

Boston University Questrom School of Business
FE722 Financial Management, Spring 2023

Class Schedule: The midterm and final exam dates are fixed. Timing for the topics is approximate. All MFL (My Finance Lab) homeworks must be completed by 6:30 pm on the due date. Readings and all other deliverables are to be completed *before your class*.

	Dates	Topic	Reading	Deliverables
1	1/19	Course introduction Ginny's Restaurant Case Time value of money	HBS case #201099 4.1-4.6	Answer case questions 1-5. These will not be collected, but you must be prepared to discuss in class.
2	1/26	Law of one price & fin'l decision making Time value of money	3.1-3.2,3.4 4.7-4.9	MFL HW1 (due 1/30)
3	2/2	Time value of money, cont'd. Interest rates	 5.1-5.4	MFL HW2 (due 2/6)
4	2/9	Introduction to bonds	6.1-6.2,6.4	MFL HW3 (due 2/13)
5	2/16	Problem session.		
6	2/23	Quiz 1 online (PV, FV, arbitrage) Net present value & other investment criteria	7.1-7.2,7.4	MFL HW4 (due 2/27)
7	3/2	Free cash flow & valuation	8.1-8.4	MFL HW5 (due 3/13)
8	3/16	Quiz 2 online (interest rates, bonds) Stock valuation, Midterm review	9.3	MFL HW6 (due 3/20)
9	3/23	Midterm Exam		
10	3/30	Markets & the pricing of risk	10.1-10.8	MFL HW7 (due 4/3) Chapter 6 Data Case
11	4/6	Quiz 3 online (FCF and NPV) Capital Asset Pricing Model	11.7-11.8 12.1-12.3	MFL HW8 (due 4/10)
12	4/13	Tottenham Hotspur case	HBS case #9209059	MFL HW9 (due 4/17) Answer posted case questions & be prepared to discuss in class
13	4/20	Estimating the cost of capital	12.1-12.7	MFL HW10 (due 4/24) Chapter 12 Data Case
14	4/27	Quiz 4 online (CAPM, WACC) Course review		
	5/11	Final Exam		

Classtime: Thurs 6:30–9:15 pm
Instructor: Pegaret Pichler, Ph.D.
Office: TBA
TA: Stanley Cao

Room: HAR 406
Email: pegaretp@bu.edu
Office Hours: Thursday 5:30–6:20
Email: tuancao@bu.edu

Course Description: The purpose of this course is to develop the financial skills and logical thought processes necessary to make and implement business decisions. We will cover time value of money, the relation between expected return and risk, and techniques used by financial managers to evaluate project investments and value firms. You will also learn about different financial securities. Students are expected to be actively involved in learning. While I will present a lot of institutional information and financial jargon, the emphasis will be on the attainment of skills.

Prerequisites: Facility with Excel and understanding of basic accounting.

Learning Goals:

By the end of the semester you should have obtained the skills needed to value a project that you may be considering in your business, or to value the entire business. You should also have learned skills that will be of use for your own personal financial decisions. In particular, you should

- Be able to apply discounted cash flow methodology to value potential investments.
- Be able to determine cash flows from financial statements.
- Understand, determine and make use of rates of return. Calculate the cost of capital using the Capital Asset Pricing Model and other methodologies.
- Be able to use spreadsheets to solve financial problems.
- Understand the difference between debt and equity.

These goals contribute towards the MBA learning goals of enabling students to develop an understanding of core knowledge of finance, and by helping students to successfully apply critical and analytical thinking.

