

<b>BUSINESS FINANCE</b>	<b>PROF. ALI NEJADMALAYERI, PH.D., CFA</b>
FIN 5013 Section 583, online Desire2Learn Online Course Access	North Hall, Room 305 Office Hours: Discussion Boards/Emails
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NOTE: Syllabus is NOT a legally binding contract. I reserve the right to change content at any time.

## PREREQUISITES: GRADUATE STANDING

## COURSE MATERIAL:

### Course D2L Page

This course will use OSU's course management system Desire2Learn (D2L). Assignments, announcements, notes, and grades will be posted throughout the semester and **it is the student's responsibility** to check the website often. The web address is <https://oc.okstate.edu/>.

### Required Textbook

The main references for this course is "**Corporate Finance, 9<sup>th</sup> Ed.**", by *Ross, Westerfield, and Jaffe* [hereafter: RWJ] (ISBN: 978-007-7337629). The publisher has release a new edition of the book, 10<sup>th</sup> edition, which you choose for this course. More information about the course can be found the course D2L webpage.

We will be using articles from *McKinsey Quarterly* for the purpose of "flipped" teaching pedagogy and of course executive reports. See D2L page for these articles.

### Software

An important objective of this course is to learn how to use Excel to solve financial problems. To that end, we will use Excel extensively throughout the semester. You are strongly recommended to brush up on your Excel skills before we delve into topics.

### Calculator

Following a long standing tradition, I will also show how financial calculators or a calculator with financial functionalities can be used in this course. The calculator should have net present value (NPV) and internal rate of return (IRR) functions. Two candidates are the HP 10B (about \$30) and the TI BA II Plus (about \$30). Calculators may be used to work the exams, so be sure to have fresh or back-up batteries. If you don't want or can't work with Excel, you should get your calculator and start learning how to use it this week—don't wait until the first exam.

## OBJECTIVE:

The main objective of this course is to provide students with a comprehensive introduction to the financial management of a business enterprise. We start by real-world examples from McKinsey Quarterly case reports in which different financial topics play a pivotal role in managerial decision making process. We then try to understand the financial underpinning of each case by the way of solving stylized problems closely related to the topics at hand. This would hopefully help us to understand what business finance is about and how finance as a field can enable corporate officers to enhance the outcome of their decisions. Included are topics such as: capital budgeting, capital structure, and valuation. The lectures, assignments and exams are designed to teach the financial concepts necessary to successfully manage and analyze an enterprise.

In a nutshell, our course objectives and how they map into program learning objectives are as follows:

Course Objective	Program Learning Objective
1. Students should be able to understand real-life financial problems (per McKinsey cases), analyze various aspect of these problems, and break down these complex problems into stylized building blocks 2. Students should prepare Executive reports about these cases and provide a concrete critical analysis	<ul style="list-style-type: none"> <li>• Critical thinking</li> <li>• Teamwork</li> <li>• Written communication</li> </ul>
3. Students should be able to solve prototypical financial problems (e.g., NPV analysis, DCF, etc.) using a variety of methods (financial calculator, Excel, etc.) 4. Student should be able to demonstrate their mastery of the material through weekly quizzes as well as midterm and final exams	<ul style="list-style-type: none"> <li>• Critical thinking</li> <li>• Ethical decision making</li> </ul>

## STYLE:

We will use a "Team-Based Learning" approach in this course. Lectures and slide presentations will set the stage but beyond that, all students, individually and group-wise, will be responsible for their own learning. Interaction and participation are essential. To that end, I will act as your learning coach.

## GRADES:

Your final grade for this course is determined base on the following grade activities:

Grade Activity	Percentage
Quizzes	50
Article Summaries	20
Midterm Exam	15
Final Exam	15

Upon completion of the course, the final letter grade then will reported using the following rule:

<i>Percentage Point Range</i>	<b>Final Letter Grade</b>
89.5% – 100.0%	<b>A</b>
79.5% – 89.4%	<b>B</b>
69.5% – 79.4%	<b>C</b>
59.5% – 69.4%	<b>D</b>
< 59.5%	<b>F</b>

## **EXAMS AND MAJOR ASSIGNMENTS:**

There will be a total of fourteen examinations – twelve quizzes (only eleven of which counts towards the final grade), a midterm exam and a final exam. The midterm and final exam are **mandatory**. All exams combined represent 80% of the final grade of the course.

