Finance 3300: Intermediate Corporate Finance (“Making Good Business Decisions”)

INSTRUCTOR

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CLASS MEETING TIMES

Section 0004: Tuesdays & Thursdays from 9:30 – 10:45 (301 Van Allen)

Section 0003: Tuesdays & Thursdays from 3:30 – 4:45 (S207 Pappajohn)

OFFICE HOURS

My office hours will be on Wednesday from 1:00 – 3:00 in conference room S364

Teaching Assistant Andrew Merkle’s office hours will be on Monday from 9:00 – 10:30 in room S249 PBB

Teaching Assistant Olamide Sunmola’s office hours will be on Friday from 12:00 – 1:30 in room S249 PBB

COURSE SITE

To access the course site, log into Iowa Courses Online (ICON) (https://icon.uiowa.edu/index.shtml) using your Hawk ID and password.

ACADEMIC COURSE HOME

Department of Finance, https://tippie.uiowa.edu/finance

Department Executive Officer: Erik Lie, (319)335-0846, Erik-Lie@uiowa.edu

PROGRAM GOALS

The Tippie College of Business Undergraduate Program has learning goals that drive decisions about curriculum and assignments within courses.

Program Goal 1: Graduates will use analytical, creative and collaborative approaches to solving complex, ambiguous problems

Program Goal 2: Graduates will demonstrate effective written, spoken and visual communication

Program Goal 3: Graduates will obtain global awareness and understanding

Program Goal 4: Graduates will demonstrate ethical reasoning

Program Goal 5: Graduates will obtain professional preparation.

COURSE DESCRIPTION AND GOALS

This course is designed to help students develop the necessary financial concept knowledge, judgement/problem solving abilities, and communication skills necessary to be successful in their chosen finance career. This class will feature extensive real-world learning applications including case studies, in-class activity-based problems, current event articles/discussions, and experience applying judgment in complex actual business situations. This course will also place a heavy emphasis on developing effective written communication and data visualization skills in the context of presenting financial analysis and recommendations, which is an essential skill required to be successful in virtually all Finance careers.

This course has 6 primary learning objectives:

Learning Objective #1: Develop a strong foundational knowledge of the most critical finance concepts such as risk/return trade-off and time value of money. Understand the "why" behind key finance concepts so that you can apply them effectively in real world situations.

Learning Objective #2: Analyze the overall performance of a company by effectively analyzing financial statements and performing insightful ratio analysis and operational leverage analysis

Learning Objective #3: Develop, analyze, and effectively present a financial analysis that determines if a company should invest in a specific business opportunity or not (NPV analysis). This learning objective includes how to develop effective driver-based financial models in Excel and how to effectively communicate via business memo writing and data visualization.

Learning Objective #4: Understand key principles of mergers and acquisitions, including potential synergy values from mergers, how merger prices are determined/negotiated, and risks/challenges associated with completing a merger or acquisition successfully.

Learning Objective #5: Understand a company's major cash flow management considerations including 1) how a company funds its operations by using debt or equity 2) how a company maximizes operational cash flow by managing working capital effective and 3) how a company most effectively rewards their shareholders via dividends and/or share buybacks.

Learning Objective #6: Understand how human behavioral biases can impact key decisions, understand how to tailor your analysis/recommendation to different workstyles, and gain experience applying judgment in challenging real-world leadership, business management and ethical situations.

The image below visually represents the key learning opportunities in the course:

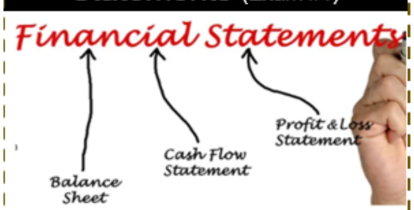
Develop Business Communication Skills (Writing & Data Visualization)

Build Driver-based Financial Models in Excel

Make Business Judgement Decisions in Ambiguous Situations

Gain Practical Career Perspective (Resume, Interviewing, Career Paths)

Analyzing Financial Statements (Exam #1)



- **Key Financial Concepts**
  - Risk vs. return trade-off decisions
  - Time value of money principles
- **Financial Statement Overview**
  - Accrual accounting principles and its impact on the 3 Financial Stmts. (F/S)
  - Information contained in each F/S
  - Transaction flows between the F/S
  - Strengths and limitations of each F/S
- **Analyzing Financial Statements**
  - Key financial ratio analysis
  - Operational leverage analysis
  - Contextual financial analysis

Evaluating Investment Opportunities (Exam #2)

