Course Objectives: The course objectives are to develop the financial and analytical skills, logical thought processes, and information literacy necessary to make and implement strategic corporate financial decisions in a global environment. The course will stress the impact of legal, social, technological, ethical considerations and cross-functional interactions on efficient economic outcomes. Students will develop effective written and oral communication skills required to effectively implement financial decisions in the corporation. Upon successful completion of this course, students will gain an understanding of financial statement analysis, working capital management, risk/return relationships, valuation, capital budgeting, capital structure policy, and dividend policy. The course will focus on how these topics interact with the financial management of the firm, other functional areas of business, and the capital markets. Students will also obtain institutional knowledge of how financial markets function and their roles in a free market economy. Since most business activities involve collaboration among various individuals, students will develop teamwork skills as they enhance their financial decision-making abilities by engaging in team assignments and activities.

Teaching Methodology: We will use a goal-oriented active learning approach to achieve the course objectives. Each lecture begins with a statement of learning objectives and is followed by in-class and out-of-class activities to reinforce the learning objectives. You will have frequent deliverables and quizzes. It is important that you keep up with the material. Learning objectives are linked to lecture points by matching numbers (e.g., 1). Non-numbered lecture points are used to provide background necessary to achieve learning objectives. As closely as possible, test items come directly from learning objectives.

Prerequisites: ECON 2020 or 2030, and completion of or concurrent enrollment in ACCT 2021 or 2101. Students should have an understanding of basic accounting and statistics. Since ACCT 2000 is a prerequisite for ACCT2021/2101, all students should have completed ACCT 2000.

Required: Fundamentals of Corporate Finance, Fifth Edition by Ross, Westerfield, and Jordan (RWJ) FIN 3715 Class Packet at Copies Etc. (5251 Nicholson Dr., 761-1888) by Harley E. Ryan, Jr. (CP) Financial calculator capable of computing NPV and IRR (I prefer Hewlett Packard, HP 10B or HP 17B)

Exams: There will be two in-term exams and cumulative final exam. Exams will be closed book/notes, except that you are allowed one side of a 3X5 index card (NOTE WELL: 3X5). You may use two sides of a 3X5 index card (or one side each of two cards) for the final exam. The exam will last the entire class period. You may (and should) use a financial calculator. Time-value-of-money tables are not allowed.

Projects: There are two team projects. The projects will be distributed and are due on the dates indicated on the Course Schedule. The projects are designed to (a) build skill sets, (b) create information literacy, and (c) bridge theory and application and (d) facilitate inter-disciplinary synthesis. The projects cover (1)
Financial Statement Analysis and (2) Capital Budgeting and require use of information technologies and Excel applications. Projects require that students apply skills and knowledge from other functional areas of business management and should be analyzed by teams of 4-6 students.

Teams: As noted above, the projects are a team effort. Everyone in the team will receive the same grade. Developing the ability to contribute to positive team dynamics is an important yet challenging attribute that will contribute to your future business success. I will give you the opportunity to form your team (4-6 people) at the beginning of the term but may have to assign some team memberships if teams do not naturally form. Teams must consist of at least three different majors. Teams should be self-governing, but a majority may ‘vote out’ a non-performing member in extreme cases. A person who is ‘voted out’ of a team would have to complete the project as an individual effort and with a 10% penalty.

Participation: Students should come to class prepared to effectively participate. I will keep track of your participation on your personal information index card and assign a participation grade based on my assessment.

Attendance: Regular class attendance is important to the learning process and is required. Attendance will be randomly taken and factored into your participation assessment (if you are not in attendance, you certainly cannot participate). The attendance component of your participation is determined as follows:

\[
\text{Attendance Component} = \left(\frac{\text{# Times Present}}{\text{# Times Attendance is Taken}}\right) \times 100\%.
\]

Text Problems: Text problems help you master the learning objectives and sometimes appear verbatim on exams. There are three types of problems: (a) Chapter Review and Self-Test problems, (b) Concept Review and Critical Thinking Questions, and (c) Questions and Problems. Always do the Chapter Review and Self-Test problems and answer all of the Concept Review and Critical Thinking Questions. I have recommended selected Questions and Problems on the Course Schedule. Solutions are on file in the Reading Room.

Assignments: Several (8-12) problem sets will be assigned, sometimes followed by in-class quizzes. The quizzes will count as part of the assignment. Three assignments are predetermined for each exam review session. For each of these assignments, you must turn in one ‘exam type’ question and relate the question to a learning objective. ‘Exam type’ questions will be graded on their quality and relevance to learning objectives.

