



MBA 858.2 Cases in Corporate Finance

Course description:

This case-based course looks at corporate examples of equity financing, cost of capital, capital structure, dividend policy, valuation in mergers, risk management, lease financing, and net working capital management. We'll consider organizations ranging from private companies to large public corporations. An interesting part of this course is the case forum exercises, where student teams assume a consultant role and make presentations to company shareholders, in a finance context.

Course objectives:

After completing this course, you should have a better understanding of how to:

- measure cash flows and determine the financial health of a company,
- value projects, strategic business units and the firm itself,
- measure risk and determine a cost of capital for the firm,
- finance a company's assets and operations, and;
- manage operational assets

Prerequisites: MBA 803, 807, and 825

Textbooks:

1. Ross, Westerfield, Jordan, and Roberts, *Fundamentals of Corporate Finance*, 6th Canadian Edition (2007), McGraw-Hill Ryerson Limited.
2. Case materials to be purchased online, prior to class start. Details and case list on Blackboard.

Evaluation:

Individual case preps (5)	25%
Case forum consultant presentations (3 @ 10% each)	30%
Case forum management response (1)	15%
Final case exam (take home)	30%

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Professor: Brian Lane
Office: Room 71 ESB
Email: lane@edwards.usask.ca
Telephone: 966-8425
Class Times: Monday to Thursday, 6:30 pm to 9:45 pm
Office hours: 10-11:30, ESB. 4:00 pm – 6:30pm on class days, Nasser Campus. Through the week I can be flexible. Send an email and I'll try to accommodate your scheduling needs.
*Note: I prefer to be unavailable after class. If you do have a question or comment after class, I'd appreciate brevity.
Classroom: Nasser Campus

Individual Case Preps:

You will submit an individual case prep for 5 cases. In these preps, you will outline the context of the case including your understanding of the firm's background, environment, problems, and options. Address the major issues outlined in the case, including any questions that might be included. Remember: prior to the in class discussion/forums, you may not have all information needed to "solve" the case. You can include any political, environmental, economic, and business issues that might have an impact on the decisions made. These are suggestions only – feel free to be creative. The case preps should be between 3 and 5 pages with a 12 point font, double-spaced.

Some of the individual case preps will be completed and submitted the day of a group case forum exercise. On these days, your individual case prep will be especially valuable in preparing you for the consultant presentation or the management response.

Case Forums:

There will be a case forum exercise for some of the cases. On case forum days, the following timeline will apply:

- 6:30 Individual case prep assignments submitted
- 6:31 Groups break out to discuss the case and prepare presentations. The management team will also meet to develop a shared understanding of the case and prepare to select the best recommendation. The management team will need to be very familiar with the case in order to select the best consultant recommendation. Groups may, and are encouraged to, meet prior to 6:30. Take breaks at your discretion.

I will be available throughout the preparation time to guide your discussion. I will also spend time with the management team.

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- 8:00 Consultant presentations to company management
- Presentations will be 7-10 minutes long. The management team-led Q&A should be at least 5 minutes.
 - 8:00 Presentation #1
 - 8:10 Management Q&A

 - 8:20 Presentation #2
 - 8:30 Management Q&A

 - 8:40 Presentation #3
 - 8:50 Management Q&A
- 8:55 15 minute break (all non-management team members leave room)
- Management team to choose most appropriate recommendation
 - At this time the management team will receive additional briefing on the background of the case.
- 9:10 Management team presentation to board of directors/company owner (minimum 10 minutes)
- Key responsibilities:
- Brief the board on the recommendations of the consultant teams
 - Discuss the consultant teams' rationales
 - Determine which consultant should be awarded a contract to analyze the situation further.

Remaining time: case wrap up

*Please note: Not all team members are expected to speak. There is no requirement for the allocation of speaking time but each member should speak in at least 2/4 presentations.

Participation in consultant team and management team exercises: I expect that all team members will contribute equally. This includes, but is not restricted to:

- Reading the case carefully and completely prior to class
- Making a significant effort to thoroughly understand the case
- Completing the case prep assignment and submitting it on time
- Being available to meet with the team prior to class start, if this is the desire of your team
- Being willing to speak during the presentation

If a team member does not pull their share of the load, I expect that your team will deal with this. If the situation cannot be resolved internally, please advise me as soon as

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possible. You might want to elect a team manager to deal with the day to day management of team issues. I'll assume that all team members make approximately the same contribution unless you advise me otherwise.

Final exam:

Take home case-based exam.

Tentative Class Schedule:

Day	Topic and Assignment	Readings (Ross)	Case
1	Review topics from Financial Management	1-3, 9-11	GEI/Lockheed
2	Equity Financing and the Firm's Cash Needs *London Ski Club prep due **London Ski Club case forum	2, 3	London Ski Club
3	Cost of Capital Capital Structure	14 (handouts) 16	
4	Valuation in Mergers & Acquisitions *Oxford prep due **Oxford case forum	23	Oxford Learning Centres
5	Risk Management *Advance Technologies prep due	24, 25 (handouts)	Advance Technologies Inc.
6	Short-Term Finance & Credit Management *SRI/MacDonald prep due **SRI/MacDonald case forum	18, 19, 20	SRI/MacDonald
7	Dennis Kiefer, TD Commercial Banking, Saskatoon Lease Financing **Final Exam: guidance on case	22	
8	Dividend Policy *Champion prep due **Champion case forum	17	Champion Road Machinery
9	Final Exam		Case, TBA

Classroom etiquette:

Please treat your classmates and your professor with the respect & courtesy that you would like to be treated with yourself. Private conversations, cell phones, laptops (non-class activity), non-constructive criticism, and frequent comings & goings make it difficult for some students to concentrate and to learn. Coming late & leaving early can also be very distracting.

Attendance:

Students are expected to have read and understood the MBA Program Attendance Policy distributed during Orientation and which is posted on the Edwards MBA website at: <http://www.edwardsmba.com/About%20the%20Program/Course%20Requirements.html#attendancepolicy>

Academic dishonesty:

Students are expected to have read and understood the rules regarding academic dishonesty which are posted on the University of Saskatchewan website at: www.usask.ca/university_council/reports/09-27-99.shtml

A little bit about me

A&E hasn't called to do my bio, yet. Here's to hoping:

I teach finance and some accounting in the undergrad and MBA programs at ESB. I've been married for almost 10 years and my wife Kathy still thinks I'm funny, even if my students sometimes don't! Our family is blessed with 3 active and occasionally destructive boys, ages 4 ½ (Marshall), 2 ½ (Wyatt), and 1 ½ (Jack). In our home, the buttons for Chaos and for Peace are positioned in close proximity and either is easily pressed. In my spare time, I enjoy playing the piano, guitar, and harmonica. I sing a lot too, in the style of Louis Armstrong with a range like Oscar the Grouch...

I grew up on a farm and worked in the trucking industry for 12 years as an operator, project manager, analyst, and accountant while completing a BComm, MBA, and a private pilot's license. The most unusual work I've ever done was installing Boreal forest monitoring equipment in Northern Saskatchewan and Manitoba for NASA, the closest I'll ever get to going into space! I've operated a huge jackhammer in solid granite near Flin Flon and I've ridden a bull elk...almost, although there isn't much need for these skills at ESB.

These days I work full-time as a professor, I do business and financial consulting, and I spend as much time with my family as possible. The most important part of my life is my faith in Jesus Christ.