



THE UNIVERSITY OF AUCKLAND  
BUSINESS SCHOOL

## **The University of Auckland Business School Course Outline 2012**

### **INNOVENT 202 FINANCIAL MANAGEMENT AND MARKETING FOR BUSINESS GROWTH SEMESTER 1 (1123)**

---

#### **Course Prescription**

Develops knowledge of financial management, financing, marketing and sales for innovation projects and high growth entrepreneurial ventures Introduces financial analysis, investment analysis, valuation, financing of new ventures, market analysis and evaluation of innovations in different stages of the innovation pipeline.

*Pre-requisite: Business 102 or MGMT 101 or 120 points of courses*

#### **Financial Management Components**

The financial management component of the course covers the sources of and uses of financial information with particular reference to capital budgeting techniques and valuation theory, the concepts of risk and return and the impact this has on project and firm value. The course introduces concepts of financial analysis for innovation based enterprises; the application of capital budgeting and valuation concepts to new ventures; and key financial bases for project and enterprise decision-making.

#### **Goals**

To introduce students to the major tools of financial management through the use of and interpretation of financial and other market based information for the purpose of decision making.

#### **Learning Outcomes**

- 1) To understand the structure and content of financial reports
- 2) To interpret and draw conclusions from an analysis of financial reports
- 3) To understand the importance of 'cash flows' in the different stages of new project innovation and the firm lifecycle
- 4) To understand and apply particular tools of analysis to value the firm and new innovation projects
- 5) To understand how capital projects, new ventures and innovations might be financed
- 6) To gain an understanding of various forms of 'risk', including financial and operating risks in the different stages of new innovation projects

## Marketing Components

The marketing components of the course introduce and examine modern marketing theory and practice in the context of innovation e.g. new product and service development. This includes market analysis and validation, innovation across all the elements that comprise a go-to-market offer and the use of marketing “tools” and techniques appropriate to each stage of the adoption of innovation.

The course looks at marketing issues relevant in each stage of the innovation process.

Five key concepts provide structure for the course. These are:

- *Marketing and a Market Orientation*; understanding these concepts underpins systematic application of marketing principles and “tools” including the diffusion of innovation
- *Market Validation* including collection and analysis of market data to test market interest in new products and services and to use market/customer feedback as part of the development process
- *Value Creation*. Understanding, delivering and communicating what customers’ value lies at the heart of successful innovation. Value creation (for customers and value capture (for the firm) are reviewed through a market lens with particular focus on how value is created, delivered and communicated. The links between customer value and financial outcomes are explained and illustrated with case examples drawn from overseas and NZ businesses
- *Product/Service/Process Innovation* for performance improvement and business growth.
- *Marketing Future Practice*. Examines and applies new thinking and practices in marketing and their application to the innovation process

## Goals

To introduce students to the marketing discipline and the tools available to manage risk and facilitate market adoption of innovative products, systems and services and to understand the role and contribution of innovation in driving financial and stakeholder outcomes

## Learning Outcomes

- 1) To understand the principles and concepts of modern marketing in the innovation process including problem structuring to guide data collection
- 2) To recognise their utility and application
- 3) To appreciate the techniques and tools of marketing and their appropriate use in the context of the different stages of the diffusion of innovation
- 4) To understand how to use market and customer insights to support go-to-market strategy development

## Content Outline

Week	Topic: Marketing
1	Marketing defined; customer value creation; diffusion of innovation;
2	Market analysis; generating and using knowledge about the marketplace; target market selection.

<b>3</b>	Go-to-market market strategy; positioning and differentiating innovative market offers; go- to- market marketing techniques and issues including communicating the value proposition (external marketing), delivering value (interactive marketing) and enabling value creation (internal marketing)
<b>4</b>	The role of innovation in improving and sustaining business performance and business growth
<b>5</b>	Marketing – Future Practice; new concepts and thinking in marketing and their application throughout the stages of the innovation process.
<b>6</b>	Course summary and Conclusions
<b>Week</b>	<b>Financial Management</b>
<b>7</b>	Introduction to Finance. Understanding Financial Statements
<b>8</b>	Analysis of Financial Statements. Introduction to the time value of money
<b>9</b>	Time value of money. Selecting and prioritising alternative investments to increase shareholder wealth. Capital budgeting / NPV/ IRR
<b>10</b>	Valuation of New Ventures and Innovations
<b>11</b>	Cost of Capital for New Ventures and Innovations
<b>12</b>	Financing of New Ventures and Innovations