Vocabulary Quizzes: We will have a series of vocabulary quizzes that will count toward your participation grade. The list of vocabulary words is attached to this syllabus. The purpose of the vocabulary quizzes is to expose you to the language of finance with a particular emphasis on practitioner terms that you will encounter in business. The quiz will list five words or terms and five definitions and you will need to match the appropriate definition to each word or term. Definitions will come from Campbell Harvey’s Hypertextual Finance Glossary on Duke University’s web site (a wonderful resource). The URL is provided on the vocabulary list and a link to the glossary is provided on the class web site.

Participation Grade: The participation grade will be determined as follows:
1. Your participation assessment counts as four grades (50% attendance & 50% subjective)
2. Take-home assignments will count as one or more grades as indicated on the assignment.
3. Vocabulary quizzes will each count as a grade
4. I average all of these grades and add 15 points to a maximum of 100.

Grading:
- Examination #1 20%
- Examination #2 20%
- Final Examination 20%
- Team Project #1 15%
- Team Project #2 15%
- Participation Grade 10%

Grade Scale: 
- $\geq$ 90% A
- 80-90% B
- 70-80% C
- 60-70% D
- < 60% F

Conflicts Please arrange your schedules to avoid conflicts. If a conflict is unavoidable, please see me before the exam date to make alternative arrangements. I do not give ‘make-up’ examinations.
Grading Policy: I do not "curve" grades. However, I attach more weight to your final exam and less to your midterm exams if the final exam is higher than the midterm exam (I shift 10% from the midterm to the final – e.g., 30% on the final and 10% on the lowest midterm). Grades are not negotiable and will only be changed in case of a math or grading error.

Time Management: FIN 3715 has frequent deliverables and challenging goals. Students should spend around 6-8 hours per week outside class on course activities, beginning with the first week. Students who keep up with the material from the beginning of class typically do very well. Do not procrastinate!

Student Responsibility: Each student is responsible for the information contained in this syllabus and all announcements made in class, regardless of whether the student is in attendance. This includes announcements made on the first day of class. In the event a student misses a class, he or she should go over that day’s subject and any announcements with a classmate. Students are responsible for turning in assignments on time. Assignments will not be accepted late. There are no “extra credit” assignments. If you are out of town, you may e-mail, submit over Blackboard, fax, or mail your assignment as long as the date of the e-mail, the postmark or the fax date is on or before the due date. Do not slide assignments under my door.

Financial Calculator: As previously noted, students are required to have a financial calculator that is capable of accepting uneven cash flows and calculating NPV and IRR (look for these two functions). I recommend Hewlett Packard, but products by Texas Instrument and Sharp (perhaps among others) will also work. Acceptable calculators include the HP 10B, the HP 17B II, the HP 19B, the TI Business Analyst II Plus, or the Sharp EL 733A. One can generally purchase an acceptable calculator for approximately $40-$45. Note well, the TI Business Analyst or the TI BA 35 is not acceptable. It is the student’s responsibility to learn how to use his or her own calculator. Read the manual that comes with your calculator! I will offer some pointers in class and in my printed materials, but they may or may not be specific to your calculator. Bring your calculator to all classes. Students may not share calculators on quizzes or exams.

Class Preparation: Before each class; review the lecture notes for that day. Pay special attention to the learning objectives. As you read the text assignments, concentrate on these objectives. Make sure that you can relate the relevant points in the text back to the learning objectives. Attempt the text problems prior to the lecture. Based on your review of the class notes, your reading of the text, and your attempt at solving the text problems, come to class with a list of questions (areas of confusion, etc). If you will follow this approach, you will turn a passive activity of listening to the lecture into an active task of seeking specific knowledge or skills that are consistent with our learning objectives.

Academic Honesty: Cheating will not be tolerated. Cheating is defined to be copying the work of others, the use of “cheat sheets” (except for an allowed index card) on exams, or attempting in any way to present the work of others as your own. Your responsibility and the penalties for academic misconduct are outlined in the Code of Student Conduct (http://students.lsu.edu/dos/).

Availability: I will always be available during office hours except as noted above or (rarely) announced in class. You are welcome to drop by the office unannounced; however depending on my schedule I may ask you to come at another time. You can also schedule a specific appointment for a mutually convenient time. E-mails are always welcome and I usually respond very quickly. One advantage of using e-mail is that you receive a written response to your question. Many students find this written response very useful.

