

BILKENT UNIVERSITY
Faculty of Business Administration
MAN 425
Corporate Financial Strategy
Spring 2015

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Web Page: Moodle page for the course
Class Hours: Wednesday 15:40-18:30 (Mondays 1:40 to 2:30 if necessary)
Class Room: MA202
Office Hours: Tuesday 10:40-12:00 or by appointment
Online Videos: http://video.bilkent.edu.tr/course_videos.php?courseid=37

COURSE OBJECTIVES

The primary objective of "Corporate Financial Strategy" is for students to understand the implications of financial theory in real situations and to be able to analyze and communicate the implications of their analyses to an informed audience. The course outline is organized to include major strategic decisions of corporations such as capital structure, payout policy, real options, mergers, risk management, as well as corporate governance and valuation. A second objective is for students to function in teams for case studies and presentations. A final objective is for students to refine and expand specific skills and use of financial analytical tools in a real-world context.

At the conclusion of MAN 425, students will be able to:

- master financial vocabulary to communicate effectively with professionals in finance;
- read and interpret financial statements;
- recognize the differing objectives of the firms' stakeholders (such as shareholders, bondholders, managers, employees, customers, suppliers) and evaluate how the differing objectives may affect the decision-making of financial managers;
- Analyze motivations for mergers and acquisitions;
- Use derivatives (e.g. futures, options, and swaps and others) to manage risk;
- Integrate shareholder wealth creation in formulating corporate decisions.
- Appreciate the significance of ownership structure on value and performance;
- recognize and evaluate the effect of financing decisions on firm value;
- function in teams for some cases;
- follow financial press.

PREREQUISITES

MAN 321 Corporate Finance

COURSE GRADING

There will be one midterm and final exam. Formula sheets will be provided in the exams if necessary.

The number of cases assigned will be determined by after the class enrollment has stabilized. Case preparations must be handed in before the case discussion for credit. Some of the case preparations will be done individually and some will be prepared in groups. Course grading will be based on the following weights:

Class Participation, HWs, Quizzes	35%
Cases and Presentations	25%
Exams	
Midterm	20%
Final	20%

Class participation will be based on students' ability to respond to cold-call questions (on a random basis) and on class attendance. One class can be missed without penalty if assigned work is submitted prior to the beginning of class. A session grade will be assigned to each student after each class on a 4-point scale: 1 = present but unprepared, 2 = read case and had partial understanding of issues, 3 = understood case issues, 4 = contributed to class understanding of case issues. Zero credit is given when a student is called upon and is absent. There is no reward for talking at length or repeating my comments. Name cards will be distributed in the class and they should be placed in front of the desk for every lecture. After the class enrollment has stabilized, students will choose a seat for the semester located on a seating chart.

The case write-ups will be graded on completeness, clarity, and persuasiveness of the written presentation. Grades will be on a four-point scale as discussed above. Individual team member's grade for the group case write-ups may be adjusted according to individual team member's contribution as determined by a peer evaluation form distributed at the end of the semester.

CLASS ETIQUETTE

Please arrive on time and stay for the duration of the class. If you are late or have to arrive early, try to minimize the disruption to your fellow students. Students are expected not to use laptops, smartphones, tablets etc. during class. Accessing email or the internet during class is not permitted as they can be distracting for peers and faculty.

RECOMMENDED BOOKS

Corporate Finance by Ross, Westerfield, and Jaffe, McGraw-Hill Irwin, 9e Edition, 2010
Fundamentals of Corporate Finance by Brealey, Richard A., Stewart C. Myers, and Alan J. Marcus., McGraw-Hill Irwin, Seventh Edition, 2010. (Supplementary textbook)
Corporate Finance by Berk and DeMarzo, Pearson, second edition (Supplementary textbook)

