



**ACCT-559: STRATEGY AND OPERATIONS THROUGH A CFO LENS  
Spring 2019**

**Instructor:** John Owens  
**Office:** ACC 108  
**Office Hours:** Tuesdays 2:30 – 4:30 p.m. or by appointment  
**Phone:** 310-498-1679  
**Email:** johndowe@marshall.usc.edu

**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 board meeting 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:

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

**COURSE MATERIALS**

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

Guess?, Inc.  
The Macerich Company  
The Walt Disney Company

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

<b>GRADING</b>
----------------

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.

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

<b>Assignments</b>	<b># of Points</b>	<b>% of Overall Grade</b>
2 Written Company board meeting proposal outlines (50pts each)	100	20%
Leadership of 2 board meetings (50% group grade and 50% individual grade)	100	20%
Oral Participation	85	17%
Assignments and Attendance	85	17%
2 CFO Question Outlines	30	6%
Final Issue Analysis Project	100	20%
<b>TOTAL</b>	<b>500</b>	<b>100%</b>

**Teams**

Teams will be used in the board meetings described below. Each student will be on two board meeting teams during the semester. Each team will engage as a team in one board meeting. The board meeting teams will typically have three members. Every student will have an opportunity to agree with one other student to pair up on a team. The professor will then join the pairs or individuals not opting to pair up onto board meeting teams.

**Board meetings**

The class will engage in eight board meetings throughout the semester, each focusing on a single entity that we are studying. Three teams will lead each board meeting and will propose specific actions by the entity and support those actions from the perspective of the CFO. The rest of the class functions as the board of directors and will participate in the discussion. The three groups will support their positions and refute the positions of the other groups, all striving to use relevant data.

The board meetings will be graded for the written four-page outlines, the group oral performance (both group grades) and the individual performance. Grading criteria include strength of support for the group position, effectiveness of countering other group positions, data used in all aspects of the board meeting and level and quality of the written and oral comments made, both individually and as a group.

**Oral Participation**

This course has a heavy emphasis on participation. Students will be graded on the quality and consistency of oral participation in all class sessions. Examples of high quality comments are those that pertain to CFO dashboards or measures and how they are used, current leading issues in a

particular industry, aspects of board meeting positions (when interacting with a CFO in a subsequent session), and typically any comment that reflects advance relevant research on a company, industry or issue. I stress that all students should participate in the board meetings, not only the students in the individual participating groups. Students are welcome and encouraged to discuss any aspects of oral participation with me in my office at their convenience. If this is difficult for you, see me at the beginning of the semester and I will give you some tips that will make this much easier for you.

### **Assignments and Attendance**

Students complete seven written assignments. I expect the completed assignments to each be about 1 to 2 pages and require about one hour to complete. Six of the assignments will relate to six entities for which students are not in a debating group. There will be one introductory assignment about CFO goals and measurements. Those assignments must be typed and turned in on the due date according to the syllabus (normally on the dates of the board meetings).

### **CFO Question Outlines**

Approximately ten chief financial officer guest speakers will address the class throughout the semester. The guest speaker's remarks should comprise up to 15 minutes and the remaining time will consist of questions and answers. (Some CFOs have no opening remarks and rely only on student questions.) Each student will prepare question outlines relating to two companies and their industries by the dates of the guest speaker presentation for both of those companies. These students will be expected to lead the questioning of the speaker during the presentation, with strong participation of all students in the class.

I expect the question outlines to be approximately two pages and to be tailored to the specific CFO or specific entity. Preparation of the outline should require about one to two hours.

### **Final Industry Analysis Project**

Each student will complete a four-page final paper selecting a single strategic priority that is shared by two of the entities we have analyzed (from different industries) and evaluating their comparative business objectives and operational responses. The papers will be graded on how effectively they address the following points about that single topic:

- Discuss each company's environment and business objectives that surround the strategic priority.
- Compare and contrast the companies' operational responses.
- How can the CFO measure performance with respect to the strategic priority and operational responses?
- How can the company (and CFO) drive behavior and performance to meet the desired objectives? (Include the use of measures, resource allocation and potential returns or rewards to the company.)
- In your opinion, which company (or industry) is more effective in managing these issues and why?
- Finally, what can each company learn from the other?

<b>STATEMENT OF ACADEMIC CONDUCT AND SUPPORT SYSTEMS</b>
----------------------------------------------------------

USC seeks to maintain an optimal learning environment. Students are expected to submit original work. They have an obligation both to protect their own work from misuse and to avoid using another's work as their own. All students are expected to understand and abide by the principles of

academic honesty outlined in the University Student Conduct Code (see University Governance, Section 11.00) of SCampus ([www.usc.edu/scampus](http://www.usc.edu/scampus) or <http://scampus.usc.edu>). The recommended sanctions for academic integrity violations can be found in Appendix A of the Student Conduct Code.

