THE UNIVERSITY OF SOUTHERN CALIFORNIA

MARHSALL SCHOOL OF BUSINESS

**TENTATIVE & PRELIMINARY SYLLABUS**

BUAD 215x Foundations of Business Finance – Spring 2016

HOH1

M W 8:00 - 9:50PM

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| **Instructor** Professor Eric Briggs | **Phone** (213) 740‐6515 (general FBE office) |
| **Office** TBD | **E‐mail**  ecbriggs@usc.edu (preferred) |
| **Office Hours** WED 10AM to 12PM (email for appt in advance preferred) |  |

*Principles and practices of modern financial management; use of financial statements; valuation of investment; asset pricing under uncertainty; elements of financial decisions. Prerequisites: ACCT 410 or BUAD 280 or BUAD 285a or BUAD 305. Duplicates credit in BUAD 306.*

**Course Description and Objective**

Using a lecture, discussion and practical application teaching format, this course provides an introductory framework for analyzing and understanding the foundations of business finance.

Business Finance is the bedrock of any successful organization. The objective of this course is to develop decision-making ability based on financial theory. It will explain the procedures, practices and policies by which managers contribute to the financial viability performance of an organization. Upon completion of this course, students should have a deep realization of the usefulness of finance and its role in business operations.

Specifically, the course will cover the theory and practice of business budgeting, choice of capital structure, financial markets and the wider economic implications of financial management decisions. Areas that will be covered in depth include analysis of financial statements, time value of money and valuation techniques. We will also discuss investment decision making under uncertainty, cost of capital, capital structure, pricing of selected financial instruments.

This class will offer a mixed format learning environment. Specifically, we will be alternating between:

1. lectures;
2. sample problems (by hand);
3. Excel problems (using the in-classroom computer); and
4. case studies.

Given this approach, we will need to maintain substantive flexibility regarding the pacing of course material whereby we will “speed up” and “slow down” our discussions accordingly. Please see the course calendar in this syllabus for more information. Note that I will update the calendar during the semester and post updates on Blackboard.

**Required Texts**

*Essentials of Corporate Finance*, by Ross, Westerfield and Jordan, 8th Edition

ISBN 978-0-07-803475-6 (alk. paper)

**Required Materials**

1. Financial Calculator (Texas Instruments BAII PLUS preferred) – *absolutely no graphing calculators or cel phone calculators allowed throughout the class*;
2. Access to the internet and valid e‐mail address (which you will need to access Blackboard); and
3. Access to Microsoft Word/Excel/Powerpoint and Adobe Acrobat for various coursework.

You are responsible for bringing your financial calculator to all the lectures and the exams. My lectures and notes will be based on the Texas Instruments BAII Plus calculator.

I will be using Blackboard (http://blackboard.usc.edu) extensively to post announcements and class materials. You are responsible for all information posted on Blackboard whether or not such information is directly presented in class. All grades will be distributed through this system. You are responsible for registering your email address with Blackboard so that you can receive your grade. **You are responsible for downloading all necessary materials prior to class. You are also responsible for all materials covered and all announcements made in class, regardless of whether you chose to attend class on that particular day.**

**Class Policy and Structure**

I am very grateful for this opportunity to work with you and your classmates. I take my role and responsibility to work with you through this material very seriously. I will do as much as I can to assist you in preparing for real‐world professional environments where clarity of thought and attention to detail are requirements. Such assistance may be greatly beneficial to your continued success in your academic and professional career.

This classroom is a safe platform to practice behaving in a professional manner. Professional decorum is based on respect for your colleagues and peers. Professional decorum demands that your behavior show respect for the value of their time and yours, respect for their time and yours, respect for their expertise, and respect for earned positions.

Laptop and Internet usage is not permitted during academic or professional sessions unless otherwise stated. Use of personal communication devices, such as cell phone, PDAs, I-Phones, I-pods are considered unprofessional and are not permitted during academic sessions. No student may record any lecture, class discussion or meeting without prior express written permission.

Active participation in class requires a safe and trusting environment. It is important for us to respect the views and comments made by others, even if we disagree with such comments. I encourage critical discussion, yet it must be respectful, polite and professional.

**Availability:**

I am best reached via email (at the address above) and will generally return all inquiries within 24 hours. I insist that all email communications reflect your preparation for the real‐world professional environment and will therefore reflect appropriate subject headings and clear sentences. I am also available during office hours as appropriate – although I request that you make an appointment (given the number of students that typically stop by to meet with me).

### Evaluation Breakdown and Groups

Class Participation, Cold Calls and Attendance 15.0%

Midterm Exam 1 25.0%

Midterm Exam 2 25.0%

Cumulative Final Exam 35.0%

**Class Participation, Cold Calls and Attendance**

It is crucial that you spend time prior to class going over relevant material. Some of the students will require the repetition of reading in advance, participating in the lecture and studying after class to understand the material completely. What you get out of this class is going to be a direct function of how well you have prepared for each session.

