Financial Decisions: Fall 2013

Course Number 38:533:540:04 Thursdays, 1:00 pm to 3:40 pm Levin Building, Room 106

InstructorDouglas CoffeyOfficeTo be announcedEmaildc759@rci.rutgers.eduPhoneTo be announcedOffice HoursBy Appointment

Class Material https://sakai.rutgers.edu (Use your eden ID and Password.)

This course is an introduction to corporate financial decision making. We will examine the relationships between corporate finance and human resource management and labor relations. In addition, you will learn how to use financial decision making techniques for assessing and developing HR practices and programs.

Text

Robert C. Higgins, <u>Analysis for Financial Management</u>, McGraw Hill, 10th edition, 2012

You will need to bring a calculator to each class session including the three exams. (A simple one that does basic arithmetic will be sufficient.)

Grading Basis

First Exam – Financial Statement Construction and Analysis,	25%
Chapters 1 and 2	
Second Exam – Financial Markets and Instruments,	25%
Chapters 5 and 6	
Third Exam – Investment and Restructuring Decisions,	35%
Chapters 7, 8 and 9	
Cost Benefit Analysis/ROI Project – Human Resources	15%
Applications of Investment Principles	
Total	100%

Cost Benefit Analysis/ROI Project

You will work in teams to do the following:

- I. Select an HR project or program, e.g. implementing an HRIS, developing a new training program, outsourcing an HR function, etc.
- II. Provide a detailed list of all the direct and indirect costs and benefits.
- III. Conduct an in-depth cost-benefit analysis using a NPV model.
- IV. Calculate IRR/ROI of the proposed project or program.
- V. Write a report describing your analysis and rational for your decision.

Your team will prepare this report for the SVP of HR. This report must state your recommendation and summarize all analyses. Also, your team will prepare and deliver a PowerPoint presentation to the HR executive committee (comprised of instructor and class participants) of your recommendation and analyses. Grades will be based on the quality of the:

- I. Analysis
- II. Written report
- III. Presentation

Grading Scale

A = 90 - 100

B+ = 88 - 89

B = 80 - 87

C + = 78 - 79

C = 70 - 77F = 60 - 69

Schedule

Date	Session	Topic	Reading/Deliverable	
9/5	1	Introduction	Chapter 1	
9/12	2	Financial Statements	Chapter 1	
9/19	3	Evaluating Performance	Chapter 2	
9/26	4	Evaluating Performance	Chapter 2	
10/3	5	First Exam (Chapters 1and 2)	Exam in class	
		Financial Instruments	Chapter 5	
10/10	5	Financial Instruments	Chapter 5	
		The Financing Decision	Chapter 6	
10/17	6	The Financing Decision	Chapter 6	
10/24	6	Second Exam (Chapters 5 and 6)	Exam in class	
10/24		Discounted Cash Flow	Chapter 7	
10/31	7	Discounted Cash Flow	Chapter 7	
11/7	9	Discounted Cash Flow	Chapter 7	
		Risk Management	Chapter 8	
11/14	11	Risk Management	Chapter 8	
11/21	12	Business Valuations	Chapter 9	
NO CLASS ON 11/28				
12/5	13	Business Valuations	Chapter 9	
12/12	14	Cost-Benefit Analysis Project	Team Presentations	
		Review	All Papers Due	
12/19	15	Third Exam (Chapters 7, 8 and 9)	Exam in class	