Dixie State College – Udvar-Hazy School of Business
FIN4150 – Managerial Finance II

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Office hours: MTWRF 11:00-12:00 A.M.
Class Schedule: TR, 7:30-8:50

Pre-Requisites:
FIN 3150 (Managerial Finance I)

Required Materials

1. Scott Besley and Eugene F. Brigham, 2008, *Essentials of Managerial Finance*, 14th edition.
2. Case packet – we'll discuss this in class.
3. A financial calculator (see below).

Overview

The course is designed to expand upon those concepts gained in FIN 3150 (Managerial Finance I). This course is a hybrid of a lecture and case study course. The case study method is designed to apply a broad set of decision making tools to a potentially real situation. It was originally developed at the Harvard Business School and is used extensively in MBA and graduate business programs across the country.

This is a depth course aimed at delving deeper into the financial decision-making and financial management of public and private firms. The course is intended to stimulate the interest in the field of finance as an area of further study and as an area of practice for a life-long career. The ultimate goal is to develop critical thinking so as to evaluate dispassionately the merits and demerits of different policies and projects and of techniques of financial management. This analytical ability can be developed by solving and discussing problems.

I recommend that you regularly read the Wall Street Journal or similar publication to increase your understanding of business and finance. Please feel free to ask any questions you have related to this reading.

Course Objective

1. Further understand the financial environment.
2. Analyze and compare costs of capital.
3. Create and evaluate pro forma statements of income and expenses.
4. Analyze and compare alternative dividend policies.
5. Expand knowledge of alternative valuation techniques.
6. Expand knowledge of capital structure and its effects on value.
7. Expand knowledge of alternative long-term financing sources (debt, equity, leasing, etc.).
8. Learn tools to manage working capital.

Attendance

The success of this course depends on class participation. You are not required to attend every class; however, excessive absences may be detrimental to your final grade. You are responsible for all material presented in class, regardless if you were present or not. This includes instructions on assignment format and turn-in procedures. If you miss class, I will be glad to tell you what material you may have missed but I will not re-teach it.

Cases and Readings

Selected cases have been taken from *Case Studies in Finance: Managing for Corporate Value Creation*, Fifth edition, by Robert F. Bruner. In addition, some cases will be borrowed from cases written by Ron Lease. All cases used in this class are copyrighted. The Bruner cases may be purchased. I have permission to use selective material produced by Ron Lease which will be available on WebCT.

Cases are designed to enable a student to integrate financial theory into real world situations. These situations are often distinctly different from textbook examples. A primary difference is that in the case study method, information given may be incomplete and some of the specifics may not apply. It is the job of the student to differentiate, summarize, analyze and make assumptions where no information is given. The following outline is a good way to approach the case study method:

1. Read the case in its entirety.
2. Read it again noting details and developing your awareness of situational details.
3. Define the problem.
4. Prepare the quantitative analysis addressing the problem (typically in a spreadsheet format).
5. Take a position prior to class discussion and defend that position.

Your case study grade will be largely determined from participation. Students from the class will be chosen randomly and "cold-called" during the case discussion. It is in your best interest to prepare each case prior to attending class. Participation credit is awarded to those students able to answer questions from the case.

Some cases require you to write-up your position supported by analysis. When a written deliverable is required, I will announce it in class and give you ample time to prepare.

Homework:

Select end-of-chapter homework will be assigned from the text to enhance your mastery of the materials. The problems will be collected and graded on a completion basis only. They are primarily for your benefit and help you prepare for class and exams. Solutions will be made available once you have had a chance to work the problems. We will also devote a portion of class time to a review of this material.

Examinations:

There will be two closed-book exams. You may use a calculator during these exams. Additional materials such a student produced 5" x 8" note card *may* also be used. Full credit will be awarded for all correct answers and partial credit will be awarded as deemed appropriate by your instructor.

