Syllabus
Finance 380
Cases in Financial Decision Making
Spring 2009 – 2010

Course Description: This is the undergraduate capstone course in finance that uses a series of cases to explore and apply theoretical and practical tools of financial decision-making. To do well in this course, you should expect to spend a minimum of 8 hours per week preparing your assignments. I expect that there will be as many grades of “C” and “D” as there will be grades of “A” and “B.” If you are looking for an easy class, please look for another instructor.

Required/Recommended Texts and Cases:

Corporate Finance (various authors): Recommended
You may choose to use any introductory corporate-finance textbook with which you are familiar. I will post supplementary materials to Blackboard

The Wall Street Journal: Required
You should subscribe at http://subscribe.wsj.com/quarter, where you can simply follow the instructions to subscribe for the 10-week quarter that our course spans. Please note that your subscription entitles you not only to a copy of the paper version of the WSJ but also to the electronic WSJ.

Cases: Required
The cases that we will cover will be available electronically on Blackboard.

Goals of the Course: The goals of this course are
(i) To develop expertise in applying financial theory, including capital budgeting, capital structure, dividend policy, corporate governance and risk management, to the types of problems that arise in the management of a modern corporation.
(ii) To develop expertise in applying financial mathematics to the types of problems that arise in the management of a modern corporation, including the valuation of financial and real assets.

Learning Outcomes: Upon successful completion of this course, it is expected that the student will be able to:
(i) Apply financial theory to solve problems that arise in the management of a modern corporation, including capital budgeting, capital structure, dividend policy, corporate governance and risk management.
(ii) Apply financial mathematics to solve problems that arise in the management of a modern corporation, including the valuation of financial and real assets.
(iii) Work in a group setting to tackle complex problems that arise in the management of a modern corporation.

Prerequisites: FIN330, FIN333 and WRD202
**Academic Integrity Policy:** As a condition of their enrollment in this course, students are expected to understand and abide by DePaul University’s Academic Integrity Policy (AIP) as outlined in http://studentaffairs.depaul.edu/handbook/code16.html. A violation of the AIP will result in sanctions, including a failing grade for the course.

**Course Format:** At the beginning of each week, we will discuss how current events reported in the Wall Street Journal and other sources of financial news relate to corporate finance. After the mid-week break, we will break into case-study groups, to which students will be randomly assigned during the first class, at which time group members will meet for 5 – 10 minutes to review the group’s notes about how to solve the case assigned for that week. Students are expected to have read and analyzed the assigned material in significant detail prior to each class discussion. Groups also are required to prepare a written set of discussion notes for each case (see below), which must be submitted electronically before class using BlackBoard’s digital dropbox. A paper copy also should be handed in at the beginning of each class. I will randomly call on students to ask questions about the case.

**Grades:** Your letter grade for the class will be determined using a curve based upon the distribution of your numerical grade, which will be a weighted average of your grades from weekly class discussion, weekly group case notes, the group case analysis and a final exam.

The weights are:
Class Participation: 30%
Group Case Notes: 49%
Final Exam: 21%

The median score will be set as the mid-point for a “B” letter grade. The “A” range typically will begin one standard error above the median and the “C” range typically will begin one standard deviation below the median. A score more than two standard deviations below the median typically will be an “F”.

**Class Participation:** Class discussion will focus on the video in week 1, on a review of Discounted Cash Flow Analysis using WACC in week 2, and on current events and on the case assigned for each class during weeks 3 – 10. Each week, each student is expected to post a link to a unique news story on the Blackboard Discussion board for that week, including a short explanation about why the story is relevant to business and finance. During class, students must participate in discussions. I will randomly call on students and ask questions about their news story or the case. Class participation will be graded on the basis of quality of contribution rather than quantity of contribution. However, quality is not possible without some quantity. Because this class is discussion-based, **attendance is imperative.** Each unexcused absence will reduce your grade by a full point on the standard four-point scale, e.g., from an A to a B, from a B to a C, etc. I will make allowances for unusual circumstances one time only. I will provide you with feedback about halfway through the course on how I have viewed your contribution.

