



FIN 370: Integrative Finance

Spring 2017

Course Information

MW 12:30 – 2:00 p.m. (CBA 4.344)

MW 2:00 – 3:30 p.m. (CBA 4.344)

MW 3:30 – 5:00 p.m. (CBA 4.344)

Prereq: 90 hrs., FIN 357, FIN 367, FIN 353*,
and 3 additional hrs. FIN/RE

TA: Rony Kishinevsky

Instructor Information

Instructor: William J. Way

Office: GSB 5.176F

Office Hrs: MW 5:00 – 6:00 p.m.

T 11:00 – 1:00 p.m. or by appt.

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I. Introduction

Integrative Finance enables you to apply what you have learned in previous finance courses to the solution of realistic business problems. You will employ the concepts and tools of finance to examine a wide range of business issues and explore potential solutions from the perspective of the chief financial officer of the firm. The goal of the course is to familiarize you with the process of analyzing problems, weighing alternative actions, and choosing the best possible solution(s) to enhance firm value. The course is designed to model the workplace and prepare you for a job as a financial professional. Much of the educational process takes place outside of the classroom and you are largely responsible for your own learning.

II. Goals

The primary goal of the course is to enhance your analytical and problem solving abilities. Through a combination of case analyses, readings, lectures, class discussions, and group presentations, students should also: (a) improve their speaking and business writing skills, (b) gain exposure to issues frequently encountered by business decision makers, (c) develop personal and professional skills valued by employers (e.g., time management, planning, collaboration, responsibility, and integrity), and d) discover that success in the workplace requires a combination of quantitative and qualitative skills.

III. Classroom Expectations

Active attendance, participation, and preparation are required, as most of our classroom activities are devoted to case discussions. Students are expected to attend every class, prepare every assignment, and participate in every class discussion. Specific information and study questions will be furnished for each assignment. If you are unfamiliar with the presentation topic, please review the textbooks from your previous finance courses and supplemental course materials.

IV. Course Materials (Required)

1. **Course Packet:** The assigned cases and readings are available through Harvard Business Publishing at the following web site:
 - <http://cb.hbsp.harvard.edu/cbmp/access/57389492>
 - The Midterm and Final cases will be activated at a later date
2. Other material and readings posted on Canvas or available online

V. Grade Computation

8 Case Summaries (out of 11 individually assigned) [Independent]	8%
1 Executive Summary [Independent]	10%
1 Midterm Case (Staff Analysis & Case Exhibits) [Independent]	20%
1 Group Case Presentation	8%
2 Case Exercises (4% each) [Individual]	8%
1 Final Case (Staff Analysis & Case Exhibits) [Independent]	25%
Class Attendance/Participation/Preparation (A/P/P)	15%
1 Business Issue Debate	6%

Final letter grades will be assigned according to the following criteria:

A >93 A- 90-92.9 B+ 87-89.9 B 83-86.9 B- 80-82.9 C+ 77-79.9 C 73-76.9 C- 70-72.9, etc.

You will receive a numeric score for each assignment. Final grades will not be determined until the scores for all assignments are averaged, as indicated above. Final course grades may reflect the application of a small curve. The target GPA for the course is approximately 3.40. **All course grades are final, except in the instance of a recording error.**

Assignments that are submitted on a timely basis will be returned approximately two weeks after their submission. If you have a question about any grade assigned, you must submit the question in writing, within one week after the assignment is returned. Your inquiry should include your name, UT EID, section number, the title of the assignment, and a written explanation of why you think the grade is incorrect. **I retain the right to raise or lower grades after review.**

VI. Written Work (63% of course grade)

This course carries the Writing Flag. Writing Flag courses are designed to give students experience with writing in an academic discipline. In this class, you can expect to write regularly during the semester, complete substantial writing projects, and receive feedback from your instructor to help you improve your writing. You will also have the opportunity to revise one assignment and to read and discuss your peers' work.

This course also carries the Independent Inquiry Flag. The purpose of the Independent Inquiry flag is to engage students in the process of inquiry over the course of a semester, providing them with the opportunity for independent investigation of a question, problem, or project related to their major. To that end, courses carrying this flag require students to complete projects and assignments involving independent investigation and presentation of their own work.

Each student will submit multiple written assignments based on cases from the course packet. The two major independent case assignments (Midterm and Final) include a Staff Analysis (SA) and a set of prepared Case Exhibits (CE). Other case assignments include an independently prepared Executive Summary (ES) and independently prepared Case Summaries for each case discussed in class.

