

University of Hawaii at Manoa
Shidler College of Business
FIN 305: PROBLEMS OF BUSINESS FINANCE (WI)

Fall 2016

Section 1: WF 12:00 – 1:15 PM, E202 BUSAD

Section 2: WF 1:30 – 2:45 PM, E202 BUSAD

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A. Course Description

FIN305 uses the case method and company specific investment analysis to review, reinforce, and further develop the concepts of corporate finance introduced in Business 314. The cases describe situations in which financial managers and investment professionals encounter problems. These situations include the complexity of today's business world and provide opportunities to develop decision-making abilities. The situations/challenges can include valuation of securities, capital structure, understanding leverage, capital budgeting, raising capital, cash management, working capital management, equity management, financial forecasting and financial analysis.

This class is designed to help students develop logical analysis and problem-solving skills. Students will develop models in excel and learn to integrate external data sources such as Bloomberg, Datastream, and WRDS. Quantitative and qualitative techniques will be used to analyze and interpret business situations. Students will learn to professionally communicate their ideas both orally and in writing. The class will focus on using professional business English to clearly and concisely express complex ideas.

This course is intended both for finance majors and for other students with an interest in financial management. It is a good preparation for Business 345, another case course. Before starting this course, you should have completed Accounting 201 and 202 and Business 314. Textbooks for those courses will be useful sources of information. No other finance courses need to be taken before Finance 305.

Minor changes may be made in the course content as the semester progresses.

B. Learning Objectives

The goal of this class is that, by the end of the semester, you will have:

- Become better able to apply and use the concepts you were exposed to in Business 314.
- Developed an understanding of the importance of identifying key assumptions and inputs to a problem.
- Developed a logical and disciplined approach to solving problems encountered by financial managers and investment professionals.
- Achieved reasonable proficiency in using standard analytical techniques in finance and developed an understanding of their theoretical base.

- Recognized the important role played by the selection of corporate objectives in financial management decisions.
- Used and developed computer models to analyze data and alternatives.
- Used sensitivity and scenario analysis to consider ambiguity in business situations.
- Developed a writing style and proficiency appropriate to formal business writing.
- Strengthened your ability to communicate complex ideas to others, in class discussion, in writing, and in group situations.

Please review the Learning Objectives at the end of this syllabus to understand what will be expected of you.

C. The Case Method

The first step of learning is to acquire facts, methods and theories. The next level of learning is to develop the ability to use those tools to analyze, make comparisons, synthesize ideas, and apply judgment. These abilities can be learned with the case method. Cases move beyond the first learning level by enabling you to assume the role of a person of responsibility.

The typical case is an investigation of a finance problem. Typically, students will need to define the problem, identify alternative actions, incorporate differing opinions and viewpoints, perform analyses, apply judgment to the results, propose a course of action, and be able to explain and defend it. The success of the case method depends upon the active, effective participation of the students. This experience will be most useful to you by getting involved and taking responsibility for your learning. This class requires your active participation.

In the first few cases, we will explore analysis techniques and review financial concepts. We will concentrate on how to use analytical tools to understand business problems. Discussion will center on how to apply and interpret financial analysis, what limitations there are on the methods we use and how our assumptions affect the outcome of our analysis. As the semester progresses, we will move to more complex cases and shift our concentration to synthesis of ideas and application of judgment.

D. Investment Analysis

The Investment analyses method is intended to teach you to deal with ambiguity and learn to use the tools available to you to develop an opinion and support it using the information that was available to you. You will be placed in the role of an analyst in charge of analyzing and developing an opinion about a U.S. company actively trading on the Dow Jones Industrial Average (DJIA) or the S&P 500. This exercise will move you beyond the case study and require you to use the tools you have learned to gather data and information to analyze a publicly traded company. You will look at the past and present performance of an organization to create a model to form a projection to present an investment recommendation.

You will simulate the role of an executive tasked with analyzing an expansion, shutdown, leveraged buyout, or venture capital investment faced by an organization. The workflow for this exercise will be very similar to the case studies earlier in class but you will deal with the additional challenge of having to make decisions with ambiguity and defend the logic behind your decision.

E. Class Schedule (subject to change):

Assignment Schedule		
Case 1	Cost of Capital	You will be assigned 2 of these cases
Case 2	Capital Budgeting	
Case 3	Cash Management	
Case 4	Financial Analysis and Forecasting	
Midterm and midterm conferences		
Company Analyses	Individual Company Analysis	All students will prepare a company analysis
Company Analyses	Executive Analysis	All students will be assigned an executive challenge
Case 5	Ethics and Finance	All students will prepare this case
Final Exam: per UH master schedule		

F. Class Sessions

Classes will involve interactive discussion and analysis rather than lectures by the instructor. You are responsible for preparing for class, working with others, participating in class discussion, and completing the writing assignments on time. Please see the “A Guide to Case Analysis” section in your readings book to further explain your role in case studies. You do not have to have all the answers before class, but you need to have prepared the material beforehand and be willing to participate in the discussion.

