

SEATTLE UNIVERSITY
Albers School of Business & Economics
Department of Finance

FINC/ACCT 5050: Corporate Financial Management
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Course Description:

This course is designed to provide students the tools necessary to analyze corporate decisions and to enhance students' ability to create and present professional financial analysis. After discussing various financial tools and concepts, the course focuses on examining alternative methods used to analyze the firm's financial performance. This course covers both traditional (accounting based) and non-traditional (value based) financial performance measures. Post-midterm, the course will examine how these tools and performance measures can be utilized to guide the firm's financing, investing, and payout decisions. Where possible, we will use real firms, publicly available data, and Excel to create our financial analysis.

Course Learning Objectives:

Critical and analytical reasoning.

Finding data, creating various financial measures/models, discussing the strengths and weaknesses of these various measures/models and making recommendations/conclusions based on the results of this analysis will enhance students' critical and analytical reasoning skills.

Values and ethics.

Discussions of corporate objectives, agency costs, and compensation will enhance students' awareness of certain ethical issues in corporate finance.

Effective written/oral communication skills.

Requiring a written report of your analysis for the three case assignments and reviewing my feedback will enhance students' written communication skills. Discussing the course content in class and during Zoom sessions will enhance students' oral communication skills.

Quantitative skills.

Discussing and developing various financial measures/models using Excel spreadsheets for each case assignment will enhance students' quantitative skills.

Computer literacy.

Requiring on-line data searches to apply the various financial models for each case assignment will enhance students' computer literacy.

Course Requirements:

You will be required to hand in four assignments. These assignments are available on Canvas and should be submitted via Canvas on the various due dates. These four assignments will make-up 40% of your grade. Group work for the assignments is strongly encouraged but not required. Students who choose to work in groups should submit one assignment with all group members' names. The maximum group size

is two students (no exceptions). The grading criterion to be applied is provided on page 6 & 7 of the syllabus.

Another aspect of your grade will be based on your course participation. Course participation refers to your contribution to the learning process and can occur via emails, group and individual Zoom meetings. The grading criterion to be applied is provided on page 7 of the syllabus. Course participation will make-up 10% of your grade.

There will be on-line open book comprehensive midterm and final exams. Both exams will focus more on concepts and less on calculations. **The midterm will be on Thursday, October 22nd and will make-up 20% of your grade. The comprehensive final exam will be on Tuesday, November 24th and will make-up 30% of your grade.** Previous midterms and finals are available on Canvas.

Asynchronous Lectures:

Recorded lectures of each section of the course are available on Canvas. Students should listen to the lecture before the end of the week listed for each section.

Weekly Zoom Meetings:

For this course there will be two scheduled Zoom meetings a week to give you an opportunity to ask questions about the course material, the assignments, or anything else you are interested in discussing. **Regular Zoom meetings will be on Tuesday and Thursday evenings from 6:00 pm to 8:00 pm.** It is strongly suggested that you attend at least one of the two Zoom meetings each week. I am also very open to individual or small group Zoom meetings by appointment.

Required Readings:

PowerPoint Slides for each course section and various articles listed in the Course Sections, Readings, and Assignments section of this syllabus (available via Canvas).

Optional Reading:

“Value Based Management with Corporate Social Responsibility” by Martin, Petty, and Wallace, Oxford University Press, 2nd Edition, 2009 (ISBN-13: 978-0-19-534038-9 is available via www.abebooks.com or www.amazon.com or

Very Optional Readings:

Copeland, Koller, & Murrin, Valuation: Measuring and Managing the Value of Companies, 3rd Edition, Wiley and Stewart, The Quest For Value, Harper Business.

Academic Resources

- Library and Learning Commons (<http://www.seattleu.edu/learningcommons/>)
(This includes: Learning Assistance Programs, Research [Library] Services, Writing Center, Math Lab)
- Academic Integrity Tutorial (found on Canvas and SU Online)

Academic Policies on Registrar website

(<https://www.seattleu.edu/redhawk-axis/academic-policies/>)

- Academic Integrity Policy
- Academic Grading Grievance Policy
- Professional Conduct Policy (only for those professional programs to which it applies)

Notice for students concerning Disabilities:

If you have, or think you may have, a disability (including an ‘invisible disability’ such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff located in Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.

Notice Regarding Religious Accommodations

It is the policy of Seattle University to reasonably accommodate students who, due to the observance of religious holidays, expect to be absent or endure a significant hardship during certain days of their academic course or program. Please see, *Policy on Religious Accommodations for Students* (<https://www.seattleu.edu/media/policies/Policy-on-Religious-Accommodations-for-Students---FINAL.PDF>).

Office of Institutional Equity:

Title IX of the Education Amendments of 1972 (Title IX) prohibits discrimination based on sex in educational programs or activities that receive Federal financial assistance. This prohibition includes sexual misconduct, which encompasses sexual harassment and sexual violence. Seattle U remains committed to providing a safe and equitable learning, living, and working environment. Seattle U offers emergency, medical, and other support resources, as well as assistance with safety and support measures, to community members who have experienced or been impacted by sexual misconduct.

Seattle U requires all faculty and staff to notify the University’s Title IX Coordinator if they become aware of any incident of sexual misconduct experienced by a student.

