Calculator:

A financial calculator is essential in this class and in all advanced finance classes. I do not recommend any specific model or brand; however, a scientific calculator does not have the necessary functions for this course. I can provide general assistance but I do not know all functions on all calculators. You are responsible to learn the functions on your own calculator.

Journal Presentation:

Exposure to academic literature is essential for students planning to graduate to more advanced topics. As part of this class, you will be required to read, organize and present a journal article of your choice. A detailed description of this assignment is available online and will be discussed in detail.

How to do well in this course:

- **Review the lectures and notes in advance of the class!** This is critical as the class's success depends on the participation of the students.
- Come to class. Participate in class discussions. Form or join and participate in a study group.
- Do all the assigned readings, homework assignments, and suggested study problems and questions.
- Come in during office hours or make an appointment to meet at our offices whenever you're having difficulty or have questions you would like to discuss outside of class.

Approximate Schedule

<i>Week</i>	<i>Lecture Topic</i>	<i>Class Discussion</i>	<i>Readings</i>	<i>Discussion Assignment</i>	<i>Write-up Assignment</i>
1	Introduction	Syllabus The Case Method and Professional Writing	Dial and Murphy		
	Valuation	Principles of Valuation	Positive NPV		
<i>Project and Firm Valuation</i>					
2	Project Evaluation	Chapter 10: Project Cash Flows and Risk	Chapter 10	Revision Writing	
		Expansion and Replacement Projects			
3		Unilate Textiles Project Case	Financial Analysis & Planning	Unilate Case	
	Pro Forma	Plug Method in Forecasting			
4		Star River			Star River
	Cost of Capital	Chapter 11: The Cost of Capital	Chapter 11		
5	CAPM	Capital Asset Pricing Model (CAPM)			
		Coleman Technologies Problem		Coleman	
6		Nike Inc. Case		Nike Inc. Case	
	EVA	Economic Value Added	EVA		
7		Coke vs. Pepsi Case			Coke v. Pepsi
	Valuation	Firm Valuation	Valuation		
8	Valuation	Valuation Continued			
		Teton Valley Case		Teton	
9		Cooper Industries			Cooper Case
	Mid-term	Review			
10		Spring Break			
<i>Financial Policy</i>					
11	Capital Structure	Chapter 12: Capital Structure	Chapter 12 Capital Structure		
		An Introduction to Debt and Value Case		Into to Debt & Value Case	
12		WM. Wrigley			Wrigley
		Un-levering Beta			
13	Working Capital	Chapter 14: Working Capital Management	Chapter 14 Trade Credit		
		New York Fuels Problem	Go Broke	New York Fuels	
14	Financial Planning	Chapter 17: Financial Planning	Chapter 17		
		North West Chemicals – Part 1		NWC P1	
15		Break Even			
		North West Chemicals – Part 2		NWC P1	
16		The Body Shop			Body Shop Case
		Review			

Scholastic Behavior

All students are expected to uphold standards of academic honesty. Failure to uphold school policies relating to behavior (plagiarism, cheating, etc.) may result in failure of and/or expulsion from the class.

Class Communication/Dmail

You are required to frequently check your dmail account. Important class and college information will be sent to your dmail account, including DSC bills, financial aid/scholarship notices, notices of cancelled classes, reminders of important dates and deadlines, and other information critical to your success at DSC and in your courses. If you don't know how to access your dmail account, go to www.dixie.edu and select "Dmail" from the left column. To locate your dmail username and password, go to www.dixie.edu, and click on "Log in to student services" (upper right corner).

Americans with Disability Act

If you are a student with a medical, psychological or a learning difference and requesting reasonable academic accommodations due to this disability, you must provide an official request of accommodation to your professor(s) from the Disability Resource Center within the first two weeks of the beginning of classes. Students are to contact the center on the main campus to follow through with, and receive assistance in the documentation process to determine the appropriate accommodations related to their disability.

You may call (435) 652-7516 for an appointment and further information regarding the Americans with Disabilities Act (ADA) of 1990 per Section 504 of the Rehabilitation Act of 1973. Our office is located right next to the Testing Center on the bottom floor of the Financial Aid and Career Center building.

For final exam dates and other important dates, see the following link:

<http://new.dixie.edu/reg/?page=schedule>

Other important resources:

Library - <http://library.dixie.edu>

Writing Center - http://dixie.edu/english/dsc_writing_center.php

Testing Center - <http://dixie.edu/testing>

Tutoring Center - <http://dsc.dixie.edu/tutoring/>