

Professor Tim Baldenius
Columbia Business School
601 Uris
(212) 854-1715
tb171@columbia.edu

B8007 — Financial Planning & Analysis

Spring 2019 (A-term)

Course Description and Syllabus

(As of January 22, 2019 – may still be subject to minor adjustments)

Course description: This is a half-semester introductory course in financial planning and analysis. No prior knowledge of this topic is required or even expected. The main objective of this course is to develop an understanding of how accounting information can be used for decision-making and performance evaluation. The following topics will be covered:

- Product costing
- Activity-based costing (ABC) and profitability analysis, incl. Customer Lifetime Value
- Budgeting and variances
- Decentralization: profit centers and transfer pricing
- Capital budgeting and performance metrics
- Strategy and balanced scorecards
- Internal control issues

Course materials: There is no assigned textbook for this class. Before each class I will post lecture notes. Also posted you'll find practice problems with solutions to give you an opportunity to verify for yourself after class that you have internalized the concepts. For updated information once the course has started, please check Canvas. I will make liberal use of email.

Course organization: To ensure we have a lively class, please make sure you have read the assigned readings *before* class. I will post lecture notes for each class ahead of time. Class time will consist of lectures and case discussions. Some cases are designated as reading for a particular class without any homework questions attached to them. Please read those carefully to ensure an interactive class.

Grading: There is no mid-term exam. The following grading scheme applies:

In-class participation	14%
Homework (4 assignments)	28%
Final exam	58%

Final exam: The final exam is a 3.5-hours exam, to be downloaded from Canvas in the time period of **TBD**. The exam is open book, open notes, and you may use a laptop. But you have to work on it by yourself, i.e., it is **not** a group exam. If you become aware of a conflict that might cause you to miss the final exam, you need to contact Student Affairs immediately.

Homework assignments and case studies: All homework assignments are clearly marked as either “Individual” or “Group” assignments. “**Individual**” means you will have to hand in your own solution and are not allowed to discuss or share your solution with your fellow students. “**Group**” means you will hand in one writeup per study group; please mark clearly the names of all group members on the cover sheet. For group assignments, you are strongly encouraged to collaborate in groups. **The group size is capped at 4 students.**

I will hand out the assignments and post them online with ample lead-time. You will have to upload your solutions at the beginning of class on the due day (see Session Outline below). Please always bring a copy (hardcopy or laptop) of your homework solution for the purpose of class discussion.

Homework will be graded based on effort. The reason is that, due to the short format, assignments may at times be forward-looking, i.e., you’ll have to work on topics that we haven’t covered in class yet. With the help of the lecture notes you will be asked to make your best attempt at the case, so that we have a good basis for developing the case solution together in class.

I cannot accept late submissions because the solutions will be posted online by the end of the due date. If you cannot meet a deadline for an assignment for some important reason, you will have to let me know before that particular class. I will then assign you a make-up problem set.

The honor code applies

Teaching assistant:

Ms. Kunjue (Quinn) Wang: KWang21@gsb.columbia.edu

Review sessions: TBA

Office hours: By appointment, my office at Columbia is 601 Uris Hall

Course Outline: B8007, Spring 2019 (A-term)

- | | |
|--------------------------------|--|
| 1. Wed, 1/30 | Course Admin & Intro to Profitability Analysis 1 |
| Readings: | Handout #1 |
| | "GM's Volt - The Ugly Math of Low Sales, High Costs" |
| Case: | "Monsoon" (mini-case) |
| 2. Fri, 2/1 (!) | Intro to Profitability Analysis 2 |
| Case: | "Monsoon", continued |
| Practice problems: | #4-17, 4-20* ¹ (skip diagram part in 1.) |
| 3. Mon, 2/4 | Activity-Based Costing & Customer Profitability 1 |
| Readings: | Handout #2 |
| Cases: | "Seligram" |
| Practice problems: | #5-18, 5-37*, 5-40 |
| 4. Wed, 2/6 | Activity-Based Costing & Customer Profitability 2 |
| Assignment #1 due (INDIVIDUAL) | |
| Cases: | "Wilkerson"; "Bankinter" |
| 5. Mon, 2/11 | Budgeting and Variances 1 |
| Readings: | Handout #3 |
| | "Just-in-Time Budgeting for a Volatile Economy" |
| Cases: | "Dummy" |
| Practice problems: | #7-18, 7-19*, 7-21, 7-31 |
| 6. Wed, 2/13 | Budgeting and Variances 2 & Decision Making |
| Assignment #2 due (GROUP) | |
| Readings: | Handout #4 |
| Cases: | "Denim Finishing" |
| 7. Mon, 2/18 | Transfer Pricing 1 |
| Readings: | Handout #5 |
| | "Multinationals Pay Lower Taxes Than a Decade Ago" |
| | "Funds Transfer Pricing" (Deloitte)" |
| Practice problems: | #11-20, 11-34, 11-38 |
| 8. Wed, 2/20 | Transfer Pricing 2 |
| Assignment #3 due (GROUP) | |
| Cases: | "Favoring Internal Buyers" |

¹ Practice problems with asterisks are "optional", to be solved eventually. If you are under time pressure in that particular week, you can postpone them and come back to them when preparing for the exam.

- | | |
|---------------------------|--|
| 9. Mon, 2/25 | Performance Measurement 1 |
| Readings: | Handout #6 |
| Practice problems: | #22-25, 22-26, 22-28, 22-33 |
| 10. Wed, 2/27 | Performance Measurement 2 |
| Assignment #4 due (GROUP) | |
| Cases: | "Vyaderm" |
| 11. Mon, 3/4 | Strategy and Balanced Scorecard |
| Readings: | Handout #7 |
| | "Bain Management Tools 2015" |
| Cases: | "Citibank", "Store24" |
| 12. Wed, 3/6 | Control Systems & Review & Course Wrap-up |
| Cases: | "Kidder Peabody" |
| Final Exam: | To be downloaded from Canvas after course ends
(details to be discussed in class) |