Each student must take all of the quizzes and exams. At the end of each class period, student would be examined from the material covered during the class. If for some reason a student must miss an exam, the student must discuss the matter with the instructor *before* the date of exam. Otherwise, the student will receive a “zero” for the missed test. Only university–authorized absences will be accepted. **NO MAKE-UP TEST will be given under any circumstances.** The final exam contains a mandatory part (dubbed short final) and an elective amendment. Students who wish to replace the entirety of their quiz and midterm grades must take the amendment. THE FINAL EXAM WILL BE GIVEN ON THE WEEK OF MAY 04, 2015—WHICH CLOSED ON FRIDAY MAY 08, 2015.

The remaining portion of the final course grade is comprised of 10 article summaries. These grade activities are group-works. The articles are from *McKinsey Quarterly*. The link to the relevant McKinsey articles can be found in the course page. Each group must read each of the assigned articles and write an “Executive Summary Report” of no more than two pages in length of single-spaced in font size 12”. You must submit these executive summaries to the appropriate Dropbox in D2L. Grades for these activities are based on both the quality of reports as well as class discussions. Sample of “good” and “bad” reports are attached to this syllabus and they are also available on D2L.

There are no mandatory homework assignments. There are, however, recommended problems. The answers to these problems will be posted on the web.

## **EXAM POLICY:**

All quizzes are posted on D2L and you can take these quizzes from anywhere without any proctoring needed. I expect you follow an honor system whereby each student adhere to personal and professional integrity acceptable norms. You may use your books, notes, Excel, and calculators to answer quizzes.

Midterm and final are **PROCTORED and password protected**. Only proctors would know these passwords shortly before each examination. Upon enrolling each semester, complete the appropriate proctor form(s) located on the Spears School of Business Distance Learning website, if the exam(s) are proctored: <http://spears.okstate.edu/distance/forms/>. Contact the Spears School Distance Learning office at [spearsdistance@okstate.edu](mailto:spearsdistance@okstate.edu), or call (405) 744-4048 if you have any questions regarding the proctoring process. You may also visit <http://spears.okstate.edu/distance/guide>.

## RESPONSE AND FEEDBACK POLICY:

I will try my best to respond to student inquiries within 72 hours during Monday-Friday business hours. Students can expect grades for assignments to be posted in Desire2Learn within two weeks of turning in the assignment. **HOWEVER, a large number of students are military personnel with special needs which can drastically affect feedback time for exams.**

## Exam solution policy

I will NOT post solutions to quizzes, midterm, or final exam. There are multiple versions of each exam and questions are further randomized. A details answer key for exams is simply NOT feasible. I can provide guidance in general terms about a type of problem. However, until all exams are in, I will NOT provide any feedback to maintain integrity of the process.

There are two trials (except for the first quiz which has three trials) for each quiz. These trials become progressively more difficult. Your grade for each quiz is the better of the two trials. Additionally, the lowest grade quiz will be dropped from the overall quiz grade.

Your midterm and final exams only have ONE trial. As noted, the final exam does have an amendment which contains question from chapters 1, 2, 3, 4, 8, and 9. An attempt to start the amendment to final indicates your intention to replace the overall quiz and midterm grades, REGARDLESS of the outcome of your attempt.

## Instructor contact policy

Your primary means of contacting me are the discussion board—which are setup for each chapter, midterm exam, and final exam separately. Most concerns are typically shared questions with others, and thus, it makes more sense to address them on masse. All assignments MUST be turn in via Dropboxes setup in D2L. Avoid contact via email unless you have pressing issues for which have not received feedback within aforementioned time frames.

## EXTRA CREDIT POLICY:

Extra credit **WILL NOT** be given or considered.

## DROP POLICY:

The official university policy will be followed. Be aware of these dates:

January 20, last day to drop the course with no record & 100% refund

January 23, last day to drop the course with restriction & only 50% refund

April 10, last day to drop a course with an automatic "W"

April 24, last day to withdraw from the university and receive a "W" or "F"

To drop this course, contact the Registrar's office, (405) 744-6876, or drop through SIS.

## INTERNET NETIQUETTE GUIDELINES:

A melding of the words "network" and "etiquette", netiquette refers to the manner in which communication is conveyed in an electronic environment such as D2L.

