



Graduate Course Syllabus

FIN 665: Long-Term Financing & Capital Structure Theory

Center: Online

Course Prerequisites

FIN-550

Course Description

This course is an application-oriented review of modern capital structure theories and long-term financing approaches. Students learn how to make value-maximizing capital structure and financing decisions as a manager. Students also are introduced to the analysis of capital structure and financial policy in the perspectives of investors, shareholders, debtors and other stakeholders using case method, and their implication on how a firm can maximize its value by making optimal capital structure and financing decisions. Topics include theories of capital structure decision, capital structure determinants, capital structure and cost of capital corporate strategy, sources of financing and financial markets, the financing of mergers and acquisitions and others.

Course Outcomes

- Evaluate capital structures and financing policies of various types of firms operating in different environments
- Assess traditional and innovative sources of financing in capital markets for their potential costs and benefits
- Propose capital structures and financing policies that maximize value for a business
- Communicate essential principles of capital structure and financing decisions effectively with other professionals
- Construct financial models of capital structure that successfully inform sound decision making

Required Materials

Using your learning resources is critical to your success in this course. Please purchase directly through the [SNHU Online Bookstore](#) rather than any other vendor. Purchasing directly from the bookstore ensures that you will obtain the correct materials and that the IT Service Desk, your advisor, and the instructor can provide you with support if you have problems.

Financial Management – With Access

Eugene F. Brigham and Michael C. Ehrhardt

Cengage Custom Publishing

2015

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Harvard Business Review

The following material is available in the Harvard Business Review area of your course:

- HBR Case: Capital Structure and Value
- HBR Case: Cox Communications, Inc., 1999
- HFB Case: Hutchison Whampoa Limited: The Capital Structure Decision
- HBR Case: Blaine Kitchenware, Inc.: Capital Structure, Spreadsheet Supplement
- HBB Case: MCI Communications Corp., 1983, Spreadsheet Supplement
- HBR Case: Cox Communications, Inc. 1999, Spreadsheet Supplement
- HBR Case: Debt Financing, Firm Value, and the Cost of Capital
- HBR Case: MCI Communications Corp., 1983
- HBR Case: Blaine Kitchenware, Inc.: Capital Structure (Brief Case)

Diversity, Equity, and Inclusion

As indicated in our core values, SNHU is committed to “embrace diversity where we encourage and respect diverse identities, ideas, and perspectives by honoring difference, amplifying belonging, engaging civilly, and breaking down barriers to bring our mission to life.”

This may or will be reflected in SNHU’s curriculum as we embrace and practice diversity, equity, and inclusion (DEI) to provide the most transformative experience for our students, faculty, and staff. Because topics pertaining to DEI can be sensitive, please remember that embodying and practicing diversity, equity, and inclusion is one of our core values that you will encounter throughout the academic experience. In higher education, we are expected to think and engage critically. Use a growth mindset to embrace the diverse readings, course assignments, and experiences of your peers and faculty.

For more information about DEI at SNHU, please visit our website at the [Office of Diversity and Inclusion](#).

Instructor Availability and Response Time

Your class interaction with the instructor and your classmates will take place on a regular, ongoing basis. Your instructor will be actively engaged within the course throughout the week. You will normally communicate with your instructor in the weekly discussions or the General Questions discussion topic so that your questions and the instructor’s answers benefit the entire class. You should feel free, however, to communicate with your instructor via SNHU email at any time, particularly when you want to discuss something of a personal or sensitive nature. Your instructor will generally provide a response within 24 hours. Instructors will post grades and feedback (as applicable) within seven days of an assignment’s due date, or within seven days of a late submission.

Grade Distribution

Assignment Category	Number of Graded Items	Point Value per Item	Total Points
Discussions	10	35	350
Group Case Analysis	3	100	300
Final Project: Individual Case Analysis	2	175	350
			Total Course Points: 1,000

This course may also contain practice activities. The purpose of these non-graded activities is to assist you in mastering the learning outcomes in the graded activity items listed above.

