

MBA 643

Managerial Finance

Spring 2018

Instructor: Dr. Derek Horstmeyer

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Course Website: Blackboard

Office Hours: Mon/Tues 2:00 – 3:00 and by appointment

**Class Meeting**

Section 001: Tuesday, 6:30 – 10:00pm, Mason Hall D023

Section 003: Wednesday, 6:30 – 10:00pm, Arlington 111

**Course Objectives**

The objective of this course is to teach students how to apply modern financial theory to the investment and financing decisions of a corporation by providing them with the fundamental analytical tools of corporate finance. We will start from the ground up by talking about the simple concept of time value of money and attain to a full-fledged company valuation by the end of the course. Meanwhile, we will also be focusing on topics like capital budgeting, portfolio theory, asset pricing, risk-return tradeoff, and capital structure throughout the course. Although numbers and formulas will be an important part of the course, the main goal is establishing a solid grounding in some of the basic concepts in finance and developing skills to apply those concepts into financial management and decision-making. Each class member is expected to be well prepared for each session and to actively participate in class discussions through which I hope we can learn as much as possible in the weeks we will spend together.

**Course Textbook and Resources**

Required Textbook: Ross, Westerfield and Jaffe, *Corporate Finance*, 10th Edition, McGraw-Hill/Irwin, 2013 (RWJ).

Other Resources: A calculator is required (non programmable preferably – e.g. HP 10b11+ suggested) and should be brought to class on a daily basis. A subscription to the Wall Street Journal is also encouraged (or another finance oriented publication like Business Week or the Financial Times).

**Grades**

Since this is an MBA course, I expect this course to be intellectually challenging. My intention is to grade generously, but fair. I will, however, not hesitate to give low grades to those who clearly did not put in sufficient effort.

Your final grade will be based on:

 Class Participation/Attendance 10%

 Homework/Problem Sets 10%

Quizzes (two total) 10%

Case 10%

Midterm Exam: 25%

 Final Exam (Sat Apr 7th) 35%

Note: The final exam is a comprehensive final and will cover issues from the first midterm exam. Students are not allowed to skip any exams and must take the exam at the scheduled time. Any student missing an exam will receive a grade of zero. One exception is that you present a physician’s statement attesting to illness on the day of the exam or for an extraordinary reason.

**Problem Sets/Quizzes/Case**

I will assign two problem sets that will mimic material from the text. These two problem set assignments to be completed *individually,* and there will be one case analysis report to be completed with a group. For all assignments, a *softcopy* of your work must be submitted *before 6:30pm on Monday of the week the assignment is due via Blackboard.* Late submissions will *not* be accepted. Additionally, a *hardcopy* of your work must be submitted *at the beginning of class that week*. Group case analysis must be original work – see below for academic integrity statement. *No credit will be given for unoriginal or copied work* and necessary action will be taken following the honor code.

**Important Rules**

The test and the final exam must be taken without notes or sheets of formulas. You will be required to bring your own financial calculator to the exams/quizzes. Sharing calculators is not allowed.

**Appeal of Grading**

If you wish your answer to a question to be regarded, first submit a copy of your answer to the question and a written explanation of why you believe that the grading is incorrect. You must turn in this material within one week after the graded work is returned. In general, the entire exam will be checked for grading errors, and correcting these could either raise or lower the overall score.

**University Office of Disability Services**

If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center at (703) 993-2474. All academic accommodations must be arranged through the DRC.

**Academic Misconduct**

Academic misconduct causes failing the course and triggers quite unpleasant university-mandated procedures which result in further sanctions. Faculty Rule 2.11.5 (Faculty Responsibility under the Honor Code) requires alleged misconduct to be reported to the department and the Honor Committee. So follow the GMU honor code at all times and don’t even think about cheating!

