

## **FIN 6427: Measuring and Managing Value**

**Course Description:** Measuring and Managing Value is designed to introduce students to basic valuation concepts, and to demonstrate how these concepts can be used in a variety of business applications. We will primarily focus on value creation from the corporate viewpoint – thus our emphasis will have an “inside” perspective. In contrast, the financial statement analysis class that follows this class will look at many of the same issues from the investors’ viewpoint, and thus will have more of an “outside” perspective. Measuring and Managing Value applies basic financial theory to the task of valuing assets and creating value through sound financial decision making. The course reviews some basic concepts and extends their use with practical case applications.

**Prerequisite:** The course is designed to be a second-year MBA-level class. The presumption is that everyone has already taken the core finance classes and/or an equivalent set of classes.

**Textbook: (1)** *Valuation: Measuring and Managing the Value of Companies (4<sup>th</sup> edition)* by Tim Koller, Marc Goedhart and David Wessels. **(2)** Course pack of cases and outside readings (available at Target Copy Center (22 NW 13<sup>th</sup> Street, 352-376 3826).

**Financial Calculator Required:** The financial calculator will be necessary for the midterm final exam and also for circumstances when you need to make a quick calculation, but you don’t have easy access to a spreadsheet program. I am not requiring or recommending a specific calculator – any model is fine as long as it does the basic time value of money functions and the cash-flow (NPV, IRR etc.) functions. Students are also expected to be familiar with basic spreadsheet applications.

**Assignments:** We will cover a number of cases during the term. These cases, written by authors at the Harvard Business School and the Darden School at the University of Virginia can be found in the course pack. These cases highlight a variety of situations facing leading companies. In working through the cases, you will be forced to apply many of the concepts discussed in the readings, class lectures, and in previous classes. You will quickly see that a lot of interesting complications arise when you try and apply these concepts in a real world setting.

**Examinations:** We will have a in-class midterm examination and a comprehensive final examination will take place at the end of the term, during the final exam schedule period. The exams will consist of a series of problems and short answer questions. All materials covered in class and in the assigned readings are fair game.

**Grading:** 3 Case Write-ups (10% each), In-Class Midterm Examination (30%), In-Class Final Examination (40%).