

University of Southern California
Marshall School of Business
Leventhal School of Accounting
ACCT 559 Strategy and Operations through a CFO Lens
Section # 14225 and 14236
Room JKP 210 at 8:00 and JKP 202 at 9:30 (Both sections meet at 8:00 a.m. in JKP 210 on dates of CFO visits.)
January 10 – April 27, 2017
Faculty: John Owens

Administrative Information

Office: Leventhal School of Accounting 108
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Office Hours: Tuesdays 2:30 – 4:30 p.m. or by appointment (generally Thursday afternoons or Friday mornings)
For Campus-Wide Emergencies:
Emergency Info Line 213-740-9233
USC Emergencies 213-740-4321
USC Public Safety—Non Emergencies: 213-740-6000
Information Tune KUSC Radio at 91.5 (FM)
USC Info Line 213-740-2311

Prerequisites: None

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. DSP is located in STU 301 and is open from 8:30 a.m. to 5:00 p.m., Monday through Friday. The phone number for DSP is 213-740-0776.

Students are expected to adhere to, and will be bound by, the University and school policies governing academic integrity.

Who Should Take This Course?

This course is an elective, capstone-type learning experience for MBA students and graduate accounting and tax students who have the business knowledge that comes from the core curriculum. Students who enjoy drawing upon core knowledge from multiple disciplines and applying that knowledge to actual business situations will enjoy and thrive in this learning experience.

Course Description

In this class, we will address strategic and operational issues that companies face in multiple industries, and the responses of chief financial officers who are responsible for the accounting and financial planning and decision making. We will view the business as a whole—from the eyes of the Chief Financial Officer within the business.

The class contains eight industry segments, each focusing on key issues that an industry faces and how specific CFOs address them. Each segment contains three sessions. During the first,

we discuss strategic objectives and performance within one industry group, focusing on the key moving parts, relevant issues and where to look to effectively measure performance. During the second, we use a debate format to focus on how one company within that industry drives performance with respect to these key issues. During the third, we hear from the CFO of that company in a heavily interactive session as to how he or she manages the business with respect to the issues and the sources of information used to manage them.

Course Objectives

Students who participate in this class will be working to accomplish the following objectives:

- Apply practical thinking skills from various business disciplines to industry issues
- Develop an appreciation for a financial management perspective on strategic and operational issues
- Increase resources and skills for business problem-solving
- Broaden awareness of industry risks and strategies and apply this knowledge to on-the-job situations
- Experience direct interaction with chief financial officers of major, locally-based entities
- Grow in excitement for long-term career opportunities

Assignments and Grading

All assignments must be turned in on time in order to receive any credit. No late materials will be accepted.

All students will complete industry background assignments on specific industries/companies.

The class will form teams and each team will prepare two company debate position analyses during the semester. We will have student-led debates each industry during the semester. Each team will use its two analyses to lead a portion of the debate. I will expect participation from *everyone* (not just the assigned groups) in these class debates.

Ten chief financial officer guest speakers will address the class throughout the semester. The guest speaker's remarks should comprise about one-third of the class time and the remaining time will consist of questions and answers. Each student will prepare question outlines relating to two companies and their industries by the date of the guest speaker presentation for that company. These students will be expected to lead the questioning of the speaker during the presentation, with the participation of all students in the class.

Each student will complete a final paper selecting a single strategic priority that is shared by two of the companies we have analyzed (from different industries) and evaluating their comparative business objectives and operational responses. I will record attendance on occasion.

2 written company debate analyses (50 points each) (group grades) 100 points

Leadership of 2 debates

(50% group grade and 50% individual grade) 100 points

Attendance, participation and assignments 170 points

2 CFO question outlines 30 points

Final industry analysis project 100 points

500 points

Grading

We will adhere to the USC Leventhal School of Accounting and Marshall School of Business grading standards for graduate programs. For elective courses, the class average is usually around 3.4, which is between a B+ and an A-. You must receive a C or better to pass this course and you must have an overall B average (3.0 minimum) in order to graduate from USC.

The policy of the Marshall School of Business applies to the retention of graded material. University policy requires that final exams and all other grade work which affected the course grade be kept for one year. Other papers or work that instructors hand back but that students fail to pick up can be held for one month, as long as this policy is specified in the syllabus.

Academic Conduct

Students enrolled in any class offered by the Leventhal School of Accounting are expected to uphold and adhere to the standards of academic integrity established by the Leventhal School of Accounting Student Honor Code. Students are responsible for obtaining, reading, and understanding the Honor Code System handbook. Students who are found to have violated the Code will be subject to disciplinary action as described in the handbook. For more specific information, please refer to the Student Honor Code System handbook, available in class or from the receptionist in ACC 101.

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Section 11, *Behavior Violating University Standards* <https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/>. Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct/>.