 **TENTATIVE**

 Course Outline

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| **Date** | **Topic** | **Readings/*Assignments*** |
| Week 1 (Jan. 29 / 30 / 31) | -Introduction to Course-Time Value of Money | RWJ 1 & 4 |
|  Week 2 (Feb. 5 / 6 / 7) | -Time Value of Money | RWJ 1 & 4 |
| Week 3 (Feb. 12 / 13 / 14) | - Capital Budgeting | RWJ 5 & 6 & 7 |
| Week 4 (Feb. 19 / 20 / 21) | -Bond and Stock ValuationModels | RWJ 8 & 9 (& 15 & 20) *Quiz 1 in class*RWJ 8 & 9 (& 15 & 20)*Quiz 1 in class* |
|  Week 5 (Feb. 26 / 27 / 28) | -Midterm Review | *Problem Set 1 is due* |
| **Week 6 (Mar. 5 / 6 / 7)** | **MIDTERM EXAM** |  |
| Week 7 (Mar. 12 / 13 / 14) | -Risk & Return-CAPM | RWJ 10 & 11 (& 14) |
| Week 8 (Mar. 19 / 20 / 21) | -Cost of Capital-Capital Structure | RWJ 13RWJ 16 & 17 |
| Week 9 (Mar. 26 / 27 / 28) | -*Mercury Athletic\**-*Blaine Kitchenware\** | *Mercury Athletic case analysis**report is due**Quiz 2 in class* Blain Kitchenware Inc. |
| Week 10 (Apr. 2 / 3 / 4) | -Final Review | *Problem Set 2 is due* |
| **Week 10 (Saturday, Apr. 7)** | **FINAL EXAM** |  Fairfax meets 8:30am  Arlington meets 1pm |

\* The cases can be purchased from HBR at the following links:

[*http://hbr.org/product/mercury-athletic-valuing-the-opportunity/an/4050-PDF-ENG*](http://hbr.org/product/mercury-athletic-valuing-the-opportunity/an/4050-PDF-ENG)

[*http://hbr.org/product/blaine-kitchenware-inc-capital-structure-brief-case/an/4040-PDF-ENG*](http://hbr.org/product/blaine-kitchenware-inc-capital-structure-brief-case/an/4040-PDF-ENG)

**Student Learning Goals**

1. Teaming and Leading: Demonstrate the team leadership and interpersonal skills needed to form, lead, and work effectively on diverse organizational teams.
2. **Knowledge of Functional Business Disciplines:** Demonstrate knowledge of all core functional areas of business and an ability to integrate them into a meaningful firm level perspective.
3. **Analytical Decision Making:** Demonstrate the ability to analyze uncertain complex management situations using appropriate tools, techniques and information systems for decision-making.
4. Communication: Demonstrate written, oral and presentations skills necessary to explain problems and solutions effectively and persuasively.
5. Ethics and Responsibility:Demonstrate knowledge of ethical decision making considerations, corporate social responsibility and sustainability practices.
6. **Global Awareness**: Identify relevant economic, political, and social factors that impact business conducted both within and across national boundaries.

***SCHOOL OF BUSINESS STANDARDS OF BEHAVIOR:*** The mission of the School of Business at George Mason University is to create and deliver high quality educational programs and research. Students, faculty, staff, and alumni who participate in these educational programs contribute to the well-being of society. High quality educational programs require an environment of trust and mutual respect, free expression and inquiry, and a commitment to truth, excellence, and lifelong learning. Students, program participants, faculty, staff, and alumni accept these principles when they join the School of Business community. In doing so, they agree to abide by the following standards of behavior:

* + **Respect** for the rights, differences, and dignity of others
	+ **Honesty and integrity** in dealing with all members of the community
	+ **Accountability** for personal behavior

Integrity is an essential ingredient of a successful learning community. Ethical standards of behavior help promote a safe and productive community environment, and ensure every member the opportunity to pursue excellence. School of Business can and should be a living model of these behavioral standards. To this end, community members have a personal responsibility to integrate these standards into every aspect of their experience at the School of Business. Through our personal commitment to these Community Standards of Behavior, we can create an environment in which all can achieve their full potential.