Course Pedagogy:

The course will include a mix of:

- Lectures that are structured mostly around questions in which students are expected to participate.
- Case studies, with active student participation.
- Practical problems solved in Excel
- Discussion of current events

Course Materials:

1. **Lecture notes.** Available at the course website on Blackboard. You should check this website on a regular basis.
2. **MyFinanceLab.** Purchasing MyFinanceLab for this course is required so that you can complete the MFL homeworks and the online quizzes. Included in this is the e-text: Corporate Finance by Berk and DeMarzo. An instruction sheet for MFL signup is posted on Blackboard. Make sure to sign up for: FE722 Spring 2023
3. **Cases:** Harvard Business School case packet, includes two cases for \$8.50 total. Make sure you buy the packet for FE722Spring2023, available at:
<https://hbsp.harvard.edu/import/1018253>
4. A laptop with **Excel**.
5. Blackboard contains a forum for online discussion of class-related topics. Students are encouraged to use this forum for all questions where the answer would be of general interest to the class. Your first port of call when you have a questions should be this forum to find if the question has already been answered. Students are also encouraged to answer each others' questions on the forum. Class participation points will be awarded to forum participants.
6. *Optional:* Financial calculator, such as Texas Instruments BA II Plus.
7. *Optional:* A subscription to the Wall Street Journal, Barron's, or the Financial Times.

Grading:

MFL Homework 25% (10 x 2.5%)

Online quizzes 20% (4 x 5%)

Midterm 15%

Data Cases 10% (2 x 5%)

Class participation 5%

Final Exam 25%

There will be no makeup exam for the midterm. If you have an excused absence from the midterm, the final will count for 33% of your grade and the quizzes for 27%.

MyFinanceLab (MFL) Homework:

Each MFL HW assignment must be completed by 6:30 pm on the due date. These are to be done individually. You may, however, seek help for the HW assignments. For each HW you may make 3 attempts, with no time limits.

Quizzes:

These are also done through MFL, but they will be done in class. You will have 40 minutes to complete the quiz and may make only one attempt for each question. These are individual work and you may not use the internet to search for answers or communicate with others during the quiz.

Rules for exams:

The midterm and final exam will be open-book. I.e., you may use whatever material you have on your computer or in your notes. Internet use, apart from Zoom for remote testing, is not permitted. Searching the internet for answers or communicating with others during the exam is not permitted and considered a violation of the Academic Conduct Code.

Data cases (spreadsheet assignments):

These are individual work. While they are based on assignments given in the text, the specific directions for your assignments will be posted at the course website.

Participation and Attendance:

Class attendance is required. I understand that COVID is still in our lives and things happen over the course of the semester. You are expected to attend all classes unless you are ill or observing a religious holiday. Communication is the key to building community in our classroom; just let me know if you have an obstacle to attendance or timeliness, and we will work on it together. If you must arrive late, please go quickly to an outside seat so as not to disturb the class.

Always bring your name card and have it set up so that I and other students can read it. *A name card is a requirement for participation credit.* I will call on students to answer questions, both in lectures and when discussing cases. It is particularly important that you prepare a case analysis prior to class on the days in which we are discussing cases. Participation credit does not require that you give a “correct” answer. Many questions that I ask are challenging, and I want you to feel comfortable that my class is the place to stumble. What I require is that you give an answer that is thoughtful and indicates that you have prepared for class.

How to do well in this class:

- ***Before every class*** review the lecture notes from the previous class. Make sure that you can solve the problems that we solved in the previous class. Glance at the new lecture notes.
- ***Bring to class: the lecture notes (for that class and the one before), your laptop with Excel, your name card.*** A calculator is optional.
- ***AFTER EACH LECTURE GO OVER THE LECTURE NOTES and EXCEL EXERCISES done in class. Make sure that you are able to reproduce every calculation that we did in class.***
- ***DO ALL OF THE ASSIGNMENTS.*** This includes the MFL homework, quizzes, data cases, HBS cases, and any recommended practice problems. The benefit to you is in the process of doing the work. I strongly recommend trying problems before looking at the answers. For those of you who are athletes or performers you can think of the difference between preparing for competition or performance (the exams) by watching someone else perform, or by doing the exercises yourself.

