Syllabus: FINANCIAL MANAGEMENT (BA 629)
Fall 2015

The class meets Mondays from 19:00-21:40 in EBA-437.

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Office Hours: 16:00-18:00 Mondays, or by appointment (email)
Assigned Examination Date: Monday, Dec 14, 19:00-21:00 in EBA-437

COURSE DESCRIPTION
This three-credit course is for all masters students in business. In this course, students learn financial analysis and planning, investment, capital structure, financial markets, capital raising and capital disbursement decisions, and valuation. By the end of this course, students will understand the basics of financial management and its practice through attending lectures, assignments, cases and exam preparation. Basic knowledge of mathematics and statistics is a prerequisite for this course. For your best success in this course, it is highly recommended that you complete both BA 623 and BA 625 prior to taking this course. Please note, in the future, these will be listed as firm pre-requisites in the graduate bulletin.

COURSE AND STUDENT LEARNING OBJECTIVES (SLO)
MBA Program Goals: MBA students will graduate with:

- A solid foundation in theoretical concepts and managerial skills needed to lead business organizations.
- The ability to analyze environments in which managers make and implement business decisions.
- The skills to formulate, communicate, and coordinate strategies to solve business problems and pursue opportunities.

BA 629 contributes to these goals through its student learning outcomes. At the end of this course students should be able to:

1. Analyze financial statements using standard financial ratios of liquidity, activity, debt, profitability, and market value.
2. Apply techniques to project financial statements for forecasting financial needs.
3. Explain the role of short-term financial management, and the key strategies and techniques used to manage cash, marketable securities, accounts receivable and inventory.

4. Identify the major sources of short-term financing available to the firm.

5. Apply future value and present value concepts to single sums, mixed streams, and annuities.

6. Apply time value, risk, and return concepts. Apply valuation techniques to bonds.

7. Apply time value, risk, and return concepts to constant and variable growth models. Apply valuation techniques to stocks.

8. Identify relevant cash flows for capital budgeting projects and apply various methods to analyze projects.

9. Apply the concept of risk, its measurement for single assets and portfolios, various types of risk, the source and use of betas, and the CAPM and SML.

10. Apply techniques for estimating the cost of each component of the cost of capital and understand how to assemble this information into a cost of capital.

11. Explain the concept of leverage and the benefits and costs associated with debt financing.

12. Identify the various long-term sources of funds for a firm.

13. Identify and explain the key international differences between major domestic financial management tools, techniques, and practices and those environmental and methodological differences that occur in the global market.
READINGS

Required Main Text:

1. **S. Ross, R. Westerfield, and B. Jordan, Fundamentals of Corporate Finance, 10th alternate edition, 2012, McGraw-Hill/Irwin** (A copy of standard edition is available at the library for 2-hour loan. There may be second-hand copies available online.)
   a. If you use McGraw-Hill/Irwin Connect and LearnSmart, go to the link [http://connect.mheducation.com/class/b-lotfaliei-section-1-1](http://connect.mheducation.com/class/b-lotfaliei-section-1-1) and register for the e-book. You also have the option to order a hard copy via the online system that seems to be a cheaper option than the hard copy.

2. **B A 629: Financial Management, Fall 2015, Montezuma Publishing** (includes cases). As another option, you can also directly purchase the cases online from the website for Harvard business cases ([https://cb.hbsp.harvard.edu](https://cb.hbsp.harvard.edu)).

Optional Supplemental Text:


Optional Supplemental Data Access:

- Wells Fargo lab: Datastream (Workstation No. 17), Bloomberg (13 terminals)
- Library’s website: Standard & Poor's NetAdvantage, Mergent online
## COURSE SCHEDULE

Contents are subject to change, but I will announce the changes in class and on Blackboard. It is expected that you have read the material prior to each class.

