

Course	FINC 6290 /JC Financial Strategies	
Term	Fall 2, 2009 – Saturday #2 – 8:00 am – 5:00 pm 10/24, 11/7, 11/21, 12/12, 12/19 (1-5pm)	
Instructor	Name: T. C. Collins Home Phone: (904) 819-0686 Work Phone: (904) 501-1730 Email: tcollins@webster.edu	
Catalog Description	This course will be a final, comprehensive finance offering that will make use of cases and/or simulations to enhance the real-world applicability of the finance degree and to integrate all previous coursework.	
Prerequisites	Prerequisite: completion of all other required courses for the major.	
Course Level Learning Outcomes	Outcome	Expectation
	1. Students can calculate the value of fixed income securities	Students can compute Bond prices for use in unstructured case analysis. Applications include cost of capital computations for a corporation with a variety of divisions, optimal capital structure, leveraged buyouts, etc.
	2. Students can calculate the value of equity securities	Students can propose an appropriate value for equity in unstructured case analysis. Student can prepare a report detailing the impact of earnings growth, dividend payments and other factors on common stock values observed in a simulation.
	3. Students can discuss market functioning and the role efficient markets play in security valuation	Students can discuss market efficiency issues in case studies. They can identify situations that lead to market inefficiency (capital restrictions, market frictions, etc.) and develop plans to address or create value from the inefficiency.
	4. Students can analyze capital budgeting decisions using standard methodologies	Students can prepare a capital budgeting analysis justifying decisions made during the finance simulation. Students can also prepare case analyses addressing complex capital budgeting issues such as: large project financing, project selection with capital restrictions or the relationship between valuation with real options and discounted cash flows.
	5. Students can explain the	Students can determine the optimal debt-equity

	<p>impact of capital structure decisions on financial performance and cost of capital</p>	<p>ratio needed to minimize cost of capital and maximize profitability in the finance simulation. They can also recommend capital structure decisions as part of case analysis. Possible topics include: leveraged buyouts and the cost of financial distress and the use of payout policy to alter capital structure.</p>
	<p>6. Students can identify agency problems within a corporation and formulate strategies to address them</p>	<p>Students can make recommendations on actions the board of directors could/should take in order to mitigate the agency conflicts that exist in case studies.</p>
<p>Materials</p>	<p>Required textbooks:</p> <p>Bruner. <u>Financial Strategies</u>; Primis Custom Edition McGraw-Hill ISBN 10: 0-39-045582-2. (Compiled by Debbie Psihountas, Webster University)</p> <p>Malkiel, Burton, <u>A Random Walk Down Wall Street: The Time-Tested Strategy for Successful Investing</u>. 9th ed.W.W. Norton; 2007. ISBN 978-0393330335.</p> <p>To Order Textbooks go to the local North FL website www.webster.edu/jack and click on Order Textbooks to select a vendor</p> <p>Note: Textbooks must be ordered 2 weeks prior to class to ensure delivery</p> <p>Supplemental Reading:</p> <p>Materials will be selected from finance cases, journal articles, and web-based resources. A purchased computer-based simulation will also be used in the class.</p> <p>In order to enable our pulling and using information from a wealth of sources, without having to spend a fortune on texts, the professor will be using the E-reserves function of the Webster University library system. With this system, students in the 6290 course will be provided with a password that will give them access to materials posted online specifically for the course. Some of the materials include papers obtained from the following sources:</p> <p>The Revolution in Corporate Finance, Edited by Joel M. Stern and Donald H. Chew, Jr., Blackwell Business publishers.</p> <p>Current finance academic journals</p> <p>The New Corporate Finance: Where Theory Meets Practice, Donald H. Chew, Jr., Irwin-McGraw Hill.</p>	

<p>Grading</p>	<p>Grade will be a function of performance on article write-ups, value added in course discussions, and performance on the simulation.</p> <p>Final Project 45 Points Case Studies (3 @ 15 points) 45 Points Class Participation and Attendance <u>10 Points</u></p> <p>Total 100 Points</p> <p>Letter grades will be assigned pursuant to the following scores based on the percent of the total possible points (weighted according to the scale above) that you earned in the course.</p> <table border="1" data-bbox="667 674 1114 1077"> <thead> <tr> <th>Percentage of Total Points</th> <th>Grade</th> </tr> </thead> <tbody> <tr> <td>95%-100%</td> <td>A</td> </tr> <tr> <td>90%-94%</td> <td>A-</td> </tr> <tr> <td>88%-89%</td> <td>B+</td> </tr> <tr> <td>84%-87%</td> <td>B</td> </tr> <tr> <td>80%-83%</td> <td>B-</td> </tr> <tr> <td>70%-79%</td> <td>C</td> </tr> <tr> <td>Below 70%</td> <td>F</td> </tr> </tbody> </table>	Percentage of Total Points	Grade	95%-100%	A	90%-94%	A-	88%-89%	B+	84%-87%	B	80%-83%	B-	70%-79%	C	Below 70%	F
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<p>Activities</p>	<p>Activities include prompt attendance, reading assignments, class preparation, discussions, presentation of three finance case study papers and an individual research paper. The research paper should follow the guidelines found in the Publication Manual of the American Psychological Association, 4th Ed. ISBN 1-55798-234-0. Students are suggested to read the Wall Street Journal, and bring relevant articles to class for discussion.</p> <p>Research Paper and Passport Internet Proficiency: (45%)</p> <ul style="list-style-type: none"> • The student will select the finance research paper topic in coordination with the instructor. • The student is cautioned not to disclose any confidential information in the material. • The paper should consist of a Title Page, Table of Contents, Abstract, “The Body,” and References, all of which should follow APA guidelines as illustrated in the Webster document “Research Paper Guidelines and Sample Paper.” • Grading will be according to: following directions given in class, having a topic which is adequately focused, writing with minimal grammatical errors, demonstrating critical thinking skills, and showing practical financial application. • The research paper is expected to be between 10 to 12 pages long per student. However, quality not quantity is the key factor. • Exhibition of overall proficiency of research using Passports will earn up to 10 points of the total grade. 																

