

## **Applied Corporate Finance (Finance 246A)**

This course is intended to address and summarize the core disciplines of corporate finance. Rather than exploring financial theories and theoretic derivations, we will explore the inter-relationships within the functional disciplines of a corporation. The ultimate class objective is to expose degree candidates to all major competencies in today's commercial environment. Through this exposure we expect students to grasp today's complex business issues in order to apply their finance competencies.

The class approaches corporate finance from the perspective of the chief financial officer. Initially we will explore corporate strategy setting which forms the umbrella for operations, human resources, and marketing disciplines within the enterprise. Our study of corporate strategy will focus on identification of business opportunities and competitive advantage.

After the strategic section, we will analyze an industry and explore the impact of industry dynamics and change on corporate financing. Finally we will examine issues specific to the Chief Financial Officer, e.g. capital raising, financial controls, investor communications.

The teaching methodology for virtually all classes will be the case method and final papers will also be cases. Cases may be found and purchased at the Harvard Business School website. The address is: <http://cb.hbsr.harvard.edu/cb/access/13563039>. The cases are generally U.S. domiciled public corporations, and ultimately we hope students will develop insight into how these firms create value. Grades will be weighted 50% final paper; homework 30%, class participation 20%. Collaboration on homework and Final paper is prohibited. Attendance is expected for each class and unexcused absence will adversely impact final grade. One class will be lead by a speaker who is financial market participant.

If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately. You are expected to be familiar with and to follow the University's policies on academic integrity (see [http://www.brandeis.edu/global/current\\_academic\\_integrity.php](http://www.brandeis.edu/global/current_academic_integrity.php)). Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University.

Professor Alexander Aikens: Office Hours by Appointment

### **Class I: - September 5 - Introduction**

- Introduction to Course and Professor
- Class and Individual Objectives
- Clarification of performance standards and expectations including the elements of the grading system.

- Review of a functional corporate structure and discussion of roles and responsibilities in corporate organizations.

HBS Case: Sustainable Advantage 860507

### **Class II: - September 12 - Strategy**

- Discussion of key elements of Corporate Strategy and sources of competitive Advantage.
- Comparative Strategic Analysis and Elements of sustainable advantage

HBS Cases: Microsoft 2005 (9-705-505)  
Apple Computer (799108)

### **Class III: - September 19 - Strategy Continued:**

- Introduction of strategic issues in various industries on strategy

HBS Cases: ATH –Making the Numbers 108091  
Charles Schwab 1999 SM35

### **Class IV: - October 3 - Financial Analysis**

- Review of financial analytic tools and their use for fuller understanding of corporate financial performance.

HBS handouts  
IBM A 9100032  
Costco A186A & B

### **Class V: - October 10 - Project Finance versus Corporate Finance.**

- Discussion of differences between corporate finance and specific project finance.

HBS Case: Calpine 201098

### **Class VI: - October 17 - Strategic Marketing**

- Explore interplay between Vice President for Marketing and Chief Financial Officer

HBS Cases: Mountainman Brewing 2069

**Class VII: - October 24 - Operations**

- Discussion of interplay between operations and finance in both manufacturing and service environments

HBS Cases: National Cranberry 9-675-014  
Catanese & Vulcan 9-100-080 / 9-100-021

**Class VIII: - October 31 - The Cable Industry**

- Intensive focus on a specific industry and how industry dynamics impact corporate finance.

HBS Cases: Note on Cable 95G005  
Telecommunications Inc 9-899-141

**Class IX: - November 7 - Cable continued**

- Discussion of Porters' Five Forces model analysis of impact of financial leverage when industry is experiencing substantial change.

HBS Case: Adelphia Cable 9-198-031

**Class X: - November 14 - Valuing Firms/ Analyst Traps**

- Discussion of financial risk management tools

HBS Case: Bed Bath and Beyond 9-196-123  
HBS Case: Arch Communications Group 9-197-047

**Class XI: - November 28 - Pushing the Envelope**

- Discussion of the use of Corporate Finance to achieve other objectives

HBS Cases: Sealed Air Corporation 9-294-122  
Jones Electrical 4179

**Class XII: - December 5 - IPO's and Reporting Issues**

- Discussion of initial public offering

HBS Case United Parcel Service 9-103-015

HBS Case Bausch and Lomb 9-101010

### **Class XIII: - December 12 - The Virtuous Circle**

- Appealing to Investors
- What investors want
- Chief Investment Officer-Guest Speaker

HBS Case: Apple Computer 2010

Learning Goals:

From this course, you will

\*Understand the connection between Corporate strategy and Corporate execution.

\*Understand that Corporate finance is not a discrete independent silo function within the corporation, rather it is an integrated function within a corporate strategy.

\*Learn how execution within marketing and operating areas of the corporation impact corporate finance.

\*Appreciate the impact of industry participation on corporate valuation.

\*Develop a broad view of the role of the chief financial officer in a publically traded firm.

\*Understand specific valuation issues (e.g. IPO s, comparable values, Best of Breed values).

\* Appreciate commonly made mistakes that lead to overvaluation of publically traded firms