

International Strategic Financial Planning – Business 9561 Course Outline

Executive MBA Program
Class of 2011 – Term 3

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Required Materials: Case & Readings Package

Reference Text: *Fundamentals of Corporate Finance, 3rd Canadian Edition*,
Brealey, Myers, Marcus, Maynes and Mitra, McGraw-Hill Ryerson,
2006 (FCF)

PURPOSE

The international strategic financial planning course is designed to extend the issues and concepts raised in the Managing Financial Resources (MFR) course to examine how the increasing globalization of business has impacted the set of choices facing managers. It is important for managers to understand the additional issues (both opportunities and risks) and increase in complexity which arise for businesses either operating across borders and/or competing with firms who operate across borders. Recent events around the world have highlighted the importance of understanding the risks and benefits associated with financial decisions in both domestic as well as international markets. No firms are immune from what is happening elsewhere and firms need to recognize the associated risks and opportunities.

The primary goals of financial managers are to ensure that a firm has sufficient capital for its ongoing activities, that these activities create value for shareholders and that the firm's overall risk profile remains acceptable to all key stakeholders. This course will provide the tools and frameworks within which to accomplish these goals with a special emphasis on the significant role played by various economic and financial risks and how they interact with a firm's strategic vision and business model.

We will concentrate on (1) understanding the issues involved in risk management and hedging which are faced by firms with international operations, (2) the nature of international financial markets including derivative securities markets, (3) the issue of cross-border and multi-currency valuations, (4) the advantages and disadvantages of the diverse sources of funds available to firms with access to both domestic and international capital markets, and (5) current global trends in merger and acquisition activities. Because of the complexities associated with these transactions, the course will build on many of the materials from courses in other disciplines to ensure a thorough understanding of many of the costs and benefits of different financial alternatives in trying to fulfill the firm's strategy.

COURSE ORGANIZATION

Our class sessions will involve both lectures/discussions and case analyses. References from the text used in the MFR course will be used as well as a number of notes and readings to be provided. The lectures/discussions are designed to introduce concepts and allow for a detailed discussion of the issues. The cases provide an opportunity to apply the concepts to real world situations and thereby investigate the complexities that arise in practice.

The first part of the course deals with the identification of different types of risk faced by firms and the decision of how (if at all) to manage these risks and the associated opportunities. The second part of the course deals with the evaluation of international financing and investment strategies. The analyses in this course will build on your understanding of financial statements, financial markets and competitive strategies developed in other courses.

PERFORMANCE EVALUATION

Performance evaluation will be based on three components: classroom contribution, a group or individual case write-up and a group or individual project.

Allocation:

Class Contribution	30%
Case Write-up	30%
Project	40%

Class Contribution: The contribution of each individual will be assessed based on the level and quality of participation in the class discussions. The degree of preparation and the insights offered by participants are central to valuable classroom contribution. Classroom discussion presents the opportunity to develop and enhance your understanding of the topics under consideration by articulating your position or concerns and engaging in debate with a group of demanding and insightful colleagues.

Significant contributions result from discussing alternatives and criteria at the heart of the analysis, presenting details relevant for the analysis and providing insights facilitating the ability of the class to arrive at significant conclusions. Important contributions can also be made by asking questions which further clarify issues or concepts and their application.

Case Write-up: Each participant is required to write-up the designated case for hand-in. The case is selected by the instructor. The class discussion of the case and the due date for the write-up will be in the last weekend we meet in December. The case will be due at the

beginning of the session in which we will be talking about the case. Guidelines for the case write-up are as follows:

- Each individual is to prepare a written document outlining their assessment of the issues raised in the case. This includes identification of the problem, the alternatives that should be considered (not necessarily limited to those presented in the case) and a proposed course of action with supporting arguments and analysis.
- The write-up must be limited to **5 double spaced pages**.
- Supporting data can be included in attached exhibits (limit of additional **5 pages**).
- The format of the write-up should be a consultant's memo. A series of questions will be provided for the case as for any case in the course. These questions are meant to help guide your analysis but the questions do not need to be addressed directly in the case write-up. The write-up should be as you would prepare in the role of a consultant for the client to help them with their decision.
- The write-up can be submitted in electronic or hard copy form.
- The write-up will be due at the beginning of the class scheduled for the case discussion (there will be no exceptions).

Project: This project can be undertaken either individually or within learning teams. The project is a report which looks into financial issues of an international nature for a real firm or firms. Some potential topics which could be considered include, but are not limited to:

1. Risk management policy as it involves currency or commodity risks.
2. Financing policy within global financial markets.
3. Policy for the evaluation of international acquisitions or business ventures.

This report must focus either on one of the members of the group's employer(s) or on a publicly traded company with international operations. The report should either review and analyze the policies used by the organization within one of the issue areas identified or discuss a decision the firm has to make which relates to these issues or an issue which has been approved by the instructor. For each project, a one-page proposal is to be submitted to the instructor for approval by, at the latest, the final weekend of the course in December.

The report should make specific recommendations for any changes that might be considered. These recommendations should be well-motivated based on the review and analysis undertaken and clearly discussed in the report. The report must be limited to **15 double spaced pages**. Supporting data can be included in attached exhibits (limit of additional 7 pages). Each individual or group must submit a one page proposal outlining the company, the issue, the approach to be used and the names of the members of the group before the final class session. Reports will be due within two weeks of the final class session and should be submitted electronically to my assistant Cheryl Lojzer (clojzer@ivey.uwo.ca) copying me as well.

Both the case write-up and project will be assigned a grade on a percent scale to provide feedback on strengths or weaknesses. The class contribution grade will be based on my assessment of your classroom contribution.

THE GRADING SCALE

The grades for EMBA's are considered to be part of the total distribution of grades for all MBA students at Ivey. A grade of 90% or more should be considered outstanding. A grade of 80 to 89% represents above average performance. A grade of 70 to 79% indicates that your performance is satisfactory. Many EMBA and MBA course grades will fall into this range. A grade of 60 to 69% indicates less than satisfactory performance, but it is still a passing grade for an individual course. A grade of 59 or below indicates totally unsatisfactory performance and is given very infrequently. There is more information in the student handbook concerning passing requirements for the program as a whole.

PLAGIARISM

Plagiarism: Students must write their essays and assignments in their own words. Whenever students take an idea, or a passage from another author, they must acknowledge their debt both by using quotation marks where appropriate and by proper referencing such as footnotes or citations. Plagiarism is a major academic offence (see Scholastic Offense Policy in the Western Academic Calendar).

All required papers may be subject to submission for textual similarity review to the commercial plagiarism detection software under license to the University for the detection of plagiarism. All papers submitted will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between The University of Western Ontario and Turnitin.com (www.turnitin.com)