G. Communication GradeDiscussion participation

Verbal communication skills are very important to business success. It is important to learn to participate in the discussion with both questions and contributions. Being willing to take chances and make mistakes is a key part of becoming comfortable with analysis. All participants can benefit by an active and lively discussion.

Your willingness and ability to present and support your ideas will make up 10 points of your grade. Class participation incorporates the frequency, relevance, and quality of contributions to class discussion. Please refer to the Oral Discussion Rubric at the end of this document to understand what is expected of you.

Written Assignments

Graduates and employers emphasize the importance of written communication skills. Writing and by receiving feedback on what we write, writing is an integral part of this course. The following will be written assignments in this class:

- **Case & Investment Analyses:** We will cover several cases and investment analyses in this class. You will be responsible for some cases and investment analyses as a preparer and in some cases, you will be the responder. (Case assignment will be made in the first two weeks of class.) The preparer will analyze the case and write a case analysis, identifying the major issues, describing the findings and making recommendations. Each case report will be approximately 5 – 8 pages. We will go over the structure and writing of the reports during the Writing Workshop in the second week of the semester. Each investment analyses will be approximately 5-10 pages and will summarize your findings and provide justifications for any assumptions made. This work makes up 40 points of your grade. Each written case & investment analysis is worth 10 points.

You will submit the written case first to your responder and then through Laulima to me. You will receive detailed written comments on your case that are intended to improve your writing and analysis. You should incorporate these concepts into your subsequent revisions and submissions. Students will also have the opportunity to meet with me one-on-one to receive comments and feedback on your cases as you progress.

Although all persons will be expected to be well-versed in each case, the preparers will be expected to lead the classroom case discussion. The Critical Thinking and Written Communication Rubrics at the end of this document are intended to guide you in the proper writing and presentation of your cases.

- Responder comments: When you are a responder on a case or investment analyses, your preparer partner will send you their draft case write-up to review. You will read and review their case or analyses and fill out a comment form. The purpose of this activity is three-fold: 1) to learn and understand the key financial principals embedded in the case, 2) to allow each student to learn from writing examples of others and 3) to hone one's ability to identify and correct errors in writing and structure. The form is returned to the preparer and uploaded to Laulima. This activity is 3 points for each case.
- Final case: The field of finance is rife with ethical challenges. Finance is a powerful tool that can be used well but has, unfortunately, frequently been used to nefarious ends. Your final case is a case incorporating an ethically difficult situation arising in the financial system.

H. File Loading

All materials are submitted through Laulima. Files must be named as follows:

Preparers name both the excel and word files 12LastFC1 where '12' or '130' indicates your class time, 'Last' is your last name, 'F' is your first initial and C indicates case. Do not use any spaces, dashes, commas or other punctuation in your file name.

Responders label their responses as RWLastPresenterC1 where 'R' designates a response, 'W' designates the day of your class, 'Last' is your last name, 'Presenter' is the presenter's last name and 'Cx' designates the case. Do not use any spaces, dashes, commas or other punctuation in your file name.

I. Exams

There will be a midterm (15 points) and final exam (15 points). The exam will be based on the tools and analysis used in the cases. The exam will include multiple choice questions, calculations and interpretation questions. You are responsible for the material in every case, even if you were not a presenter on that case.

J. Course Grades

The class grade is based on:

Class participation	10 pts
Case analysis (10 pts each)	20 pts
Company analysis (10 pts each)	20 pts
Responder comments (3 pts each case)	12 pts
Midterm	15 pts
Ethics case	10 pts
Final Exam	<u>15 pts</u>
	102 pts

The letter grade will be based on a sum of points earned as follows: A = 90 and above, B = 80 to 89.99, C = 70-79.99, D = 60 to 69.99 and F = 0 to 59.99 points. As a writing intensive class, all writing projects including the final case paper must be completed to receive a passing grade.

K. TEXTBOOKS AND MATERIALS

1. Case Book: Problems in Business Finance Fall 2015, McGraw Hill Create, ISBN 1308477326
2. Financial calculator (Suggested models: Texas Instruments BA II Plus or HP 10BII)
3. Handouts and articles as posted on Laulima
4. Your Business 314 or Finance 307 Textbook: This will be a reference book for your work. Also useful, if you have them, are the textbooks for Accounting courses, Finance 311 and 321.
5. Bloomberg account and completion of the Bloomberg certification

L. Course Content Variation Disclosure

Exact dates and details will be announced in class and are subject to change.

M. CBA Policies

All relevant CBA policies concerning academic honesty, grievance procedure and confidentiality in grading apply. Please refer to academic dishonesty as defined by the UH Student Conduct Code (www.hawaii.edu/student/conduct) for detailed policy. The last day for in-person restricted withdrawal from Shidler College of Business courses numbered 300 and above (with “W” grade) as per the Office of Student Affairs. Students with disabilities are encouraged to contact the KOKUA Program for information and services. Services are confidential and free of charge. In case of need, contact KOKUA at 956-7511, (kokua@hawaii.edu, or Student Services Center Room 13).

