

**Doane College at Grand Island**  
**BUS 606 FINANCIAL ISSUES FOR MANAGERS**  
**3 credit hours – Required core course**

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Office Hours – By Appointment

**Course Description**

A course designed for non-financial managers, emphasizing the use of both financial accounting and financial information as decision-making tools. Students learn to assess the financial strength of an organization through financial ratio analysis, and to examine factors considered in financial and investment decisions. The course is taught through readings, financial analyses, and case studies.

**Required Text**

*Finance for Strategic Decision Making: What Non-Financial Managers Need to Know* by M.P. Narayanan and Vikram K. Nanda, 2004. ISBN: 0787965170. Hardback.

**Course Objectives**

This is an overview course designed to develop a clear understanding of the tools and skills necessary for use by those in both financial and non-financial positions in today's business environment. Upon completion of the course, students will:

- Be able to appropriately analyze and plan for the overall financial health of an organization in today's chaotic business environment.
- Be familiar with the concepts of financial ratio analysis
- Understand the use of finance in corporate strategy making, cost of capital, net present value, corporate financing, mergers and acquisitions, divestitures, and risk management
- Understand corporate financial planning and forecasting
- Financially based performance evaluations

The course will take a non-technical approach to understanding these concepts. During the eight-week session a combination of lectures, case studies, and class projects will be utilized to provide the students with a sound perspective of financial management concepts and practical applications. Students work together in teams to a financial problem for a fictitious business. There will be a comprehensive examination covering the pertinent financial management tools covered during the term. At the conclusion of the course, the students will present the solution to the financial problem that they have been assigned, basing that solution on financial principals learned in class.

**Course Grading**

The final course grade will be composed of the following:

Comprehensive exam on financial tools of management -	35 points
Group Financial Project -	50 points
Homework as Assigned-	15 points

**Projected Grade Distribution will be as follows:**

- A 90 – 100+ points
- B 80 - 89 points
- C 70 - 79 points
- D 60 - 69 points

**Comprehensive Exam:**

The comprehensive exam will cover proper recognition and utilization of the tools of financial analysis and management as discussed in the text and in class. The exam may, but not necessarily, include true/false, multiple-choice, fill-in-the-blank, ratio analysis recognition, and short essay questions. There will be no make-up exam unless approved by the instructor prior to the exam. The student must have a compelling reason for missing an exam and the decision regarding make-up exams lies solely with the instructor. The form of any make-up exam may not necessarily follow the same format as the regular exam. The comprehensive exam represents 40 points of the possible 100 points that can be earned by the student over the course of the class.

**Group Project:**

During class session number 1, the class will be divided into corporate financial leadership groups. Each group will create a fictitious business for whom each member will be employed and have a specific role to play on the financial leadership team. The group will work together toward a presentation of a solution to a particular financial issue being faced by their organization, with conclusions drawn through utilization of recognized tools of financial analysis and management. Presentations will occur in class session number 8. Each member of the team will have a role in the presentation. One half of the points earned by each team member will be equal to the points earned by the team for their presentation, with a maximum of 25 points possible. The other half of the points earned by each team member will be representative of that team member's score on his or her portion of the presentation, with a maximum of 25 points possible for the individual score. Within the group project, the total points possible for each member of the class are 50. Team members not present on the night of the presentations will receive no points for their group project. The group presentation represents a possible total of 50 points toward the student's final grade.

**Homework:**

Homework will consist primarily of assignments which will give students the opportunity to apply the financial tools being discussed in class. In addition, short research assignments on current business financial issues found in business periodicals, newscasts or on the internet may be made asking the student to report briefly to the class on such issues. It will be expected that homework will be completed and presented to the instructor at the time required. Late homework will not be accepted. Homework represents a possible total of 15 points toward the student's final grade.