Tentative Outline

Week of	Topic	Chapter
Feb. 2	Introduction to the Class and Case Studies Introduction to Corporate Financing	RWJ 20 BMM 14 & 15
Feb. 9	Capital Structure Theory & Financial Distress and Restructuring	RWJ 16 & 17 BMM 16 BD 14 & 15 & 16
Feb. 16	Capital Structure Theory & Financial Distress and Restructuring (cont)	RWJ 16 & 17 BMM 16 BD 14 & 15 & 16
Feb. 23	Capital Structure in Practice	RWJ 16 & 17 BMM 16 BD 14 & 15
Mar. 2	Payout Policy	RWJ 19 BMM 17 BD 17
Mar. 9	Valuation	RWJ 18 BD 18 & 19
Mar. 16	No classes	
	MIDTERM: March 23 1:30-3:40 at V01	
Mar. 23	Corporate Governance	Other Readings & BD 29
Mar. 30	Corporate Restructuring Mergers	RWJ 29 BMM 21 BD 28
Apr. 6	Options	RWJ 22 BMM 23 BD 20 & 21
Apr. 13	Options	RWJ 22 BMM 23 BD 20 & 21
Apr. 20	Real Options	RWJ 7.3 & 23 BMM 10.4 BD 22
Apr. 27	Real Options Case Submission: April 29	RWJ 7.3 & 23 BMM 10.4 BD 22
May 4	<i>Case Presentations</i>	
May 11	<i>Case Presentations</i>	
May 21-29	Final Exam Week (Exam Date: TBA)	

Rubric for evaluating project presentations (adopted from the learning goals rubric prepared by Bilkent University, FBA)

	<u>Preparation / content</u>	<u>(60%)</u>	
Opening statement and motivation (10%)	No opening statement No statement of key issue or purpose.	An opening statement that states the key issue(s) and the organization of the presentation.	Clear opening statement Creative opening to capture audience's attention.
Currency and relevance (30%)	Does not address <u>most</u> of the critical issues/questions (satisfies scope and currency).	Addresses <u>most</u> of the critical issues/questions (satisfies scope and currency).	Addresses <u>all</u> of the critical issues/questions.
Clarity: Organization, development and support for ideas (15%)	Does not meet minimum requirements in clarity and persuasiveness Does not have logical flow among ideas within presentation.	Meets minimum requirements in clarity and persuasiveness Has logical flow among ideas within presentation.	Presentation is succinct, precise, effectively organized. Transitions and explanation are extensive to elucidate points. Well-grounded creative conclusions.
Use of technology (5%)	No use of Power Point presentation technologies in presentations.	Use of Power Point presentation technologies in presentations.	Integration of spreadsheet, word processing and presentation technologies.
	<u>Delivery (40%)</u>		
Style: Attire and mannerisms (10%)	Inappropriate attire Does not maintain eye contact Does not adjust voice tone Pronounces most words incorrectly Most audience members cannot hear presentation.	Appropriate attire Maintains eye contact Adjusts voice tone Pronounces most words correctly Most audience members can hear presentation.	Uses clear voice and correct, precise pronunciation of terms so that all audience members can hear presentation.
Ability to answer questions (10%)	Unable to answer 25% or more of the questions with correct information.	Able to answer 75% or more of the questions but does not expand on answers.	Handles all questions with correct, relevant information that stimulates further discussion.
Oral language proficiency (10%)	Unacceptable spoken language skills Many grammatical mistakes.	Acceptable spoken language skills Few grammatical mistakes.	Strong sense of audience demonstrated through language and business jargon No grammatical mistakes.
Timing (10%)	Unable to use time on key issues	Timely completion with sufficient time on the key issue.	Adjusts pace according to the importance of issues.