<table>
<thead>
<tr>
<th>Week</th>
<th>Session</th>
<th>Activity</th>
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| 1    | Aug 24   | (1) Course Outline, Needs assessment  
Chapter 1: Introduction. |
| 2    | Aug 31   | (2) Introduction to financial statements, Time Value of Money (TVM)  
Chapter 2, 5 |
| Sep 07 | No class- Labor day |
| 3    | Sep 14   | 11:59PM is the deadline to finalize and email group list for cases  
(3) Discounted Cash Flows (DCF) technique  
Chapter 6 |
| 4    | Sep 21   | (4) Interest rates and bond valuation  
Chapter 7 |
|      |          | Assignment 1 with its review is due before beginning the class |
| 5    | Sep 28   | (5) Working with financial statements and financial planning  
Chapter 3, 4, 18.2 |
| 6    | Oct 05   | Assignment 2 with its review is due before beginning the class  
(6) Stocks valuation  
Chapter 8 |
| 7    | Oct 12   | Case report 1 is due before beginning the class. Presentation reviews are due on Wednesday 11:00pm following the presentation day.  
(7) Investment criteria & presentations for case 1  
Chapter 9 |
<p>| 8    | Oct 19   | EXAM 1, 90 minutes beginning at 7:05PM |</p>
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<tr>
<th>Week</th>
<th>Session</th>
<th>Activity</th>
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| 9    | Oct 26  | (8) Capital investment decisions  
Chapter 10  
Peer review for Case 1 is due before beginning the class |
| 10   | Nov 02  | Case report 2 is due before beginning the class. Presentation reviews are due on Wednesday 11:00pm following the presentation day.  
(9) Project analysis & presentations for case 2  
Chapter 11 |
| 11   | Nov 09  | Peer review for Case 2 is due before beginning the class.  
Assignment 3 with its review is due before beginning the class  
(10) Introduction to financial markets  
Chapter 12 |
| 12   | Nov 16  | Case report 3 is due before beginning the class. Presentation reviews are due on Wednesday 11:00pm following the presentation day.  
(11) Risk and return & presentations for case 3  
Chapter 13 |
| 13   | Nov 23  | Peer review for Case 3 is due before beginning the class.  
Assignment 4 and its correction are due before beginning the class  
(12) Cost of capital  
Chapter 14, 16 |
| 14   | Nov 30  | Case report 4 is due before beginning the class. Presentation reviews are due on Wednesday 11:00pm following the presentation day.  
(13) Financial derivatives and real option & presentations for case 4  
Chapter 24, 23 |
| 15   | Dec 07  | (14) Review and practice for the course material |
|      | Dec 08  | Group member evaluations are due. Peer review for Case 4 is due. |
|      | Dec 14  | EXAM 2, 90 minutes beginning at 7:05PM |
ASSESSMENT AND GRADING

SDSU Policy: According to the grading policy of the finance department, grades shall genuinely distinguish between high and low levels of academic achievement. Graduate grades shall be: A, superior performance; B, satisfactory performance; C, minimally passing; D, unacceptable for graduate degree credit and F, failing. The grade for average graduate achievement shall be B. Therefore, you will be graded on a curve, not on absolute scale.

Grade of this course is based on four assignments (10%), two in-class exams (50% = 25% exam 1 + 25% exam 2) + Case analysis reports (20 %) + Case presentation (10%) and participation in the class (10%).

# FOUR ASSIGNMENTS AND ASSIGNMENT REVIEWS (via Blackboard) 10%

Assignments will be given throughout the course. The assignments are done individually and each person reviews other peer’s assignment leaving comments over the answers. Although discussions with your classmates are highly encouraged, you must present your work that is original and is not merely a copy of your peers. The grade for each individual is determined through answers to problems and comments left to the peer’s answers. Half of an assignment’s grade will depend on the comments left by the student on the peer’s assignment. Make sure your peers submit the assignments with clearly stating your name as the reviewer. The grades of assignments are based on how much effort students made for answering problems and comments on the peer’s assignment.

Each assignment will be collected at the beginning of the class via Blackboard. You can scan your assignments, if you prefer to use pen and paper and submit the file. No late submission will be accepted. Do not leave the submission to the last minutes. The assignments will be checked for potential plagiarism. The assignments will not be returned to the students, but could be discussed with the lecturer during office hours. Please make sure you and your reviewer have your names on the file name (e.g. A3_john_smith_reviewed_by_joe_baker.pdf). I also strongly recommend students to submit the files in PDF format to avoid any issues that would corrupt the file’s view such as conflicts between Mac and PC.

# FIRST EXAM 25%

# SECOND EXAM 25%
Both exams are in-class and closed-book exams. You have to bring *green Scantron* answer sheets and please make sure you fill out all your information on the sheets. I also strongly recommend that you show your calculations in the exam booklet because you may receive partial marks. Correct answers for the problems that require showing calculations but does not have the calculations will receive half of the full grade. A non-programmable calculator is allowed. Exams will begin sharply 5 minutes after the allocated start time and last 90 minutes. I will provide you a formula sheet that contains all the required formulas in the exam and will upload it on Blackboard for practice.