**Group-Case Discussion Notes:** At the beginning of each class, each group must submit a typed memo (not to exceed one page in a 12-point font with 1-inch margins all around) that group members have made in preparation for class discussion of the case assigned for that class, and an
accompanying Excel spreadsheet if there are any calculations involved in the assignment. This memo should clearly and concisely identify the major issues presented in the case, and should demonstrate an acceptable effort in analyzing the case and identifying the qualitative and quantitative techniques needed to “solve” the case. The memo need not resolve all of the issues in the case, as some issues may remain unresolved even after class discussion has ended. Grades will be assigned to group-case discussion notes on the standards four-point scale. A sample memo is posted on Blackboard under Week 2.

Final Exam: Each case-study group is also responsible for preparing a formal written analysis of the one final case. The written analysis (4 pages double-spaced text maximum, 12 pages of exhibits maximum) will count for 21% of each group member’s final grade. Specific guidelines for preparing this written group report appear below.

Peer Assessment: Before the end of Week 10, each student is required to send me a confidential email providing an assessment of the contributions to group discussion notes and group case analysis by each member of the group. Based upon my review of this peer assessment, I may raise or lower a student’s group assignment grades by up to one full point on the standard four-point scale, with extraordinary contributions being rewarded and inadequate contributions being penalized.

Course Reading Assignments:
The cases to be covered in this class will be provided via Blackboard. I reserve the right to alter one or more assignments at a later date.

Course Material on the Web:
I will be placing course material on the web. You will be able to access the material through Blackboard using your Campus Connect user name and password. Please check the “Announcements” section (on Blackboard) periodically and the day before class for information related to the course.
Final Case/Exam:

Like the weekly memos, the final exam will involve analysis of a case. However, it will differ from weekly group memos that are used for our discussions in several fundamental ways. The final report should have a much more polished and professional appearance. It should be word-processed with appropriate headings and attachments. Spelling, punctuation, sentence structure and word usage should be literate and appropriate for a business document. Exhibits should be relevant and appropriate. In order to focus your efforts and facilitate grading, the paper should be formatted as follows:

• First, a brief introduction will describe the global problem faced by the principal actor(s) in the case.

• Second, the body of the report should be formatted as follows:

  Finance/Business Dilemma (Issue) I
  Theoretical issues and techniques which might normally control resolution of the Dilemma I.
  Practical considerations that might dictate a deviation from the purely theoretic resolution of Dilemma I.

  Finance/Business Dilemma II.
  Theoretical issues and techniques which might normally control resolution of the Dilemma II.
  Practical considerations that might dictate a deviation from the purely theoretic resolution of Dilemma II.

  Additional Issues use the same format: Statement of Dilemma, Theory Discussion, Practical Issues Discussion

• Third, the summary should draw together the preceding analysis and offer conclusions and recommendations.

General equations may be presented in the text of the report, but avoid presenting numeric analysis in the body of the document. Such analysis should be presented as an exhibit, if necessary.

The text portion of the paper should not exceed 4 pages of double-spaced 12-point font with one-inch margins all around.

Exhibits do not count toward the four-page limit; they should be "self-documenting" so that a person who picks up the exhibit need not refer to the main text to understand the information in the exhibit. Exhibits should start with a title, followed by a description of the contents of the exhibit, and then the body of the exhibit (table, chart, etc.). Footnotes in the exhibit are often useful as well. Include whatever exhibits you deem necessary, but
don’t waste the reader’s time with exhibits that do not add significant value to the analysis. Don’t use two similar exhibits where a single exhibit can capture the essence of the point(s).

Each team should submit both a copy of the document via an e-mail attachment and a hard copy. If Excel documents are attached as exhibits to the hard copy, the Excel files should also be forwarded as an attachment to the e-mail. You do not need to imbed the Excel file in the Word document. The file name for the submitted e-mail attachments should look like the following:

"Group_X_Smith_Jones_Brown.doc" and "Group_X__Smith_Jones_Brown.xls"