



MBA 858.2 Cases in Corporate Finance

Professor: Brian Lane
Office: Room 80 ESB
Email: lane@edwards.usask.ca
Telephone: 966-8425
Class Times: Monday to Thursday, 6:30 pm to 9:45 pm, Mar 16 – 26
Office hours: From about 5:45pm – 6:30pm on class days. Through the week I'm quite flexible. Send an email and I'll try to accommodate.
*Note: I'd like to be unavailable after class.
Classroom: ESB 116

Course Description:

This case-based course examines corporate examples of equity financing, capital structure, cost of capital, risk management, lease financing, and net working capital management. We'll consider organizations ranging from private companies to large public corporations.

Prerequisites: MBA 803.3 Business and Society; MBA 807.2 Financial Statement Analysis; MBA 825.3 Financial Management

Textbooks:

1. Ross, Westerfield, Jordan, and Roberts, *Fundamentals of Corporate Finance*, 6th Canadian Edition (2007), McGraw-Hill Ryerson Limited.
2. Case materials provided by MBA general office.

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.

Course Outline

MBA 858

2

Evaluation:

Individual case preps (5)	30%
Case forum consultant presentations (2 @ 15% each)	30%
Case forum management response (1)	15%
Final case exam	25%

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. Do your best to address the major issues outlined in the case, including any questions that might be included. Remember: prior to the in class discussion, you may not have all information needed to "solve" the case.

You can also include any political, environmental, economic, and business issues that you think were significant at the time of the case, i.e. any significant business or world event 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.

Three 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 valuable in preparing you to work with your team in giving either a consultant presentation or a management response.

Case Forums:

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

6:30	Individual case prep assignments submitted
6:31	Groups meet in conference rooms to discuss case and prepare presentations. The management team will also meet at this time 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 to be able to select the best consultant recommendation. Groups may, and are encouraged to, meet prior to 6:30. Conference room bookings begin at 5:30. Take a break at your discretion.

I will be available throughout the preparation time to guide your discussion.

Course Outline
MBA 858

3

- 8:15 Consultant presentations to company management
Presentation #1 (7 – 10 min. followed by 5 minute question & answer period led by management team)
Presentation #2 (7 – 10 min. followed by 5 minute question & answer period led by management team)
- 8:50 15 minute break (all non-management team members leave room quickly and quietly) – management team to choose most appropriate recommendation
- 9:05 Management team presentation to board and/or company owner (minimum 4 minutes)
- In this presentation, the management team should brief the principal shareholders on the recommendations of the consultant teams, discuss the consultant teams' rationales, and determine which consultant should be awarded a contract to analyze the situation further.

Remaining time: case wrap up

*Please note: for the consultant presentations, all team members are expected to speak. There is no requirement for the allocation of speaking time but each member should speak for at least 1 minute.

Participation in consultant team and management team exercises: I expect that all team members will pull their share of the load. 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. I don't expect everyone to have an equal share of the speaking load however; during the consultant presentations, I expect that everyone will speak.

If a team member does not pull their share of the load, I expect that your team will deal with this quickly and in a mature manner. If the situation cannot be resolved internally, please advise me as soon as possible. You might want to consider electing a senior 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.

Course Outline
MBA 858

4

Final Exam:

Several days before the exam, I will give specific, detailed guidance on the topic of the final exam case.

Tentative Class Schedule:

Day	Topic and Assignment	Readings (Ross)	Case
1 16-Mar-09	Review topics from Financial Management -Comments on Stone Container Corp.	1-3, 9-11 (review)	GEI/Lockheed examples
2 17-Mar-09	Equity Financing and the Firm's Cash Needs *Stone Container individual prep due **Stone Container case forum	2, 3	Stone Container Corp.
3 18-Mar-09	Capital Structure Cost of Capital -Comments on Oceanic Corp.	16 14 (handouts)	
4 19-Mar-09	*Oceanic Corp. individual prep due **Oceanic Corp. case forum		Oceanic Corp.
5 23-Mar-09	Risk Management *Enron individual prep due -Comments on SRI/MacDonald	24, 25 (handouts)	Enron's Weather Derivatives
6 24-Mar-09	Guest Speaker - Farm Credit Corp. Lease Financing *Amtrak individual prep due	22	Amtrak
7 25-Mar-09	Group NWC Presentation: A/R & Credit Management *SRI/MacDonald individual prep due **SRI/MacDonald case forum ***Final Exam: specific guidance on case	18, 19, 20 (review)	SRI/MacDonald
8 26-Mar-09	Final Case Exam - in class		

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.

Course Outline**MBA 858**

5

Attendance:

Class attendance is not officially part of the marking scheme. However, frequent absence will hurt your performance in this class. Any material covered in class is fair game for the exams.

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