# CLASS PARTICIPATION 10%

Participation assessment is based on the participation in class and group discussions and activities, and submitting the assignments, evaluations and cases on time (3%). Students are also required to actively post and participate on online course discussions and debates (2%). Students are encouraged to post their questions online, respond to their peer’s questions, actively post related news or interesting resources related to the course, debate and share their experience. The link for the online group is [https://www.thecn.com/2621279](https://www.thecn.com/2621279) and the code for registration will be posted on Blackboard. At the end of the semester, team members will send their evaluation on the performance of their teammates to the instructor not later than Dec 08 (5%).

It is not recommended for students to be absent during the case presentations. If a student cannot attend a presentation as a customer or presenter, the student should inform the instructor and the team members before.

Cases:

# CASE PRESENTATIONS AND PRESENTATION REVIEWS 10%

Each group has some presentations during the course in a consultant role which is evaluated by their peer group and the instructor. The evaluation will depend on how professionally the cases are analysed and presented by the group and the peer. Peer groups are also evaluated based on their questions and comments about the case and the presentation. The allocated peers and the presentation sequence for the groups will be announced on Blackboard.

Peer groups act as customers for the consulting group. Customer groups are not fixed to each group and their allocation will rotate during the semester. Instructor will act as a senior member of the customer group during the presentation. Instructor will address both the consultant and the customer group with his questions about the case.
Each presentation for each company is maximum 20 minutes, including questions and answers from customers. Consultants manage the time and decide about the presentation style. I recommend 15 minutes presentations and 5 minutes for questions. While all the team members are not required to present, they should be ready to respond to questions from the audience which is addressed to them. Time management is important for the presentations.

Each member of the customer group evaluates the quality of the presentations by filling out an online evaluation form not later than the Wednesday after the presentation. No late submission will be accepted. Only submissions through Blackboard are accepted.

While practice for presentations is optional, it is highly recommended. For practice, students can record and review their mock presentation before the class at their convenience by booking Room 63 in Media Center under the library’s glass dome. Students can also access the electronic version of the optional reference related to the presentation skills through the library’s website.

# CASE REPORTS AND REPORT REVIEWS (via Turnitin)

At the beginning of the presentation session, each student will submit an individual report for the case that her/his group has a presentation for. The report is maximum 4 pages (main part) with unlimited appendices. The report will be reviewed by one of the students who did not have a report due.

Although the case presentation and analysis are done in a group, the report is done individually by the students. For example, a group of four students should submit 4 individual reports. While individuals can use their group’s findings in their report, the main part (maximum 4 pages) of the report must be organized and written individually to reflect the individual’s opinion on the case. The main part of the report will be checked for potential plagiarism by Turnitin software and the instructor. It is student’s responsibility to make sure that all the citations are done properly in the main body of the report. However, the appendices can contain the results of the group work and may share common elements with the other reports.

The report will also be evaluated by the peer group members (from the customer’s point of view). Right after the class, the peer review process begins and the links become available. The review is returned to the instructor via Turnitin with the comments before the next session. Another part of the case grade for a student will depend on the quality of comments left by the student as a peer for the consultant report.
No late submission will be accepted. Only submissions through Blackboard’s Turnitin are accepted. Turnitin will automatically assign each reviewer a report and reviews are also submitted through Turnitin. Please make sure you keep the electronic receipt from Turnitin after submissions for future reference. You are not required to submit or email the receipt. If you are not familiar with Turnitin, or face any problems with Turnitin features, or have any other technical difficulties with Blackboard, please contact student help desk located in the Love library or call them at 619-594-3189 (http://library.sdsu.edu/scc).

Do not leave the submission for the report or the peer review to the last minutes. It is possible to face some unexpected problems in the last minute which would delay and cancel your submission (e.g. file format incompatibility, internet disconnection etc.). For example, I strongly recommend students to submit the files in PDF format to avoid file incompatibility issue which is a common problem. Remember in the real world also deadlines are strict and you do not leave your submissions to the last minute. Even if the system prompts that late submission is accepted, there is no option for late submission and you would not be able to upload files after the deadline. You have the option to change your submission before the deadline. However, if you plan to change your file multiple times before the deadline, notice that you should "save" and not "submit" your file. A saved file is not considered as a submitted file. You have to choose to submit before the deadline so that your saved case report would be considered in your grade.

