CASE STUDIES IN FINANCE

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Course Description and Objectives
Using the case method, Fin 653 brings financial management decisions from the business world to the classroom. The case method helps students develop decision-making skills in unstructured, uncertain, and complex situations. The assigned cases cover a broad range of financial analysis with an emphasis on strategic valuations (mergers, acquisitions, and restructurings) and corporate financial strategy. The course is integrative in nature, with special attention to the integration of theory and managerial judgment.

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.

Fin 653 contributes to these goals through the student learning outcomes listed below:

Student Learning Outcomes
At the end of this course students should be able to:
- Calculate capital budgeting and resource allocation.
- Describe and explain the management of corporate capital structure.
- Evaluate corporate projects using scenario, sensitivity, and simulation analysis.
- Analyze corporate acquisition, and value enterprise, form of payment, and form of financing.
- Apply option pricing theory to project valuation.

Textbook and Materials
- Lecture Notes

Class Format
Classes are divided between presentation and lecture/discussion sessions with emphasis on case presentations. The primary focus of presentation sessions is the analysis and discussion of a case. The focus of lecture/discussion sessions is to review, expand on, or introduce relevant topics.
**Student Disability**

If you are a student with a disability and believe you will need accommodations for this class, it is your responsibility to 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 accommodations based upon disability cannot be provided until you have presented your instructor with an accommodation letter from Student Disability Services. Your cooperation is appreciated.

**Administrative Notes**

**Grading.** Letter grades will be assigned to each student at the end of the course. Grades shall generally follow the following guideline: A, superior performance; B, satisfactory performance; C, minimally passing; D, unacceptable for graduate degree credit and F, failing. Grade components are weighted as shown below.

- 40% group case presentation
- 30% individual case presentation
- 20% participation
- 10% attendance

**Attendance and Participation.** Most of the learning from your case assignments takes place in the dynamic atmosphere of the case presentation and the ensuing discussion. Accordingly, attendance at case-presentation sessions is required.

**Consultation.** I will be glad to help you with any questions of a general nature that pertain to this course and your cases. However, you should be aware that I will not address certain types of case-specific questions. I will not, for example, give advice on the best approach to a case, nor will I pre-approve any assumptions your group may be considering or attempt to resolve any ambiguities in the cases.

**Computer Files.** Spreadsheet files for many of your cases are available for download at the Bruner text website.

**Risk Analysis.** Risk analysis is an essential part of all financial analysis. You are expected to use risk-analysis techniques to test the robustness of your results to reasonable variations in key underlying assumptions. In the modern business world, point estimates of important decision variables are seldom sufficient. A reasonable range of values is required. A particular requirement of this course is that simulation be one of the risk analysis techniques used in every case solution.

**Current Events.** Students are expected to come to class prepared to discuss current events related to domestic and international finance.
Case Presentations

No later than 24 hours before class, the Individual Presenter or Presentation Group will provide the case solution to the Instructor via email attachment. All presentation and supporting spreadsheet files will be provided at this time.

The Presenter will come to class prepared to present the assigned case. At the beginning of class, the Presenter will provide a paper copy of the presentation to the instructor and each member of the class. The Presenter will assume the role of a team of outside consultants who have been hired by the Company (class) to present independent recommendations and a solution to the problem at hand. All of the assumptions necessary to solve the case should be collected together and displayed to the class. The Presenter will have 30 - 45 minutes in which to make their formal presentation. With the exception of an occasional need for clarification, the Presenter will be uninterrupted during their presentation. After the Presenter has finished, the Company will become involved in an unrestricted question and answer session.

It is important to limit presentation time to 30 - 45 minutes to allow sufficient time for class discussion and my concluding comments. As a general guideline, we will allow 30 - 45 minutes for the presentation, 20-25 minutes for the question and answer session, and 5-10 minutes for my concluding comments.

I will generally limit my closing comments to one or more of the following topics.

- Approach to the case and reasonableness of assumptions
- Were the Group’s solution and conclusions generally consistent with their approach and assumptions?
- Relevant generalizations or extensions
- Historical outcome of the case (if available)

A typical request at the end of a case discussion is – “What is the answer?” The case method does not provide “The Answer”. Unlike deterministic end-of-chapter problems, cases are complex statements of real-world situations and they will invariably have multiple variable answers. In spite of the apparent precision of our quantitative models, financial analysis is not an exact science. Different sets of assumptions will produce different answers, even if the same analytical models are used. Qualitative issues will often be important, and different interpretations of qualitative issues can reasonably be drawn and defended. A good case begins the questioning process, not ends it. In the final analysis, what any one person would have done – or even what actually happened – are not as significant for this course. What is important is that you know what you would have done in a specific situation. Ultimately, in the case method, the question, not the answer is the key to effective learning.
Case Evaluation

The following factors will be used to evaluate individual and group case presentations:

- Overview
- Identification of Key Assumptions
- Justification of Assumptions
- Organization
- Quantitative Analysis of Uncertainty
- Defense
- Credibility
- Presentation of Results
- Summary
- Overall Quality of the Presentation

Schedule for Fin653, Fall 2014

Thursday, August 28th  Organization Session; Valuation
Thursday, September 4th  Capital Structure; Financial Analysis; Case Assignments
Thursday, September 11th  Cost of Capital; Leases & Options; Mergers & Acquisitions
Thursday, September 18th  Individual Case Presentations #1 and #2
Thursday, September 25th  Individual Case Presentations #3 and #4
Thursday, October 2nd  Individual Case Presentations #5 and #6
Thursday, October 9th  Individual Case Presentations #7 and #8
Thursday, October 16th  Current Events Discussion and Lecture
Thursday, October 23rd  Individual Case Presentations #9 and #10
Thursday, October 30th  Individual Case Presentations #11 and #12
Thursday, November 6th  Individual Case Presentations #13 and #14
Thursday, November 13th  Group Presentations #1 and #2
Thursday, November 20th  Group Presentations #3 and #4
Thursday, November 27th  THANKSGIVING
Thursday, December 4th  Group Presentation #5