## Learning Resources for Financial Management

### Prescribed text

The prescribed text is Fundamentals of Financial Management by E. Brigham and J. Houston, 2012, 7<sup>th</sup> Edition, ISBN10: **0-538-47711-3**, ISBN13: **978-0-538-47711-6**  
We will cover extracts from Chapters 1, 2, 3, 4, 5, 8, 9, 10, 11 and 13. You can purchase this text from the University Bookshop either as a hardback version or by way of EBook.  
<http://www.cengagebrain.co.nz/shop/isbn/9780538477116>

This is an excellent introductory textbook and I hope should also be helpful for your future reference.

### Other learning resources

To give 'life' to the study of financial management it is highly recommended that you read the business press in, for example, NZ Herald ([www.nzherald.co.nz](http://www.nzherald.co.nz)) and The National Business Review ([www.nbr.co.nz](http://www.nbr.co.nz)). In addition the New Zealand Stock Exchange ([www.nzx.com](http://www.nzx.com)) website and Sharechat ([www.sharechat.co.nz](http://www.sharechat.co.nz)) can provide further resource material. This will assist in observing the working link between the various theories and its application to the market.

Other readings may be provided as part of the course.

## Learning Resources for Marketing

The **prescribed text** is a practical, highly readable business book which focuses on testing and validating a market opportunity.

If You Build it, Will they Come? by Rob Adams, 2010, ISBN 978-470-56363-2

In addition, a schedule of course readings for each class will be provided to provide a deeper understanding of key concepts and the innovation process

We also recommend that you read the business focusing on articles and stories of business innovation – we will use current examples of innovation for discussion in tutorials.

## **Lectures and Tutorials**

There will be a two hour lecture scheduled for Wednesdays 2pm-4pm. This will provide the framework for the course and will cover the concepts and tools that underpin successful commercialisation of innovation.

Either a further lecture or a one hour tutorial will be scheduled for Fridays 12pm-1pm.

Tutorials provide an opportunity for discussion, debate and critically, participation.

All material covered in lectures and tutorials will be examinable.

You are expected to attend all lectures and tutorials.

## **Teaching Staff**

The time allocated to the course will be split between Financial Management and Marketing.

### **Financial Management**

Lecturer: Alastair Marsden, Room 5107, Owen G. Glenn Building, Phone 3737599, extension 88564;

Office Hours: To be advised. Email [a.marsden@auckland.ac.nz](mailto:a.marsden@auckland.ac.nz)

### **Marketing**

Lecturer: David Shieff, Room 419, Owen G. Glenn Building, Phone 3737599, extension 86984;

Office Hours: To be advised. Email [d.shieff@auckland.ac.nz](mailto:d.shieff@auckland.ac.nz)

## **Assessment**

### ***Financial Management***

You will be required to undertake and prepare an individual assignment. The focus will be on the first three weeks of the material taught in the Financial Management section of the course

### ***Marketing***

You will be required to undertake and prepare a written individual assignment. The focus will be market exploration based on desk research to qualify and validate possible markets for an innovative product, system or service.

The assignments are worth 15% for EACH of the 2 areas.

### **Final Exam**

The final exam (3 hours) will cover all material from both Financial Management and Marketing that has been taught in the course.

The exam will be closed book, but calculators are allowed.

Assessment	Proportion	Related learning outcomes to be assessed in accounting and finance	Related learning outcomes to be assessed in marketing
Assignment (Financial Management)	15%	1, 2 and 3	
Assignment (Marketing)	15%		1, 2 and 3
Final exam	70% in total (split equally in weight between Fin. Mgmt. and Marketing.	Financial Management 1, 2, 3, 4, 5 and 6.	Marketing 1, 2, 3, and 4.
TOTAL	100%		