750-X20 Value Creation

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Xavier University

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Executive MBA Program  
Fall 2019/Spring 2020  
FINC 750 – Value Creation

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Office Hours: before & after class and by appointment

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 750, 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: This course is designed to introduce students to financial management and convey an understanding of the role of finance in the management scheme of modern organizations. In particular, I will focus on the big decisions typically made by corporations. Ultimately my goal is to help students understand how finance will affect them professionally and personally. Additionally, I will spend some time covering the important finance related topics in the news.
**Student Learning Outcomes:** After completing this course students should be able to: Distinguish between debt and equity, analyze and calculate common financial ratios, apply time value of money formulas, value stocks and bonds, estimate cash flows, evaluate an investment decision, estimate a firm's cost of capital, and discuss the role of risk in investment and financing decisions. Moreover, students should have a better understanding of the broader environment in which these decisions are made.

**Course Materials:** Ross, Westerfield, and Jordan, *Fundamentals of Corporate Finance*, McGraw-Hill/Irwin. I will post additional materials including articles and Power Points on Canvas.

**Classes:** Each class will be a mix of lecture/presentation, discussion, projects and problem solving. You are encouraged to participate through questions and comments. **Bring your calculator.** The typical class meetings will begin with a short discussion of issues raised in the news.

Some of the topics covered in this course deals with the gray areas of financial management/policy making. Ideally, class discussions will lead us to “good answers” in place of “right answers”. PLEASE ASK QUESTIONS. If no one is asking questions, I can only assume that everyone understands the material. Thus, participation and preparation are critical.

Students are responsible for all in-class announcements (which will be in the first few minutes of class) and schedule changes.

**Attendance:** Attendance is expected as part of your EMBA program. Plus, please keep classroom disturbances to a minimum. If you need to miss class for any reason, please contact me as far in advance as possible.

**Canvas:** All course supplementary materials will be available 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.

**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.

**Students with disabilities:** Students with disabilities who need special arrangements in classes and exams must inform the instructor as soon as possible but no later than the week before the first midterm.
Grading:

Projects: There will be two projects: financial analysis of a company of your choice and capital budgeting. I will give you more detail when we get to the respective weeks. The projects will be 30% of your grade (15% each).

Tests: There will be two tests, which will be a mixture of short essay questions, Multiple Choice questions, and problems. Partial credit is given on exams and all work must be shown on the problems. The tests will be 70% of your grade (35% each).

In-class work/extra problems: There will be a mixture of short homework assignments and in class problem solving. Plus, I will give you a few extra practice problems to work on at home. While these problems will not be graded, carefully working the problems will assist you in studying for the tests.

Grading scale cutoffs: 92% = A, 90% = A-; 88% = B+, 82% = B, 80% = B-; 78% = C+, etc. If you ever disagree with a grade you have received, please wait until the following class period before you contact me on this issue. When you do so, it is better to put in writing some concrete reasons for your disagreement. Evaluating case analyses and qualitative exam questions is a subjective process. I try to minimize the subjectivity by having clear expectations and applying consistent grading rules across all students, however, I cannot eliminate subjectivity. The best way to convince me is to show that I have not applied the expectations in a reliable and consistent manner.

Extra credit: To ensure fairness, no individual extra credit work is available.

Tentative Schedule

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<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topics</th>
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<tbody>
<tr>
<td>1</td>
<td>Saturday 11/16</td>
<td>Overview of finance – Chapters 1 &amp; 15, sections 1 to 5</td>
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<tr>
<td>2</td>
<td>Friday 11/22</td>
<td>Working with financial statements – Chapter 3</td>
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<td>Long-term financing and growth – Chapter 4</td>
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<td></td>
<td></td>
<td>Financial analysis project</td>
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<tr>
<td>3</td>
<td>Saturday 12/14</td>
<td>Time Value of Money – Chapters 5 &amp; 6</td>
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<td>4</td>
<td>Saturday 1/11</td>
<td>Interest rates and bond valuation – Chapter 7</td>
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<td>5</td>
<td>Saturday 1/25</td>
<td>Stock Valuation – Chapter 8, Test 1</td>
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<td>6</td>
<td>Friday 2/7</td>
<td>Capital budgeting part 1 – Chapters 9 &amp; 10</td>
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<tr>
<td>7</td>
<td>Saturday 2/22</td>
<td>Capital budgeting part 2 – Chapters 10 &amp; 11</td>
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<td></td>
<td>Capital budgeting project</td>
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<tr>
<td>8</td>
<td>Friday 3/6</td>
<td>Capital market history/risk and return – Chapters 12 &amp; 13</td>
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<tr>
<td>9</td>
<td>Saturday 3/21</td>
<td>Cost of Capital – Chapter 14, Test 2</td>
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