- **Evaluating internal "organic" growth opportunities** via a Net Present Value cash flow analysis
  - Weighted Average Cost of Capital
  - NPV / IRR / Payback Calculations
  - Cash Flow Forecasting
- **Evaluating external "inorganic" growth opportunities:** Mergers & Acquisitions (M&A)
  - M&A Value Drivers
  - M&A Process Timeline
  - M&A Valuation Approaches

Strategically Manage Cash Flow Cycle (Exam #3)

- **Raising Capital:** Deciding When to Use Debt vs. Equity
  - Key Debt vs. Equity Attributes
  - Implications of Financial Leverage (strategic use of debt)
- **Managing Short-term Cash**
  - Cash Conversion Cycle
- **Capital Allocation: Optimal Use of Cash to Create Value**
  - Deciding how to reinvest cash in the business and/or return the cash directly to shareholders
- **Behavioral Finance**
  - Why decisions may not be rational

MEDIA/SYSTEM REQUIREMENTS

Technical requirements for completing this class include:

- Student-provided personal computer with reliable Internet access.
- Please plan to bring your personal computer to class each day, as we will often be using the computer for interactive class activities.
- The latest version of Adobe Reader and Microsoft Silverlight Player may need to be installed on your computer in order to access the ICON course materials
- If you need assistive technologies that has different computer and technology requirements, then you will be responsible for making those arrangements. Please check with Student Disability Services: (https://sds.studentlife.uiowa.edu) to determine the requirements for specific technologies and for assistance if necessary.

TEXTBOOK/MATERIALS (BOOK OPTIONAL)

Top Hat will be used extensively in this course to help facilitate learning and class engagement. Please ensure you have a version of Top Hat Pro ready and available for the class each day. The cost for Top Hat is $8 per license, and you only need one license for all of your courses at Iowa.

The optional textbook(s) for this course will be:

- CFIN 7th Edition
- ISBN: 9780357515150
- Authors: Scott Besley & Eugene Brigham
- Cost: $59

GRADING CRITERIA

The course grade will be based on a combination of exams, case studies, homework assignments and class engagement as noted in the table below.

The course content has been designed with the goal of getting a grade distribution that is in-line with the recommended grade distribution for a required course at the University of Iowa (30% A, 40% B, 25% C, 5% D). Your final grade will be based on the percentage of points earned relative to the potential ~725 points. I do not expect to use a curve of any type for this class. The specific grading scale for this course is as follows:

Activity	Points	% Total
Exam #1	125	17%
Exam #2	125	17%
Exam #3	125	17%
Total Exam	**375**	**52%**
Case Study #1: Building Financial Statements	20	3%
Case Study #2: Project NPV Analysis	75	10%
Case Study #3: Business Analysis & Forecasting	75	10%
Total Case Study	**170**	**23%**
Small Group Projects	50	7%
Total Small Group Project	**50**	**7%**
Homework	80	11%
Total Homework	**80**	**11%**
Class Engagement	50	7%
Total Class Engagement	**50**	**7%**
Total Class Points	**725**	**100%**

Grade	% Range
A+	97.50%+
A	92.50% - 97.49%
A-	90.00% - 92.49%
B+	87.50% - 89.99%
B	82.50% - 87.49%
B-	80.00% - 82.49%
C+	77.50% - 79.99%
C	72.50% - 77.49%
C-	70.00% - 72.49%
D+	67.50% - 69.99%
D	62.50% - 67.49%
D-	60.00% - 62.49%
F	<60%

COURSE WORK

Exams (3)

There will be 3 exams during the course. The third "final exam" will be partially cumulative on earlier materials in the course (approximately 30% of the final exam will be cumulative material). All exams will be taken in the classroom during normal class hours using the ICON on-line testing functionality. The vast majority of exam questions will be multiple choice, with an occasional quantitative number solution. Students may bring in one 8.5 by 11.0 inch hard copy document (both sides) with notes to use during each actual exam. Each student must bring in their own individual document, which cannot be shared with other students during the exam.

Case Studies (3)

This course will contain three case studies. The case studies are designed to provide students with experience truly understanding how financial statements are developed, analyzing business trends, developing cash flow projections and making specific business recommendations to senior executives. These case studies will also be used to help students gain extensive experience communicating effectively via business writing and data visualization. The communications component will be 60% of the overall grade for case study #2 and case study #3. There is no communications component to case study #1. Please note, it may take up to ~2 weeks to complete grading for case study #2 and #3 submissions (due to the extensive time required to grade the communications components.)

Homework (Pre-Class & Post-Class)

This course will include three separate homework components.

