

University of Hawai‘i at Mānoa
Shidler College of Business
FIN 305: PROBLEMS OF BUSINESS FINANCE (WI)
Fall 2021
Section 1 (83217): Online
Section 2 (83218): Online

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(include “FIN 305 (F21): LAST, First Middle” in the subject of your email)

Course Description

FIN305 uses the case method and company 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 financial analysts 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 where appropriate. Quantitative and qualitative techniques will be used to analyze and interpret business situations. Students will learn to professionally communicate their ideas in writing. The class will focus on using professional business English to clearly and concisely express complex ideas.

This course is intended for finance majors and 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, but a fundamental finance education is helpful.

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

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.

Review the rubrics at the end of this syllabus to understand what will be expected of you.

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. Presentations will center on how to apply and interpret financial analysis, the limitations 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.

Company Analysis

The company analyses method is intended to teach you to deal with ambiguity and learn to use the tools available to develop an opinion and support it using the information available. You will be placed in a role requiring analysis and developing an opinion about a company opportunity. This exercise will move you beyond case studies and require the use of tools you have learned for gathering data and information to analyze a publicly traded company. You will look at past and present performance of an organization to create a model and form a projection supporting 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 like 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.

Class Schedule (subject to change):

Assignment Schedule	
Case 1	Cost of Capital
Homework 1	
Case 2	Capital Budgeting
Homework 2	
Midterm	
Case 3	Acquisition
Homework 3	
Case 4	Performance Analysis
Homework 4	
Company Analyses	Executive Analysis
Final Exam: per UH master schedule	

Class Sessions

Classes will be presented in a series of video lectures. You are responsible for preparing for class, asking questions by email, or setting up meetings when you need clarifications, and completing the writing assignments on time. See the “A Guide to Case Analysis” in the writing workshop resources to further understand your role in case studies. You do not need to have all the answers but must prepare material beforehand and be willing to ask questions and work through the content efficiently. That includes completing the assignments with enough time to understand the case material.

Assignments Grade

Homework Assignments

Homework is intended to test your comprehension of the concepts presented. You will have the opportunity to test your understanding by practicing the concepts. Without a thorough understanding of the concepts, it will be difficult to understand, analyze, and write a report on a situation business finds itself in. One of the best ways to test your comprehension is by applying what you learn. The homework prepares you and the case furthers your understanding by providing you an opportunity to apply the concept you learn.

Written Communication Grade

Written Assignments

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

- *Case & Company Analyses:* We will cover several cases and company analyses in this class. You will analyze the case and write a case analysis, *identifying the key 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. The company analysis will be approximately **5-10 pages** and will summarize your findings and provide justifications for any assumptions made. This work makes up **60 points** of your grade. Each written case & company analysis is worth **12 points**. You will have an opportunity to **revise and resubmit your report to improve your grade**.

Detailed comments about your analysis and report are intended to improve your writing and analysis. Incorporate these concepts into your subsequent revisions and submissions. One-on-one meetings are available to receive additional comments and feedback on your reports by appointment.

All persons will be expected to be well-versed in each case. 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.

- *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 incorporates an ethically difficult or challenging situation arising in the financial system. The case will be announced as we approach the end of the semester.

File Submissions

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

Name both the Excel and Word files 01**LastFC1** where ‘01’ or ‘02’ indicates your class section, ‘Last’ is your last name, ‘F’ is your first initial and C indicates case, HWK indicates homework. Do not use any spaces, dashes, commas, or other punctuation in your file name. **Half a point will be deducted if files are incorrectly named.**

Revisions must include the version number after the file name. **01LastFC1v1**

Exams

There will be a midterm (10 points). The exam will be based on the tools and analysis used in the cases and company analysis. The exam will include multiple choice questions, calculations, and interpretation questions. You are responsible for the material from class content.

Course Grade

The letter grade will be based on a sum of points earned as follows:

<i>Letter Grade</i>	<i>A+</i>	<i>A</i>	<i>A-</i>	<i>B+</i>	<i>B</i>	<i>B-</i>	<i>C+</i>	<i>C</i>	<i>C-</i>	<i>D+</i>	<i>D</i>	<i>D-</i>	<i>F</i>
<i>Minimum %</i>	100	95	90	87	83	80	77	73	70	67	63	60	0

<i>Requirements</i>	<i>Percentage</i>
<i>Four case reports (12 points each)</i>	48%
<i>One company analysis</i>	12%
<i>Four homework assignments (5 points each)</i>	20%
<i>Midterm Exam</i>	10%
<i>Final Exam</i>	10%
<i>Total Points</i>	100
<i>Bloomberg Markets Concepts (extra credit)</i>	5%

As a writing intensive class, all writing projects including the final case paper must be completed to receive a passing grade.