Class Participation is a measure of a student’s positive impact on the class such as asking intelligent questions or offering insightful contributions during class. Your class participation grade is based on my sole judgment of your contribution to the class based on a broad variety of factors at my discretion.

Regarding cold calls, throughout the class, you should expect to be “cold called” to answer questions or offer views on relevant topics. This is a powerful tool to prepare for life post-college as well as keep the class discussion exciting and on-point. As a result, I will request the use of name cards throughout the class – if you are not using your name card, do not expect full credit in this segment. A lack of class participation will have an impact on your overall course grade.

Regular attendance is strongly advised as I may pass a sign-up sheet or do a random roll call. You are responsible for all material and announcements covered in class and on Blackboard. This is true regardless of whether or not you choose to be in class when such announcements are made. Please also note that while you may have legitimate reasons for missing class, proof of documentation will be required. Police reports and hospital records are fine; a simple note from a doctor is not.

**Midterms and Final Exams**

The Midterms and Final Exam will tentatively be a series multiple choice questions. You can use an approved calculator during the exam, but you cannot use a laptop or cell phone. You must take your exams in the lecture section in which you are registered. As appropriate, students must provide their own pencils and scantron forms from the bookstore.

You are required to be present for the exam. If you are unable to take the exams during the specified times listed in the course schedule below, you should not take the class. There will be no make-up exams. Sunglasses, hats, and other headgear are prohibited during exams except for verifiable medical or religious reasons.

There are certain legitimate reasons for not showing up for an exam. However, as with class participation, you must provide documentation of any such claim (as identified above). If you do provide documentation for missing an exam, you will fail that exam. Any re-grade requests must be submitted in writing within one school week of the distribution of correct answers. Any re-grading will encompass the entire exam (and/or class as appropriate).

**Registration**

There is no wait list for this class. The class will remain open during the first three weeks of the semester and if there are seats available, students can add the course using Web Registration.

**Student Disability**

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible and at least 2 weeks prior to any scheduled examinations. DSP is located in STU 301 and is open 8:30 a.m. to 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740‐0776.

**Code of Ethics & Academic Integrity**

The use of unauthorized material, communication with fellow students during an examination, attempting to benefit from the work of another student, and similar behavior that defeats the intent of an examination, or other class work is unacceptable to the University. It is often difficult to distinguish between a culpable act and inadvertent behavior resulting from the nervous tensions accompanying examinations. Where a clear violation has occurred, however, the instructor may disqualify the student’s work as unacceptable and assign a failing mark on the paper.

All students at the University of Southern California have an inherent responsibility to uphold the principles of academic integrity and to support each other and the faculty in maintaining a classroom atmosphere that is conducive to orderly and honest conduct. Students must understand and uphold the rules printed in the Student Conduct Code in the USC’s Campus handbook, regarding examination behavior, fabrication, plagiarism, and other types of academic dishonesty. Violations will result in a failing course grade and referral to the University’s judicial system.

**No Recording and Copyright Notice**

No student may record any lecture, class discussion or meeting with me without my prior express written permission. The word “record” or the act of recording includes, but is not limited to, any and all means by which sound or visual images can be stored, duplicated or retransmitted whether by an electro‐mechanical, analog, digital, wire, electronic or other device or any other means of signal encoding. I reserve all rights, including copyright, to my lectures, course syllabi and related materials, including summaries, prior exams and all supplementary course materials available to the students enrolled in my class whether posted on Blackboard or otherwise.

The material presented and the classroom discussions are for the students’ edification. They are not intended to be financial advice to students in connection with any issue(s) they or others may have. If students have a financial matter, they are advised to promptly consult an experienced professional who can fully review the facts and advise them accordingly.

**Recommended Readings**

While not required, my life has greatly been impacted by my personal interest in finance. When asked about the most influential books (at varying stages in my career) on the topic of business and finance, I commonly cite the following:

*The Intelligent Investor: The Definitive Book on Value Investing. A Book of Practical Counsel (Revised Edition)* by Benjamin Graham, Jason Zweig, and Warren E. Buffett (*notably the chapters on Market Fluctuations and Margin of Safety*)

*When Genius Failed: The Rise and Fall of Long‐Term Capital Management* by Roger Lowenstein

*Charlie Munger: The Complete Investor* by Tren Griffin

*Let My People Go Surfing: The Education of a Reluctant Businessman* by Yvon Chouinard

*The Rational Optimist* by Matt Ridley

*Liar's Poker: Rising Through the Wreckage on Wall Street* by Michael Lewis

**Bio and Background**

Eric Briggs is a Principal of Salter Briggs and a Senior Advisor at FTI Consulting. At FTI, Mr. Briggs is a member of the Valuation and Financial Advisory Services group. He has extensive experience across financial advisory roles including valuation, litigation support, fairness opinions and strategic planning.

