

Brandeis International BusinessSchool
FIN203a Financial Management, Fall 2018
Syllabus

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Classtime: Tues 6:30–9:20 pm
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Course Description: The purpose of this course is to develop the financial skills and logical thought processes necessary to make and implement business decisions. We will cover time value of money, the relation between expected return and risk, and techniques used by financial managers to evaluate project investments and finance these investments. You will also learn about different financial securities. Students will be expected to be actively involved in learning. While I will present a lot of institutional information and financial jargon, the emphasis will be on the attainment of skills.

This course is for IBS MBA and MSBA students only. This course may not be taken for credit by students who have previously taken FIN 201a or FIN 202a.

Prerequisites: No course prerequisites. Facility with Excel is required. Some knowledge of statistics and basic accounting will be useful.

Course Materials:

1. **Lecture notes.** Available at the course website on LATTE.
2. **CONNECT** electronic homework manager. Make sure to sign up for: pichlerfinmanagement-fall2018 See page 3 for more information and details on how to register.
3. **Text:** Once you sign up for my Connect course you will gain electronic access to the following textbook:
Ross, Westfield, Jordan, *Essentials of Corporate Finance*, 9th Edition. (RWJ)
A few lectures will use material from: Bodie, Kane & Marcus, *Essentials of Investments*, 10th Edition. (BKM). You may be okay just with my lecture notes for this material.
4. **Cases:** Harvard Business School case packet. See the next page for more information.
5. **Calculator.** Any financial calculator is okay, but detailed examples will be for the Texas Instruments BA II Plus.
6. A laptop with **Excel**.
7. A subscription to the *Wall Street Journal* is recommended.

Learning Goals:

- Understand financial statements and be able to determine cash flows from financial statements.
- Understand, determine and make use of rates of return. Calculate the cost of capital using the Capital Asset Pricing Model and other methodologies.
- Apply discounted cash flow methodology to value potential investments.
- Use spreadsheets to solve financial problems.
- Understand the difference between debt and equity.
- Learn about different methods through which a firm can finance its projects and what makes a good capital structure/issuance policy.
- Understand the basics of options and how they interact with other investments to affect risk.

Workload:

Success in this four-credit course is based on the expectation that students will spend a minimum of 9 hours of study time per week in preparation for class.

Grading:

Exams, 60%: Your exam grade will be based on whichever of the following methods gives you the highest score. Method 1: 25% for the midterm and 35% for the final exam. Method 2: 15% for the midterm and 45% for the final exam. The final exam will be cumulative.

Connect Homework, 13%: See below for more information.

Case Studies, 12%: See below for more information.

Class participation, 15%: It is essential that you attend class and come prepared.

There will be no makeup exam for the midterm. If you have an excused absence from the midterm, the final will count for 50% of your grade, Connect for 18% and cases for 17%.

Rules for exams:

Exams are closed book. You may bring a “cheat card”: **one 3” X 5” index card** on which you may write anything, front and back. You may also bring a calculator, but not a computer. ***No internet accessible devices may be used as calculators.***

CASES:

You will be required to analyze three HBS cases. You may do this with a partner, handing in one report for both of you. The case packet costs \$13.75 and may be accessed at:

<https://hbsp.harvard.edu/import/557071>

This price includes \$1 for an excel spreadsheet that may be listed as optional. It is not optional. You need this spreadsheet.

CONNECT Homework:

Most assignments are due on Monday at 11pm, but can be completed ahead of time. The main purpose of these assignments is to give you practice to help you learn the material. You may do each assignment twice. Your score will be the average of the two scores. (I also will calculate the final homework score in such a way that you can miss one assignment and still get a perfect score. This means that everyone has an equal opportunity to forget one assignment without penalty. It also means that I don't want to hear about it if you forget to do an assignment.) Assignments are automatically submitted on the due date. **You must open an assignment before the due date if you want access to the assignment for studying.**

To register for CONNECT for this course go to:

<http://connect.mheducation.com/class/pichlerfinmanagement-fall2018>

I have also posted the registration instructions on LATTE. If the link is not live, just copy and paste it in your browser. If you have registered with McGraw-Hill previously, then you can use your old password.

