

DOMINICAN UNIVERSITY
Brennan School of Business
GSB 625 – Financial Decision Making
W 6:30 – 9:30 pm
Spring 2017 (DRAFT)

Instructor	Wenlian Gao
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Office Hours	W 5:30-6:20pm, MW 12:30-1:20pm, & by appointment
Prerequisites	GSB615 – Financial Management (or the equivalent)

Textbooks & Supplements

1. Required Text: *Financial Management: Theory & Practice* by Brigham & Ehrhardt, 15th Edition, Cengage Learning: ISBN-13: 978-1111972219. You may rent this book.
2. It is expected that all students will bring a calculator such as a TI BAI Plus to the class.

Course Description

This course is intended to provide students with an overview of advanced topics in financial decision making with particular emphasis on capital structure decisions and dividend policy, corporate valuation, working capital management, international financial management, mergers and acquisitions, and risk management. The focus of the course is on how to apply financial theories and mathematical techniques to advance the strategic goals of corporations. Tables, practical business applications and case studies will be extensively used to explain how complicated fundamentals “work” in practice.

The course will be presented as a mixture of lecture and discussion. Supplementary articles from newspaper or magazines will be introduced periodically in an effort to acquaint students with the opinions of professional financial managers as well as academics on the use of different techniques used to analyze various investments. By the end of the semester, I hope that students gain a general appreciation and understanding of financial principles that can subsequently be applied toward their professional careers and personal investment decisions.

Learning Objectives

The general objective is to empower students to intelligently argue about corporate financial issues while being competent to make decisions under constraints. By the end of the semester, you should be able to:

- Apply and develop capital investment techniques under uncertainty to evaluate corporate projects and capital budgeting practices.
- Assess the conditions of feasibility for an initial public offering and the conditions of going private.
- Understand key factors that influence corporate decisions to purchase stocks, outstanding debt, or return cash to shareholders.
- Analyze the effects of a change in capital structure on the value of a firm.
- Estimate the working capital requirements of a firm and analyze the impact of specific accounts on capital requirements.
- Apply valuation techniques (e.g., discounted cash flow, market multiple analyses) to analyze advanced financial topics (e.g., mergers, divestitures, leverage buyouts).
- Assess a firm's likelihood of going bankrupt and review the reorganization and liquidation process of bankruptcy.

Course Requirements

There will be two midterm exams and one final exam. The exam schedule is as follows:

Exams	2x20%=40%
Homework assignments	15%
Online quizzes	15%
Projects	20%
<u>Discussion Board participation</u>	<u>10%</u>
Total	100%

Exams: Exams will consist of multiple choice, short answers, and problems. The exam is provided as a take home. Students may not consult with each other or solicit help from anyone. No substitute exams will be administered without prior notification and instructor consent.

You must have a valid excuse to miss any of the exams and to take a makeup exam. If you do not have a valid excuse for missing an exam, it will count as a zero. In order to be excused from an exam, the student must contact me before the exam. In most cases, I will require students to provide me with additional documentation to justify why the student is unable to take the exam. Please note that a simple note indicating that you were seen at the health center the day of the exam does not, in and of itself, provide sufficient documentation. Excuses will be granted if the student is unable to take the exam because of serious illness or injury, or a significant personal or professional commitment.

Homework Assignments: Homework will be assigned for in-class teaching topics. Homework assignments should be submitted in a clear and legible manner (typed where appropriate). If you work with others on homework, your completion of the assignments must be yours alone. That is, each homework assignment must be, and must appear to be, the work of a single individual. For example, using a copy of another person's

spreadsheet is unacceptable. Detailed solution is required. If the final answer is given without any detailed work, then no credit can be earned.

Assignments are due at the beginning of the indicated class session, unless otherwise noted. You can turn something in late, but there is a late fee, generally 20% off the top each day you're late. That means if you're one day late, the best score you can earn is 80%. Two days late, 60%. And so on.

Online Quizzes: Online quizzes are assigned for online learning topics. You need to review power point slides, read the referenced chapters/assigned articles, and watch videos to answer the questions. You are allowed to have two attempts for each question on the quiz.

Projects: The project is a way of practicing your business thinking skills, your oral presentation skills and your writing skills. There will be three projects. These are team work. Each team consists of 2 students. You are allowed to select your own group members. You must form your group and inform me by the end of class on Jan. 25th, 2017. Team member will get the same grade.

The first two projects are case problems. Each team should submit one copy of your project. For the third project, you are required to do a short 10 to 15 minute in class presentation. You may choose any firm in which you are interested and examine the firm's management from an aspect we discussed in class, such as its merger decisions, capital structure policies, and international expansion etc.

Attendance & Participation: Students are expected to come to class on time and participate in discussions. Regular attendance is essential to performing well in this class and to assess attendance, short assignments will be administered during class.

Grading: Final Letter Grades will be determined by the following grading-scale table. The instructor reserves the right to adjust the scale depending on overall class performance. Make-up or extra work to improve your grade is not allowed. The final grade in this course, once assigned, will not be changed, except in the event of a grading error.