The first homework component will be a pre-class video review/quiz. I believe that a student's in-class learning experience is much better if they have a solid foundational knowledge of the material being covered, instead of hearing material for the first time in class. The pre-class videos will typically be 10-20 minutes long and be associated with a short ICON quiz of 3-5 questions. These videos will cover the most basic and fundamental concepts to be discussed in the upcoming class session.

The second homework component will be more traditional post class homework assignments that are assigned after the material is covered in class. These post-class homework assignments will most commonly be more complex multiple-choice questions that require the student to apply the concepts learned in class.

The third homework assignment will be in-class group-based activities. Those group projects will typically be due by 11:59 p.m. on the day of the in-class group activity work. Students who are not present in-class for the group activity will need to submit their own individual work for the assignment by the same due date as the normal group deliverable due date.

Students will be allowed two attempts on both the pre-class and post-class homework assignment, and only the highest score will count toward the grade. There will be one submission for the class-based mini case studies or problems.

Class Engagement (Every Class)

The class engagement grade considers multiple factors such as frequency of class attendance, in-class professionalism, on-time submissions for case study/homework deliverables, and active participation in class discussions and activities. The primary quantitative measurement for class engagement will be participation in the Top Hat based questions in class. We will be using Top Hat in the majority of classes during the semester.

Please note, certain sessions of the class will be designated as counting 5 points towards the overall 50 point class engagement score. Any guest speaker day will automatically have 5 class engagement points associated with in-person class attendance that day. Any additional dates with 5 points for attendance will be communicated in advance to the class.

HOW TO GET HELP

Tutoring

Tippie and the University offers tutoring and other resources to help you succeed in this and your other courses. For more information, please visit Academic Support and Tutoring (https://tippie.uiowa.edu/current-students/undergraduates/academics/advising/academic-support-and-tutoring).

Tippie Career Services

Tippie Undergraduate Career Services provides students with personalized career support, regularly updated internship and job leads, and other useful career information. Additional information and access to services can be found at https://students.tippie.uiowa.edu/tippie-resources/career-services/undergraduate-career-services.

COURSE-SPECIFIC POLICIES AND GUIDELINES

Communications: Students will receive any course updates via a distribution list email to their official university of Iowa email accounts through the "Course Announcements" function in ICON. The best method to reach me in writing is to email me at michael-maccourt@uiowa.edu. Students can expect to receive responses to email inquiries within 24-48 hours. I am also available before or after class, during office hours, or by appointment for in-person discussions. Privacy considerations, such as federal law, may apply when using an address other than the standard University e-mail address.

Exams: Students are expected to take all 3 exams in the physical classroom at the regularly scheduled time using the on-line ICON exam tool. Students will need to bring their personal computer to each exam in order to take the test. Students may also bring one hardcopy 8.5 by 11.0 inch document (both sides) with notes relevant to the exam. Two screen shots are allowed in total on this notes document. Please reach out to me directly in-person if you need an exception to the standard exam timing. Any exceptions to the standard exam timing will need to be approved at least one week in advance and should only be for extraordinary circumstances. All exams are 100% individual work.

Class Attendance: My belief is that in-class attendance will be critical for students to realize the full learning opportunity of the course. I also believe we have a shared responsibility to make our in-class sessions meaningful and interesting through course design and effective content communication (me) and through meaningful pre-class preparation and active engagement during class (students). Class attendance is also a significant component of the "class engagement" grade component. However, I do understand that unforeseen conflicts may occasionally arise that result in missed classes. Students do not need to notify me of why they are missing an individual class unless they wish to do so. Please do reach out to me directly if you expect to miss courses over any sustained period of time.

Late Work: Completing activities by an established deadline, for both small and large activities, is an incredibly important aspect of being a successful professional. I view this course as an excellent opportunity to build the time management and organizational skills needed to consistently hit key deadlines.

The grading penalties for late work submissions will be as follows:

- Pre-Class Quizzes: Must be submitted by due date to receive any credit (automatic 0% if not completed before the due date)
- Post-class homework assignments: 50% point reduction for each day it is late (0 points for more than 1 day late)
- Case Studies: 50% reduction if not completed by the due date. 100% reduction if assignment isn't complete within one week of the original due date.

Inclement Weather: There may be weather (or other emergency) events that prevent us from meeting in-person for class. If that happens, we will use one of the following methods to replace the normal in-class session: 1) Holding an online version of the class (i.e., via Zoom)– you will receive an email invitation to join the session remotely from a computer with an internet connection 2) using recorded videos and presenting other materials to you through ICON so we can cover the course materials asynchronously.