A. Submission of Written Work – All individual case assignments (Executive Summary, Midterm, and Final) are due before 3:00 p.m. on the dates indicated in the course schedule. Papers submitted after 3:00 p.m. will be penalized 5 points (out of 100) for each 24-hour period (or fraction thereof) beyond the deadline. **The late penalty will be allocated between the hard copy and electronic copy of your paper.**

Individual cases (Executive Summary, Midterm, and Final) must be submitted in two ways:

- 1. A hard copy of your paper is due in the Finance Department office (CBA 6.222)**
 - A “baby blue” grade sheet, bearing an electronic time/date stamp to document timely submittal, is required when submitting papers. No other cover sheet is required.
 - Papers without a time/date stamp will automatically be deemed late.
 - **Papers will not be accepted after the case assignment is reviewed in class!**
- 2. An electronic copy of your paper must be uploaded to Canvas**
 - **All electronically submitted assignments will be reviewed by Turnitin.**
 - Due dates/times and late penalties also apply to the electronic copy of your paper.

B. Peer Review/Revision – Students will have the opportunity to revise and rewrite the Executive Summary assignment after an in class peer review and instructor feedback.

C. Case Summaries – Students will prepare a Case Summary (approximately 1 page, single-spaced) to evidence their case preparation. In contrast to other written work, Case Summaries are due at the beginning of class. **Case Summaries are designed to motivate class discussion; hence, you must attend class to fulfill this requirement. Absences due to illness/interview are no exception, so please plan accordingly.** Students are responsible for 8 of the 11 Case Summaries that are individually assigned.

- ❖ **As this course has a writing flag, many assignments require that the work be entirely your own (i.e., Executive Summary, Midterm Case, Final Case, and Case Summaries).**
- ❖ **Group members may not work together on these assignments and the specific language, structure, and format of each student’s paper must be independent.**
- ❖ **Do not share your analyses, use the papers of any other FIN 370 student (current or former), or use unauthorized sources in preparing a written assignment!**
 - **The peer reviewed Executive Summary assignment and the Group Staff Analysis are the only exceptions to the “sharing” rule.**

VII. Group Presentations (14% of course grade)

The class will be organized into ten case groups of approximately 3 to 4 students each, depending on class size. Groups are formed at students’ discretion, on a first come, first served basis; however, I reserve the right to reassign students to ensure balanced group sizes. Students will generally stay in the same case group for the entire semester; however, if you are unhappy with your group, you may leave it and join another group with the instructor’s permission and the consent of all the members in the new group. If a group is unhappy with a group member they may “divorce” that member for cause, with the instructor’s permission. The divorced group member must work alone or find a new group.

A. Case Presentations – Each case group will be responsible for presenting one case during the semester. Two groups will present the same case in a semi-competitive format. The goal of the presentation is to “teach” the case to your classmates and engage them in a discussion of the relevant qualitative and quantitative issues. Case presentations should last approximately **60** minutes and will be followed by a critique/feedback session. **All presentation grades are individual; hence, everyone in the group must participate in the presentation.** Groups should balance the presentation time among the presenters.

B. Business Issue Debates – Two groups will present opposing sides of a contemporary business issue. The debates will be conducted in a point-counterpoint format, with specific rules and time allotments, to be announced at a later date. The debates should last approximately **60** minutes. **The class will be randomly resorted into eight groups for the debates.**

VIII. Class Attendance/Participation/Preparation (A/P/P) (15% of course grade)

The success of this course depends on the active participation of the audience. To this end, a significant portion of the course grade is devoted to qualities such as preparation, timeliness, attentiveness, responsiveness, and professionalism.

Your A/P/P grade is determined by your faithful and punctual attendance, preparation for class assignments, the quantity/quality of your contributions to class discussions, and your professional comportment during class. **Each student is expected to attend the class section for which they are registered, participate in every class discussion, and display their name card at all times.**

- You are allowed the equivalent of two absences for any reason.
 - **In combination, instances of tardiness, leaving early, and/or non-participation are the equivalent of an absence (see grade calculation, below).**
 - If you have more than two unexcused absences (or the equivalent), each additional infraction will reduce your A/P/P grade.
- Two additional absences for interviewing may be completely excused. Absences exceeding this number will be excused for attendance, but not for participation.
 - You must provide interview documentation within two weeks of your absence.
 - Examples of this documentation include an interview schedule, plane ticket, etc.
- Absences due to illness or emergencies may be excused with timely and appropriate documentation, as determined by the instructor. Documentation must be provided within two weeks of your absence.
- **Please note that an excused absence does not excuse any assignment that is due on that day. You must make other arrangements to submit the assignment (e.g., early submission, electronic submission, or submission by a classmate)**