### **Students with Disabilities:**

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs ([www.usc.edu/disability](http://www.usc.edu/disability)). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. 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 (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.-5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: [ability@usc.edu](mailto:ability@usc.edu).

### **Support Systems:**

*Student Counseling Services (SCS) - (213) 740-7711 – 24/7 on call*

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

<https://engemannshc.usc.edu/counseling/>

*National Suicide Prevention Lifeline - 1-800-273-8255*

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week. <http://www.suicidepreventionlifeline.org>

*Relationship & Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call*

Free and confidential therapy services, workshops, and training for situations related to gender-based harm. <https://engemannshc.usc.edu/rsvp/>

*Sexual Assault Resource Center*

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

*Office of Equity and Diversity (OED)/Title IX compliance – (213) 740-5086*

Works with faculty, staff, visitors, applicants, and students around issues of protected class.

<https://equity.usc.edu/>

*Bias Assessment Response and Support*

Incidents of bias, hate crimes and microaggressions need to be reported allowing for appropriate investigation and response. <https://studentaffairs.usc.edu/bias-assessment-response-support/>

*Student Support & Advocacy – (213) 821-4710*

Assists students and families in resolving complex issues adversely affecting their success as a student EX: personal, financial, and academic. <https://studentaffairs.usc.edu/ssa/>

*Diversity at USC – <https://diversity.usc.edu/>*

Tab for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students

## Topics, Readings, and Projects

- Jan 8            The Role of the Chief Financial Officer
- Jan 10           Strategic Priorities and Operational Responses (Measurement)  
Readings:      What to Do With Your Ugly Measures  
                    [http://www.businessperform.com/articles/ugly\\_measures.html](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 15           Navigating Consumer Demand  
Readings:      Guess?, Inc. Form 10-K- Business section and financial statements
- Jan 17           Commercial and Government Construction and Engineering  
Readings:      Parsons Corp. background reading (Posted on Blackboard)
- Jan 22           Guess?, Inc. board meeting  
Prepare:        Guess?, Inc. class assignment  
                    Assigned groups prepare to lead class board meeting
- Jan 24           Sandeep Reddy, CFO – Guess?, Inc.  
Prepare:        Assigned students prepare question outlines and prepare to lead  
                    questioning of CFO; all students prepare to question CFO
- Jan 29           Healthcare Challenges in the Affordable Care Act Environment  
Readings:      CHLA background reading (Posted on Blackboard)
- Jan 31           Parsons Corporation board meeting  
Prepare:        Parsons class assignment  
                    Assigned groups prepare to lead class board meeting
- Feb 5            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 7            Children’s Hospital of Los Angeles board meeting  
Prepare:        CHLA class assignment  
                    Assigned groups prepare to lead class board meeting
- Feb 12           Energy and the Consumer: Where Are We Headed?  
Readings:      LADWP TBD
- Feb 14           Investment Management in a Turbulent Marketplace – What Do the Millennials  
Want?  
Readings:      TBD – Capital Group

- Feb 19 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 21 Bruce Meikle, CFO – Capital Group  
Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO
- Feb 26 Real Estate: Managing Through Cycles  
Readings: The Macerich Company Form 10-K- Business section and financial statements
- Feb 28 LADWP board meeting  
Prepare: LADWP class assignment  
Assigned groups prepare to lead class board meeting
- Mar 5 Macerich board meeting  
Prepare: Macerich class assignment  
Assigned groups prepare to lead class board meeting
- Mar 7 Ann Santilli, CFO – Los Angeles Department of Water and Power  
Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO
- Mar 12 Spring Break
- Mar 14 Spring Break
- Mar 19 Preparation for final paper
- Mar 21 Convergence of Media, Communications and Technology  
Readings: Disney Form 10-K- Business section and financial statements
- Mar 26 Serving Customers and Managing Insurance Risk  
Readings: Excerpts from the Zurich Financial Services Group 2016 Annual Report (Posted on Blackboard)
- Mar 28 Scott Kingsmore, CFO – The Macerich Company  
Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO
- Apr 2 Disney board meeting  
Prepare: Disney class assignment  
Assigned groups prepare to lead class board meeting
- Apr 4 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

