

School of Business and Nonprofit Management

Course Syllabus

Course: SBNM 5311 Financial Decision Making
Academic Year: 2013/14 **Semester/Quad:** Fall B
Credit Hours: 2
Prerequisites: SBNM 5110, SBNM 5310

Instructor: Marlon Smith, Adjunct

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Availability:

Outside of class sessions, please contact me via email or telephone. I will reply within 24 hours during the week and within 48 hours on weekends. Office hours are by appointment. In addition, if necessary, telephone conversations can be requested (send email to request times).

Course Description:

This course builds upon the core finance concepts and decision-making tools needed for the practice of financial management, and uses the knowledge gained in SBNM 5310: Managerial Finance as a foundation. Students will further develop skills necessary to evaluate corporate performance and investment alternatives through both strategic and financial analysis. The course does rely on quantitative analysis, but emphasis will be placed on the interpretation and incorporation in decision-making. Throughout the course, discussion and assessment will deal with ethical considerations within business contexts.

Introductory Comments:

Welcome to the course. I look forward to investigating financial decision making with you!

This course continues the financial management topics which began in SBNM 5310. While SBNM 5310 covered the theoretical background on many financial concepts, we will focus on applying those theories to everyday situations, primarily through case studies.

Course Materials:

REQUIRED

Custom Created Textbook: Financial Decision Making, SBNM 5311
Fall 2013 Quad B, ISBN 978 112 112 6886

OPTIONAL

Higgins, Robert C., Analysis for Financial Management, Tenth Edition, McGraw Hill. ISBN 978-0-07-803468-8

Essential IDEA Objectives:

The essential objectives for this course (per IDEA framework, a nationally recognized assessment tool used by many higher learning institutions) are:

1. Learning to apply course material (to improve thinking, problem solving, and decisions).
2. Developing specific skills, competencies, and points of view needed by professionals in the field most closely related to this course.
3. Learning to analyze and critically evaluate ideas, arguments, and points of view.

Specific Course Objectives:

1. Apply factual knowledge related to finance (terminology, classifications, methods, trends)
2. To accurately forecast pro forma performance and manage growth
3. To evaluate corporate financial structure, including debt and equity from the internal, industry and investor perspective
4. To understand various financial instruments and to recognize the drivers of dividend policy
5. To utilize valuation methods such as DCF and multiples to make strategic decisions about projects and potential transactions
6. Explore the role of ethical behavior into implications for financial markets and financial management
7. Formulate financial analysis via discussion forums, homework, case studies and final project
8. Assess financial decisions and provide conclusions and actions that should be taken, driving sound financial management.

Course Methodology:

The goal of a good management education program should be to give students the opportunity to study and practice the application of management theory. Just studying theory without the opportunity to practice the application of that theory is not very effective. Upon completing their business education, managers will be expected to be able to apply what they've learned to real-world business situations.

Thus, this course stresses the application of core finance principles via the use of case studies. Case studies are a valuable learning tool for graduate business education. They provide the opportunity to apply theory to real world experiences and understand the more complex nuances of how business decisions are made. Cases are representations of reality that put the reader in the role of a participant in the situation. The cases we will study will vary in terms of content, topic, length, expectations, etc. However, they all have a common purpose: to represent reality, to convey a situation with all its cross currents and rough edges. Case studies are not perfectly clear, nor do they have one specific answer. Like real business situations, cases are fluid and inevitably involve uncertainty; they don't present selected and sorted information. They are intended to allow you to reference the relevant theories and think through the analysis and decision making for the business situation being presented.

Case studies are a critical component of this course. They are intended to help develop your written communication/presentation skills, which are essential in business today. They are selected to cover the specific topics, and also, touch upon topics from other disciplines as financial management is usually connected to other business issues. Case studies are NOT like homework – it is often difficult to just sit down, read the material, and work the questions. There is more involved in the analysis of a case.

Case studies provide business students with the equivalent of laboratories used for educating scientists and doctors. So consider this your laboratory!

Computer Requirements:

In order to effectively participate in and successfully complete this course, each participant will need to have access to a computer and a high-speed internet connection. Please visit <http://www.northpark.edu/Campus-Life-and-Services/Information-Technology/Network/Minimum-Requirements> for information on computer requirements.

