

FIN 4414: Financial Management

Fall 2017

(Last Updated Aug/3/2017)

Class Schedule

Section 2761

Time: Mon, Wed | Period 3-4 (9:35 - 11:30 AM)

Room: 104 Stuzin Hall

Final Exam: 13D

Section 2762

Time: Mon, Wed | Period 5-6 (11:45 AM - 1:40 PM)

Room: 230 Heavener Hall

Final Exam: 14A

Instructor

Professor: Dr. Sehoon Kim

Email: sehoon.kim@warrington.ufl.edu

Office: 310 Stuzin Hall

Office Hours: Tue, Thu 10:00-11:00 AM (or by appointment)

Course Overview

Financial Management is the capstone course for undergraduate finance majors. The class will integrate and extend the ideas that were covered in your prerequisite courses.

The course goes into greater depth on topics covered in prior courses, introduces new concepts and theories, and applies the concepts to actual financial decisions. We will explore in detail the following topics:

- Objectives of the Corporation and the Financial Manager
- Capital Budgeting
- Cost of Capital
- Valuation
- Capital Structure
- External Financing through Equity and Debt
- Payout Policy
- Risk Management
- Mergers and Acquisitions
- Venture Capital and Private Equity

In doing so, my class goals are to:

- Solidify your understanding of modern corporate finance
- Broaden your understanding of how basic concepts in finance are applied in practice
- To develop your application skills in conducting financial analysis
- To enhance your oral and written communication skills
- To enhance your teamwork capabilities

We will pursue these course objectives through lectures, problem sets, case studies, a real world valuation application, exams, and in-class discussions.

Case Studies

Throughout the term, we will cover five to seven (5-7) case studies. These cases, which can be found in your course pack, have been written by authors at the Harvard Business School and the Darden School at the University of Virginia.

The cases highlight a variety of situations faced by leading companies related to topics covered in the lectures. In working through the cases, you will see how the concepts you've learned in the classroom apply in a real world setting. You will find that the cases are a lot of work that may feel unstructured and confusing, but interesting and perhaps more intellectually rewarding than simply mastering a textbook. Most of you will be new to this method of learning, but keep an open mind and be creative, and you will get through.

During each of the five to seven case studies, we will have a group of students present key points of the case at the beginning of class (20-25 minutes), and will then open the discussion to the rest of the classroom. I will moderate the discussion. At the end of class, I will close the discussion with a summary and remarks. More details on case reports and group presentations are explained below.

Working in Groups

An essential part of whatever job you pursue post-graduation will be working as a team-player. One of the goals of this course is to prepare you for that reality outside the classroom.

At the beginning of the semester, you will form yourselves into groups of 4-5 students. By the last class of the second week (Aug 30, Wed), one person within each group should email me a list of students comprising their group (Name and email address).

Throughout the semester, there will be two group presentations in which all students must participate: (1) A case presentation and (2) a valuation project presentation, both of which are detailed below. For each presentation, each group will prepare a 20-25 minute presentation. 50% percent of the grade for each of these presentations will be based on the evaluation of the instructor, and 50% percent will be based on within-group peer evaluations. Therefore, do NOT free-ride! Your own teammates will have a say on how your performance has been during a particular group project.

Required Material

- *Course Packet*: Cases and Articles
- *Class Notes (Slides)*: I will post lecture slides on the e-learning website
- *Supplemental Material*: Some additional material, such as spreadsheets or videos, presented during lectures will be posted on the e-learning website before or after class
- *Financial Calculator*: You will need a calculator for the homework assignments and the exams. Any calculator that has basic finance functions (e.g. NPV, IRR) will do.

Textbooks (Recommended)

- Berk, DeMarzo, and Harford, *Fundamentals of Corporate Finance*, 3rd edition, Pearson, 2015.
- Brealey, Myers, and Allen, *Principles of Corporate Finance*, 12th edition, McGraw-Hill, 2017.

Classroom Expectations

- *Attendance*: Though I will not always check attendance, I will occasionally circulate an attendance sheet during class without notice. If you fail to sign on the attendance sheet more than twice (2 times) throughout the semester without informing me in advance, you will suffer one grade scale per each additional absence. For example, starting from a final grade of A-, your grade will be adjusted downward

to B+ if you have missed attendance without notification 3 times, to B if you have missed class 4 times, and so on. I will not give penalties to absences for up to 2 times. If you miss class on a day when I do not circulate an attendance sheet, it will not count as an absence. If you have an unavoidable reason that you cannot attend class, such as a job interview or severe illness, I urge you to send me an email in advance and I will take notice.

