2017

FINC 495-01-02 Cases and Problems in Finance

Shelly Webb
webbs@xavier.edu

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Class Description: In this capstone class you will apply the theories, concepts, and tools you learn in other finance classes. You will be asked to make decisions based upon your analysis and to present your solutions in oral and written form. You will apply theories and concepts from other business courses and across many fields of study.

Class Learning Objectives: Learning objectives include, but are not limited to:

- Improve your critical thinking skills;
- learn to create a business report;
- develop oral presentation skills for a business report;
- develop understanding at a theoretical and practical level of the following topics:
  - capital budgeting
  - cost of capital
  - financial analysis
  - working capital management
  - capital structure
  - dividend policy
  - business valuation;
- consider ethical dimensions of financial decisions;
- apply research and spreadsheet skills that you have learned in other classes;
- learn key concepts of strategic management.

Prerequisites: You should have completed almost all of your finance classes before taking this course. The official University Catalog states: Pre-requisite: FINC 350 or ACCT 301, FINC 401 and FINC 365 (one prereq/one coreq) Co-requisite: FINC 401 or FINC 365 (one prereq/one coreq).
If you have not taken FINC 401 and FINC 350 or ACCT 301(or are not taking them now), then you will be at a disadvantage relative to your classmates. FINC 485 will also be very useful.

Selected readings – to be posted on Canvas.

MISSION OF THE WILLIAMS COLLEGE OF BUSINESS (WCB):

“We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition”
Grading: You will work through a number of cases during the semester in groups. Some of the group cases will be an oral presentation which will be recorded for analysis. The other group cases will be written. Your “group” grades may be raised or lowered based upon your contribution to the group effort as determined by a peer assessment for each case. Class participation will be important when the final averages are calculated. You cannot earn an A or B grade in the class if you do not meet a minimum standard of acceptable peer evaluation.

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group cases</td>
<td>85%</td>
</tr>
<tr>
<td>Reflection paper</td>
<td>10%</td>
</tr>
<tr>
<td>ETS Test (see below)</td>
<td>5%</td>
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</tbody>
</table>

93% and above = A; 90+ = A-; 87+ = B+; 83+ = B; 80+ = B-; 77+ = C+; 73+ = C-; 67+ = D+; 60+ = D; Below 60% = F.

Case Grading Standards:

A: A paper of exceptionally high quality; great depth and breadth of analysis; a balanced, thorough discussion of the problems and potential solutions; excellent writing quality and style; free from errors; logical conclusions drawn from the paper.

B: A very good paper; good depth and breadth of analysis; a balanced, thorough discussion of the problems and potential solutions; very good writing quality and style; free from serious errors; logical conclusions drawn from the paper.

C: Acceptable paper; reasonable depth and breadth of analysis; reasonable discussion of problems and solutions; few errors; logical conclusions.

D: Barely acceptable; serious deficiencies in depth, breadth, and/or presentation.

F: Unacceptable.

Attendance: You’re just a few months away from your first “real” job. It’s time to practice taking things seriously, and this class is one of those things. Active participation every day is expected in this course. Every absence must be discussed with me as far in advance as possible.

Groups: I will assign groups early on in the semester. Your preferences as well as group balance and geographic considerations will all be taken into account in making group assignments.

In any group of three or four people, disagreements will arise and participation levels will vary. This is representative of your future business careers--sometimes you do most of the work and others share the credit. However, if your group experiences serious difficulties, please contact me as soon as possible.

Reflection paper: You will complete a reflection paper, conducting an individual analysis including the development of your personal mission statement and your personal business plan. Your reflection will begin by taking the Strengths Finder assessment online and evaluating the results in the context of the book above.
**Students with disabilities:** It is my goal that this class be an accessible and welcoming experience for all students. If you are a student with a disability who may have trouble participating or effectively demonstrating learning in this course, contact me to arrange an appointment to share your Accommodation Letters from Disability Services and to discuss your needs. Disability related information is confidential. If you have not contacted Disability Services (located in the Learning Assistance Center) to arrange accommodations, I encourage you to do so by contacting Cassandra Jones, by phone at 513-745-3280, in person on the Fifth Floor of the Conaton Learning Commons, Room 514, or via e-mail at jonesc20@xavier.edu as soon as possible as accommodations are not retroactive.

**Academic Honesty:** We will often discuss ethical issues in class. Just as I expect corporations to act in an ethical manner, I expect you to behave ethically. Unauthorized use of work that is not your own will result in a failing grade in the course. Using any work that is not your own, giving permission to use your work, or using any unauthorized information throughout the semester will result in a failing grade in the course and possible expulsion from Xavier University.

**Late Assignments:** If any item is not turned in by 6pm the end of class on the day it is due, your grade will be lowered at least one letter grade per day for that assignment.

**Schedule:** The complete schedule will be distributed after the second week of class after case group assignments are finalized.