University Grading System: Graduate

Grade	Numerical Equivalent	Points
A	93–100	4.00
A-	90–92	3.67
B+	87–89	3.33
B	83–86	3.00
B-	80–82	2.67
C+	77–79	2.33
C	73–76	2.00
F	0–72	0.00
I	Incomplete	
IF	Incomplete/Failure *	
W	Withdrawn	

* Please refer to the [policy page](#) for information on the incomplete grade process.

Grading Guides

Specific activity directions, grading guides, posting requirements, and additional deadlines can be found in the Assignment Guidelines and Rubrics section of the course.

Weekly Assignment Schedule

All reading and assignment information can be found within each module of the course. Assignments and discussion posts during the first week of each term are due by 11:59 p.m. Eastern Time. Assignments and discussion posts for the remainder of the term are due by 11:59 p.m. of the student's local time zone.

In addition to the textbook readings that are listed, there may be additional required resources within each module.

Module	Topics and Assignments
1	<p>An Overview of Capital Structure, Risk, Return, and Firm Value</p> <p>Reading: <i>Financial Management</i>, Chapters 6, 9, and 10</p> <p>HBR Case: <i>Blaine Kitchenware, Inc.: Capital Structure</i> (Brief Case)</p> <p>HBR Case: <i>Hutchison Whampoa Limited: The Capital Structure Decision</i></p> <p>1-1 Discussion: Blaine Kitchenware Case Question 1</p> <p>1-2 Quiz: Capital Structure, Risk, Return, and Firm Value</p> <p>1-3 Group Case Analysis: Case #1</p> <p>1-4 Final Project: Review Document</p>

Module	Topics and Assignments
2	<p>The Modigliani—Miller Theorem and Trade-Off Theory of Capital Structure</p> <p>Reading: <i>Financial Management</i>, Chapter 15</p> <p>HBR Case: <i>Capital Structure and Value</i></p> <p>HBR Case: <i>Blaine Kitchenware, Inc.: Capital Structure</i> (Brief Case)</p> <p>2-1 Discussion: Blaine Kitchenware Case Question 2</p> <p>2-2 Quiz: The MM Theorem</p> <p>2-3 Workshop: MM Theorem and Trade-Off Theory of Capital Structure</p> <p>2-4 Group Case Analysis: Case #1</p> <p>2-5 Final Project: Milestone One: Begin Work on Progress Report</p>
3	<p>Pecking Order, Market Timing, and Substitution Theories of Capital Structure</p> <p>HBR Case: <i>Blaine Kitchenware, Inc.: Capital Structure</i> (Brief Case)</p> <p>3-1 Discussion: Blaine Kitchenware Case Question 3</p> <p>3-2 Questions and Answers: Pecking Order, Market Timing, and Substitution Theories of Capital Structure</p> <p>3-3 Group Case Analysis: Case #1</p> <p>Group Evaluation Form</p> <p>3-4 Final Project: Continue Work</p>
4	<p>Capital Structure and Corporate Strategy</p> <p>HBR Case: <i>MCI Communications Corp., 1983</i></p> <p>4-1 Discussion: MCI Communications Case Question 1</p> <p>4-2 Questions and Answers: Capital Structure and Corporate Strategy</p> <p>4-3 Group Case Analysis: Case #2</p> <p>4-4 Final Project: Continue Work</p>
5	<p>Capital Structure Determinants</p> <p>HBR Case: <i>MCI Communications Corp., 1983</i></p> <p>5-1 Discussion: MCI Communications Case Question 2</p> <p>5-2 Questions and Answers: Capital Structure Determinants</p> <p>5-3 Group Case Analysis: Case #2</p> <p>5-4 Final Project: Milestone One: Progress Report</p>
6	<p>Sources of Long-Term Financing</p> <p>HBR Case: <i>MCI Communications Corp., 1983</i></p> <p>6-1 Discussion: MCI Communications Case Question 3</p> <p>6-2 Article Review: Long-Term Trends in the Global Capital Markets</p> <p>6-3 Group Case Analysis: Case #2</p> <p>Group Evaluation Form</p> <p>6-4 Final Project: Milestone Two: Begin Work on Rough Draft</p>