You may be able to register for my CONNECT course and start a free trial without paying. Just don't forget to pay before the end of the free trial period.

How to do well in this class:

- Read the relevant book chapter before class. Don't worry if you don't understand everything. What you don't understand should become clear in the lecture. If not, then you are prepared to ask questions.
- ***Before every class*** review the lecture notes for the previous class. Print and glance at the new lecture notes.
- ***Bring to class: the lecture notes (for that class and the one before), a calculator, your name card.*** You do not need your computer, unless I have told you ahead of time that we will be doing an Excel exercise in class.
- ***AFTER EACH LECTURE GO OVER THE LECTURE NOTES. Make sure that you are able to reproduce every calculation that we did in class.***
- ***DO ALL OF THE ASSIGNMENTS.*** This includes the CONNECT problems, the cases, and any recommended practice problems. The benefit to you is in the process of doing the work. I strongly recommend trying problems before looking at the answers. For those of you who are athletes or performers you can think of the difference between preparing for competition or performance (the exams) by watching someone else perform, or by doing the exercises yourself.

Class attendance is required. *Always bring your name card* and have it set up so that I and other students can read it. Proper business etiquette includes arriving on time. If you must arrive late, then you should go quickly to an outside seat at the back of the class. I will call on students to answer questions. I expect all students to show respect for each other, and for the material.

Use of computers in class is discouraged, unless we are doing a computer exercise. I will announce ahead of time if you should bring a computer. I have found that having computers open during class is distracting for everyone. You should print the classnotes before class. If you have a strong preference for taking notes on your computer, then you may have a laptop open, *preferably in the back row* of the classroom. But, a word of warning: I “cold call” on students with laptops open.

Academic integrity: You are expected to be honest in all of your academic work. Please consult Brandeis University Rights and Responsibilities for all policies and procedures related to academic integrity. Students may be required to submit work to Turnitin.com software to verify originality. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university.

Disabilities: If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately.

Privacy: This class requires use of tools that may disclose your coursework and identity to parties outside the class. To protect your privacy you may choose to use a pseudonym/alias rather than your name in submitting such work. You must share the pseudonym/alias with me and any teaching assistants as needed.

CLASS SCHEDULE: The dates for exams are fixed. The timing for the topics is only approximate.

Week	Dates	Topic	Chapter
1	Sept 4	Course introduction	RWJ 1
	Sept 11	Financial statements & Cash flow —No class, Rosh Hashanah—	RWJ 2
2	Sept 18	Financial statements & Cash flow, cont'd.	
	Sept 25	Time value of money —No class, Brandeis Monday—	RWJ 4
3	Oct 2	Time value of money, cont'd. Discounted cash flow (DCF) valuation	RWJ 5
4	Oct 9	Case 1 due: Teuer Furniture(A): DCF Valuation Interest rates and bonds	RWJ 6
5	Oct 16	Equity markets and stock valuation	RWJ 7
6	Oct 23	Midterm Exam	
7	Oct 30	Net present value & other investment criteria	RWJ 8,9
8	Nov 6	Case 2 due: Acid Rain: The Southern Co (A) Risk & return	RWJ 11, BKM 5
9	Nov 13	Capitol allocation and portfolio selection	BKM 5,6
10	Nov 20	Capital Asset Pricing Model: CAPM	BKM 7
11	Nov 27	Cost of capital, leverage and capital structure	RWJ 12,13
12	Dec 4	Case 3 due: Winfield Refuse Mgt: Raising debt vs equity Dividends and dividend policy	RWJ 14
13	Dec 11	Options demystified.	BKM 15

Final exam: I will give the final exam at the time that is scheduled by the university. A make-up final exam will be given only if you have a valid and verifiable medical excuse.

Note: There is also an 11th edition of BKM. If you are using this, capitol allocation and portfolio selection are in Chapters 6 and 7; CAPM in Chapter 9; Options in Chapter 20.