# WITHIN GROUP EVALUATION

At the end of the semester, team members will send their evaluation on the performance of their teammates to the instructor no later than Dec 08 via Blackboard. Students will distribute 100 points among their peers. For example, in a team of 3 people with equal effort and performance of the members, each member has two peers and will allocate 50 points to each of his/her peers. The sum of all the grades allocated to the teammates will add up to 100. I strongly recommend that teams pick a team leader each time and rotate this position among themselves for each case to gain experience. I also recommend the team members to grade their peers fairly and only based on their contributions to the team.

Group evaluations posted by peers for each student has strong inflating (or deflating) effect on the case evaluations. For example, consider a student that received 80% of the grade for all the case reports and presentations. However, the group members have allocated total of 125% to the student’s performance in the group for the hard
work. Then, the student will receive a full grade (125%*80%=100%) for the case reports and presentations.

**TOTAL**

100%

*Note:* Only written memorandum-style requests (not e-mails) for re-arks of exams carefully explaining the reason will be accepted. A re-grade might result in a lower or higher grade. Please do not forget to bring your ID for the exams.

**SDSU POLICIES**

*Plagiarism:* Cheating and plagiarism are serious violations of academic standards and, if they occur in connection with an academic program at SDSU, may warrant academic sanctions (such as grade modification by the instructor) as well as disciplinary sanctions by the administration (such as probation, suspension, or expulsion, including an educational component such as an interactive learning program and/or a reflective paper). In order to coordinate information to permit appropriate disciplinary action for first-time and repeat offenders, Executive Order 1006 requires faculty members to file an academic dishonesty report describing violations with the Center for Student Rights and Responsibilities. Refer to Policy File for additional details (Academics: Cheating and Plagiarism). SDSU library has tutorial for plagiarism which would help you test your knowledge on the subject ([http://library.sdsu.edu/guides/tutorial.php?id=28](http://library.sdsu.edu/guides/tutorial.php?id=28)). Examples of plagiarism are representing parts of your group member’s written report as your own work, or failing to cite your references properly.

*Students with disability:* If you are a student with a disability and believe you will need accommodations for this class, please contact Student Disability Services at (619) 594-6473. To avoid any delay in the receipt of your accommodations, you should contact Student Disability Services as soon as possible. Please note that accommodations are not retroactive, and that I cannot provide accommodations based upon disability until I have received an accommodation letter from Student Disability Services. Your cooperation is appreciated.

*Religious holidays:* By the end of the second week of classes, students should notify the instructors of affected courses of planned absences for religious observances. Please notify me in a timely manner and a reasonable accommodation will be reached.

Additional policies governing academic issues which affect students can be found in the SDSU Senate Policy File (July 2014, [http://fa.sdsu.edu/documents/Policy%20File.pdf](http://fa.sdsu.edu/documents/Policy%20File.pdf)).
CLASSROOM POLICIES

If you could not register officially for this course or you do not meet the pre-requisites of the course and you have strong reasons for crashing the course, please contact and seek the approval from the chair of the finance department. After receiving the approval, please contact me to arrange your registration in the course and I will also need a copy of your unofficial transcript.

It is strongly advised that students punctually attend each class. Textbooks, references and power point slides cannot substitute the teaching/learning activities in class. In unavoidable situations such as a job interview, it is recommended that a student notify to the instructor in advance. In addition, students shall submit assignments on time. Be aware that maintaining a strong sense of delivery is a good quality as a financial analyst. However, in an event out of a student’s control, it is recommended that a student report to the instructor in advance. Finally, plagiarism will not be tolerated in this course.

No late submissions are accepted. Therefore, students are advised to submit their work well before the deadline to avoid inconvenience.

Team work: You have a very high chance of reducing the course load, if you practice to work in groups.

This is important especially about the cases: If you split the labor among the team members, cases are easy to complete during the time available. Cases are hard to do individually since they require lots of analysis. Cases also require you to look at them from different perspectives which only can be accomplished through team work. For example, one member can run ratio analysis, while another member runs pro forma statements and the third person looks at the business and its environment. After all the discussions, individuals only spend time on their own to write the 4 pages report and support their arguments in the report with the tables and information produced by the teamwork at the appendices.

