

**Michael G. Foster School of Business
University of Washington**

**MBA Corporate Finance – BA 500 – Fall 2020
Prof. Thomas Gilbert**

“Price is what you pay. Value is what you get.”
Warren Buffett

This course covers the foundations of finance with an emphasis on applications that are vital for corporate managers and investors. We will discuss many of the major financial decisions made by managers both within the firm and in their interactions with investors. Essential in most of these decisions is the process of valuation, which will be an important emphasis of the course. Topics include criteria for making investment decisions, project valuation, company valuation, relationships between risk and return, portfolio choice, market efficiency, cost of capital, capital structure, and payout policy.

Course schedule: Syllabus
Classroom: Zoom
Class time: Mondays and Wednesdays, 10.30am – 12pm (A) or 1.30pm – 3pm (B)

Instructor: Thomas Gilbert
Email: gilbertt@uw.edu
Office: PCAR 413
Phone: 206-616-7184
Office hours: 8.30am – 10am and 3pm - 4.30pm on Tuesdays via Zoom
Website: <http://foster.uw.edu/faculty-research/directory/thomas-gilbert/>

Teaching assistant: Lucas Rooney
Email: ljrooney@uw.edu
Office hours: 3pm – 4.30pm on Mondays and Wednesdays
Office hours location: Zoom
Review sessions: Fridays at 8.30am via Zoom

Grading:

The components of the final grade are given below:

Quizzes	10%
Problem sets	10%
Group cases	15%

Individual capstone case	15%
Integrated case competition	10%
Midterm exam	20%
Final exam	20%

Optional textbook:

“Corporate Finance” by Ross, Westerfield, Jaffe, and Jordan, 12th edition, published by McGraw-Hill (2019). The book contains detailed explanations and additional examples, which will help you gain a better understanding of the concepts covered in class. For each class, the recommended readings are listed in the course outline. You are not expected to read the material before class.

Required case pack:

Three cases are available for purchase via [Harvard Business Publishing online](#).

Other requirements:

- A financial calculator – bring it to class every day. You will also need the calculator for quizzes, problem sets, cases, and exams. I will be using the HP-12C Platinum. You can use a different financial calculator but I will not answer your calculator-specific questions in class. Graphing calculators or phone-based apps are allowed as well.
- Access to a computer with Microsoft Excel (or comparable spreadsheet program) to complete the cases and homework assignments.

Prerequisites:

You do not need a background in finance to succeed in this course. However, I will assume that you know all materials covered in the Jump Start program (statistics + mathematics & microeconomics + finance + accounting). The Jump Start materials can be found on this site.

Midterm:

There is an open-book midterm. All students will take the exam at the same time – no exceptions. A formula sheet will be provided. A financial calculator will be needed to solve some of the problems (laptops, phone apps, or graphing calculators allowed).

Final exam:

There is an open-book final exam. All students will take the exam at the same time – no exceptions. A formula sheet will be provided. A financial calculator will be needed to solve some of the problems (laptops, phone apps, or graphing calculators allowed).

Quizzes:

The quizzes will be online timed quizzes administered on Canvas almost every weekend. Each quiz will be 30 minutes long (about 10 questions on the week’s topics) and will be available from midnight on Thursday to midnight on Sunday. You may use any notes or books for the quizzes but you are required to answer them individually.

Homework:

To help you study the material covered in class, I will provide you with almost-weekly homework

assignments. You are welcome to talk to other students about these assignments, but each student must turn in his or her own answers online.

Cases:

In order to put the concepts learned in class into action, you will solve applied cases. For the group cases, you should work on these cases with your study team and you should be ready to discuss them in class. In addition, you are required to hand in a group report (no more than six pages including exhibits) that addresses the main case questions. For the individual case, you will be required to work alone and hand in your individual report.

The first page of the report must take the form of an executive summary addressed to the case's main character. This should include your decision, your main assumptions, as well as the main steps of your analysis.

