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MBA 681.60: Financial Management

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The University of Montana
School of Business Administration
Department of Accounting and Finance

Course: MBA 681: Financial Management

Semester: Fall 2001 Office: 304 GBB
Section: 60: R 6:10-9:00 PM GBB 104 Office Phone: 243-2557
Professor: Tony Crawford Office Hrs: Mon 2:00-4:00
Thurs 9:30-11:30

**Text Book:**


Wall Street Journal (Strongly Recommended)

Calculator: You will need a calculator to perform some of the analysis in this course. Any scientific calculator will work but if you develop comfort with a financial calculator you will be at an advantage. I recommend the HP 10B to students who want to invest in a financial calculator. It will perform everything that you need in this course (assuming you take the time to read the instruction manual).

**Course Objective:**

This is the only finance course in the core of the MBA program. Finance is a very broad topic. A full introduction to finance would require introductions to investing, banking, risk management, and corporate financial management. This course will concentrate on corporate financial management. Fortunately most of finance revolves around one word “value,” therefore many of the tools we develop and the analysis we use can be extended to other areas of finance. In this course we will be studying how to value strategic business decisions, in particular what is the value of a firm’s operating strategies, investment decisions and financing decisions?

This is a 10 week course so much of the review that would be contained in a 15 week course is removed. I will expect that you are familiar with the basic financial tools that are part of your MBA foundation requirements. The text I have assigned provides a fairly nice review of
these basic tools. We will also be using numerous cases in effort to apply these basic tools. The cases will be covered in varying degrees of detail to be discussed later.

**Course Homework, Quizzes, and Exams:**

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<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Cases</td>
<td>45%</td>
</tr>
<tr>
<td>Final Case Project</td>
<td>30%</td>
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<tr>
<td>Class Participation</td>
<td>25%</td>
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<tr>
<td><strong>Total</strong></td>
<td>100%</td>
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**General Homework**

I expect that students will be able to answer the questions and problems at the end of each chapter reading. These are questions and problems from the text that I think you should be able to complete for test purposes.

**Cases:**

We will use cases throughout the course. You will be assigned to case groups and I will assign discussion questions to each group. Typically we will cover a case in two parts. The first part will be a basic discussion of the problem at hand in which we will introduce the company, the protagonists and the problem. This portion of the case will be handled largely through class discussion I will not collect anything from this part, however, I may informally assign questions to groups and ask these groups to lead these discussions. For the second portion of the case, (usually covered in the next class period), each group will submit a written response to the questions assigned and also lead the discussion for those questions in class. The questions will consist of numerical analysis and/or qualitative discussions.

**Class Participation:**

I have assigned class participation a large weight in your class score. Each of you brings a unique perspective to this course. Some of you have extensive Finance experience others next to none. This diversity adds a richness of the class coverage. Some of the discussion will be directed but I also look for participation throughout the course. Please feel free to interrupt me at any time if you have a relevant example or question to ask. I especially welcome the questions from those with a limited Finance background because you frequently bring a unique perspective. By not
participating class you are really cheating yourself and your classmates who may benefit from different perspectives.

**Collected Assignments:**

All answers must be typed!!! Handwritten responses will not be accepted. Answers must be well organized. I reserve the right to reject any assignments that are disorganized or sloppy. Staple or bind lose pages (Do not fold or tear corners).

**Assignments are due in class.** Any assignment not turned into me in the appropriate class period will be penalized 20% and 10% for each additional day it is late assignments more than 2 days late will not be accepted!! For off-sight locations assignments will be collected together and mailed to me.
Course Schedule
(Tentative - Subject to Change)

Week 1:  Basic Concepts and Review
  Higgan’s:  Chapter 1,5
  Brunner:  pages (xxiii-xxvi)
  Case 1: Warren Buffet, 1995

Week 2:  Financial Analysis – DuPont Model
  Higgan’s: Chapter 2
  Brunner:
  Case 5: The Financial Detective, 1996
  Case 6: Oracle Systems Corp.

Week 3-4:  Financial Planning, Growth Management, Short Term Planning and Working Capital
  Higgan’s:  Chapter 3&4
  Brunner:
  Case 7: Body Shop
  Case 10: Bayern Brauerei

Week 5-6:  The Investment Decision Techniques and Cash Flow est.
  Higgan’s:  Chapter 7
  Brunner:
  Case 16: The Investment Detective
  Case 17: Vesuvio Fonderia

Week 7-8:  The Investment Decision Risk and the Cost of Capital
  Higgan’s:  Chapter 8
  Brunner:
  Case 12: Best Practices in Estimating the Cost of Capital
  Case 15: Teletech Corp.

Week 8:  The Financing Decision
  Higgan’s:  Chapter 6
  Brunner:
  Case 26: An Introduction to Debt Financing
  Case 27: MCI Communications Corp.

Week 9-10:  Business Valuation and Corporate Restructuring
  Higgan’s:  Chapter 9
  Brunner:
  Case 28: Polaroid (Final Project)