Technical Skills Required:

Students are expected to utilize Excel to complete course assignments. While some general excel techniques may be discussed in class, students are expected to have a working knowledge of excel at the onset of the course.

Schedule of Weekly Assignments:

Week	Dates	Topics	Assignment(s)
1	10/21/13	<i>Course Overview Case Methodology Refreshment Cart Case Overview Ben & Jerry's Homemade Financial Statement Review</i>	<i>Read: Ben & Jerry's Homemade Suggested Reading/Review: Higgins Chapters 1&2</i>
2	10/28/13	<i>Financial Performance Ratio Analysis Financial Forecasting</i>	<i>Read: The Thoughtful Forecaster Read and Practice: The Body Shop Suggested Reading/Review: Higgins Chapter 3</i>
3	11/4/13	<i>Financial Performance Managing Growth</i>	<i>Read: Butler Lumber Read: Krispy Kreme * Prepare and turn in a written review of one of the above cases Suggested Reading/Review: Higgins Chapter 4</i>
4	11/11/13	<i>Financial Instruments Financial Markets Financial Decisions</i>	<i>Read: Structuring Corporate Financial Policy Read: Hospital Corporation of America *Prepare and turn in a written review of this case Suggested Reading/Review: Higgins Chapter 5</i>

Week	Dates	Topics	Assignment(s)
5	11/18/13	Financial Decisions Financial Analysis Financial Decision Making	Read: Tonka Read: Coleco Industries <i>* Prepare and turn in a written review of one of the above cases</i> Suggested Reading/Review: Higgins Chapter 6
6	11/25/13	Evaluating Investment Alternatives Capital Budgeting DCF, Risk	Read: Sheetbend & Halyard <i>* Prepare and turn in a written review of this case</i> Suggested Reading/Review: Higgins Chapter 7
7	12/2/13	Evaluating Investment Alternatives Capital Budgeting DCF, Risk	Read: Calaveras Vineyards <i>* Prepare and turn in a written review of this case</i> <i>* Final Presentation of Refreshment Cart Case</i> Suggested Reading/Review: Higgins Chapter 8
8	12/9/13	Final Case: Star River	Final Case Due: E-mail, by 9:00am

Grading:

Assignment	Points	Grade %
Class Participation	100	20%
Weekly Case Analysis	50	10%
One Graded Case Analysis	100	20%
Refreshment Cart Case (25pts presentation/75pts paper)	100	20%
Final Case (Star River)	150	30%
Total	500	100%

Grade Mapping:

Numeric Grade	Letter Grade	Numeric Grade	Letter Grade	Numeric Grade	Letter Grade
500-473	A (95-100%)	411-397	B- (80-82%)	0-346	F (<70%)
472-447	A- (90-94%)	396-382	C+ (77-79%)		
446-432	B+ (87-89%)	381-361	C (73-76%)		
431-412	B (83-86%)	360-347	C- (70-72%)		

Assignment Grading Policies:

The expectation is that all assignments are to be turned in at the beginning of class each week. Should an assignment be turned in after the start of class, you will incur significant penalties. You will lose one whole letter grade for each day late. For example, an A paper will become a B after day 1 and a C after day 2. Cases that were discussed in class will not be accepted late. There are no exceptions!

The detailed components of your grade will always be posted to Moodle. It is your responsibility to audit regularly for accuracy and to request any required corrections. Final grades will be made available within a week upon completion of the course and can be found in WebAdvisor.

Student Responsibilities:

1. Plan your class preparation time. I normally advise participants to plan on spending 8-10 hours per week on course responsibilities (e.g. reading, homework assignments, exams, paper research/analysis, etc.).
2. Come to class prepared. Preparation is comprised of (a) Reading assigned chapters/materials and (b) Completing assigned homework. This will be confirmed via the class participation grade in the course, along with the review and grading of assignments.
3. Engage in class discussion. Discussion and inquiry adds tremendous value to your learning. I encourage dialogue in class and discussion of questions. If you have a question, it is likely one of your classmates has a similar question. If you find topics you are curious about, bring them up. We all benefit. I prefer for you to choose your participation rather than having me choose for you.
4. Do not miss class. Ideally, any absence must be conveyed to the Instructor in advance. See discussion below for attendance policy
5. Do not arrive to class late without prior communication. Late arrival to class is disruptive to your classmates and the Instructor. Please plan your travel accordingly.
6. Travel to class with your textbook. We use the textbook significantly during class on various problems and activities.
7. Do not use technology unrelated to the coursework during class including, but, not limited to cell phones, texting, Facebook, chat, email.
8. Complete all deliverables using Microsoft Word and Excel (or other word processing/spreadsheet software).
9. Turn in deliverables when due.
10. Communicate effectively. I strongly suggest that all issues, questions, and problems be dealt with via email or before/after class.