Rubric for evaluating project write-up (adopted from the learning goals rubric prepared by Bilkent University, Faculty of Business Administration)

WRITTEN COMMUNICATION ASSESSMENT TOOL

Name:
Course:
Instructor:
Evaluator:
Date:

Currency and Relevance (critical issues and questions to be supplied by the course instructor)

- 1. Document states the purpose
- 2. Document provides full description of the issue
- 3. Document provides background information
- 4. Document presents a discussion of key considerations

Clarity and Persuasiveness

- 5. Document grabs reader's attention
- 6. Writing is precise/to the point
- 7. Articulation is without ambiguity
- 8. Ideas are logically developed
- 9. Ideas flow smoothly in argumentation / reading is obstacle free
- 10. Focus is kept all thought the document

Authenticity

- 11. Document does not involve plagiarism

Style

- 12. Document adheres to an appropriate style
- 13. Document is accurately and professionally formatted

Written Business Language Proficiency

- 14. Document uses formal vocabulary accurately
- 15. Document uses business jargon/terminology
- 16. Document has grammatical errors: None Few Too many
- 17. Strong sense of audience is demonstrated

Rubric for evaluating teammates (adopted from the learning goals rubric prepared by Bilkent University, Faculty of Business Administration)

<p>Coordination and attendance (25%)</p>	<p>Does not recognize the need to hold regular meetings Does not attend at least 80% of the team meetings Does not come to meetings on time Does not notify others in case of lateness, absenteeism, early departure and change of schedule.</p>	<p>Recognizes the need to hold regular meetings Attends at least 80% of the team meetings Comes to meetings on time Notifies others in case of lateness, absenteeism, early departure and change of schedule.</p>	<p>Never misses any meetings.</p>
<p>Participation (25%)</p>	<p>Does not come to meetings prepared Does not actively participate in discussions and ask questions and provide answers, when asked. Does not engage during discussions Does not recognize the situations where collective decision making is needed.</p>	<p>Comes to meetings prepared Actively participates in discussions and asks questions and provides answers, when asked Engages during discussions Recognizes the situations where collective decision making is needed.</p>	<p>Plays a key role in creating a collaborative environment that fosters participation.</p>
<p>Role definition (25%)</p>	<p>Does not recognize the appropriate way to proceed as a team Does not contribute to defining individual roles and allocation of tasks accordingly. Unwilling to carry his/her own share of the team's responsibilities. Does not take part in setting team goals and agenda.</p>	<p>Recognizes the appropriate way to proceed as a team Contributes to defining individual roles and allocation of tasks accordingly. Willing to carry his/her own share of the team's responsibilities. Takes part in setting team goals and agenda.</p>	<p>Is willing to assume a leadership role.</p>
<p>Interpersonal behavior (25%)</p>	<p>Is not aware of the need to listen to others opinions Does not appreciate the effort of others. Is not aware of different strategies/tactics for conflict resolution. Is not aware of potential sources of and solutions for social loafing Does not have respect for others.</p>	<p>Is aware of the need to listen to others opinions Appreciates the effort of others. Is aware of different strategies/tactics for conflict resolution. Is aware of potential sources of and solutions for social loafing Has respect for others and diversity.</p>	<p>Willing to take an active part to ensure smooth working of the team and to resolve possible conflicts.</p>

PEER EVALUATION FOR TERM GROUP PROJECT

Don't base your evaluations on friendship or personality conflicts. Your input can be a valuable indicator to help assess contributions in a fair manner. THESE EVALUATIONS WILL NOT BE SEEN BY YOUR GROUP MEMBERS.

I. Names of your group members.

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. YOUR NAME: _____

Performance in the Learning Community

II. Evaluate each member (a,b,c,d) with a 4,3,2,1,0 (4=highest,0=lowest)

1. Reliable for meetings

- a. _____ b. _____ c. _____ d. _____ e. _____

2. Contributes ideas to the group

- a. _____ b. _____ c. _____ d. _____ e. _____

3. Knowledgeable about assignments and her/his role and fulfills that role

- a. _____ b. _____ c. _____ d. _____ e. _____

4. Reliable with meeting deadlines for work in progress and final project

- a. _____ b. _____ c. _____ d. _____ e. _____

III. If given the opportunity, would you want to work with this team member again?
("Yes" = 4 points; "Maybe" = 2 points; "No" = 0 points)

- a. _____ b. _____ c. _____ d. _____ e. _____

IV. In one sentence, what is your overall impression of each member's performance?

a) _____

b) _____

c) _____

d) _____

e) _____