- **Participation**: Participation is key for the case study portion of this course. You are expected to contribute to a lively and constructive discussion after your classmates present a case. To reward participation, I will provide an upside to those students who bring it to the table, by counting the number of unique comments you make during case studies. Clarifications or reiterations of your own comment do not count, but building or debating on a fellow student's comment does count. A comment that contributes significantly to advancing the discussion will count as twice. At the end of the semester, students whose total count is equal to or greater than 5, 10, 15, or 20 will each receive an extra 1, 3, 5, or 7% on their total score (on a scale of 100%, see below).
- As a courtesy, silence your phones and keep your computers closed in class, unless the class material being discussed entails usage of a computer (e.g. excel spreadsheet). Using phones and surfing the internet distract the instructor and your fellow students.

Evaluation

- Midterm Exam (1) – 20%
- Final Exam (1) – 25%
- Homework Problem Sets (3-5) – 10%
- Case Written Reports (5-7) – 15%
- Group Case Presentation (1) – 15%
- Group Valuation Project (1) – 15%

Total – 100%

Score	Course Grade
Total \geq 95%	A
90% \leq Total $<$ 95%	A-
85% \leq Total $<$ 90%	B+
80% \leq Total $<$ 85%	B
75% \leq Total $<$ 80%	B-
70% \leq Total $<$ 75%	C+
65% \leq Total $<$ 70%	C
60% \leq Total $<$ 65%	C-
Total $<$ 60%	D+ ~ F

Final grades to be adjusted for attendance and participation as detailed above

Midterm Exam (20%)

One midterm exam will be **in-class** on **Oct 11 (Wed)**.

Final Exam (25%)

The final exam will be on **Dec 13 (Wed) from 3:00-5:00pm for Section 2761**, and on **Dec 14 (Thu) from 7:30-9:30am for Section 2762**. The exam will be **cumulative** and will draw from all course material including in-class slides/discussions, homework problems, midterm exam problems, and cases.

Homework Problem Sets (10%)

There will be three to five (3-5) homework problem set assignments during the semester, each due for submission in-class at the specified deadline. Each assignment will be graded on a 0-2 scale

- 0: No-submission
- 1: Submitted but less than 60% correct
- 2: Otherwise

Working in groups is permitted, but each student must submit his/her own homework.

Case Written Reports (15%)

In order to be able to participate in case discussions, every student must read all case studies in advance even though they will be presented by other groups during the semester. To ensure this, all students are required to individually submit a 2-3 page typed summary of each case at the start of class on the day when the particular case will be presented. All reports must be typed. Plagiarism will not be tolerated. Do NOT copy other students' writings.

However, the group presenting the case that day only needs to submit one written report jointly prepared by teammates.

Each report will be graded on a 0-2 scale

- 0: No-submission
- 1: Submitted but unsatisfactory
- 2: Satisfactory

Group Case Presentation (15%)

Once the course packet and case schedule for the semester is released, each group will choose one case study on a first-come first-served basis, and prepare a 20-25 minute in-class presentation summarizing the case and discussing/answering questions assigned for each case. 50% to be graded by instructor, and 50% to be peer-evaluated.

Group Valuation Project (15%)

This group project is an application and culmination of all we will have learned throughout the course. Each group will assume an identity as an investor such as Warren Buffett or a private equity fund, whose aim is to find a company to invest in. It will be entirely up to you and your teammates to choose a company to invest in from the real world, value the company quantitatively using the discounted cash flow (DCF) method based on your own sound assumptions and qualitative evaluations regarding the current state of the company's business and future developments, and discuss how to finance the investment. The company must be listed on the stock market such that its financial statements are available. More details will follow as we progress throughout the semester.

These 20-25 minute presentations will take place toward the end of the semester. 50% to be graded by instructor, and 50% to be peer-evaluated.

Tentative Calendar

Course may not exactly follow this schedule throughout the semester.

