

QUANTITATIVE SKILLS FOR MANAGERS

STUDENT'S MANUAL BUS 328R 1.2

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COURSE OVERVIEW

This course provides the student with knowledge of basic business practices, an understanding of financial concepts, and quantitative tools commensurate with what is expected of a competent manager in for profit and non profit contexts.

The purpose of this course is to provide the student with the ability to be conversant in widely accepted financial topics. This course will not emphasize mechanical or technical financial or accounting procedures, which are beyond the scope of the class. Rather, the course will expose the student, through a variety of methods, to commonly discussed and widely accepted financial/quantitative terms, concepts, and tools that can be used in the student's intended career and which would facilitate future learning. Because much of the difference between success and failure depends on one's ability to communicate, emphasis will be placed on clear written and oral communication. After completion of the course, the student will be equipped with a basic business and financial vocabulary to be a contributor to financially-related discussions and projects in his/her work environment.

Given the Christian perspective of the University, it is always appropriate to blend the topics of financial matters and general business ethics with that of biblical principles. This course will include a discussion of the various temptations and motivations that exist to manipulate financial data for inappropriate purposes and common techniques to mitigate these temptations via the design of internal control systems. The course will also contend with ethical aspects of specific financial or qualitative matters and how the concept of capitalism affects our worldview.

COURSE SYLLABUS

I. Course Description

BUS 328R. A course in basic financial tools and concepts with a focus on widely accepted business terminology. 3 Credits.

II. Course Objectives

- A. The student will define and explain basic financial and business vocabulary.
- B. The student will identify the types of commonly used financial reports and be able to access them.
- C. The student will analyze basic quantitative calculations as they apply to their workplace. The student will become proficient in the use of a business calculator.
- D. The student will explain the purposes and uses of various commonly accepted financial metrics and tools.
- E. The student will identify the basic elements of the Wall Street Journal.
- F. The student will gain an appreciation of the current financial regulatory environment with a particular emphasis on Sarbanes-Oxley and related issues in the “post Enron” world.
- G. The student will analyze the ethical dilemmas that might confront the financial staff of an entity with a specific emphasis on the motivations that exist for various illicit behaviors. Each student will learn to integrate his or her faith into real and hypothetical situations.

III. Texts

The texts for this course are:

- A. Livingstone, John Leslie and Grosman, Theodore, eds. *The Portable MBA in Finance and Accounting*, 3rd Edition. New York: John Wiley & Sons, Inc., 2002. (ISBN: 0-471-06185-9)
- B. Loviscek, Anthony. *Investing Made Simple*, New York: Broadway Books, 2003. (ISBN: 0-7679-1540-2).
- C. Tracy CPA, John A. *Accounting for dummies (4th ed.)*, Indianapolis: Wiley Publishing, 2008. (ISBN: 978-0-470-24600-9)
- D. Course Student Manual for BUS 328, REACH

- E. A calculator is required for this course and should be brought to each class. Any simple calculator will suffice, however the Texas Instruments BA-II plus is a recommended starting business calculator. Appx. \$30 at Amazon.com.
- F. *The Wall Street Journal*
For the duration of this course, each student is expected to purchase at least one issue of the Wall Street Journal (WSJ) per week. The WSJ journal is widely available, at newsstands, bookstores and convenience stores. One of the goals of this course is to give the student a basic familiarity with this important daily business publication.

IV.Course Outline

Session One

Objectives

- 1) It is important for the instructor and students to get to know each other and for the instructor to make the students aware of relevant items in the syllabus. In the introduction section, it is recommended that the instructor attempt to discern how much exposure students have had to the financial side of the business.
- 2) To gain an understanding of the common financial roles typically found in organization, to reinforce that all entities have a financial life and that the basic functions do not differ much between business forms and entity types.
- 3) To discuss the common users and uses of entity generated financial information and, in particular, to understand the roles of investors, lenders and auditors.
- 4) To gain a basic understanding of the content and uses of the Wall Street Journal and to become fluent, at a basic level, with this publication.

Assignments

Reading.

- 1) Accounting for Dummies. Chapter 1
- 2) Accounting for Dummies. Chapter 15
- 3) The Portable MBA. Chapter 1
- 4) The Portable MBA. Chapter 8 (Skim)
- 5) Purchase a current issue of the Wall Street Journal and scan each section. Choose 3 articles and read for content.

Session Two.