Mr. Briggs has completed over 1,900 engagements across a broad range of industries including entertainment and media, construction, technology and life sciences. Mr. Briggs’ engagements are often performed on behalf of management teams as well as investors and lenders. Mr. Briggs’ previous clients include Goldman Sachs, Sony, Cerberus Capital, Fortress Capital, Citigroup, JP Morgan Chase Bank, NBCUniversal, TPG Capital and Kohlberg Kravis Roberts & Co.

Mr. Briggs joined FTI Consulting with its acquisition of Salter Group, a leading independent financial and strategic advisory firm. He was a Founding Principal and co-managed the firm’s overall practice and project management efforts. Prior to that, Mr. Briggs was with Houlihan Lokey Howard & Zukin in the Communications, Media and Entertainment group and served as a research associate at the Anderson School of Management at UCLA.

Mr. Briggs is also a faculty member in the Finance and Business Economics department at University of Southern California’s Marshall School of Business. He teaches corporate finance, financial strategy and valuation, with coursework ranging from transaction analysis to security valuation. In addition, Mr. Briggs has lectured at the Anderson School of Management at UCLA and Brown University.

Mr. Briggs holds an M.B.A. in Finance from the Anderson School of Management at UCLA and a B.S. with honors with distinction in Economics from Brown University. He is a member of the USC Marshall Undergraduate Advisory Board and the Finance Committee at the Chadwick School.

**Course Calendar**

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| **Date:** | **Course Topic/Activity:** | **Relevant Reading** |
| Mon 1/11 | Session 1: Intro to Class Policies | Chapter 1 |
| Wed 1/13 | Session 2: Understanding Financial Statements and Cash Flow | Chapter 2, 3 |
| Mon 1/18 | No Class (MLK) |  |
| Wed 1/20 | Session 3: Understanding Financial Statements and Cash Flow | Chapter 2, 3 |
| Mon 1/25 | Session 4: Understanding Financial Statements and Cash Flow and Valuation of Future Cash Flows | Chapter 2, 3, 4, 5 |
| Wed 1/27 | Session 5: Valuation of Future Cash Flows | Chapter 4, 5 |
| Mon 2/1 | Session 6: Valuation of Future Cash Flows | Chapter 4, 5 |
| Wed 2/3 | Session 7: Bond Valuation | Chapter 6 |
| Mon 2/8 | Session 8: Bond Valuation | Chapter 6 |
| Wed 2/11 | Session 9: Case Studies | TBD |
| Mon 2/15 | No Class (President’s Day) |  |
| Wed 2/17 | Session 10: Review | (Chapters 1 – 6 and Case Studies) |
| Mon 2/22 | Session 11: Midterm 1 (Chapters 1 – 6 and Case Studies) |  |
| Wed 2/25 | Session 12: Stock Valuation | Chapter 7 |
| Mon 2/29 | Session 13: Stock Valuation | Chapter 7 |
| Wed 3/2 | Session 14: Stock Valuation Case Study and Risk, Return and the Security Market Line | Chapter 7, 11 |
| Mon 3/7 | Session 15: Risk, Return and the Security Market Line | Chapter 11 |
| Wed 3/9 | Session 16: Cost of Capital | Chapter 12 |
| Mon 3/14 | No Class (Spring Break) |  |
| Wed 3/16 | No Class (Spring Break) |  |
| Mon 3/21 | Session 17: Cost of Capital | Chapter 12 |
| Wed 3/23 | Session 18: Case Studies | TBD |
| Mon 3/28 | Session 19: Review | (Chapters 7, 11, 12 and Case Studies) |
| Wed 3/30 | Session 20: Midterm 2 (Chapters 7, 11, 12 and Case Studies) |  |
| Mon 4/4 | Session 21: Capital Budgeting | Chapter 8, 9 |
| Wed 4/6 | Session 22: Capital Budgeting | Chapter 8, 9 |
| Mon 4/11 | Session 23: Capital Budgeting | Chapter 8, 9 |
| Wed 4/13 | Session 24: Capital Budgeting and Financial Leverage | Chapter 8, 9, 13 |
| Mon 4/18 | Session 25: Financial Leverage | Chapter 13 |
| Wed 4/20 | Session 26: Raising Capital | Chapter 15 |
| Mon 4/25 | Session 27: Case Studies | TBD |
| Wed 4/27 | Session 28: Review - Last Class |  |
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| TBD | Cumulative Final Exam |  |
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