The second page of the report must be an Excel executive summary. This should include the most important tables that summarize your analysis. It must be created in Powerpoint by copy-pasting the Excel tables and must be emailed to me at least 10 minutes before class.

The accuracy, depth and conciseness of the reports, together with your in-class participation during the case discussion, will be taken into account when determining your grade for that part of the course.

Case competition:

The quarter concludes with a case competition that will draw upon concepts from all four core classes, and contributes to your grade. The integrated case competition will begin on Monday 7 December, and the presentations will take place on Monday 14 December (qualifying round) and Tuesday 15 December (final round). The case, case questions, and further details will be released closer to the date. The case competition's contribution towards your finance grade will depend on a combination of your application of finance concepts in the case, and your overall performance in the case. Your case competition grade is based entirely on the written deliverables submitted on December 13 and your presentation on December 14.

Review sessions:

The TA will hold review sessions almost every Friday at 8.30am. During these sessions, the TA will summarize the week's most important learning objectives and will solve some of the recommended textbook problems and work through other relevant exercises. If you are struggling with the material, then you are strongly encouraged to attend all the sessions!

General finance lingo:

For those of you with no background in finance, it is recommended that you become familiar with the corporate finance lingo by reading the first chapter of the textbook. I also suggest that you become familiar with the investments lingo by reading the first four chapters of "Investments" by Z. Bodie, A. Kane, and A. Marcus (many editions are available in the library).

Grade penalties:

There will be a 25% penalty for any assignments that are turned in late without prior permission. In case of emergency that prevents you from taking an exam, you should contact me as soon as possible so that we can arrange for a retake. Any absence from the exams without supporting evidence will result in a grade of zero for the exam. In most cases, all group members receive the same grade for a group assignment, but I reserve the right to assign individual-specific grades to reflect contributions far above or far below the norm.

Re-grading policy:

Mistakes can be made in grading. If you believe that there has been a significant mistake in the grading of your assignments or exams, you should contact me in writing within one week of the receipt of the grade. You should explain to me in detail where and why you think the grading was done incorrectly. I will re-grade your entire assignment or exam, so your grade may go up or down as a result.

Professionalism:

Class attendance is required aside from circumstances related to (1) illness or (2) unavoidable conflict with a job or internship interview that cannot be rescheduled. If you are not able to attend a particular class session, please email me in advance to let me know the reason. Each student is expected to be on time to and prepared for each class meeting, fully engaged in class content throughout the class meeting, and respectful of your fellow students' attempts to do the same. Please note that participation grades are based on the quality of your participation in class discussions, and not the quantity of your participation. While you are free to use technologies that are directly related to class, please otherwise refrain from use of computer, phone, PDA, and similar technologies during class that could distract your fellow students.

Form and substance:

Even though form without substance is meaningless, please remember that form still matters. You should prepare all graded materials in a form that meets professional standards. This includes, but is not limited to, dating any material, numbering the pages, labeling graphs and tables, expressing yourself in a legible, concise, and grammatically correct manner.

Honor code:

I employ the principles and procedures espoused by Foster School of Business MBA Honor System to maintain academic integrity in the course. The Honor Code of the FosterSchool expressly prohibits cheating, attempted cheating, plagiarism, and lying to administration or faculty as it pertains to academic work. Suspected violations of the Honor Code will be handled by referral of the matter to the Foster MBA Honor Council.

Accommodations:

UW policies on religious and disability accommodations, academic integrity, student conduct, and student safety will be strictly followed. Policy details can be found online including at the following links: <http://depts.washington.edu/uwdrs/>; <https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/>; <http://depts.washington.edu/uwdrs/faculty/syllabus-statement/>; <https://www.washington.edu/studentconduct/conduct-code-and-policy/>.

Feedback:

It is important to me to know about any concerns or questions you might have. I also appreciate any comments on the course, in particular about lectures or assignments that you find particularly helpful or not. Please feel free to stop by my office or send me an email if you would like to talk to me.