Textbooks and Materials

1. Business and Professional Writing: A Basic Guide – Second Edition
<https://broadviewpress.com/product/business-and-professional-writing-a-basic-guide-second-edition/#tab-description>
2. Course pack: Cases for FIN 305
(To be announced)
3. Financial calculator (Suggested models: Texas Instruments BA II Plus or HP 10BII)
4. Handouts and articles as posted on Laulima
5. 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
6. IDAP
 - a. Fundamentals of Corporate Finance 13th edition by Stephen Ross; Randolph Westerfield; Bradford Jordan
 - b. Connect Online Access for Fundamentals of Corporate Finance 180 Day Access, Ross 12e
 - c. Optional IDAP loose-leaf add on
7. MS Word & Excel
8. Bloomberg Account

Interactive Digital Access Program (IDAP)

This course will be participating in the Bookstore's Interactive Digital Access Program (IDAP). Through this program, you will access your course material digitally, and it will be available to you by the first day of class.

A charge for the digital course material delivered through IDAP will be added to your MyUH account.

You have the option to opt-out of receiving your course material through IDAP. By opting-out, you will lose access to the course material and the charge will be refunded on your MyUH account. If you do not opt-out, the charge will stay on your MyUH account, and you will continue to have access for the duration of the semester.

Any unpaid charges on your MyUH account will turn into a hold. Holds on your account will prevent you from accessing various services within the University.

You may opt-out by visiting your unique Inclusive Access Student Portal, which can be found in your IDAP welcome email (Subject Line: “IMPORTANT: You have enrolled in an IDAP Course”).

For more information regarding IDAP, please contact your campus bookstore.

Course Content Variation Disclosure

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

CBA Policies

All relevant CBA policies concerning academic honesty, grievance procedure and confidentiality in grading apply. The University expects students to maintain standards of personal integrity that are in harmony with the educational goals of this institution; respect the rights, privileges, and property of others; and to observe national, state, and local laws and University regulations.

Engaging in or attempting to engage in any of these behaviors subjects a student to the disciplinary process and sanctions on each campus.

1. *Acts of dishonesty, including but not limited to the following:*
 - a. *Cheating, plagiarism, or other forms of academic dishonesty.*

Cheating is an act of academic dishonesty and includes, but is not limited to: (1) use of any unauthorized assistance in taking quizzes, tests, or examinations; (2) use of sources beyond those authorized by the instructor in writing papers, preparing reports, solving problems, or carrying out other assignments; (3) the acquisition, without permission, of tests or other academic material belonging to a member of the UH faculty, staff or student body; and (4) engaging in any behavior specifically prohibited by a faculty member in the course syllabus or class discussion.

Plagiarism is also an act of academic dishonesty and includes, but is not limited to, the use, by paraphrase or direct quotation, of the published or unpublished work of another person without full and clear acknowledgement. It also includes the unacknowledged use of materials prepared by another person or agency engaged in the selling of term papers or other academic materials.

- b. *Furnishing false information to any UH official, faculty member, or office.*
- c. *Forgery, alteration, or misuse of any UH document, record, or form of identification.*

(Governing Board of Regents, 2019)

Please refer to the System Wide Student Conduct Code (http://www.studentaffairs.manoa.hawaii.edu/policies/conduct_code/) for additional details and information. Previous exams, work from anyone, or found online **may not** be used in this class. Any plagiarism or cheating found will be grounds for failing this class.

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, (<https://hawaii.edu/kokua/> or Queen Lili'uokalani Center for Student Services, Room 013).

Critical Thinking Rubric

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

	Professional (A)	Proficient (B)	Threshold (C)
Explanation of issues	Issue/problem is stated clearly and described comprehensively, delivering all relevant information necessary for full understanding.	Issue/problem is stated by a 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, considering 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, reflecting the student's informed evaluation and ability to place evidence and perspectives in order of priority.	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 lack clarity.

Written Communication Rubric

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

	Professional (A)	Proficient (B)	Threshold (C)
Context and Purpose for Writing	Clearly identifies the purpose and intended use of the report, with consideration of the audience giving enough detail to inform the reader. Explains potential complicating issues in enough 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 shape the report and support conclusions. 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 tying the development of the report together. Ideas are presented in 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.