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Fall 9-1-2001

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
Section: 60: R 6:10-9:00 PM GBB 104

Office: 304 GBB
Office Phone: 243-2557

Professor: Tony Crawford

Office Hrs: Mon 2:00-4:00
Thurs 9:30-11:30

Text Book:

Higgins, R.C., Analysis for Financial Management, 6th Edition, Irwin 2000. (Required)

Brunner, R.F., Case Studies in Finance, 3rd edition, Irwin 1999. (Required)

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:

| | |
|---------------------|------------|
| Cases | 45% |
| Final Case Project | 30% |
| Class Participation | <u>25%</u> |
| | 100% |

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 through-out 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 loose 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)