Instructor Responsibilities:

1. Support you with my best efforts in this learning journey. I commit to answering emails within 48 hours (unless a more urgent timeline is requested) and provide deliverable feedback by the next class period. Additionally, upon request, I can meet outside of my defined office hours if needed. Your success is my primary mission.
2. Design the course and learning modules in such a way that students have every opportunity to achieve the learning objectives.
3. Provide reactions to student responses and discussion as appropriate in order to clarify important ideas and concepts.
4. Provide opportunities for group work that will include discussion as well as hands-on exercises.
5. Provide updated information on relevant resources for the various topics of interest.
6. Read and critically assess students' assignments and provide feedback by the next class session (or 1 week at the end of the quad).

ASSIGNMENT SPECIFICATIONS

Overview:

Class Participation: Active participation is critical to the learning process in this case course. As such, a significant weighting is assigned to class participation. I will look for volunteerism in participation, but will also take the liberty to call on students to engage in the discussion if necessary.

The class participation grade is a subjective assessment of the student's preparation, quality and quantity of in-class commentary, demonstration of financial acumen in communication and critical thinking. While this course will rely heavily on decisions based on quantitative inputs, students must display an ability to articulate the key concepts, question fundamental assumptions and support specific points of view.

Weekly Case Analysis: You are required to submit a brief analysis for each case we read and discuss. Using APA, the paper should not exceed two pages (excluding exhibits, calculation, supporting documentation). The paper should address three key questions:

- What is the current context of the organization (what is going on)?
- What has your analysis of the situation?
- What is your recommendation?

While these documents will not be graded, I will read them to gain a better understanding of your insights. You will receive credit for doing the analysis or you will receive no credit if you fail to submit the document at the beginning of class. The objective of this exercise is to help you to organize your thoughts and come prepared to participate. It will also provide an opportunity for you to further develop the written communication skills so vital to any professional or academic environment.

Graded Case Analysis: You will be required to submit one of your weekly case analyses for a grade. You will draw a case name the first week of class. This will be the case you submit for a grade. You will prepare a detailed analysis for the case you draw and lead a small group discussion of the case during the class period. Unlike the weekly documents, this case write-up can be up to five pages long.

This analysis should be concise, offer specific conclusions and recommendations, and use both qualitative and quantitative data to support the conclusions. Cite reference points from the book, of lecture, by footnote to improve your argument (and your grade). Assumptions should be clearly stated in both the written summary and on any attached spreadsheets.

Refreshment Cart Case: The Refreshment Cart Case is a group assignment (a minimum of three members is required) and is a detailed summary of the case and financial analysis of the go / no go decision to buy a license to operate our business venture. Further details of the analysis requirements will be discussed in class.

The assignment will develop incrementally during the course and will apply some tangible, real world applications of financial decision making. The class will develop the details of the case as we progress each week. Your group will explore four roles that impact financial decision making – marketing, operations, finance and management.

In week 7 of class, each group will present their business proposal and go / no go decision. The class will review the quality and content of the proposal as well as the fundamentals of the decision. Each team member will be asked to score the other members based on the quality and quantity of their contributions. This will be factored into the overall class participation grade.

Final Case Assignment: This case will serve as a final paper / exam for this class. You will be given the case in class and will be provided detailed instructions for the timely completion of the take home assignment.

Class Participation

Assignment Specifications:

The course experience is enhanced when class participants share comments, ask questions and offer real-world examples of situations where concepts and principles have been applied or can be applied.