Course Grade Computation:
Your course grade is based on a point system. The point allocation for exams and homework is:

	Points	Points	Grade
Participation	25	>93	A
Homework Problems	10	90 to 92.9	A-
		87 to 89.9	B+
Case Study Reports	30	83 to 86.9	B
		80 to 82.9	B-
Test 1	20	77 to 79.9	C+
Test 2	20	73 to 76.9	C
Total Possible	105/100	70 to 72.9	C-
		<70	D

Financial Calculator:

A financial calculator is essential in this class and in all advanced finance classes. I do not recommend any specific model or brand; however, a scientific calculator does not have the necessary functions for this course. I can provide general assistance but I do not know all functions on all calculators. You are responsible to learn the functions on your own calculator.

How to do well in this course:

- Come to class. Participate in class discussions. Take notes. Get to know others in the class.
- Prepare prior to coming to class. Preparation is crucial.
- Do all the assigned readings, homework assignments, and suggested study problems and questions.
- Stay current! It is important that you review class notes on a routine basis in order to identify things you don't understand or may need help with. I recommend that you review your class notes at least once a week. Don't wait until the weekend prior to a test. That's not the best time to realize that you don't understand something.
- Come in during office hours or make an appointment to meet at our offices whenever you're having difficulty or have questions you would like to discuss outside of class.
- Form or join and participate in a study group.

Scholastic Behavior

All students are expected to uphold standards of academic honesty. Failure to uphold school policies relating to behavior (plagiarism, cheating, etc.) may result in failure of and/or expulsion from the class.

Approximate Schedule

Week	*Class Discussion*	*Discussion Assignment*	*Write-up Assignment*
1	Introduction The Case Method and Professional Writing		
2	Chapter 10: Project Cash Flows and Risk Integrative Problem 10-16	IP 10-16	
3	Star River Case Chapter 11: The Cost of Capital	Star River	
4	Integrative Problem 11-29 The Cost of Capital and EVA	IP 11-29	
5	Nike Inc. Case		Nike Inc.
6	Coke vs. Pepsi Chapter 12: Capital Structure	Coke vs. Pepsi	
7	Capital Structure continued An Introduction to Debt and Value	Intro to Debt and Value	
8	Wm. Wrigley Unlevering Beta and Wrigley continued		Wm. Wrigley
9	Mid-term Review and Exam		
10	Spring Break		
11	Chapter 2: Ratio Analysis (review) The Financial Detective	The Financial Detective	
12	Chapter 17: Financial Planning & Control Integrative Problem Part 1	IP 17-16 P1&2	
13	Integrative Problem Part 2 The Body Shop		The Body Shop
14	Chapter 14: Working Capital Management Integrative Problem	IP 14-13	
15	Chapter 13: Dividend Policy Gainesboro Machine Case		Gainesboro Machine
16	Review for Final Exam		

Americans with Disability Act.

Dixie State College and the Udvar-Hazy School of Business seek to provide equal access to its programs, services, and activities to people with disabilities. If you will need accommodations in this class, reasonable prior notice needs to be given to the instructor and to the Disability Resource Center (SSC, room 201, 652-7516) to make arrangements for accommodations. All written information in this course can be made available in an alternative format with prior notification to the Disability Resource Center.

The Northwestern Mutual Investment Challenge

As an ancillary to this course, you may participate in an online investment game. The rules of the game will be discussed in class and are presented on the website. You are not required to play, you will not be penalized for not participating and grade points are not awarded to those choosing to participate. At the end if the semester, those who accumulated the highest returns will be rewarded by Northwestern Mutual Insurance. The number of winners and the size of the reward are determined solely by the sponsors.

I have found that this game adds dimension to the course and exposes students to trading in financial markets; however, due to the element of luck, participation is not required. The following is the URL, game name and password required to enter the game. You will also be required to register with your own personal user email and password. I suggest using an email that you don't mind being used and sold to third parties. Occasionally this may happen although privacy policies are included on the website.

http://vse.marketwatch.com/Game/Homepage.aspx
GAME NAME: FIN_s08
PW: security