Web Site: My personal web site is http://www.bus.lsu.edu/academics/finance/faculty/cryan/. The course web site is powered by ‘Blackboard’ and is at http://blackboard.lsu.edu. Your login ID is your PAWS name (the e-mail address without the lsu.edu) and your password is your SS#. You can change your password and preferred e-mail after logging on. Check the class web site daily since you are responsible for all announcements posted the web site as well as those made in class. All assignments and lecture notes will be posted on the web site in addition to being distributed in class (if you miss class, refer to the class web site for handouts, etc.). There is also a discussion board (good place to post questions about problems, etc.), space for your personal web page, and a ‘drop box’ that allows you to e-mail me assignments, etc.
Suggestions for an Effective Learning Experience

1. Review the learning objectives in the class packet before reading your assignments or coming to class. As you read or take notes, concentrate on the learning objectives. Make sure that you master the objectives.

2. After class, review your notes. Do you understand the issues established in the learning objectives? If not, ask a fellow student, a teaching assistant, or me. Do not assume that it is unimportant.

3. Re-work homework problems several times until you are comfortable with the concepts. Being able to ‘stumble’ onto the appropriate answer after a lengthy trial and error process does not indicate understanding. Don’t try to fool yourself. If you don’t know – ask!

4. Throw away your highlighter! Have you ever noticed that most used texts have more yellow (or pink, blue, etc.) than white on the pages? The highlighting technique does little to assist you in establishing study priorities. Instead of highlighting, write notes on topics that are consistent with the learning objectives (note how we are converting the passive highlighting into ACTIVE note taking). This technique forces you to prioritize and think about key issues.

5. Re-write your class notes in your own words after a lecture. If you cannot express the concepts in your own words, you probably do not fully understand them. If this is the case, ask a classmate, a teaching assistant or me for help.

6. When you are first attempting a new type of problem, write out in words why you are taking certain numerical steps. This technique helps to build understanding of the underlying concepts as opposed to the memorization of a technique. Effectively, numbers and words are simply two different ways of expressing concepts. If you can express a concept both numerically and in words, you have a better understanding of the idea.

7. Practice problems under time pressure. Time is of essence in this class and in most aspects of your careers. Any student, business person, or for that matter, professor, will always prefer to have more time to analyze a problem, complete a project, etc. Unfortunately, we are almost always under time pressure. Make up a mock exam (i.e. select homework problems, etc.) and set an alarm clock. This technique simulates taking an exam when you have a limited amount of time and is excellent exam preparation.

8. Study finance a little every day. Generally, breaking them up into a series of smaller tasks best solves large tasks. Six 1.5-hour study sessions (while you are fresh) will be much more beneficial than one marathon session. Do not procrastinate. In general, spend 8-10 hours per week studying finance outside of class.

9. Work the prerequisite knowledge self test in the class packet. If you have difficulty with any of the questions, remedy the situation now.

10. I once read an article where a professor described his role similar to a fitness instructor. Some fitness instructors are more capable, better motivators, etc. than others are. Regardless of the instructor, however, you only receive the benefits if you consistently put in the effort. Like exercising the body, exercising the mind requires effort, consistency, and diligence. To borrow a phrase from the gym –use it or lose it! We all need to keep sharp through consistent and challenging mental practice. I hope that you find these suggestions useful in establishing your mental workouts.

Two Rules

1. **BE ON TIME FOR CLASS.**

2. **DO NOT LEAVE CLASS EARLY OR LEAVE CLASS AND RE-ENTER.**

Note: There may be times when you need to arrive late or leave early for a valid reason (e.g., an interview). Please discuss these with me in advance and I will work with you. Unexcused tardiness and early departures will negatively affect your participation grade.
**FIN 3715 Course Schedule**

August 28

INTRODUCTION
What is this course about and how can I be successful?
Complete a student information index card

August 30

WHAT IS CORPORATE FINANCE?
Read: *Introduction to Corporate Finance* RWJ 1
Read: *Statistical and Mathematical Methods* (CP)
Read: *Basic Accounting Review* (CP)
**BRING A PHOTOCOPY OF A PICTURE ID TO CLASS**

September 1

*LSU vs. Tulane (Home)*

I. *FINANCIAL ANALYSIS AND PLANNING*

September 3

LABOR DAY HOLIDAY

September 4

REVIEW OF FINANCIAL STATEMENTS
Read: *Financial Statements, Taxes, and Cash Flow* RWJ 2
Read: *Review of Accounting and Financial Statements* (CP)
Suggested Problems: Chapter 2, 1-18