Final Webster University Assessment Requirement:

For the **Nike Case** please answer the following questions. (you should also reference material you read in this week's case on Best Practices in calculating WACC)

1. Do you agree with Joanna Cohen's calculation of WACC for her boss, Kimi Ford? If not, what would you advise that she do differently/better?
2. How do changes in capital structure impact WACC and firm financial performance?

Individually prepared case studies: (45%)

- Three (3) individually prepared cases will be formally prepared and submitted to the instructor for grading. These are worth 15 points each for a total of 45% of the final grade.
- Each case must be prepared in the APA format and generally should not be more than 5 pages of original thought in length. Supporting documentation, charts and graphs are encouraged and will not count against the 5-page maximum. Ensure proper referencing and citations.
- Cases will be graded on (a) efficiency and (b) effectiveness of content. Also, projects will be graded for punctuation, sentence structure, and spelling. The cases are due at the beginning of class.

Class Participation and Attendance: (10%)

- Students are expected to attend all class sessions (10% of the final grade) of every course for the full 36 contact hours. In the case of unavoidable absence, the student must contact the instructor. The student is subject to appropriate academic penalty for incomplete or unacceptable makeup work, or for excessive or unexcused absences. Generally, a student who misses more than one four-hour course period (per course) without a documented military or medical excuse and advanced permission of the instructor should withdraw from the class. The University reserves the right to involuntarily drop enrolled students from classes, which they do not attend. **PLEASE BE ADVISED: Students who do not attend the first class session, who have not made prior arrangements with the instructor for being absent, will be dropped from their courses.**
- Attendance the last day of class is mandatory to ensure that all work is completed and to be awarded a passing grade. An Incomplete will not be acceptable without documental proof (Death Notice, Doctor's Letter, etc.) as to absence relating to non-completion of class work. These must be faxed 904-262-1459 or dropped off to Webster University by the Monday after the term ends.
- Participants are expected to arrive on time and be actively involved in the learning experience. Each student should desire to learn, participate, and proactively contribute to the learning of others during each discussion and

exercise.

- Students are to participate in classroom discussions. The discussions are an opportunity for students to reveal their understanding of the assignments made for the current and previous classes
- Assignments are given to prepare the student to participate in class discussions; therefore, it is imperative that reading assignments and associated questions for discussion be completed prior to class.
- Failure to turn in an assignment within one week will result in a grade of "0" for that assignment. In addition, failure to submit an assignment will lower the final grade by an additional two points.
- All assignments are due as detailed in the Course Schedule.
- Late assignments will be accepted, if they are turned in *no later* than one week later, but will be penalized one letter grade. Furthermore, late assignments will lower the student's final grade by an additional one point.
- Late assignments will not be accepted for the final assignments the last week of the course to allow timely completion and grades to be submitted.

<p>Policy Statements:</p> <p>University Policies</p>	<p>University policies are provided in the current course catalog and course schedules. They are also available on the university website. This class is governed by the university’s published policies. The following policies are of particular interest:</p> <p>Academic Honesty The university is committed to high standards of academic honesty. Students will be held responsible for violations of these standards. Please refer to the university’s academic honesty policies for a definition of academic dishonesty and potential disciplinary actions associated with it.</p> <p>Drops and Withdrawals Please be aware that, should you choose to drop or withdraw from this course, the date on which you notify the university of your decision will determine the amount of tuition refund you receive. Please refer to the university policies on drops and withdrawals (published elsewhere) to find out what the deadlines are for dropping a course with a full refund and for withdrawing from a course with a partial refund.</p> <p>Special Services If you have registered as a student with a documented disability and are entitled to classroom or testing accommodations, please inform the instructor at the beginning of the course of the accommodations you will require in this class so that these can be provided.</p> <p>Disturbances Since every student is entitled to full participation in class without interruption, disruption of class by inconsiderate behavior is not acceptable. Students are expected to treat the instructor and other students with dignity and respect, especially in cases where a diversity of opinion arises. Students who engage in disruptive behavior are subject to disciplinary action, including removal from the course.</p> <p>Student Assignments Retained From time to time, student assignments or projects will be retained by The Department for the purpose of academic assessment. In every case, should the assignment or project be shared outside the academic Department, the student's name and all identifying information about that student will be redacted from the assignment or project.</p> <p>Contact Hours for this Course It is essential that all classes meet for the full instructional time as scheduled. A class cannot be shortened in length. If a class session is cancelled for any reason, it must be rescheduled.</p>
<p>Course Policies</p>	<p>This syllabus may be revised at the discretion of the instructor without the prior notification or consent of the student. The schedule below presents an approximate expectation of course progress. The instructor reserves the right to add, delete, or modify any weeks of this schedule. The instructor also reserves the right to change the overall course grade weighting.</p> <p>Students are expected to participate actively in all aspects of the course.</p>