Your class participation will be graded on a weekly basis according to the following criteria:

	4 points	3 points	2 points	1 point
Quality of Contribution	Provides insightful and constructive contributions to the class discussion. Participates with appropriate examples and questions to indicate an active engagement in the discussion.	Provides some insightful and constructive contributions to the class discussion. Participates but contribution does not always include appropriate examples and questions to indicate an active engagement in the discussion.	Provides few insightful and constructive contributions to the class discussion. Participation is frequently irrelevant and does not include appropriate examples and questions to indicate an active engagement in the discussion.	Is in attendance in class but does not add to the quality of the discussion.
Quantity of Contribution	Participates often in the discussion and is comfortable being an active participant in the class discussion.	Participates occasionally in the class discussion and is gaining a level of confidence in participating in the class discussion.	Rarely participates in the class discussion and is uncomfortable / unskilled in participating in the class discussion.	Is in attendance in class but does not contribute to the discussion.

Weekly Case Analyses

Students must note that these documents are copyright protected and are not to be shared or redistributed to others.

Students must submit a written case analysis, per the schedule of assignments given earlier. Your case analysis paper is due before the class session begins.

General guidelines for conducting a case analysis:

- You should spend more time thinking about a case than reading it!
- Initially read through the entire case, focusing on understanding the business situation more so than the minute details.
- Read the assigned questions carefully. These questions are your guide to the essential elements of the case. Think about the specific topics being addressed in the course and reflect on how these questions tie into the course content and discussion topics.
- Re-read the case, noting various details (e.g., taking notes, highlighting text, etc.) and reflect on the situation, immediate challenge and potential solutions.
- Consider yourself to be a key decision maker. Before you begin writing your analysis, consider what information you will need to review and what financial calculations may be necessary. Make a firm decision on your assessment of the situation, your specific stance and any recommendations that you would give.
- Do not spew back the case details and events of the case in your analysis. Assume that the reader has read the case. Instead, your focus should be on providing a critical assessment of the situation outlined in the case. Summarize key points/details as you explain your rationale. But . . . do NOT take a book report approach, do NOT simply summarize or reiterate what you read in the case. View yourself as a key stakeholder in the scenario.
- The questions are provided as a “guiding light,” but you must still navigate your way to the final destination.
- Before drawing your conclusions and making recommendations, it is often a good idea to summarize your rationale (e.g., use a table listing pros vs. cons, a table comparing options, etc.).

	10	0
Completion of Weekly Case Analysis	Case has been completed as instructed by professor and turned in prior to the start of class.	Case not completed as instructed by professor and not turned in prior to the start of class.

Graded Case Analysis

Assignment Specifications:

All of the specifications outlined above pertain to the graded case analysis with the addition of the two below comments:

Your paper should provide critical analysis of the case. Case analysis papers must follow APA guidelines and should generally be 2-5 pages double spaced. Additional attachments are allowed.

- Proof-read your document carefully! Use spelling and grammar checking tools. If possible, have someone else proof-read your document, giving you feedback on whether your points have been well conveyed. Your written case analyses will be graded according to the following criteria:

	4	3	2	1
Corporate Context	Clearly describes the current context in which the corporation is operating, providing at least three clear examples or support explanations to justify perspective.	Able to describe current context in which the corporation is operating, providing at two clear examples or support explanations to justify perspective.	Able to reiterate, from the case, issues that help describe the current context in which the corporation is operating, providing minimal examples or support explanations to justify perspective.	Some discussion of the current context in which the corporation is operating occurs with no examples or support.
Financial Acumen	Clear application of knowledge discussed in class to the case. Paper contains insightful, supported conclusions regarding the financial condition of the corporation.	Application of some knowledge discussed in class lecture to the case. The paper contains some insightful, supported conclusions regarding the financial condition of the corporation.	Minimal application of knowledge discussed in class lecture to the case. The paper contains few conclusions regarding the financial condition of the corporation.	Financial concepts may be discussed but there is no application of knowledge discussed in class. The paper contains no conclusions regarding the financial condition of the corporation.
Financial Analysis / Inclusion	Development of all assumptions necessary to create an informed, logical analysis of the corporation free from calculation errors. Completion of appropriate analysis.	Development of some assumptions necessary to create an informed, logical analysis for the corporation free of most calculation errors. Effort to complete financial analysis.	Student is able to develop a couple assumptions necessary to create a forecast for the corporation free of any major calculation errors.	The framework exists to prepare an analysis but no work is completed.
Strategic Recommendations	Fully develops well thought out, insightful strategic recommendations using concepts from the three content areas listed above: corporate context, financial acumen, analysis	Develops strategic recommendations that include thoughtfulness while using concepts from at least two of the content areas listed above: corporate context, financial acumen, or analysis	Makes a strategic recommendations while incorporating knowledge developed in one of the content areas listed above: corporate context, financial acumen, or analysis	Makes a strategic recommendation with no supporting information.
Grammatical Accuracy and Logical Format	Memo is free from grammatical and spelling errors. The paper flows smoothly and is structured in a format that allows for clear comprehension by the reader.	Memo is free from any major grammatical and spelling errors. The paper has some logical structure, assisting the reader in comprehending the analysis and discussion.	The paper a few contains grammatical and spelling errors. The format of the paper is confusing at times, making the reader work to understand the analysis and corporate discussion.	The paper has several more serious grammatical and spelling errors. The format of the paper makes it difficult for the reader to understand the analysis and corporate discussion.