Date	Day	Topic	Deadlines
21-Aug	Mon	Course Overview / Corporate Objectives	
23-Aug	Wed	Time Value of Money / Financial Statement Analysis	
28-Aug	Mon	Capital Budgeting	
30-Aug	Wed	Capital Budgeting (Cont.)	
4-Sep	Mon	HOLIDAY - NO CLASSES	
6-Sep	Wed	Capital Budgeting – Case Study	Case
11-Sep	Mon	Risk and Returns	Homework
13-Sep	Wed	The Cost of Capital	
18-Sep	Mon	The Cost of Capital (Cont.)	
20-Sep	Wed	The Cost of Capital – Case Study	Case
25-Sep	Mon	Valuation	Homework
27-Sep	Wed	External Financing	
2-Oct	Mon	External Financing – Case Study	Case
4-Oct	Wed	Capital Structure	
9-Oct	Mon	Capital Structure (Cont.)	
11-Oct	Wed	IN CLASS MID-TERM EXAM	
16-Oct	Mon	Capital Structure – Case Study	Case
18-Oct	Wed	Payout Policy	Homework
23-Oct	Mon	Payout Policy (Cont.)	
25-Oct	Wed	Payout Policy – Case Study	Case
30-Oct	Mon	Pro-Forma Analysis	Homework
1-Nov	Wed	Valuation Revisited	
6-Nov	Mon	Risk Management	
8-Nov	Wed	Risk Management – Case Study	Case
13-Nov	Mon	Mergers and Acquisitions	Homework
15-Nov	Wed	Mergers and Acquisitions – Case Study	Case
20-Nov	Mon	Private Equity	
22-Nov	Wed	THANKSGIVING BREAK - NO CLASSES	
27-Nov	Mon	Venture Capital	
29-Nov	Wed	Valuation Projects	
4-Dec	Mon	Valuation Projects (Cont.)	

6-Dec	Wed	Review
13,14-Dec	Wed, Thu	FINAL EXAMS 2761: WED 3-5PM 2762: THU 7:30-9:30AM

Miscellaneous Administrative Points

1. Document Retention Policy:

Student course material will be retained for three weeks beyond the end of the term.

2. Accommodations for students with disabilities:

Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation.

3. The following is from the University of Florida Code of Student Conduct:

The academic community of students and faculty at the University of Florida strives to develop, sustain and protect an environment of honesty, trust and respect. Students are expected to pursue knowledge with integrity. Exhibiting honesty in academic pursuits and reporting violations of the Academic Honesty Guidelines will encourage others to act with integrity. Violations of the Academic Honesty Guidelines shall result in judicial action and a student being subject to the sanctions in paragraph XI of the Student Conduct Code. The conduct set forth hereinafter constitutes a violation of the Academic Honesty Guidelines (University of Florida Rule 6C1-4.017).

Cheating

The improper taking or tendering of any information or material which shall be used to determine academic credit. Taking of information includes, but is not limited to, copying graded homework assignments from another student; working together with another individual(s) on a take-home test or homework when not specifically permitted by the teacher; looking or attempting to look at another student's paper during an examination; looking or attempting to look at text or notes during an examination when not permitted. The tendering of information includes, but is not limited to, giving of your work to another student to be used or copied; giving someone answers to exam questions either when the exam is being given or after taking an exam; giving or selling a term paper or other written materials to another student; sharing information on a graded assignment.

Plagiarism

The attempt to represent the work of another as the product of one's own thought, whether the work is published or unpublished, or simply the work of a fellow student. Plagiarism includes, but is not limited to, quoting oral or written materials without citation on an exam, term paper, homework, or other written materials or oral presentations for an academic requirement; submitting a paper which was purchased from a term paper service as your own work; submitting anyone else's paper as your own work.

4. Regrade Policy:

To insure that all students are treated equally and fairly in the grading process, each student must follow the regrade policy below if they want their grade reconsidered. Please note that for me to reconsider your grade, you must provide me with the following material within 2-weeks of when the assignment was returned (within 2-weeks of the end of the term for the course exam and other end-of term submitted material).

If you believe that your course points were **incorrectly summed**, please do the following:

1. Turn in **all** of your graded course material with corresponding points.
2. Clearly show me in writing where you believe the summation error has occurred.

If you believe that you received **incorrect credit** for a particular portion of your graded material, please do the following:

1. Turn in **all** of your graded course material with corresponding points.
2. Provide me with a **clear, type-written** case (along with **very strong** supporting documentation) that **clearly** shows me why you believe that you received insufficient credit. Please note that you only have **1 opportunity** to make your case – so make it as clear and strong as possible.

Please note that non-sense cases can result in your course grade being downgraded once all of your graded course material has been re-evaluated.