	<p>Session 3 THEME: The Market for Corporate Control Topics:</p> <ul style="list-style-type: none"> • Corporate Control Lecture and Discussion • Written Final Project Topic Due • Discuss Literature Review • CASE # 1 Analysis and Presentation (Chrysler) <p>Assignments for Session 4:</p> <ul style="list-style-type: none"> • Assigned Readings <p>Session 4 THEME: Capital Structure Theory Topics:</p> <ul style="list-style-type: none"> • Capital Structure Lecture and Discussion • Literature Review <p>Assignments for Session 5:</p> <ul style="list-style-type: none"> • CASE # 2: NIKE, Inc. <p>Session 5 THEME: Capital Budgeting Theory Topics</p> <ul style="list-style-type: none"> • Capital Budgeting Lecture and Discussion • Literature Review • CASE # 2 Analysis and Presentation (NIKE) <p>Assignments for Session 6:</p> <ul style="list-style-type: none"> • Assigned Readings <p>Session 6 THEME: Dividend Policy Theory Topics</p> <ul style="list-style-type: none"> • Dividend Lecture and Discussion • Literature Review <p>Assignments for Session 7:</p> <ul style="list-style-type: none"> • Assigned Readings • Literature Review • CASE #3: FedEx vs. UPS
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	<p>Session 7 THEME: Ethics and Incentives Topics</p> <ul style="list-style-type: none"> • Ethics and Incentive Lecture and Discussion • Literature Review • CASE # 3 Analysis and Presentation (FedEx) <p>Assignments for Session 8:</p> <ul style="list-style-type: none"> • Assigned Readings <p>Session 8 THEME: Financial Distress Topics</p> <ul style="list-style-type: none"> • Financial Distress Lecture and Discussion • Literature Review <p>Assignments for Session 9:</p> <ul style="list-style-type: none"> • Assigned Readings <p>Session 9 THEME: Final Topics:</p> <ul style="list-style-type: none"> • Final Project Presentation • Course Evaluation
<p>Additional Information</p>	<p>Determination of Grades is Based on the Following Criteria:</p> <p><u>Minimum Requirements:</u> Products (papers, case studies, projects) must be on time, in the correct format, corrected for spelling and grammar, appropriate materials included and referenced to-the-point and on topic and conclusions must be supported.</p> <p>Examinations must be complete, accurate, neat, evidence clear thought, and exhibit concise and to-the-point responses.</p> <p>Behavior in class discussions and group activities should be responsible, should exhibit open communication, be constructive, and helpful.</p> <p><u>Mastery Level (Grade of “B”): Professional Achievement</u> Products must meet the requirements stated above for minimum requirements and additionally meet professional criteria. For example, documentation should be included to support research papers, the APA format should be used consistently throughout the paper, and substantially more than the minimum number of references should be included. Presentations should be logical, organized, and comprehensive.</p> <p>Examinations should be organized, in depth, comprehensive, logical and complete, and evidence thorough understanding of the subject /topic through application of principles.</p> <p>Classroom behavior should exhibit very focused activity and thought on the subject at hand, be motivated, and assist in discovery of new insights and relationships concerning the subject/topic of discussion.</p> <p><u>Mastery Level Plus (Grade of “A”): Creative Achievement</u> Products must meet all requirements stated above and additionally meet creative</p>

criteria. These criteria include unique topic or subject selection, synthesis of ideas, evaluation of subject matter and positions found in the literature, be creative in approach, establish new relationships with ideas and provide new insights.

Examination responses indicate insightfulness of understanding, a synthesis of information and unique ideas, and rationale for application of principles following careful analysis.

Classroom behavior should exhibit very focused activity and thought on the subject at hand, be motivated, and assist in discovery of new insights and relationships concerning the subject/topic of discussion.

The grade of “A” represents the best work of students, accomplished in a unique and professional manner.

Note:

To achieve the objectives of this course, this syllabus may be revised at the discretion of the instructor without prior notification or consent of the students.

Reviewed by: *J. Ewing*

Job Title: Faculty Coordinator

Date: 09/29/09

Revised 09/28/09