A/P/P Grade Calculation

- Attendance, including instances of tardiness and leaving early, is recorded for each class session beginning the second week of class.
- Participation credit is awarded to:
 - Members of the group who make a presentation (e.g., case presentation or business issue debate)
 - Audience members who make a constructive contribution to the class discussion and submit a 3-point sheet, when required (i.e., business issue debates)
- Each student begins with a total of **108** points. The eight additional points offset unexcused/undocumented absences or instances of tardiness/leaving early, non-participation, etc., in any combination. Points are deducted for each infraction as follows:
 - Unexcused absence = **-4 points**
 - Tardiness/leaving early = **-1 point**
 - Attended class, but did not participate = **-2 points**
 - Excess excused absences for interviewing (> 2) = **-2 points**
 - Excess unexcused absences (> 4) = **-8 points**
 - Excess tardiness/leaving early (> 4) = **-2 points**
- Your final Attendance/Participation/Preparation grade equals the total score derived using these values (**Maximum A/P/P Score = 100**).
- **Use your A/P/P points wisely . . . There is no opportunity to restore lost points.**

IX. Other Grading Criteria

The primary basis for grading written assignments is content; however, professionalism in presentation is also given substantial weight. The writing skills component of the analysis considers formatting, spelling, grammar, punctuation, appropriateness, clarity, and thought. The following book is recommended for aiding in the preparation of written work: Strunk, William, Jr. and E.B. White, “The Elements of Style.”

Anyone who needs additional assistance in mastering basic writing skills can receive help through the Undergraduate Writing Center in the Flawn Academic Center, Room 211, or by calling 471-6222. The website for the Writing Center is <http://www.uwc.fac.utexas.edu/>

Specific instructions for preparing Executive Summary and Staff Analysis writing assignments are available in the course document entitled, “Guidelines for Writing Case Analyses,” which is available as a class handout and on Canvas.

X. Academic Integrity

Policy on Scholastic Dishonesty: *The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program’s Statement on Scholastic Dishonesty at <http://www.mcombs.utexas.edu/BBA/Code-of-Ethics.aspx>. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.*

- ❖ **Unless specifically indicated otherwise, all writing assignments must be individually prepared by the student to avoid scholastic dishonesty. If you have any questions regarding this policy, please ask the instructor.**
- ❖ **Instances of scholastic dishonesty will be referred to the Dean of Students and may result in significant grade penalties.**

XI. Additional Policies

A. Students with Disabilities – *Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://www.utexas.edu/diversity/ddce/ssd/>.*

B. Access to Canvas – All students must have access to the Canvas web site for this course. I will use this venue to post class notes, assignments, announcements, and grades. I will also use the E-mail feature of Canvas to correspond with you. Check the site (and your E-mail) regularly to ensure that you have the most current information. Please note the following:

Web-based, password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions

and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: <http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html>

C. Computers and Electronic Devices – The use of laptop/tablet computers to review cases during class and make presentations is acceptable. **All other uses are prohibited.** Other electronic devices and accessories (cell phones, MP3s, etc.) should be stowed away during the class session. **Violation of these policies, including texting and web surfing during class, will reduce your participation grade.**

D. Religious Holy Days – By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

E. Campus Safety – Please note the following recommendations regarding emergency evacuation, provided by the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety>:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform the instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Behavior Concerns Advice Line (BCAL): 512-232-5050
- Further information regarding emergency evacuation routes and emergency procedures can be found at: <http://www.utexas.edu/emergency>

XII. Additional Comments

The requirements and recommendations for succeeding in this course are outlined in this syllabus. Since no extra-credit is available, I encourage you to follow these policies and utilize office hours to maximize your understanding of the assignments and their specific requirements. The aforementioned policies provide the basic guidelines and code of conduct for this course. They are designed to reduce confusion and establish an equitable framework for the entire class. As a matter of principle, I will enforce these policies fairly and religiously.

The “spirit” of the course is just as important as the “rules and regulations.” My goal is to create a cooperative classroom environment in which we learn from each other. To that end, I welcome your constructive comments and suggestions as we progress through the course. Your feedback is an important element of course delivery and development.