For more information, please visit <https://www.seattleu.edu/equity/>. If you have any questions or concerns, you may also directly contact the Title IX Coordinator in the Office of Institutional Equity (email: oiie@seattleu.edu; phone: 206.296.2824) University Resources and Policies

COURSE SCHEDULE, READINGS & ASSIGNMENTS

| Week Ending | Topic | Readings | Assignment |
|--------------------|--|---|--|
| 9/18 | I. Financial Tools/Models | “Best Practices in Estimating the Cost of Capital: An Update”, by Brotherson, Eades, Harris, and Higgins | Financial Tools/Models Problem Set, Due 9/23 (60 points) |
| 9/25 | II. Corporate Finance and Value Based Management | “Value Maximization, Stakeholder Theory, and the Corporate Objective Function” by Jensen “Is the Market Rational” by Fox “The Revolution in Active Investing: Creating Wealth and Better Governance” by Haarmeyer Value Based Management Book – Chapters 1 and 2 | |
| 10/2 | III. Traditional Performance Measures | “The Best Way to Measure Company Performance” by Hagel, Brown, and Davison | Applying Traditional Performance Measures to Analyze Tesla’s Financial Performance, Due 10/7 (60 points) |
| 10/9 | IV. Value Based Performance Measures | “The Real Key to Creating Wealth”, Fortune “Managing for Value: It’s Not Just About the Numbers”, HBR Value Based Management Book – Chapter 3, Chapter 4 (pages 49-55) | |
| 10/16 | IV. Value Based Performance Measures (Continued) | “When Strategy and Valuation Meet” by Litman and Frigo “Managing for Shareholder Value - From Top to Bottom”, by Wenner & Leber “Leading for Value”, by Pitman Value Based Management Book – Chapter 5 | Applying Value Based Performance Measures to Analyze Tesla’s Financial Performance, Due 11/1 (100 points) |
| 10/23 | MIDTERM | | Thursday, 6:00 to 8:00 pm., November 22nd |
| 10/30 | V. Financing Decision | “The Capital Structure Puzzle: The Evidence Revisited” by Barclay and Smith “Bloomberg Intelligence Roundtable on The Theory and Practice of Capital Structure Management” | |
| 11/6 | VI. Investing Decision | “Creating Value Through Best-In-Class Capital Allocation” By Zenner, Berkovitz, and Clark (JP Morgan) “Capital Deployment Roundtable: A Discussion of Corporate Investment and Payout Policy” | Analyzing the Renovation of the Madison Park Property, Due 11/15 (60 points) |
| 11/13 | VII. Payout Decisions | “Maintaining a Flexible Payout Policy in a Mature Industry” by Ang, Arnold, Conover, & Lancaster “Reappearing Dividends” by Julio & Ikenberry” “Are Stock Buybacks Starving the Economy?” “Share Buybacks May Be Bad - Just Not for the Reasons You Think” | |
| 11/24 | Final Exam | | 6:00 – 8:00 pm on Tuesday 11/24 |

Grading Criteria for Assigned Cases

Each assignment will be graded based on the write up and the presentation of the quantitative analysis. The following criteria will be used:

Write Up

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|-------------|--|
| 90% or more | Easy to read and targeted to the appropriate audience Purpose of the analysis is clearly stated in the introduction Almost all sentences are well structured All paragraphs are well structured Methods used and key assumptions are stated clearly All relevant results are reported clearly and the implication is stated A concluding paragraph that clearly summarizes the results and the implication(s) of the analysis |
| 80% to 89% | Mostly easy to read with some rough spots and an attempt was made to target the report to the appropriate audience Some reference to the purpose of write-up is stated in the beginning Most sentences are well structured Most paragraphs are well structured Some reference to methods and key assumptions used Most relevant results are reported in a reasonable fashion and occasionally the implication of the results is presented A concluding paragraph mentioning the results and implication(s) of the analysis |
| 70% to 79% | Difficult to read No reference to the purpose of write-up is stated in the beginning Many sentences are poorly structured Many paragraphs are poorly structured Brief to no mention of methods and key assumptions used Majority of relevant results are not reported or are not reported clearly and limited implications are provided No concluding paragraph exists or one that does not mention the results nor the implication(s) of the analysis |

Presentation of Quantitative Analysis

| | |
|-------------|---|
| 90% or more | Exhibits have informative titles that suggest the contents of the exhibit Assumptions used are clearly presented It is easy for the reader to understand the structure of the exhibits All equations and sources are provided All relevant results are clearly presented The relevant financial tools or techniques are applied correctly and completely Exhibits are well formatted and look professional |
| 80% to 89% | Exhibits have titles Most assumptions used are presented It is not easy for the reader to understand the structure of the exhibits Most equations and sources are provided Most relevant results are presented in a reasonable fashion The relevant financial tools or techniques are mostly applied correctly Exhibits are reasonably formatted and look somewhat professional |
| 70% to 79% | Exhibits do not have titles No assumptions are provided It is difficult for the reader to understand the structure of the exhibits Few or no equations and sources are provided Some relevant results are not reported or results are reported in an unclear manner There was a good attempt to apply the relevant tools or techniques correctly Exhibits are poorly formatted and do not look professional |

Grading Criteria for Course Participation

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|-------------|---|
| 90% or more | Actively involved in almost all Zoom meetings Regularly requested individual Zoom meetings or asked questions on a regular basis via email |
| 80% or more | Attended almost all Zoom meetings Occasionally requested individual Zoom meetings or occasionally asked questions via email |
| 70% or more | Attended some Zoom meetings Rarely or never requested individual Zoom meetings or rarely asked questions via email |