Module	Topics and Assignments
7	Raising Debt Capital Reading: <i>Financial Management</i> , Chapter 5 HBR Case: <i>Cox Communications, Inc., 1999</i> 7-1 Discussion: Cox Communications Case Question 1 7-2 Website Review: Securities Statistics and Syndicated Loans 7-3 Group Case Analysis: Case #3 7-4 Final Project: Continue Work
8	Raising Equity Capital Reading: <i>Financial Management</i> , Chapters 6 & 7 HBR Case: <i>Cox Communications, Inc., 1999</i> 8-1 Discussion: Cox Communications Case Question 2 8-2 Website Review: Global Equity Markets 8-3 Group Case Analysis: Case #3 8-4 Final Project: Milestone Two: Rough Draft
9	Financing With Hybrid Securities Reading: <i>Financial Management</i> , Chapter 20 HBR Case: <i>Cox Communications, Inc., 1999</i> 9-1 Discussion: Cox Communications Case Question 3 9-2 Self-Evaluation: Hybrid Financing: Preferred Stock, Warrants, and Convertibles 9-3 Group Case Analysis: Case #3 Group Evaluation Form 9-4 Final Project: Milestone Three: Begin Work on Final Case Analysis Report
10	Capital Structure and the Financing of Mergers and Acquisitions 10-1 Discussion: Capital Structure and the Financing of Mergers and Acquisitions 10-2 Questions and Answers: Capital Structure and the Financing of Mergers and Acquisitions 10-3 Final Project: Milestone Three: Final Case Analysis Report

Attendance Policy

Online students are required to submit a graded assignment/discussion during the first week of class. If a student does not submit a graded assignment/discussion during the first week of class, the student is automatically dropped from the course for non-participation. Review the [full attendance policy](#).

Late Assignments Policy

Meeting assigned due dates is critical for demonstrating progress and ensuring appropriate time for instructor feedback on assignments. Students are expected to submit their assignments on or before the due date. Review the [full late assignment policy](#).

SNHU Student Handbook

Review the [student handbook](#).

ADA/504 Compliance Statement

Southern New Hampshire University (SNHU) is dedicated to providing equal access to individuals with disabilities in accordance with Section 504 of the Rehabilitation Act of 1973 and with Title III of the Americans with Disabilities Act (ADA) of 1990, as amended by the Americans with Disabilities Act Amendments Act (ADAAA) of 2008.

SNHU prohibits unlawful discrimination on the basis of disability and takes action to prevent such discrimination by providing reasonable accommodations to eligible individuals with disabilities. The university has adopted this policy to provide for prompt and equitable resolution of complaints regarding any action prohibited by Section 504, the ADA, or the ADAAA.

For questions about **support services, documentation guidelines, general disability issues, or pregnancy accommodations**, please visit the [Online Accessibility Center](#) (OAC).

As a student, you must complete an interactive intake process, with supporting documentation, in order to be granted accommodations. Once reasonable accommodations are approved by the OAC, you will receive an accommodations letter. You are then responsible for sharing the letter with your instructor. Accommodations are not retroactive.

If you feel you've been subject to discrimination on the basis of disability, by any party, you may file a complaint or grievance. For more information on the ADA/504 Grievance Policy, go to the [Disability and Accessibility Services](#) website.

Academic Integrity Policy

Southern New Hampshire University requires all students to adhere to high standards of integrity in their academic work. Activities such as plagiarism and cheating are not condoned by the university. Review the [full academic integrity policy](#).

Copyright Policy

Southern New Hampshire University abides by the provisions of United States Copyright Act (Title 17 of the United States Code). Any person who infringes the copyright law is liable. Review the [full copyright policy](#).

SNHU Withdrawal Policy

Review the [full withdrawal policy](#).

Southern New Hampshire University Policies

More information about SNHU policies can be found on the [policy page](#).