Barring an emergency, I will be available during office hours and at additional times. I encourage you to visit with me regarding the class assignments, concerns with the course, or just to say “hello.” I am also accessible via telephone or E-mail. I will make every effort to return your call or respond to your E-mail within one business day of its receipt.

Tentative Course Schedule – Spring 2017

<u>Wk</u>	<u>Day</u>	<u>Date</u>		<u>Daily Assignments</u>
1	W	Jan. 18	Introduction and Course Overview	Review syllabus
2	M	Jan. 23	Merck & Company (decision trees)	All Students: Read case and prepare Case Summary
	W	Jan. 25	Lecture: Working Capital Policy	
*** Reading: Note on Bank Loans				
3	M	Jan. 30	Jones Electrical Distribution (working capital management)	All Students: Read case and prepare Case Summary
	W	Feb. 1	Writing and Presenting Case Analyses	Review Writing Guidelines and grade sample ES
4	M	Feb. 6	Tire City, Inc. (forecasting and external funds needed)	All Students: Read case and prepare Case Summary
	W	Feb. 8	In-class Review of Tire City Executive Summary and model	Bring draft of ES and model to class
	TH	Feb. 9	Tire City ES is due @ 3:00 p.m. (Independent Case)	
*** Reading: Capital Structure Theory - A Current Perspective				
5	M	Feb. 13	Lecture: Capital Structure and Payout Policies	
	W	Feb. 15	Hill Country Snack Foods (capital structure)	All Students: Read case and prepare Case Summary
6	M	Feb. 20	HCA (capital structure and competitive strategy)	All Students: Read case and prepare Case Summary
	W	Feb. 22	Case Exercise: Fixed Income Valuation	Due @ beginning of class (no late assignments)
7	M	Feb. 27	Gainsboro Machine Tools (dividends and payout policy)	All Students: Read case and prepare Case Summary
	W	Mar. 1	Business Issue Debate #1 - Groups A & B [National Health Insurance]	Non-Debaters submit 3 point sheet
8	M	Mar. 6	Corporate Governance and Social Responsibility	Review Staff Analysis and Writing Guidelines
	W	Mar. 8	Midterm Case is due @ 3:00 p.m. (Independent Case)	
9	M	Mar. 13	Spring Break	
	W	Mar. 15		

Tentative Course Schedule – Spring 2017

10 M Mar. 20 Case Review - Midterm Case

*** Reading: The Cost of Capital: Principles and Practice

W Mar. 22 Case Exercise: Valuing Capital Investment Projects

Due @ beginning of class (no late assignments)

11 M Mar. 27 Case: Coke vs. Pepsi, 2001 (cost of capital and EVA)

Groups 1 & 2 present; other students prepare Case Summary

Case notes and PPTs due @ beginning of class

W Mar. 29 Case: New Heritage Doll Co. (capital budgeting - expansion)

Groups 3 & 4 present; other students prepare Case Summary

Case notes and PPTs due @ beginning of class

12 M Apr. 3 Business Issue Debate #2 - Groups C & D [Economic Meltdown]

Non-Debaters submit 3 point sheet

W Apr. 5 Case: Carded Graphics, LLC (capital budgeting - replacement)

Groups 5 & 6 present; other students prepare Case Summary

Case notes and PPTs due @ beginning of class

*** Reading: Methods of Valuation for Mergers and Acquisitions

13 M Apr. 10 Sterling Household Products (business acquisition)

Groups 7 & 8 present; other students prepare Case Summary

Case notes and PPTs due @ beginning of class

W Apr. 12 Business Issue Debate #3 - Groups E & F [Financial Bailouts]

Non-Debaters submit 3 point sheet

14 M Apr. 17 Case: Tottenham Hotspur, plc (business valuation)

Groups 9 & 10 present; other students prepare Case Summary

Case notes and PPTs due @ beginning of class

W Apr. 19 Business Issue Debate #4 - Groups G & H [Reliance on Oil?]

Non-Debaters submit 3 point sheet

15 M Apr. 24 Gulf Oil Corporation (hostile takeover)

All Students: Read case and prepare Case Summary

W Apr. 26 Final Case is due @ 3:00 p.m. (Independent Case)

16 M May 1 Case Review - Final Case

Course Instructor Surveys

W May 3 Course Wrap-up and Feedback - Career/Network Day