Here are some guidelines for communication within this course:

- **REFRAIN FROM USING ALL CAPS!** It is considered "SHOUTING" when communicating online.
- Do not post or forward offensive or racially insensitive jokes or comments.
- Be careful with humor and sarcasm.
- Don't respond to personal attacks: Contact the instructor for action and referral.
- Always add in the subject line a concise statement describing the email or discussion post.
- Respect others' opinions. If you disagree with what another has said, post your thoughts in an objective, respectful manner. Do not make remarks that can be taken personally.
- Reflect upon the text you have entered before posting.
- Keep the discussion within the scope of the course material.
- Communication should be grammatically correct. Adhere to correct sentence structure, grammar, and spelling conventions. Proofread for errors before posting a message.
- Before you respond to a threaded message, read all the messages related to that message that have been previously posted.
- Send out an email to a group using the blind carbon copy field – BCC does not allow your recipients to view who was sent the email.

## ACADEMIC INTEGRITY:

Oklahoma State University is committed to the maintenance of the highest standards of integrity and ethical conduct of its members. This level of ethical behavior and integrity will be maintained in this course. Participating in a behavior that violates academic integrity (e.g., unauthorized collaboration on homework or assignments, plagiarism, multiple submissions of the same assignment, cheating on examinations, fabricating information, helping another person cheat, having unauthorized advance access to examinations, altering or destroying the work of others, and fraudulently altering academic records) will result in your being sanctioned. Violations may subject you to disciplinary action including the following: receiving a failing grade on an assignment, examination or course, receiving a notation of a violation of academic integrity on your transcript, and being suspended from the University. You have the right to appeal the charge. Contact the Office of Academic Affairs, 101 Whitehurst, 405-744-5627, or see <http://osu.okstate.edu/acadaffr/aa/academicintegrity.htm> for details.

## DISABILITY ACCOMMODATIONS:

If any member of the class believes that s/he has a physical, emotional, or psychological disability and needs accommodations of any nature, the instructor will work with you and the university Office of Student Disability Services to provide reasonable accommodations to ensure that you have a fair opportunity to perform in this class. Please advise the instructor of such disability and the accommodations as soon as possible. You will need to also contact the Student Disability Services office in order to receive accommodations. No accommodations will be made without prior notification.

## TENTATIVE COURSE SCHEDULE:

<i>Week of</i>	<b>Agenda</b>	<b>Recommended Problems†</b> <i>Article Due Dates</i>
<i>Jan 12</i>	<ul style="list-style-type: none"> <li>▪ Introduction</li> <li>▪ <b>RWJ Chapter 1: Overview of Corporate Finance</b></li> </ul>	
<i>Jan 19</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 2: Basic Financial Statement</b></li> <li>▪ AR1: "Why Value Value?", by Copeland</li> </ul>	P 3, 4, 8 – 12, 16, 18, 22, 27 <i>Jan. 18, 11:59 PM</i>
<i>Jan 26</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 3: Analysis of Financial Statement</b></li> <li>▪ AR11: "Market Fundamentals", by Goedhart &amp; Koller</li> </ul>	P 1 – 4, 9 – 18, , 26, 3 <i>Jan. 25, 11:59 PM</i>
<i>Feb 02</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 4: Time Value of Money, Part 1</b></li> </ul>	P 2 – 5, 10 – 17, 26 – 30
<i>Feb 09</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 4: Time Value of Money, Part 2</b></li> </ul>	P 33 – 38, 51, 53, 61 – 67
<i>Feb 16</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 8: Interest Rates &amp; Bonds</b></li> <li>▪ AR10: "Getting a fix on bonds", by Kover</li> </ul>	P 1 – 3, 10 – 17, 21 – 25 <i>Feb. 15, 11:59 PM</i>
<i>Feb 23</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 9: Stock Valuation, Part 1</b></li> <li>▪ AR3 &amp; AR4: "Valuing Dot-Coms" by Desmet, Francis, Hu, Koller &amp; Riedel</li> </ul>	P 13 – 15, 20 – 24 <i>Feb. 22, 11:59 PM</i>
<i>Mar 02</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 9: Stock Valuation, Part 2</b></li> </ul>	P 25 – 31, 34 – 35
<b>Mar 09</b>	<ul style="list-style-type: none"> <li>▪ <b>Midterm Exam: Chapters 1, 2, 3, 4, 8, &amp; 9</b></li> </ul>	
<i>Mar 23</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 5: NPV &amp; Other Investment Rules</b></li> <li>▪ AR5: "The Curse of Too Much Capital" by Clayton, Gambill, &amp; Harned</li> </ul>	P 5, 8, 13 – 16, 19, 23 – 28 <i>Mar. 22, 11:59 PM</i>
<i>Mar 30</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 6: Capital Investments, Part 1</b></li> <li>▪ AR14: "Managing Capital Projects" by Hundertmark, do Valle Silva, and Shulman</li> </ul>	P 2, 5, 9 – 15, 19 – 22 <i>Mar. 29, 11:59 PM</i>
<i>Apr 06</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 6: Capital Investments, Part 2</b></li> </ul>	P 26 – 29, 33 – 35, 38
<i>Apr 13</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 10: Risk and Return: Introduction</b></li> <li>▪ AR2: "What makes your stock price go up and down" by Coyne &amp; Witter</li> </ul>	P 7 – 12, 17 – 22, 25 – 28 <i>Apr. 12, 11:59 PM</i>
<i>Apr 20</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 11: Risk and Return: CAPM</b></li> <li>▪ AR8: "A better beta" by Annema &amp; Goedhart</li> </ul>	P 7 – 11, 25 – 29, 34 – 38 <i>Apr. 19, 11:59 PM</i>
<i>Apr 27</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 13: Capital Budgeting</b></li> <li>▪ AR15: "Healthy corporations" by DeSmet, Loch, &amp; Schaninger</li> </ul>	P 1 – 6, 8, 11, 12, 14 – 17, 22, 24 <i>Apr. 26, 11:59 PM</i>
<i>Apr 27</i>	<ul style="list-style-type: none"> <li>▪ <b>RWJ Chapter 14: Efficient Market Hypothesis</b></li> </ul>	All Questions
<b>May 04</b>	<ul style="list-style-type: none"> <li>▪ <b>Final Exam: Chapters 5, 6, 10, 11, 13, &amp; 14</b></li> </ul>	