Final Course Letter Grade	Final Course Grade
A	$\geq 94\%$
A-	$\geq 90\%$ but $< 94\%$
B+	$\geq 87\%$ but $< 90\%$
B	$\geq 83\%$ but $< 87\%$
B-	$\geq 80\%$ but $< 83\%$
C+	$\geq 77\%$ but $< 80\%$
C	$\geq 73\%$ but $< 77\%$
C-	$\geq 70\%$ but $< 73\%$
D	$\geq 60\%$ but $< 70\%$

F	<60%
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Suggestions for Success in a Finance Course

To increase the likelihood of success, each student should realize that this course can be very rigorous and requires assignments. Although the responsibility for learning rests upon the student, I am always available and happy to provide assistance. Below are some of my suggestions to help the students get successful.

1. Attend class regularly: If you have to miss a class, download the lecture notes from Canvas and borrow notes from your classmates.
2. Study regularly: The structure of this class makes your individual study and preparation outside class extremely important. The lecture material will focus on the major points introduced in the text. Reading the assigned chapters and having some familiarity with them before class will greatly assist your understanding of the lecture. After the lecture, you should study your notes and the review questions for each chapter.
3. Personal Scheduling: 6 – 10 hours per week on this course.
4. Communication: Check email and Du Canvas on a regular basis. All handouts and class material for GSB625 are located on **Canvas**. You can download all the materials from there. It will include the course outline, class handouts, lecture notes, problem solutions, exam reviews, office hours, and exam schedule. As the semester continues, the resources available in **Canvas** will expand.
5. Students should keep current with developments in international and domestic finance, the international political environment and the operations of multi-national enterprises. Good sources of information are the daily editions of the Wall Street Journal, The Financial Times – www.ft.com – and the New York Times – www.nytimes.com -. A comprehensive weekly source is The Economist – www.economist.com

Academic Integrity

We, the scholars of Dominican University, recognize the importance of personal integrity in all aspects of life and work. We commit ourselves to truthfulness, honor, and responsibility by which we earn the respect of others. We support the development of good character in our academic community, and commit to uphold the highest standards of academic integrity as an important aspect of personal integrity. All University policies are in effect as described in the Academic Dishonesty/Misconduct section of the current catalog. All your work must be your own unless collaboration has been authorized. If collaboration is authorized, you must acknowledge the collaboration in writing. Your grade will be based in large part on the originality of your ideas and your written presentation of these ideas.

Plagiarism is intellectual theft. It means use of the intellectual creations of another without proper attribution. Plagiarism may take two main forms, which are clearly related:

1. To steal or pass off as one's own the ideas or words, images or other creative works of another, and

2. To use a creative production without crediting the source, even if only minimal information is available to identify it for citation.

Credit must be given for every direct quotation, for paraphrasing or summarizing a work (in whole, in part, in one's own words) and for information that is not common knowledge.

Warning: Any student caught cheating on an exam or plagiarizing material for the project will receive 0 point for that assignment and a letter will be placed in your file at the Dean's Office immediately. The claim of ignorance is no excuse. Those found plagiarizing may fail the course.

Classroom Conduct

1. Please turn off cell phones.
2. Please do not hold private conversations during class because it disturbs both the instructor and the other students in the class.
1. If you are late for class, please enter from a back door if possible or quietly from the front.

Other Guidelines

1. Any student who feels he or she may need an accommodation based on the impact of a disability should contact me privately to discuss his or her specific needs.
2. If you are having trouble in class, please come and see me.

Tentative Time Schedule

<u>Date</u>	<u>Week #</u>	<u>Topic</u>
1/18 (In-class)	1	Introduction and Corporate Valuation HW1 Due by Tuesday at 11:59pm Ch10& Ch11
1/25	2	Corporate Governance Ch7 Log into Canvas: Review PowerPoint slides Read assigned articles Participate in Discussion Complete online quiz1
2/1	3	IPO and Financial Restructuring Log into Canvas: Review Power Point slides Watch videos Participate in Discussion Complete online quiz2

2/8	4	Bankruptcy and the Financial Crisis of 2008 Log into Canvas: Review Power Point slides Watch videos Participate in Discussion Complete online quiz3
2/15 (In-class)	5	Mergers, LBOs, and Divestitures HW2 Due by Tuesday at 11:59pm
2/22 (In-class)	6	Cash Flow Estimation & Risk Analysis Ch. 14
<u>3/1</u>	<u>7</u>	<u>Midterm Exam</u>
Spring Break		
3/15 (In-class)	8	Capital Budgeting Ch. 21 HW3 Due by Tuesday at 11:59pm
3/22	9	Working Capital Management Ch. 18 Log into Canvas: Review Power Point slides Watch videos Participate in Discussion Complete online quiz5
3/29 (In-class)	10	Capital Structure Decisions Ch. 16 HW4 Due by Tuesday at 11:59pm
4/5	11	Dynamic Capital Structure Log into Canvas: Review Power Point slides Watch videos Participate in Discussion Complete online quiz4
4/12 (In-class)	12	Dividends and Repurchases Ch. 22 HW5 Due by Tuesday at 11:59pm
4/19	13	International Finance Ch. 24 Log into Canvas: Review Power Point slides Watch videos Participate in Discussion

Complete online quiz6

4/26 (In-class) 14 Review and Presentations Project 3 Due

5/3 15 Final Exam

NOTE: This time schedule is very tentative. Some chapters may be omitted and other chapters included depending on time constraints. Exact material covered on each of the exams will be discussed in class.