

FINANCIAL MANAGEMENT

IFSA Business and Economics in English Program in Buenos Aires

US Semester Credit Hours: 3

Contact hours: 45

IFSA Course Code: FN384-02

Course Length: Semester

Delivery Method: Face to Face

Language of Instruction: English

COURSE DESCRIPTION

This course is focused in providing a toolkit for financial management. Throughout the lectures, special emphasis is given to understand different risk-management between developed and emerging markets.

This introductory course provides enough tools to evaluate the performance of a company using standard financial metrics. Students learn investment valuation methods and the importance of capital structure using of equity and debt. Moreover, special attention is devoted to cash and capital/wealth management, both at the firm and personal level. The interaction of financial markets, investment decisions and real economy performance is of extreme importance in emerging economies as Argentina. Students will learn to think critically about these interactions to make wise investment allocation. The role of diversification to reduce risk is studied in depth. Finally, in order to understand the Argentine business environment, students will have the opportunity to visit a multinational firm in Buenos Aires and discuss with a Financial Manager.

A notebook with Microsoft Excel or similar software installed is required to review and solve financial simulations.

Basic Statistics and Economics are suggested prerequisites but not mandatory.

STUDENT LEARNING OBJECTIVES

Students who successfully complete this course will:

- Become familiar with key financial management terminology
- Understand essential financial management concepts and principles
- Describe and evaluate the basic features of financial markets
- Gain facility with financial management formulas
- Analyze problems; evaluate and apply learning to pose solutions
- Become familiar with resources available for further research on financial management
- Strengthen critical thinking skills
- Strengthen collaborative work skills, including presentation skills
- Strengthen problem-solving skills

- Make cognitive connections between learning in this course and other learning experiences in the IFSA-Butler Business and Economics in English Program in Buenos Aires

COURSE DELIVERY

Each topic is introduced providing a simple theoretical framework, followed by detailed examples that are open to group discussion. At the end of each Unit, one group of students is expected to present a study case and discuss it with the rest of the class. Slides and readings are available beforehand and students should review them in advance. Specific media articles that appear will be handed out in advance for analysis and discussion.

COURSE OUTLINE

Supporting readings will be assigned by the instructor for each week of the following schedule:

Unit 1 (Week 1)

Course presentation: objectives, content and evaluations.

Students' expectations.

Syllabus discussion and applications to real world problems.

Introduction to Financial Management: Main goals.

Unit 2 (Weeks 2-4)

Introduction to financial management: The role of financial markets, financial markets in action, and corporate governance. (Chapter 1)

Financial Analysis: Introduction to corporate accounting as a principle of financial analysis. The use of financial ratios. (Chapter 2 & 3)

Operating and Financial Leverage: Break-even analysis, conservative vs. leveraged strategies. (Chapter 5)

Group Assignment: Case study.

Group Discussion: Leverage and risk.

Unit 3 (Weeks 4-5)

Asset and Debt Management: Cash, receivables and inventory management. Short-term vs. Long-term financing, tools and risks in stable versus unstable economies. (Chapter 7 & 8)

Unit 4 (Weeks 6-9)

Investment decision: Future and present value and annuity. Valuations and rates of return. Black swans: The Lehman Brothers case and the Great Financial crises in 2008 (Chapter 9 & 10)

Special cases: Bonds vs. Stocks yields. The role of currency-risk in emerging markets. Bonds default analysis, the case of Argentina (Chapter 12 &13)

Group Presentation: Case study.

Group Discussion: Case study.

Firm vs. Individual investment decisions: The role of time-horizon, present and future value, annuity, returns and principles of diversification to wealth maximization. The role of taxes in investment decisions.

Group Presentation: Case study.

Group Discussion: Case study.

Week 10: Meeting a Financial Manager: Boehringer Ingelheim (to be confirmed)

Unit 5 (Weeks 11-12)

Capital Management and decision-making: The cost of debt, preferred stocks and common equity. Capital structure – weighting costs. The role of taxes in the Cost of Capital. Mergers and Acquisitions analysis. (Chapter 11 & 20)

Group Discussion: Case study.

Unit 6 (Weeks 13)

Multinational Corporations: Investment decisions under different perspectives. Costs and Benefits of investing abroad. The determinants of geographical investment allocations. Foreign exchange rates and affiliates profits. (Chapter 21)

Week 14

Wrap-up session: review of main concepts and linkages. General Case Study presentation

Group Discussion: General Case study.

Weeks 15

Final questions and course feedback.

Q&A: for the final project.

EVALUATION METHODS

Final grade is determined as the weighted sum of the following individual performance:

Attendance and Participation in group discussion activities: 20%

Group Presentations: 40%

Final Project: 40%

Final Project: The Final Project consists of an essay focusing on either multinational financial management or personal financial planning. Different scenarios to highlight management decisions and risks associated to emerging and developed economies must be highlighted.

Timely Submissions

Assignments submitted after the deadline will be accepted at the discretion of the course instructor and generally only in the event of a documented illness or emergency.

RESOURCES

The book “Foundations of Financial Management” by S. Block, G. Hirt and B. Danielsen. Mc. Graw Hill 17th ed, 2018, covers all topics reviewed in the course. Corresponding chapters to each Unit are specified in the course outline. Additionally, short papers and specialized media articles on specific topics will be provided in advance.

Complementary reading:

The book Principles of Corporate Finance by R. Brealey and S. Myers and F. Allen, Mc. Graw Hill 12th ed. 2017.

Newspapers:

<http://www.ambito.com/>

<http://www.cronista.com/>

<https://lta.reuters.com/>

<https://www.bloomberg.com/latam/>

<http://www.economist.com/>

<https://www.wsj.com/>

<https://www.ft.com/>

<https://www.businessinsider.com/>

ACADEMIC INTEGRITY

Any academic endeavor must be based upon a foundation of honesty and integrity. Students are expected to abide by principles of academic integrity and must be willing to bear individual responsibility for their work while studying abroad. Any academic work (written or otherwise) submitted to fulfill an academic requirement must represent a student’s original work. Any act of academic misconduct, such as cheating, fabrication, forgery, plagiarism, or facilitating academic dishonesty, will subject a student to disciplinary action.

IFSA-Butler takes academic integrity very seriously. Students must not accept outside assistance without permission from the instructor. Additionally, students must document all sources according to the instructions of the professor. Should your instructor suspect you of plagiarism, cheating, or other forms of academic dishonesty, you may receive a failing grade for the course and disciplinary action may result. The incident will be reported to the IFSA-Butler resident director as well as your home institution.