Objectives

- 1) To ensure comfort with the ability to obtain commonly available financial information.
- 2) To learn basic accounting terminology and basic accounting theory behind common accounting principals. To understand why accountants do what they do – and who the users of accounting data are (everyone).
- 3) To gain a basic familiarity with the three basic financial statements and, in particular, the types of information and analytical uses of each.
- 4) To understand the difference between accounting “profit” and cash flow.

Assignments

- 1) Prepare a one-page paper using an article or articles in a recent WSJ issue. Topic to be a general business/finance topic chosen by the instructor.
- 2) The instructor should assign the class the individual task of getting the most recent annual financial report and Form 10K for a publicly held company of their choice. Those should be skimmed before the next class and, based on the progress of the first night’s session, the instructor should assign the students the task of finding 5 – 10 financial “facts” or pieces of information commonly found in the reports. This assignment teaches the students that such financial information is readily available, how to get it and what kinds of information are included.
- 3) Reading
 - a. The Portable MBA. Chapter 2
 - b. Accounting for Dummies. Chapter 2
 - c. Accounting for Dummies. Chapter 13.

Session Three

Objectives

- 1) To review progress to date and answer open questions
- 2) To gain a basic understanding of the time value of money; a keystone concept for what drives investment and financial decisions.
- 3) To learn basic use of present and future value tables
- 4) To learn basic skills for evaluating whether (or how) to invest capital in a particular enterprise

- 5) To discuss and develop a perspective on the capitalistic view of the maximization of shareholder value and to discuss biblical implications.

Assignments

- 1) Financial statement analysis
 - a. The instructor will assign 2 public companies that have widely available financial statements. Students will review and analyze those financial statements for high-level observations and prepare a one-page summary on the overall financial position of each. The summary should include an evaluation of which company appears to be in better overall financial health. Accounting for Dummies, Chapter 18 can be a resource.
- 2) Reading
The Portable MBA. Chapter 10.
Accounting for Dummies, Chapter 16

Session Four

Objectives

- 1) To review questions on materials to date.
- 2) To understand basic stock attributes, stock market mechanics and to gain an overall understanding of financial markets.
- 3) To gain a working definition with the most common tools to evaluate a stock and its performance
- 4) To understand basic debt attributes and debt market mechanics
- 5) To understand that capital has a distinct cost and that cost can be quantified

Assignments

- 1) Time value problems. The instructor will assign several time value problems which will require use of the present or future value tables to complete.
- 2) NPV problem. The instructor will assign an NPV analysis problem. The student will evaluate each alternative and recommend which one should be undertaken.
- 3) Reading
 - a. Investing Made Simple. Chapter 2
 - b. Investing Made Simple. Chapter 3

Session Five

Objectives

- 1) To review material, homework and questions to date
- 2) To reinforce the difference between cash flow and profit.
- 3) To review basic budgeting theory and best practices
- 4) To perform a group, comprehensive budget example
- 5) To discuss the concept of leverage and understand how it impacts return

Assignments

- 1) Two page paper. Using a recent wall street journal articles or articles, prepare a two-page paper on the topic of stock prices and maximization of shareholder value. The instructor will provide additional details. It is appropriate to debate, or even challenge, the assertion that maximization of shareholder value is a valid purpose of the corporate entity; so long as the position taken is well reasoned and well presented.
- 2) Reading
 - a. The Portable MBA. Chapter 6
 - b. Investing made simple. Chapter 9
 - c. Accounting for Dummies. Chapter 10

Session Six

Objectives

1. To learn the basic computation of break even point
2. To learn the importance of cash, liquidity and balance sheet management/metrics
3. To define bankruptcy and it's basic process
4. To discuss nuances of business created by foreign currencies
5. To discuss financial nuances created by subsidiary and brother-sister companies

Assignments

- 1) Two page paper. Prepare a paper discussing your personal experience with budgeting. In what way do you interact with the budget process at your place of business? What are your observations of the budgeting process at your place of business? Do you believe your organization has an effective budgeting system? Alternative: Prepare a high level (2-4 page) budget for a proposed business you would like to start. The instructor can provide additional details.

2) Reading

- a. Accounting for Dummies. Chapter 5
- b. The Portable MBA. Chapter 11.
- c. The Portable MBA. Chapter 12 (skim)

Session Seven

Objectives

1. To review common taxes and terminology and their impact on business decision making
2. To review and discuss widely publicized accounting failures and investor frauds including the techniques used, motivations and methods of detection.
3. To discuss the current regulatory environment for public companies
4. To review the important concepts from this class and answer open questions.
5. To assign the final paper.