Class Recording Policy: Pre-course lecture videos will be recorded and posted to ICON for many of the course sessions. These videos will cover the most fundamental topics covered in each class. These videos will also be available for review post-class, which should help students keep up with some course material if you do miss a class or would simply like to review the course material again. I will not be posting any videos to ICON of the actual classroom based lectures, as much of our in-class work will be discussion and/or case study based work that doesn't translate well into a useful recorded learning video for students.

COLLEGIATE AND UNIVERSITY POLICIES AND GUIDELINES

The administrative home of this course is the Tippie College of Business, which governs academic matters relating to the course such as the add/drop deadlines, the second-grade-only option, issues concerning academic misconduct, and how credits are applied for various graduation requirements. Different colleges might have different policies.

The Tippie College of Business is committed to providing students with a diverse, inclusive, and equitable environment in which to pursue their educations. In addition, Students at Tippie adhere to an honor code that emphasizes the importance of honesty and integrity. Student concerns about this class or your performance in it can be discussed with the instructor or the Associate Dean for Undergraduate Programs. More details about these and other policies are available on the Tippie website.

The University of Iowa is committed to the protection of freedom of speech and the principles of academic and artistic freedom, to accommodating students with disabilities, and to accommodating absences due to religious holidays. In addition, students are expected to comply with the University's Code of Student Life. The University is also committed to non-discrimination and prohibits all forms of sexual harassment, sexual misconduct, and related retaliation. The University also provides resources for student mental health as well as for the basic needs and support of students. More information about these and other policies can be found on the Provost's Office's website.

COURSE CALENDAR

Week	Date	Topics Covered	Case Study Due Dates
1	21-Jan	Course Overview / Getting to Know Each Other	
1	23-Jan	Risk vs. Return Trade-off Decisions	
2	28-Jan	Time Value of Money	
2	30-Jan	Analyzing Financial Statements - Accrual Accounting, Management Estimates	
3	4-Feb	Analyzing Financial Statements - Income Statement, Balance Sheet, Statement of Cash Flows	
3	6-Feb	Analyzing Financial Statements - Transaction Flows Between Financial Statements	
4	11-Feb	**Case Study #1 Kick-off** and Class Working Session - Building Financial Statements	
4	13-Feb	Analyzing Financial Statements - Ratio Analysis	**CS #1 Due Mon, Feb 17 @ 11:59 pm**
5	18-Feb	Analyzing Financial Statements - Operational Leverage Analysis	
5	20-Feb	Developing Contextual Financial Analysis & Exam #1 Review Session	
6	25-Feb	**Guest Speaker #1:** Career Options in Corporate Finance / Starting Your Career Successfully	
6	**27-Feb**	**Exam #1**	
7	4-Mar	Financial Valuation Techniques - NPV, IRR, Payback & Excel Model Design Best Practices	
7	6-Mar	Cash Flow Analysis Overivew / Determining the Discount Rate	
8	11-Mar	Estimating Project Cash Flows	
8	13-Mar	Communications Training / **Case Study #2 Kick-off** and Class Working Session: Project NPV Analysis	
	18-Mar	Spring Break	
	20-Mar	Spring Break	
9	25-Mar	Mergers & Acquisitions - M&A Value Drivers and Process Timeline	
9	27-Mar	Mergers & Acquisitions - Relative Valuation	**CS #2 Due Mon, Mar 31 @ 11:59 pm**
10	1-Apr	Mergers & Acquisitions - Summary Valuation Approaches	
10	3-Apr	**Guest Speaker #2:** Real-world M&A Transaction Perspective	
11	8-Apr	Exam #2 Review Session	
11	**10-Apr**	**Exam #2**	
12	15-Apr	**Case Study #3 Kick-off** and Class Working Session - Business Analysis & Forecasting	
12	17-Apr	Raising New Capital - Debt vs. Equity Attributes	
13	22-Apr	Financial Leverage - Impact of Using Debt vs. Equity	
13	24-Apr	Operational Cash Conversion Cycle	**CS #3 Due Mon, Apr 28 @ 11:59 p.m.**
14	29-Apr	Returning Value to Shareholders - Dividends vs. Share Repurchases	
14	1-May	**Guest Speaker #3:** General Career Perspective, Finance Certification Options	
15	6-May	Exam #3 Review Session	
15	8-May	Behavioral Finance / Career Perspective	
16	**May 12 - 16**	**Exam #3 (Final Exam - 70% New Material, 30% Cumulative)**	