POLICY STATEMENTS

Academic Honesty

In keeping with our Christian heritage and commitment, North Park University and the School of Business and Nonprofit Management are committed to the highest possible ethical and moral standards. Just as we will constantly strive to live up to these high standards, we expect our students to do the same. To that end, cheating of any sort will not be tolerated. Students who are discovered cheating are subject to discipline up to and including failure of a course and expulsion.

Our definition of cheating includes but is not limited to:

1. Plagiarism – the use of another’s work as one’s own without giving credit to the individual. This includes using materials from the internet.
2. Copying another’s answers on an examination.
3. Deliberately allowing another to copy one’s answers or work.
4. Signing an attendance roster for another who is not present.

In the special instance of group work, the instructor will make clear his/her expectations with respect to individual vs. collaborative work. A violation of these expectations may be considered cheating as well. For further information on this subject you may refer to the Academic Dishonesty section of the University’s online catalog.

In conclusion, it is our mission to prepare each student for a life of significance and service. Honesty and ethical behavior are the foundation upon which such lives are built. We therefore expect the highest standards of each student in this regard.

Attendance Policy for Graduate Courses

The graduate courses in the SBNM are all 7 weeks in length. Missing one class session is allowed without penalty as long as all readings and assignments are made up by the student within a reasonable time period (the following week). Failing to log into an online course site for an entire week is allowed, but a penalty may be applied at the instructor’s discretion. Missing a second class session is allowed only in unusual circumstances by prior arrangement with the instructor. Since this represents almost 30% of the engagement time for the course, the student runs the risk of receiving a lower overall grade for the class. Faculty are encouraged to drop the course grade by a full letter grade in this situation. A student who misses three classes (or the equivalent two weeks for an online class) will automatically fail the course, unless the student drops the course before the seventh week of class. Students who drop a course will be held responsible for tuition, based upon the current North Park University refund policy outlined in the University Catalog.

Attendance Policy for Undergraduate Courses

Attendance and participation are vital. Thus, students are expected to attend every class session, and to arrive on time – tardiness is undesirable and disruptive to your fellow classmates. This course has a strict requirement of documented, advance notification. If you are unable to attend any class session, you are to inform me (preferably by email) *prior to* that session. You need to provide a reason for your absence. Failure to provide advance notification will result in an unexcused absence. Be advised that poor attendance can affect your grade adversely

APA Requirement

The School of Business and Nonprofit Management (SBNM) has adopted the *Publication Manual of the American Psychological Association* (APA) as the standard and required format for all written assignments in SBNM courses.

Our goal in adopting the *APA Manual* is to enhance student learning by:

- 1) Improving student's writing skills.
- 2) Standardizing the required format of all written assignments in all SBNM courses.
- 3) Emphasizing the importance of paper mechanics, grammatical constructs, and the necessity of proper citations.
- 4) Holding students accountable for high quality written work.

If you are unfamiliar with the requirements of the *APA Manual*, we recommend that you purchase the reference manual and/or that you consult one or more of the suggested resources as listed on the Student Resources section of the SBNM website. ***It is your responsibility to learn and ensure that all written work is formatted according to the standards of the APA Manual.***

Students with Disabilities

Students with disabilities who believe that they may need accommodations in this class are encouraged to contact your program's office (Business: 773-244-6270). Please do so as soon as possible to better ensure that such accommodations are implemented in a timely manner. For further information please review the following website: <http://www.northpark.edu/ada>