Assignments

- i. Applied Learning Paper (ALP). The student will prepare a final paper which will be due within 1 – 2 weeks from the end (at the instructor's discretion) of the course. The topic for the paper is at the discretion of the instructor but should be on one or more of the important business or financial topics. The length of the papers should be 5 – 10 pages. 3 topic suggestions follow.
 1. Suggestion 1. A 5 – 10 page paper reviewing 3-5 significant topics from this class tied together in an analysis and discussion of how they relate to another key concept. Example; how can 3-5 of the concepts or tools learned in this class be used to maximize shareholder value or gauge whether or not a company is doing so.
 2. Suggestion 2. A 5 – 10 page paper discussing how the terms and concepts in this class have helped the student identify and expand their understanding of the use of these same concepts in their workplace.
 3. Prepare an 8 to page business plan utilizing 5 topics discussed in this class, tying those concepts together in the business plan. The plan should include a narrative of the business plan but should be highly quantitative, consistent with the materials in this course.

V. Course Requirements

1) Complete all assignments as shown in the previous section of this syllabus.

Late Assignments Policy

The general rule for this course is that assignments will not be accepted late. If you will not be present for a particular class during which an assignment is due, it is necessary for you to contact the instructor to make alternative arrangements. The fact that you will be absent for a class does *not* mean that you are granted an extension for any work due at that class. Some or all of the homework assigned in this course will be reviewed by the instructor to ensure that all students are progressing according to the course objectives. Due to the accelerated nature of this course, it is imperative that the student have completed any reading assignments *before* the class in question. The material in this course is highly cumulative and each week's assignment builds upon the last.

Attendance Policy

Because of the accelerated nature of the REACH courses, students are required to attend every class session. Missing a single class means a significant portion of the contact with the faculty member and the learning community has been lost. **For this reason, in all REACH courses, students missing one class session will be penalized between one-half and one full letter grade.** If an exception to this policy is thought to be in order, the faculty member must consult with the Director of REACH Academic Services and receive approval. **Students missing more than one class period will receive no credit for the class and a grade of "F" will be recorded. The course must then be retaken in order to receive credit. In addition, students may miss no more than two class sessions in a given semester,** regardless of the circumstances. If a student misses more than two class sessions during a given semester, the student will be required to meet in person with the Director of REACH Student Services to discuss continuance in the Program. Students are responsible for monitoring their own attendance to make sure they do not exceed two classes per semester. The REACH Office will also monitor attendance and notify the REACH Director of Student Services when a student exceeds two absences for a given semester.

Any student missing more than 30 minutes of a course session will be considered absent for the full course session. Participation points are earned and calculated in the final grade of a course based upon on-time attendance at each session. Students who miss three consecutive course sessions without prior notification to the REACH Office will be dropped from the program and will need to apply for readmission. See REACH Program Handbook for more information on attendance. It is always best to discuss any absences or late arrivals with the instructor before they occur.

Late work will not be accepted unless the student requests an extension prior to the deadline and the instructor grants the request. There may also be a substantial penalty for late work. An extension on the time needed to submit final course requirements will only be granted in unusual circumstances and if the instructor and the Dean grant the request.

2. Grading Criteria

Class participation	10%
Week 2 WSJ Paper	10%
Week 2 10K Project	10%
Week 3 Financial Statement Analysis	10%
Week 4 Time Value Problems	10%
Week 4 NPV Problem	10%
Week 5 Stock/Shareholder Value Paper	10%
Week 6 Budgeting Paper	10%
Final Paper	20%

A word about class participation. This course is built around group discussion of simple and complex business topics. When all members of the class share their knowledge, experience, and questions, the overall learning of the group increases. To encourage and reflect this commitment, 10% of the total course grade is earned through consistent (over the duration of the course) and on point participation in class discussions and exercises. By definition, class participation cannot be effective if the assigned reading and other homework has not been completed. In addition, a full grade for participation cannot be achieved without full attendance.

Your final course grade will be based on the total number of points that you earn throughout the course:

Percentage	Grade
92-100	A
90-91	A-
88-89	B+
82-87	B
80-81	B-
78-79	C+
72-77	C
70-71	C-
68-69	D+
62-67	D
60-61	D-
0-59	F