- Apr 9 Farmers Insurance board meeting  
Prepare: Farmers class assignment  
Assigned groups prepare to lead class board meeting
- Apr 11 Scott Lindquist, CFO, Kathy Cody, COO - The Farmers Insurance Group  
Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO
- Apr 16 Not-for-profits: Who Do We Serve?  
Readings: TBA
- Apr 18 Bret Johnsen, CFO - SpaceX  
Readings: TBA  
Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO
- Apr 23 Rand Corporation board meeting  
Prepare: Rand class assignment  
Assigned groups prepare to lead class board meeting
- Apr 25 Mike Januzik, CFO - RAND Corporation  
Prepare: Assigned students prepare question outlines and prepare to lead questioning of CFO; all students prepare to question CFO

**Final paper due on April 26 (if not addressing SpaceX or RAND)**

**Final paper due on May 2 (if addressing either SpaceX or RAND)**

**Appendix IA. MARSHALL GRADUATE PROGRAMS LEARNING GOALS**

**How ACCT 559 Contributes to Marshall Graduate Program Learning Goals**

Marshall Graduate Program Learning Goals	ACCT 559 Objectives that support this goal	Assessment Method*
<p><b><i>Learning Goal #1: Develop Personal Strengths.</i></b>  <b>Our graduates will develop a global and entrepreneurial mindset, lead with integrity, purpose and ethical perspective, and draw value from diversity and inclusion.</b></p>		
<p>1.1 Possess personal integrity and a commitment to an organization’s purpose and core values.</p>	3,4,5,6	Board meetings
<p>1.2 Expand awareness with a global and entrepreneurial mindset, drawing value from diversity and inclusion.</p>	1,2,4,5	Industry study, final paper
<p>1.3 Exhibit awareness of ethical dimensions and professional standards in decision making.</p>	1,3,4,5	Board meetings, CFO sessions
<p><b><i>Learning Goal #2: Gain Knowledge and Skills.</i></b>  <b>Our graduates will develop a deep understanding of the key functions of business enterprises and will be able to identify and take advantage of opportunities in a complex, uncertain and dynamic business environment using critical and analytical thinking skills.</b></p>		
<p>2.1 Gain knowledge of the key functions of business enterprises.</p>	2,3,4,5	Industry study, HW assignments, CFO sessions
<p>2.2 Acquire advanced skills to understand and analyze significant business opportunities, which can be complex, uncertain and dynamic.</p>	1,2,3,4,5	Board meetings, final paper, CFO sessions
<p>2.3 Use critical and analytical thinking to identify viable options that can create short-term and long-term value for organizations and their stakeholders.</p>	1,2,3,4,5	Board meetings, final paper, HW assignments
<p><b><i>Learning Goal #3: Motivate and Build High Performing Teams.</i></b>  <b>Our graduates will achieve results by fostering collaboration, communication and adaptability on individual, team, and organization levels.</b></p>		

3.1 Motivate and work with colleagues, partners, and other stakeholders to achieve organizational purposes.	3,5,6	Board meetings, CFO sessions
3.2 Help build and sustain high-performing teams by infusing teams with a variety of perspectives, talents, and skills and aligning individual success with team success and with overall organizational success.	3,5,6	Board meetings, CFO sessions
3.3 Foster collaboration, communication and adaptability in helping organizations excel in a changing business landscape.	3,5,6	Board meetings, CFO sessions

**Appendix IB. USC LEVENTHAL STUDENT LEARNING OUTCOMES FOR  
MASTER OF ACCOUNTING  
AND MASTER OF BUSINESS TAXATION PROGRAMS**

**How ACCT 559 Contributes to Leventhal Graduate Program Learning Goals**

Leventhal Graduate Program Learning Goals	ACCT 559 Objectives that support this goal	Assessment Method*
<p><i>Learning Goal #1: Technical, Conceptual, Problem-Solving</i>  <b>Students will be competent in and be able to apply discipline-specific knowledge and skills in the fields of accounting or taxation. This learning outcome includes the development of critical thinking and problem-solving skills, as well as an understanding of the strategic role of accounting and taxation in business organizations and society.</b></p>	1,2,3,5	Industry study, HW assignments, board meetings
<p><i>Learning Goal #2: Professional Development</i>  <b>Students will be able to communicate clearly and strategically, after considering the relevant audience, situation, and purpose of the communication. Students will demonstrate the ability to work productively with others to accomplish established goals.</b></p>	1,2,3,4,5	Board meetings, final paper
<p><i>Learning Goal #3: Research/Life-Long Learning</i>  <b>Students will be able to use relevant research databases and academic/professional literature to gain new knowledge and analyze business situations.</b></p>	1,3,4,5	Industry study, board meetings, final paper
<p><i>Learning Goal #4: Ethical Principles and Professional Standards</i>  <b>Students will be able to apply ethical principles and professional standards in analyzing situations and making informed decisions.</b></p>	1,3,4,5	Board meetings, CFO sessions
<p><i>Learning Goal #5: Globalization and Diversity</i>  <b>Students will be able to demonstrate an international perspective and appreciation for diversity and cultural differences, along with their significance in global business.</b></p>	3,4,5,6	Board meetings, CFO sessions

(Appendices II, III and IV are Optional, Sample Materials.)

