# Syllabus (FIN 411) Financial Problems

SUNY POLYTECHNIC INSTITUTE

SCHOOL OF BUSINESS ADMINISTRATION

**Instructor**: Matthew Brigida, Ph.D.

**Office**: Donovan 1277

**Office Hours**: Tuesday/Thursday/Friday 10:30–11:30

**Email**: [matthew.brigida@sunyit.edu](mailto:matthew.brigida@sunyit.edu)

**Class Location**: Donovan 1157

**Class Day/Time**: TR, 0900-1030am

**Text**: [Case Studies in Finance 6th Edition, by Robert Bruner, Kenneth Eades, Michael Schill. ISBN-13: 978-0073382456 ISBN-10: 0073382450](https://www.amazon.com/dp/0073382450/ref=cm_sw_r_em_apa_i_Tm1fBbR1CT3EV)

**Supplementary Material**: [5MinuteFinance.org](https://www.5minutefinance.org/)

## Course Structure and Interaction

The goal of the course is to provide good solutions to the text cases. Completing the cases requires a good knowledge of concepts/terms/measures learned in earlier courses. To help you remember this material, I may reference materials I provide via the following media:

* Via BlackBaord Collaborate. You can view them live (I’ll let you know when I am recording), or under the Recordings section of Collaborate.
* Short videos many of which are/will be posted on my YouTube channel: <https://www.youtube.com/channel/UCwekb0vAK-FKaqPF5gfd0eQ/featured>

## Description

This is a cases course for upper-level finance students. The learning outcomes for this course are summarized below:

1. Students will use various skills to evaluate complex financial problems, and ultimately provide a recommendation on a course of action. Among these skills are the ability to analyze financial statements, perform time-value-of-money calculations, perform capital budgeting tasks, compute costs of capital, and manipulate corporate capital structure, among others.
2. Students will learn to communicate complex topics in a clear and concise manner.
3. Students will learn to calculate and present various measures of financial performance appropriate to specific types of firms.
4. In short, in this course you will start to complete analyses like you are an analyst. Specifically, we are transitioning away from simple calculations, and toward holistic analyses which incorporate many calculations, and your knowledge of financial topics and the interdependence between variables.

## Academic Honesty Policy

Academic dishonesty will not be tolerated in this class. Cheating on quizzes, examinations, and other forms of dishonesty (e.g., plagiarism, collusion, and falsification of data) will be dealt with in a serious and formal manner. The penalty for academic dishonesty in this class will be course failure. That is, any student who is found to be cheating or engaged in other academically dishonest behavior will be failed for this course for this semester. Course withdrawals to avoid such a failure will not be permitted. As a student, you have a responsibility to become familiar with the Academic Honesty Policy found in the Student Rights, Regulations, and Procedures Handbook.

## Cases

Throughout the semester we’ll work on a series of projects that will help us understand both financial theories, and also, *importantly*, practical considerations we are faced with when applying these theories in the real-world. Some notes on the projects:

* Each case will require computations either in a spreadsheet, or programming language. In this course you should probably use a spreadsheet (Excel or similar). If you write it in a programming language (such as R or Python) you’ll have to share the code so I can reproduce your results.
* If you have questions on a project you are encouraged to post your spreadsheet/code to the relevant discussion board so I and other students can help. You learn a great deal by helping others, and by seeing how others approach the problem. Also don’t worry too much about others copying you. It is fairly easy to tell when one spreadsheet has been copied from another. Moreover, since you posted yours, it would be clear that you were the one copied off of.

### Case Report Structure

For each case you will hand in a report with the following general headings:

|  |  |
| --- | --- |
| I. Executive Summary |  |
| II. Problem Statement |  |
| III. Case Analysis (Strenghts, Weaknesses, Opportunities, Threats) |  |
| IV. Alternate Solutions |  |
| V. Recommendations and Conclusions |  |
| VI. Supplementary Material (Excel spreadsheets, etc) |  |

## Participation

Your participation grade is a function of both your attendance, and your participation in the discussion while you are attending. If you miss a few classes (particularly for a good reason) your grade won’t be adversely affected, however if you *consistently* do not attend I will lower your participation score. Similarly, if you *consistently* do not participate in the class discussion I will lower your score.

## Course Communication

All communication will be through Blackboard and email. If you have question you are strongly encouraged to post it to a discussion forum instead of emailing me. This way, other students can get the benefit of the question and answer. It also saves me from answering the same question many times via email, and frees me up to answer more questions and generally provide more effective instruction for you.