**LAST DAY TO DROP WITHOUT RECEIVING A ‘W’**

September 6

FINANCIAL STATEMENT ANALYSIS
Read: *Working With Financial Statements* RWJ 3
Suggested Problems: 1-30

September 8

*LSU vs. Utah St. (Home)*

September 11

FINANCIAL STATEMENT ANALYSIS – continued
**VOCABULARY QUIZ**
**FINANCIAL ANALYSIS PROJECT DISTRIBUTED**

September 13

FINANCIAL FORECASTING & GROWTH
Read: *Long-term Financial Planning and Growth* RWJ 4
Suggested Problems: 1-23

September 15

*LSU vs. Auburn (Home)*

September 18

WORKSHOP
**VOCABULARY QUIZ**

II. *VALUATION*

September 20

VALUATION MECHANICS
Read: *Introduction to Valuation: The Time Value of Money* RWJ 5
Suggested Problems: 1-20
**FINANCIAL CALCULATOR NECESSARY NOW**

September 25

VALUATION MECHANICS
**VOCABULARY QUIZ**
Read: *Discounted Cash Flow Valuation* RWJ 6
Suggested Problems: 1-58
September 27  INTEREST RATES AND BOND VALUATION
   Read: Interest Rates and Bond Valuation RWJ 7
   Suggested Problems: 1-24

September 29  LSU vs. Tennessee (Away)

October 2  STOCK VALUATION
   FINANCIAL ANALYSIS PROJECT DUE
   Read: Stock Valuation RWJ 8
   Problems: 1-17

October 4  WORKSHOP – REVIEW FOR EXAMINATION 1
   Assignment: Turn in a sample ‘exam type’ question by midnight 10/3

October 6  LSU vs. Florida (Home)

October 8  Monday office hours 9:30 – 11:30 , 2:00 – 4:00

October 9  EXAMINATION 1

October 11-12  FALL HOLIDAY

October 13  LSU vs. Kentucky (Away)

III.  CAPITAL INVESTMENT DECISION ANALYSIS

October 16  INVESTMENT DECISION CRITERIA
   VOCABULARY QUIZ
   Read: Net Present Value and Other Investment Criteria RWJ 9
   Suggested Problems: 1-20

October 18  MAKING CAPITAL INVESTMENT DECISIONS
   Read: Making Capital Investment Decisions RWJ 10
   Suggested Problems: 1-15, 20

October 20  LSU vs. Mississippi State (Away)

October 23  MAKING CAPITAL INVESTMENT DECISIONS (Continued)
   VOCABULARY QUIZ
   CAPITAL BUDGETING PROJECT DISTRIBUTED

October 25  PROJECT ANALYSIS AND EVALUATION
   Read: Project Analysis and Evaluation RWJ 11
   Suggested Problems: 3-6

October 27  LSU vs. The University of Mississippi (Home)

October 30  WORKSHOP
   VOCABULARY QUIZ
   Prepare: SBR Corporation Capital Budgeting Case (CP)

October 1  HALLOWEEN

November 1  WORKSHOP – Capital Budgeting Project or Excel issues
November 3

LSU vs. Alabama (Away)

**IV. RISK AND RETURN**

November 6

CAPITAL MARKETS, RISK, AND RETURN
Read: Some Lessons From Capital Market History RWJ12
Suggested Problems: 1-16
CAPITAL BUDGETING PROJECT DUE

November 8

RISK, RETURN, AND THE SECURITY MARKET LINE
Read: Return, Risk, and the Security Market Line RWJ 13
Suggested Problems: 1-27

November 9

LAST DATE TO DROP WITH A GRADE OF ‘W’

November 10

LSU vs. Middle Tennessee State (Home)

**V. COST OF CAPITAL AND LONG-TERM FINANCIAL POLICY**

November 13

COST OF CAPITAL
VOCABULARY QUIZ
Read: Cost of Capital RWJ 14
Suggested Problems: 1-20

November 15

COST OF CAPITAL AND VALUE-BASED MANAGEMENT
Market-based Metrics -- Course Packet Notes (CP)

November 20

RAISING CAPITAL AND INITIAL PUBLIC OFFERINGS
Read: Raising Capital RWJ 15
VOCABULARY QUIZ

November 22-23

THANKSGIVING HOLIDAY

November 23

LSU vs. Arkansas (Home)

November 27

WORKSHOP – REVIEW FOR EXAMINATION 2
Assignment: Turn in a sample ‘exam type’ question by midnight 11/26

November 29

EXAMINATION 2

**VI. SHORT-TERM FINANCIAL PLANNING AND MANAGEMENT**

December 4

WORKING CAPITAL MANAGEMENT
Read: Short-term Financial Planning and Management RWJ 18
Suggested Problems: 1-6, 8-11,14

December 6

WORKSHOP – REVIEW FOR FINAL EXAM
Assignment: Turn in a sample ‘exam type’ question by midnight 12/5

December 10-11

Normal Office Hours& Generally Available

December 12, 5:30 – 7:30 PM

FINAL EXAM

December 21

Commencement (Congratulations to all graduates!)
Note: This syllabus is a general outline and deviations may be necessary. Students are responsible for all announcements made in class or posted on the web class site regardless of whether or not they are present or check the web announcements. This includes any announcements made on the first day of class.