Academic integrity: My goal is to create a community where you will feel invested and included. The importance of honesty and integrity in this learning community cannot be overemphasized: there must be trust in order to learn. Every member of the Boston University Questrom School of Business is responsible for creating an ethical environment; I will do my best every day to create that in our class, but it can't happen without your commitment too. I also expect you to abide by the Academic Conduct Code. It is easy to do: follow all assignment and exam rules. If you have a question about the rules of an assignment, (can I collaborate on this assignment? Can I use my phone to check the time during an exam?) ask me – it's my job to help you with this.

Any student caught cheating or submitting work that is not their own may receive a grade penalty up to and including a failing grade for the course, and potentially a sanction up to suspension or expulsion.

Students who do not take academic integrity seriously damage the reputation of the Program from which you will graduate. Don't be that student. Please see BU's Academic Integrity website for more information. And always remember: if you have questions or concerns about an assignment, deadline, reading, exam, anything, just email me.

Diversity and inclusion: In developing the materials and assignments for this course, I have aimed to be thoughtful about how identity, culture and learning styles impact the course content. I intend students from all diverse backgrounds and perspectives be well-served by this course and that the diversity that students bring to this class be viewed as a strength and a benefit.

During the semester we will discuss content that will inspire debate, different opinions, and shared experiences. Learning can only happen in a community that is respectful and inclusive; we all belong in this community, and we will value each other's experiences. All members of the class will conduct themselves in a professional manner. Remember, you can disagree with the idea and still respect the person.

I invite you to share your personal experiences and perspective related to the course content; we can learn from each other. Your suggestions on how to make this class and our classroom more inclusive are encouraged and appreciated. If there are topics or conversations that you feel would benefit from incorporation of social context, a differing perspective, or Questrom's Office of Diversity & Inclusion, please inform me and I will explore resources and opportunities for us to engage a wide variety of perspectives in our classroom.

Accommodations for students with special needs: In keeping with University policy, any student with a disability who needs academic accommodations should call the Office of Disability Services at 353-3658, or visit 19 Deerfield Street to arrange a confidential appointment with a Disability Services staff member. Accommodation letters must be delivered to me in a timely fashion (within two weeks of the date on the letter and not later than two weeks before any major examination). Please note that accommodations cannot be provided without an official letter of accommodation.

Mental Health and Wellness: Life in a graduate program can get complicated and it is easy to feel overwhelmed, lost, anxious, or depressed. If you find yourself struggling with your mental or physical health this semester, please feel free to approach me. I will try to be flexible and accommodating, within reason. But I am not a professional and there is no shame in getting help. Help for managing stress and your mental wellbeing can be found at Student Health Services, and Behavioral Medicine. There you can find short term therapy, groups, and workshops, 24/7 on-call service (617 353-3569), referrals, and more resources. If you are feeling stressed and having trouble making choices around alcohol consumption the Collegiate Recovery Program may offer help.

Financial Insecurity: We learn as whole people. It can be challenging to do your best in school when you are worried about meeting basic needs like safe shelter, sleep, and nutrition. If financial insecurity is an obstacle to learning, I urge you to contact Terrier Meal Share, Boston University Financial Assistance, or the Dean of Students Office.

Sexual misconduct/ Title IX policy: The Questrom School of Business is committed to fostering a safe learning environment for all members of the its community and preventing sexual misconduct. All forms of sexual misconduct, including rape, acquaintance rape, sexual assault, domestic and dating violence, stalking, and sexual harassment are violations of Boston University's policies, whether they happen on campus or off campus. Title IX of the Education Amendments of 1972 is a federal civil rights law that prohibits sex-based discrimination in federally funded education programs and activities. This law makes it clear that violence and harassment based on sex and gender is a Civil Rights offense subject to the same kinds of accountability and the same kinds of support applied to offenses against other protected categories such as race, national origin, etc. If you or someone you know has been harassed or assaulted, you can find the appropriate resources at <http://www.bu.edu/safety/sexual-misconduct/>.