## Grading

|  |  |
| --- | --- |
| Item | Points |
| Case Submissions | 70 |
| Participation (including Blackboard Discussion) | 30 |
| Total Points | 100 |

**Final grades will be assigned according to the following scale**:

* 90 - 100 A
* 80 - 89.9 B
* 70 - 79.9 C
* 60 - 69.9 D
* 60 F

+/- grades may be assigned at the instructors discretion.

## General Notes

* All times referred to in this course are Eastern Standard—unless otherwise indicated.
* There will be no make up exams or extra points assignments.
* Cheating will result in prosecution to the fullest extent possible under university rules.
* You are responsible for material covered in the online discussion, as well as text material.
* **Internet Access:** This course requires that you have regular access to the internet to submit work. You should not take this course if you plan on being in an area with insufficient internet access. “My internet was down for a week” is not an acceptable reason to hand in late work.
* **Adding or Dropping the Course:** To add or drop the course the student should consult the university guidelines and withdrawal dates. The course instructor is not involved in a student’s adding or withdrawing from the course.
* **Software:** You will need word processing and spreadsheet software to take this course. Common examples of such software are Microsoft Word and Excel. However, there is no need to buy this software if you don’t already have it. There are many free (open-source) alternatives which are just as good (and which allow you to save/read files as .doc(x), .pdf, and .xls(x)). Some widely used free office suites are LibreOffice (<http://www.libreoffice.org>) and OpenOffice (<http://www.openoffice.org>). Feel free to download and use these. *In this course all word processed submissions should be in .pdf, and all spreadsheets should be submitted as .xlsx.*

## Tentative Outline

|  |  |
| --- | --- |
| Week | Case |
| Weeks 1 and 2: 6/28–9/6 | Setting themes–Cases in module: **Ben & Jerry** |
| Weeks 3 and 4: 9/11–9/20 | **FedEx vs. UPS** |
| Weeks 5 and 6: 9/25–10/4 | Financial Analysis and Forecasting–Case: **Value-Line Publishing** |
| Weeks 7 and 8: 10/11–10/18 | Estimating the cost of capital–Case: **Nike, Inc.** |
| Weeks 9 and 10: 10/23–11/1 | Capital Budgeting and Resource Allocation–Case: **Aurora Textile Corp.** |
| Weeks 11 and 12: 11/6–11/15 |  |
| Weeks 13 and 14: 11/20–11/29 |  |
| Weeks 15: 12/4–12/6 | Housekeeping |

## Some Notes on Spreadsheet Design

You should construct your spreadsheet as if you were an analyst at a company, and you were going to submit the spreadsheet to upper management. Therefore, getting the correct answer can be considered the minimal amount of work. The spreadsheet should be easily readable and organized. There are a couple of reasons why this is important: (1) management often will check some numbers (or maybe change a few inputs if they have more up to date information) and it will reflect very poorly on you if they have to search around through a muddled and ill-conceived spreadsheet; and (2) anyone should be able to pick up your spreadsheet and complete it if you are not there (vacation, sick, or hopefully promoted). Following are a couple tips on spreadsheet design, though it is far from exhaustive.

* Hard-code as little as possible. You want a few cells for your inputs, or a place where you put your data, and then every other cell is linked and feeds off of these input cells. This way, to update your spreadsheet you simply change the inputs or drop in new data.
* Take the time to label cells, and put in appropriate comments if necessary - though comments should not be used excessively. Also, it is common to change the cell color depending on whether it is hard-coded (an input) or a formula. This way you (or anyone else) can immediately look at a cell and tell whether it is one in which you can type (an input). Don’t forget to include a key.
* It is often better to add tabs to a spreadsheet than continue calculations on one tab. You can easily page through spreadsheet tabs with Ctrl+Shift' andPage-up’ or `Page-down’.
* Pivot tables. While we probably won’t need them in this course, you should nonetheless get to know them. Pivot tables are incredibly useful for summarizing data, and it is very possible you will be asked in an interview whether you are familiar with them. Similarly, get to know VLOOKUP.
* If you are inputting a long formula, then break the calculation into multiple cells. This makes it much easier to tell where a mistake was made - and everyone always spends a fair amount of time looking for errors.
* Excel has many built in formulas which can be useful, however it is important that you understand what the formula is doing to use them. Blindly applying a formula can lead to trouble. For example, if you use the IRR() function on cash flows with multiple roots, the formula will return the first root it finds without signaling to you that there are other roots. Also, there are Excel formulas that are flat out incorrect - in particular the NPV() function. So, use a function if it saves time, but first be sure you know what the function is doing and verify it works. That said, in my experience it is better (and faster) to input your own formula instead of using Excel’s. You often have to break the calculation into a couple of steps, but this can be done quickly, and the result is a spreadsheet that you know works and is easily auditable.