Support Systems

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the *Office of Equity and Diversity* <http://equity.usc.edu/> or to the *Department of Public Safety* <http://capsnet.usc.edu/departments/departments-public-safety/online-forms/contact-us>. This is important for the safety whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. *The Center for Women and Men* <http://www.usc.edu/student-affairs/cwm/> provides 24/7 confidential support, and the sexual assault resource center webpage sarc@usc.edu describes reporting options and other resources.

Students whose primary language is not English should check with the American Language Institute <http://dornsife.usc.edu/ali>, which sponsors courses and workshops specifically for international graduate students.

The Office of Disability Services and Programs - http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html provides certification for students with disabilities and helps arrange the relevant accommodations.

If an officially declared emergency makes travel to campus infeasible, USC Emergency Information <http://emergency.usc.edu/> will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.

Required Course Materials

Forms 10-K for each of the following companies are available on the internet:

Mattel, Inc.

Edison International

CalAtlantic Group, Inc.

The Walt Disney Company

Materials will be posted on Blackboard for Children's Hospital of Los Angeles, Rand Corporation, Parsons Corporation, SpaceX and The Farmers Insurance Group. Articles to be announced will be posted on Blackboard. Class assignments will be posted on Blackboard.

Topics, Readings, and Projects

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| Jan 10 | The Role of the Chief Financial Officer |
| Jan 12 | Strategic Priorities and Operational Responses (Measurement)
Readings: What to Do With Your Ugly Measures
http://www.businessperform.com/articles/ugly_measures.html
Defining Business Performance Measurements
http://www.bridgefieldgroup.com/businessperformancehtml
Prepare: CFO Goals and Measurements questions (on Blackboard) |
| Jan 17 | Navigating Consumer Demand
Readings: Mattel Form 10-K- Business section and financial statements |
| Jan 19 | Healthcare Challenges in the Affordable Care Act Environment
Readings: CHLA background reading (Posted on Blackboard) |
| Jan 24 | Mattel debate
Prepare: Consumer markets class assignment
Assigned groups prepare to lead class debate |
| Jan 26 | Energy and the Consumer: Where Are We Headed?
Readings: Edison International Form 10-K- Business, MD&A and financial statements |
| Jan 31 | Children's Hospital of Los Angeles debate
Prepare: Healthcare Class Assignment
Assigned groups prepare to lead class debate |
| Feb 2 | Scott Lieberenz, CFO – Children's Hospital of Los Angeles
Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO |

Feb 7	Kevin Farr, CFO – Mattel, Inc. Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO
Feb 9	Edison International debate Prepare: Utilities Class Assignment Assigned groups prepare to lead class debate
Feb 14	Maria Rigatti, CFO – Edison International Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO
Feb 16	Commercial and Government Construction and Engineering Readings: Parsons Corp. background reading (Posted on Blackboard)
Feb 21	Parsons Corporation debate Prepare: Contracting and Engineering Class Assignment Assigned groups prepare to lead class debate
Feb 23	George Ball, CFO – Parsons Corporation Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO
Feb 28	Convergence of Media, Communications and Technology Readings: Disney Form 10-K- Business section and financial statements
Mar 2	Homebuilding: Managing Through Cycles Readings: CalAtlantic Form 10-K- Business section and financial statements
Mar 7	Disney debate Prepare: Media and Entertainment Class Assignment Assigned groups prepare to lead class debate
Mar 9	CalAtlantic debate Prepare: Homebuilding Class Assignment Assigned groups prepare to lead class debate
Mar 14	Spring Break
Mar 16	Spring Break
Mar 21	Preparation for final paper
Mar 23	Christine McCarthy, CFO – The Walt Disney Company Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO

Mar 28	Comparison of CFO dashboards and management approaches
Mar 30	<p>Jeff McCall, CFO – CalAtlantic Homes</p> <p>Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO</p>
Apr 4	<p>Not-for-profits: Who Do We Serve?</p> <p>Readings: TBA</p>
Apr 6	TBA
Apr 11	<p>Rand Corporation debate</p> <p>Prepare: Not-for-profit class assignment Assigned groups prepare to lead class debate</p>
Apr 13	<p>Bret Johnsen, CFO – SpaceX</p> <p>Readings: TBA</p> <p>Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO</p>
Apr 18	<p>Serving Customers and Managing Insurance Risk</p> <p>Readings: Excerpts from the Zurich Financial Services Group 2016 Annual Report (Posted on Blackboard)</p>
Apr 20	<p>Mike Januzik, CFO – Rand Corporation</p> <p>Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO</p>
Apr 25	<p>Farmers Insurance debate</p> <p>Prepare: Insurance Class Assignment Assigned groups prepare to lead class debate</p>
Apr 27	<p>Scott Lindquist, CFO – The Farmers Insurance Group</p> <p>Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO</p>
May 4	Final paper due