If any team members work individually, they will risk their grade because they may receive a bad grade from their team members. Unfortunately, the worst case scenario is a lose-lose condition where a team has all the members working individually. As an example for “within group evaluation”, if John, Joe, and Jack are in the same team, John decides about allocating 100 points to Joe and Jack. If they have contributed equally, each would receive 50 points from John adding up to 100. Joe and Jack also will allocate a grade similarly. However, if John believes that Joe did not contribute, Joe receives very low mark. Given a low mark allocated to Joe by Jack, Joe will lose part of his grades for
all the reports, presentation, and participation, because it signals that he was not contributing to the group.

Some students are busy and cannot meet regularly. Therefore, I recommend the following strategies:

- You can share your work by collaborating on documents using websites such as Google Docs, Google Drive, Dropbox, etc.
- Try to communicate and learn from other groups about their group management techniques.
- If you cannot meet in person with the members, you can meet virtually using software such as Google Hangouts, Skype, and other chat software.
- Your team leader can divide the labor.
- In the case that some members are not capable of doing some tasks, you can provide them with alternate tasks to contribute.
- Be fair: try not to do free-riding on other group members because they will reflect your contributions in the grade that they allocate to you.

**Code of Professional Conduct in the Classroom**

In preparing our students for careers in business, government, and non-profit organizations, it is essential that we strive for the highest levels of professionalism. Central to that objective is the development of a respectful and professional atmosphere in and around the classroom. It is expected that both students and professors will treat each other as well as visitors to the Faculty with respect and consideration. In order to foster such an environment, the following is expected of all parties:

**Communal Responsibilities:**

- **Classroom Preparation**: Students and professors must come to class prepared for that day’s topic and ready to engage themselves.
- **Timeliness**: Both students and professors should arrive before the official start of class, such that the professor then begins class on time. It is the responsibility of the professor to then end class on time, thus not causing students to be late for their next class.
- **Food**: Individuals should be discreet in the bringing of food into the classroom, and it is the responsibility of each person to properly dispose of any waste they may create so as not to detract from the development of a professional atmosphere.

**Professor Responsibilities:**

The instructor (i.e., professor, lecturer, or graduate teaching associate) shall be in charge of the class and shall be responsible for its discipline and grading. The instructor shall...
provide and follow a syllabus, shall maintain an atmosphere conducive to learning, and
shall administer examinations and other exercises to determine the level of student
attainment in a manner reasonably calculated to minimize the possibility of dishonest
work. Grading practices shall meet the highest professional standards of objectivity,
fairness, and accuracy, and testing procedures shall be designed to reasonably determine
student attainments in the course’s subject matter.

- **Class Cancellation**: If a professor cancels a class, he/she must reschedule it with proper
notice to all students. The Area Coordinator and Associate Dean Academic should be
notified of such cancellations.
- **Returning Assignments**: Assuming their assignments are turned in on time, students are
entitled to have their coursework returned within a reasonable amount of time and be
provided with appropriate feedback.
- **Final Grade Submission**: Professors are required to submit final grades in accordance with
university-designated deadlines. Professors may not distribute or post grades in a way that
allows anyone other than the individual student to access them.

**Student Responsibilities:**

The student shall cooperate with the instructor and fellow students in maintaining an
atmosphere conducive to learning. The student shall be courteous to faculty and fellow
students and shall be scrupulously careful to adhere to the highest standards of academic
honesty.

- **Electronics**: Electronics should only be used in support of the classroom experience.
Towards this end, the following policies hold: Cell phones/blackberries should be turned
completely “Off” (Using the “Silent” mode is not sufficient). At no time should someone
during the course of the class engage in making/receiving phone calls, sending/receiving
SMS’s/emails, using cameras, or surfing the internet with such devices. The use of
computers is at the discretion of the professor, and should be made clear by him/her. If they
are allowed, they should only be used to support that day’s material (i.e., taking notes, using
the web as directed by the professor). Checking email, surfing the web for non-class related
topics, chatting on the net, or working on other projects are not acceptable forms of behavior.
All other forms of electronics (i-pods, MP3 players, PDAs, etc.), should also be maintained
in the “Off” position.
- **Newspapers/Other Material**: No one should be reading newspapers or other material not
related to that day’s class.
- **Leaving Class**: Students should not be walking in and out of class in a manner disturbing
other students, the instructor, or the learning process.