**ETS Exam:** The Williams College of Business gives an assessment exam to all students in capstone courses. The exam that you will be taking is the "Major Field Test" from the Educational Testing Service (ETS). The ETS exam will be administered by the Williams College of Business. It is an important tool for assessment in AACBS accreditation. In general, the exam will cover all areas of business, including accounting, economics, management, quantitative business analysis and information systems, finance, marketing, and legal and social environment studies. You will receive information concerning your grade on the exam, as well as information as to how it compares to the national participants. The results of this test are important to you and to Xavier because the results will help us understand if there are improvement opportunities in students’ education.
WCB LEARNING GOALS:

- **Critical Thinking**
  *Learning Goal:* WCB graduates will be able to think logically, reason quantitatively, and utilize appropriate analytical techniques and technology when evaluating and making decisions.

  *Corresponding Course Objectives:*
  - (1) WCB students will collect, evaluate and synthesize information to offer solutions and support decision making.
  - (2) WCB students will evaluate and articulate implications of business decisions and their impact on organizational stakeholders, both individually and in teams.

- **Ethics and Social Responsibility**
  *Learning Goal:* WCB graduates will be able to recognize ethical issues, discern moral implications of decision making, and be prepared, and willing, to serve as responsible and professional members of society.

  *Corresponding Course Objective:*
  - (1) WCB students will recognize ethical issues and their implications on personal and business decisions.

- **Effective Written and Oral Communication**
  *Learning Goal:* WCB graduates will be able to organize, support and communicate ideas clearly and effectively, employ multiple mediums of communication (e.g., written, oral and visual), and adapt communication to audience, context or purpose.

  *Corresponding Course Objectives:*
  - (1) WCB students will produce business documents and reports demonstrating their ability to organize and communicate ideas clearly and professionally.
  - (2) WCB students will make effective presentations, accompanied by the appropriate technology, demonstrating their ability to organize and communicate ideas clearly and professionally, both individually and in teams.

- **Understanding and Application of Knowledge Across Business Disciplines**
  *Learning Goal:* WCB graduates will be able to evaluate business from an integrative and holistic point of view, leverage the synergies between functional business areas, and demonstrate college-level mastery of their chosen discipline.

  *Corresponding Course Objectives:*
  - (1) WCB students will demonstrate the appropriate knowledge of accounting, economics, finance, management, management information systems, marketing, quantitative business analytics, international issues, and the legal and social environment of business.
  - (2) WCB students will evaluate business problems from an integrative point of view, including diverse business functions, competition and external environment (social, political, economic, and environmental.)
  - (3) WCB students will demonstrate college-level mastery of the body of knowledge and skills relative to their major. (To be determined at the departmental level.)

- **Personal and Professional Development**
  *Learning Goal:* WCB graduates will be well-prepared for their future careers and appreciate the importance of continuous professional development and life-long learning.

  *Corresponding Course Objective:*
  - WCB students will articulate career goals, prepare a professional resume, demonstrate behavior-based interviewing techniques and develop a professional network.
FINC495 - Course Schedule  
*** Check Canvas regularly for changes and updates ***

Week 1 – January 10, 12  
Introduction to the Course  
XU Library resources – how to use them effectively  
Strengths Finder results assignment due by 6pm, Friday, January 13

Week 2 – January 17, 19  
How to Study and Discuss Cases, p. xxv  
Ethics in Finance, p. xxxii  
Frontline ethics video – To Catch a Trader

Week 3 – January 24, 26  
Case: #1 Warren E. Buffett, 2005  
Critical Thinking and the Case Method  
case team member preferences due on 26th by 6pm to me by e-mail

Week 4 – January 31, February 2  
Capital Budgeting and Resource Allocation

Week 5 – February 7, 9  
Case: #24 Victoria Chemicals plc (A): The Merseyside Project  
second half of class, Groups review oral presentations  
Financial Analysis and Forecasting  
Readings: #6 The Thoughtful Forecaster, # 7 The Financial Detective, 2005

Week 6 – February 14, 16  
Dividends and stock repurchases – individual presentations on readings  
Sign up for ETS Test by 6pm

Week 7 – February 21, 23  
Case: #11 Horniman Horticulture  
second half of class, Groups stay to go over oral presentations

Week 8 – February 28, March 2  
Nonprofit financial management

Week 9 – March 7, 9 – no class all week – Spring break

Week 10 – March 14, 16  
Estimating the Cost of Capital  
Reading: #13 Best Practices in Estimating the Cost of Capital: Survey and Synthesis

Week 11 – March 21, 23  
Case: #16 Teletech Corporation, 2005  
second half of class, Groups stay to go over oral presentations
Week 12 – March 28, 30
  Case: #29 Gainsboro Machine Tools Corporation
  second half of class, Groups stay to go over oral presentations

Week 13 – April 4, 6
  ETS test – CLC room 207
  Management of Corporate Capital Structure

Week 14 – April 11, 13 – no class on Thursday for Easter break
  Frontline video – The Retirement Gamble

Week 15 – April 18, 20
  Management of Corporate Capital Structure
  Case: #33 California Pizza Kitchen

Week 16 – April 25, 27
  second half of class, Groups stay to go over oral presentations
  In-class reflection exercise

Week 17 – Finals Week
  Personal Evaluation Reflection paper due (finals week)