**Class Participation:**

Discussion is an important part of this class and the students' input is valuable to the entire class. Class participation is required, especially in a course where the major portion of the student's grade comes from a collaborative group project. Students are expected to be present at each class session and to make constructive contributions to the class discussion on a regular basis. In order to involve students who might be hesitant to participate in class discussions, the instructor will randomly call on students to comment upon or give insight into issues being discussed by the class.

**Assigned Readings:**

It is expected that students will have read the assigned readings from the text **prior to their being covered in class**. Please note that the first reading assignment should be completed **prior to the first night of class**.

**Attendance Policy:**

Attendance at class is mandatory. Students missing class for any reason are not excused from completing all class assignments, including homework. Exams missed due to absence may not be made up unless prior arrangement has been made with the instructor or, at the sole discretion of the instructor, extraordinary circumstances forced missing of the exam. All exams must be completed prior to final grades being released. Because the term involves only eight (8) class sessions, missing a single class can make it difficult to stay up with assignments and lecture content. While no grade penalty will be assessed for one (1) absence, it is highly recommended that students attend all class sessions. A second absence will result in the lowering of one (1) letter grade. A third absence will result in failure of the course.

*The course outline is subject to change based upon class progress. Homework will be assigned throughout the term, as appropriate. Doane College makes all decisions regarding the cancellation of classes due to bad weather. In the event of a cancelled class, assignments carry over to the next class time.*

*The Doane College Academic Integrity Policy will be adhered to in this class.*

**ACADEMIC INTEGRITY POLICY:**

*This class follows the policies of student academic integrity as outlined in the Lincoln/G.I. Student Handbook. This handbook can be found online at the Doane College website. In the course of your preparation for papers, examinations, projects, and presentations you will be asked to work with others and/or rely on the opinions, writings, or research of others. This is perfectly acceptable and in most instances is expected. However, when you use another's words, ideas, or opinions –cite it! I fully expect that your ideas will from time to time spring from the ideas of others. Let me know when you are using those ideas, and whose ideas they are. The use of other sources without proper citation is unfair to the source and to you. It will result in failure of the project, examination, or paper in which the reference was used and will possibly result in failure of the course.*

**Course Outline and Text Assignments**  
**BUS 606 Financial Issues for Managers****Session Number 1 – Finance and Corporate Strategy (pp. 1-12 in text)**

Course Introduction

Personal Introductions

Team Organization

- Shareholder Value
- Finance and Corporate Strategy

**Session Number 2 – The Resource Allocation Decision (pp. 13-53)**

- Net Present Value
- Internal Rate of Return
- Estimating Expected Cash Flows
- Value Drivers
- Strategic Considerations

Session Number 3 – Cost of Capital; Capital Structure and Financing (pp. 55-112)

- Weighted Average Cost of Capital (WACC)
- Capital Structure Under Perfect Market Conditions
- Market Imperfections
- Trade Off Approaches to Capital Structure
- Debt/Equity Conflicts
- Sources of Capital

Session Number 4 – Payout Policy; Mergers and Acquisitions (pp. 113-178)

- Payouts and Their Rationale
- Share Repurchases and Dividends
- Acquisition Strategy
- Determining the Cost of an Acquisition

Session Number 5 – Divestitures (pp. 179-209)

- Reasons for Divestiture
- Structure Divestiture

*Free Market Monetarism vs. Policy Controlled Economic Policy*  
*(expansion of money supply vs. government deficit spending)*

Keynes vs. Friedman

Galbraith vs. Wanniski, Laffer, and Mundell

Session Number 6 – Risk Management (pp. 211-246)

- Risks That Should Be Managed
- Reduction, Retention, and Transfer of Risk
- Using Derivatives to Transfer Risk
- Using Insurance to Transfer Risk

Session Number 7 – Performance Evaluation (pp. 247-284)

- Economic Profit
- Measuring Economic Profit
- Economic Profit vs. Other Measures of Performance Evaluation
- Economic Profit and Shareholder Value

Session Number 8 – What Have We Learned?

Comprehensive examination

Group presentations