Critical Thinking Rubric

Critical thinking is the habit of mind characterized by the comprehensive exploration of issues and ideas before formulating a conclusion

	Professional	Proficient	Threshold
Explanation of issues	Issue/problem is stated clearly and described comprehensively, delivering all relevant information necessary for full understanding	Issue/problem is stated by description that leaves out some key issues or leaves some ambiguities unexplored.	Issue/problem is stated but without sufficient clarification or description. Description includes irrelevant ideas that distract from the problem definition.
Evidence	Information is taken from reliable sources with enough interpretation to develop a comprehensive analysis. Viewpoints of experts are questioned thoroughly. Findings are examined and tested.	Information is taken from sources with enough interpretation to develop a coherent analysis. Viewpoints of experts are questioned. Findings are considered in context and limitations are identified.	Information is taken from sources without any interpretation/evaluation. Viewpoints of experts are taken as fact. Findings are accepted without sensitivity testing or interpretation in context.
Examination of assumptions and findings	Thoroughly, systematically and methodically analyzes own and other's assumptions and findings in developing and presenting a position.	Identifies own and others' assumptions, questioning them when appropriate. Incorporates most findings into development of a position.	Shows an emerging awareness of present assumptions. Begins to incorporate findings into position.
Explanation of position	Specific position is comprehensive, taking into account the complexities of the issue/problem. Limits of the position are acknowledged. Others' viewpoints are synthesized within the position.	Specific position acknowledges different sides of the issue.	Specific position is stated but is simplistic and does not fully consider the complexities.
Conclusion	Conclusion and related outcomes are logical and reflect the student's informed evaluation and ability to place evidence and perspectives in priority order.	Conclusion is logically tied to a range of information including opposing viewpoints; related outcomes are identified clearly.	Conclusion is tied to some of the information included; related outcomes may be oversimplified; the logical support for the conclusion may not clearly explained.

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Oral Discussion Rubric

The purpose of oral discussion is to learn and explore ideas through verbal exchange.

	Professional	Proficient	Threshold
Development of case understanding	Student actively participates in defining problems of the case. Readily identifies areas that may need exploring. Engages others in conversation.	Student participates in identifying problems, ideas, issues for the case. Asks questions for clarification and raises issues for instruction on techniques.	Student is prepared to discuss the case. Participates in the discussion.
Discussion of findings	Student accurately characterizes own findings, appropriately queries others regarding findings. Assists others in understanding complexities of issues. Introduces issues from outside the case that have bearing on the issues.	Student accurately describes own findings and responds to questions/challenges. Demonstrates understanding of implications of findings. Identifies issues to be tested or explored.	Student accurately describes own findings and methods such that others can understand his/her process.
Organization	Reporting is well organized, prioritized, logically and cogently presented. Presentation of information is clear, cohesive and consistent. Transitions assist in understanding the order of thought.	Reporting is clear, well organized and logically presented. Method of presentation of ideas aides understanding.	Reporting is accurate but may be fragmented or without consideration of priority of issues.
Presentation of case	Student is a discussion leader in the presentation of the case. He/she presents own position and encourages others to respond. He/she engages and responds to alternate positions and contrast/compares with own.	Student volunteers his/her position on the case. The position is presented clearly and supported by adequate explanation.	Student presents his/her position when called upon.

Written Communication Rubric

Written communication is the development and expression of ideas in writing.

	Professional	Proficient	Threshold
Context and Purpose for Writing	Clearly identifies the purpose and intended use of the report, with consideration of the audience giving sufficient detail to inform the reader. Explains potential complicating issues in sufficient detail.	Clearly explains the purpose of the report in a manner consistent with the audience.	States the purpose of the report. Demonstrates some attention to context, audience and purpose.
Content Development	Uses appropriate, relevant and compelling content to support conclusions and shape the report. Excludes irrelevant materials.	Uses appropriate, relevant content to explore ideas through most of the report.	Uses appropriate content to develop some of the ideas in the report.
Logical progression	A logical and compelling argument is well constructed through elegant use of language.	A logical argument is well constructed that ties the development of the report together. Ideas are presented in a logical succession. Transitions and links are used successfully to develop a logical progression. Paragraph organization aids understanding.	Ideas are presented without fully developing a logical progression of ideas.
Sources and evidence	Demonstrates skillful use of high-quality, credible, relevant sources to develop ideas appropriate to business writing	Demonstrates an attempt to use credible and relevant sources to support ideas	Demonstrates an attempt to use sources to support ideas
Control of Syntax and Mechanics	Uses graceful language that skillfully communicates meaning to business readers with clarity and fluency. Report is virtually error-free.	Uses straightforward language that conveys meaning to business readers in a respectful and serious tone. Language has very few errors.	Shows emerging awareness of business writing style. Rarely uses language that impedes meaning. Report has few errors in usage.