## Appendix II

### SAMPLE PEER EVALUATION FORM

Please identify your team and team members for your board meeting. Then rate all your team members, *including yourself*, based on the **contributions** of each team member for the board meeting performance according to the criteria listed below. On a scale of 0 - 2 with 0 indicating does not meet expectations, 1 meets expectations and 2 exceeds expectations, rate each person on each of the five criteria. Lastly, add up the points for each person with the maximum number of points for each person being 10. In the box below, describe the exact contributions of each team member, including yourself.

Team Members/ Assessment Criteria of Team Contributions in Preparing for the Board meeting	Team Member 1	Team Member 2	Team Member 3	Yourself
1. Role Performance				
2. Assists Team Members				
3. Listening and Discussing				
4. Research and Information Sharing				
5. Time Management				
Total				

Contribution details:

## Appendix III

## SAMPLE CLASS PARTICIPATION STATEMENTS

Class participation is an extremely important part of the learning experience in this course as the richness of the learning experience will be largely dependent upon the degree of preparation by *all* students prior to each class session.

This course includes highly interactive sessions and prominent outside speakers. Such sessions are only effective if all students are consistently prepared. In addition, the participation of the leading CFOs in Southern California is conditioned by them on the attendance of every student for each session. My expectation and that of your classmates are that you are prepared for and attend *all* classes and will actively participate in and meaningfully contribute to class discussions.

In-class participation is also a critical part of this course's learning experience. Cold calling may take place to encourage active participation and to gain multiple perspectives and points of view, thus lending itself to the richness of the learning experience. In-class participation grading will be based on students' demonstrated willingness to participate and the quality of the comments expressed, rather than quantity. While some students are far more comfortable than others with class participation, *all* students should make an effort to contribute meaningfully.

Students will offer their opinions in group settings many times in their careers; thus, class participation serves to prepare students for this business experience.

The evaluating of in-class participation is based on the following:

- *Relevance* – Does the comment or question meaningfully bear on the subject at hand? Irrelevant or inappropriate comments can detract from the learning experience.
- *Responsiveness* – Does the comment or question connect to what someone else has said?
- *Analysis* – Is the reasoning employed consistent and logical? Has data from course materials, personal experience, or general knowledge been employed to support the assertions/findings?
- *Value* – Does the contribution further the understanding of the issues at hand?
- *Clarity* – Is the comment concise and understandable?

During class sessions, I frequently assume the role of a facilitator to encourage a discussion that includes perspectives from a variety of viewpoints and, secondly, to help pull together prevailing analyses and recommendations. The direction and quality of a discussion is the *collective responsibility of the class*. During the board meetings and CFO sessions, I will take notes but will not facilitate the discussions. As a result, all students (not just board meeting teams) will need to be self-starting throughout the session.

To underscore the importance of participation, 17% percent of the course grade are allocated to class participation. Your participation on board meeting teams for your two board meetings is graded separately and is not part of the oral participation grade.

## Class Participation – Behavioral Anchor Rating Scale:

### Excellent Performance

- Initiates information relative to topics discussed
- Accurately exhibits knowledge of assignment content
- Clarifies points that others may not understand
- Shares personal experiences or opinions related to topic
- Offers relevant / succinct input to class
- Actively participates in class exercises
- Demonstrates ability to apply, analyze, evaluate & synthesize course material.
- Demonstrates willingness to attempt to answer unpopular questions
- Builds on other students' contributions
- Contributes meaningful comments in the vast majority of class sessions

### Average Performance

- Participates in group discussions when asked
- Demonstrates knowledge of course material
- Offers clear, concise, "good" information on class assignments
- Offers input, but tends to reiterate the intuitive
- Attends class regularly
- Contributes meaningful comments in up to one-half of class sessions

### Unacceptable Performance

- Fails to participate even when directly asked
- Gives no input to discussions
- Does not demonstrate knowledge of the readings
- Shows up to class: does nothing
- Distracts group / class
- Irrelevant discussion
- Contributes meaningful comments in only a few class sessions