† These problems are ALL from the 9<sup>th</sup> edition of the RWJ book. For equivalent problems in the 10<sup>th</sup> edition, check out the appropriate link at the course's D2L page.

## QUIZ SCHEDULE:

<i>Starts</i> <b>6:00 AM</b>	<b>Chapters</b>	<i>Due on</i> <b>11:59 PM</b> of Sunday
Monday:		
<i>Jan 19</i>	▪ <b>RWJ Chapter 2: <i>Basic Financial Statement</i></b>	<i>Jan 25</i>
<i>Jan 26</i>	▪ <b>RWJ Chapter 3: <i>Analysis of Financial Statement</i></b>	<i>Feb 01</i>
<i>Feb 02</i>	▪ <b>RWJ Chapter 4: <i>Time Value of Money, Part 1</i></b>	<i>Feb 08</i>
<i>Feb 09</i>	▪ <b>RWJ Chapter 4: <i>Time Value of Money, Part 2</i></b>	<i>Feb 15</i>
<i>Feb 16</i>	▪ <b>RWJ Chapter 8: <i>Interest Rates &amp; Bonds</i></b>	<i>Feb 22</i>
<i>Feb 23</i>	▪ <b>RWJ Chapter 9: <i>Stock Valuation, Part 1</i></b>	<i>Mar 01</i>
<i>Mar 02</i>	▪ <b>RWJ Chapter 9: <i>Stock Valuation, Part 2</i></b>	<i>Jan 25</i>
<b>Mar 09</b>	▪ <b>Midterm Exam: Chapters 1, 2, 3, 4, 8, &amp; 9</b> ▪ <b><u>PROCTOR NEEDED</u></b>	<b>Ends on 11:59 PM of Friday Mar 13, 2015</b>
<i>Mar 23</i>	▪ <b>RWJ Chapter 5: <i>NPV &amp; Other Investment Rules</i></b>	<i>Mar 29</i>
<i>Mar 30</i>	▪ <b>RWJ Chapter 6: <i>Capital Investments, Part 1</i></b>	<i>Apr 05</i>
<i>Apr 06</i>	▪ <b>RWJ Chapter 6: <i>Capital Investments, Part 2</i></b>	<i>Apr 12</i>
<i>Apr 13</i>	▪ <b>RWJ Chapter 10: <i>Risk and Return: Introduction</i></b>	<i>Apr 19</i>
<i>Apr 20</i>	▪ <b>RWJ Chapter 11: <i>Risk and Return: CAPM</i></b>	<i>Apr 26</i>
<i>Apr 27</i>	▪ <b>RWJ Chapter 13: <i>Capital Budgeting</i></b>	<i>May 03</i>
<b>May 04</b>	▪ <b>Final Exam: Chapters 5, 6, 10, 11, 13, &amp; 14</b> ▪ <b><u>PROCTOR NEEDED</u></b>	<b>Ends on 11:59 PM of Friday May 08, 2015</b>