Finally, I asked you for some information on your index cards, so here is a little about me.

**Harley E. Ryan, Jr (Chip), Ph.D.**

Harley E. Ryan, Jr. (Chip) is an Assistant Professor of Finance and holder of the Louisiana Department of Insurance endowed professorship at the E. J. Ourso College of Business Administration at Louisiana State University in Baton Rouge, Louisiana. Professor Ryan has been at LSU since the summer of 1998. Before joining LSU, he was an assistant professor at Northeastern University in Boston, Massachusetts (1994-1998) and an instructor at Georgia State University in Atlanta, Georgia (1992-1994). He also has been employed as a research assistant at Georgia State University (1989-1992) and as a sales engineer for the Westinghouse Electric Corporation (1983-1989). Professor Ryan has a Ph.D. in Finance and an MBA from Georgia State University, and a Bachelor of Electrical Engineering from the Georgia Institute of Technology in Atlanta, Georgia. His research interests span a wide array of topics in finance including mergers and acquisitions, the role of financial intermediaries in corporate decision-making, agency theory, capital investment decisions, compensation and incentive systems, and insurance, and he currently teaches classes at the undergraduate, masters, and doctoral level. He has published numerous articles in journals such as the *Journal of Corporate Finance*, the *Journal of Risk and Insurance*, the *Quarterly Review of Economics and Finance*, the *Journal of Insurance Regulation*, the *Journal of Business and Economics Studies*, *Financial Practice and Education*, and the *Corporate Finance Review*. Professor Ryan has made over 50 presentations at national and regional conferences including presentations to the *American Finance Association*, the *Western Finance Association*, the *Financial Management Association*, the *Wharton Conference on the Performance of Financial Institutions*, and the *Office of Economic Analysis at the Securities and Exchange Commission*. Professor Ryan has provided executive education for candidates preparing for the *Certified Turnaround Manager* examination to clients such as Arthur Andersen, BBK, BDO Seidman, Ernst & Young, Executive Sounding Board, Glass & Assoc., Jay Alix & Assoc., Pate, Winter, & Stone, and PriceWaterhouseCoopers.

Personal: I enjoy running, weight training, cooking, travel, reading, and college (Georgia Tech) football.
Vocabulary List

We will have a brief vocabulary test at the beginning of class on the dates indicated. I will list five words or terms (indicated below) and the associated definitions. You will be asked to match the correct definition to the word or term. You are responsible for looking up the definitions. You can use any source you want, but the definitions that I use will come verbatim from Campbell Harvey’s Hypertextual Finance Glossary at Duke University. I encourage you to use this source since it is easy, comprehensive, and the source of the definitions on the quiz. The link to Campbell Harvey’s Glossary is http://www.duke.edu/~charvey/Classes/wpg/glossary.htm. In general, I try to pick terms or words that are commonly used by practitioners and may not always show up in a textbook.

September 11
Market Capitalization (also known as Market Cap)
Analyst
Buy-side Analyst
Sell-side Analyst
Short Selling (also called shorting a stock)

September 18
Insider
Insider Information
Insider Trading
Securities and Exchange Commission
Commodity Futures Trading Commission

September 25
Market Order
Limit Order
Block Trade
Round Lot
Odd Lot

October 16
Exchange
New York Stock Exchange (NYSE)
National Associate of Securities Dealers Automatic Quotation System (NASDAQ)
Instinet
Over the Counter (OTC)

October 23
Investment Manager (also called Money Manager)
Market Timer
Institutional Investors
Day Trading
Buy-and-Hold Strategy
October 30
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)
Free Cash Flow (FCF)
Operating Cash Flow
Float (Equities)
Intrinsic Value of a Firm

November 13
Acquisition
Merger
Tender Offer
Takeover
Poison Pill

November 20
Venture Capital
Second Round
Quiet Period
Initial Public Offering (IPO)
Secondary Offering