2015

FINC 600-01 Managerial Finance

Tim Kruse
kruset@xavier.edu

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Instructor: Tim Kruse  
Office: 232 Smith Hall  
E-mail: kruset@xavier.edu  
Office Phone: 513-745-3075  
Office Hours: Tuesday/Thursday 9:00 a.m. to 10:00 a.m. and 12:00 p.m. to 1:00 p.m.  
Tuesday 4 to 6 p.m.

Course Materials: *Fundamentals of Corporate Finance*, whatever edition, by Ross, Westerfield, and Jordan. I will post additional materials including articles and Power Points on Canvas. **It is your responsibility to check announcements on Canvas regularly** – I will assume that everyone has access to Canvas and either checks their campus e-mail regularly or forwards the e-mail to another account.

I expect students will also be aware of the top finance stories of the day. Bloomberg ([www.bloomberg.com](http://www.bloomberg.com)) and Yahoo! Finance ([finance.yahoo.com](http://finance.yahoo.com)) are two of many free sites with good finance news coverage. WSJ.com also has some free content, particularly market data.

Prerequisite: FINC 500: time value of money, valuing stocks and bonds, risk and return, basic capital budgeting, raising capital, financial statements and financial ratios

Mission of the Williams College of Business: We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition.

Learning Goals – Williams College of Business MBA
The Williams College of Business has chosen to emphasize the following learning goals in its MBA curriculum. Each of these areas will be covered in FINC 600, but special emphasis will be placed on Strategic Thinking and Leadership and Critical Thinking.

1. **Strategic Thinking and Leadership:** WCB MBAs will be able to position organizations in chosen market areas, compete successfully, and satisfy stakeholders with the objective of achieving superior organizational performance.
2. **Global Perspective and Cultural Diversity:** WCB MBAs will be able to work across cultural boundaries, whether these are geographical or societal, in that they possess a recognition and appreciation of the global environment of business and an understanding and appreciation of diversity.
3. **Ethics and Social Responsibility:** WCB MBAs are able to foster an ethical climate in their roles and responsibilities in business and society.
4. **Critical Thinking:** WCB MBAs are able to clarify problems, generate and evaluate alternatives using appropriate analytical and quantitative techniques, and draw conclusions.
5. **Effective Written and Oral Communication:** WCB MBAs are proficient in written and oral communication.
Course Objectives and Student Outcomes: This course is designed to build on the knowledge developed in FINC 500 and introduce new topics to provide students with a foundation for understanding the impact of managerial decisions on the value of their organizations. We will cover areas such as capital investment, financing decisions, payout policy, mergers and acquisitions, corporate governance, international finance, and the use of derivatives. The course will have an extensive valuation component.

Course Format: The course materials comprise PowerPoint slides, text material, and articles. The typical class meetings will begin with a short discussion of issues raised in the news over the last week. It is a good idea to bring a calculator to each class meeting. This course deals with the gray areas of financial management of corporations. The financial press and students’ experiences provide valuable information on practice. Class discussions will lead us to “good answers” in place of “right answers”. Thus, participation AND preparation are critical.

Xavier University policies regarding privacy rights, incomplete work and attendance, and academic honesty will be strictly enforced. If an incident of academic dishonesty occurs, the most severe disciplinary action will be taken. Please see the current University catalog.

Grading & dates

<table>
<thead>
<tr>
<th>Item</th>
<th>Date</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test 1</td>
<td>March 8</td>
<td>100</td>
</tr>
<tr>
<td>Test 2</td>
<td>May 16</td>
<td>100</td>
</tr>
<tr>
<td>Valuation project</td>
<td></td>
<td>50</td>
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</tbody>
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Most likely I will use a standard grading scale: 92% and above A, 90-92% A-, 88-90% B+, 82-88% B, etc. However, I might use a curve if necessary. Please refer to the Graduate Grading System in the University catalog.

The exams will be a mixture of short essay questions, Multiple Choice or True/False questions, and/or problems. There will be a simple formula sheet as necessary. Partial credit is given on exams and all work must be shown on the problems. I will post an old exam plus some additional problems a couple of weeks before each test date.

Valuation project (group work): You will be valuing a company of your choice. I suggest you do NOT choose an overly large company or a financial firm as they are much more complex. We will be estimating the company’s future cash flows and cost of capital to come up with this valuation.

Questions Regarding Grading: Any questions regarding grades must be addressed within one week of return of the graded exam to the student.

Extra credit: To ensure fairness and consistency, no individual extra credit work is available.
**Make-Up Exams:** All exams must be taken on the date specified in the course calendar unless approval of a make-up exam is granted PRIOR to that date by the instructor. Without prior approval, make-up opportunities are limited to documented emergencies. The instructor discretion is used in determining whether a situation constitutes an emergency.

**Topics list (tentative order and flexible)**

1. Review of time value of money and bond & stock valuation – chapters 5 - 8
2. Raising capital – chapter 15
3. Capital structure and financial distress – chapter 16
4. Payout policy – chapter 17
5. Valuation
6. Mergers and acquisitions/shareholder activism – chapter 26
7. Options overview – chapter 24
8. International finance – chapter 21
10. Risk Management – chapter 23
Some good books for outside reading

*Liar’s Poker & The Big Short* by Michael Lewis  
(Just about anything by Michael Lewis is good)

*Too Big to Fail* by Andrew Ross Sorkin

*When Genius Failed: The Rise and Fall of Long-Term Capital Management* by Roger Lowenstein

*Devil Take the Hindmost: A History of Financial Speculation* by Edward Chancellor

*Wall Street Meat* by Andy Kessler

*Running Money: Hedge Fund Honchos, Monster Markets and My Hunt for the Big Score* by Andy Kessler

*The Number* by Lee Eisenberg

*Diary of a Very Bad Year: Confessions of an Anonymous Hedge Fund Manager* by Anonymous with n+1:

*Reminiscences of a Stock Operator* by Edwin Lefevre


*When Money dies: The Nightmare of Deficit Spending, Devaluation, and Hyperinflation in Weimar Germany* by Adam Fergusson