**Summer 2023 Syllabus**

**Master of Business Administration**

**MGT 6504: Principles of Finance**

Scheller College of Business

Georgia Institute of Technology

**Professor:** Daniel Weagley, daniel.weagley@scheller.gatech.edu, 4217 Scheller

**Teaching Assistant:** -

**Class Time and Location:** Wednesday 6:30pm – 9:15pm, 300 Scheller

**Course Prerequisites:** None

**Course Description**

This course introduces students to the basic principles used in financial management and is essential for students considering a career in corporate finance. Additionally, the course lays the foundation for more advanced investment and corporate finance topics. Upon completion, students should be able to make basic financial decisions using the discounted cash flow approach.

**Learning Objectives**

After completing this course, students will understand the following core concepts:

* Time value of money
* Valuing bonds
* Valuing stocks
* Capital budgeting
* Discounted cash flow valuation

**Textbooks and Course Materials**

The following resources will be used in this course:

* Case packet available from HBS: <https://hbsp.harvard.edu/import/1056274>
* Lecture notes, past exams, and other supporting material are available on Canvas
* *Optional: Free Wall Street Journal Subscription through GT Library:* [*http://wsj.com/GATech*](http://wsj.com/GATech)
* Additional Readings: Additional readings may be posted as the course progresses.

**Course Layout**

The structure of the course that of a traditional course. There will be in-person lectures and we will spend part of class time working on and discussing applications of the course material (practice problems and cases). I hope to obtain frequent feedback from students and modify the course in response to student feedback.

I will upload a checklist each week that will inform students of the material that will be covered and due dates for assignments. The Canvas calendar will also be updated with class meeting information and assignment due dates.

**Software Requirements**

The following software/tools are required for this course: Microsoft Excel.

**Communication**

*Instructor Communication*: Important communication from your instructor will take place in Canvas or in the classroom. You are expected to check Canvas **every day** for important course-related information.  However, by following the instructions provided in the course, you can also ensure that you do not miss important instructions, announcements, etc. by adjusting your account settings to receive important information directly to your email account or cell phone. For more details, log into the Canvas, enter the course, and see the section entitled “Before You Begin: Instructions for Getting Started.”

*Content Questions and Help*: Because questions can often be addressed for the good of the group, please do not email your questions directly to the instructor. Instead, course and content questions will be addressed on the Canvas Discussion Board.

*Office Hours*. Office hours will be by appointment. Zoom is typically the most convenient way to meet. Please email me to set up a time to meet.

**Student Effort**

Students are expected to devote 8 hours per week to complete the course requirements. This guideline encompasses all class activities, including course readings, attending class sessions, participating in office hours and forum discussions, completing assignments, and studying for exams. Of course, students can spend as much time as necessary, but it is important to be careful not to fall behind.

**Materials**

Materials for this course will be broken into modules and housed on Canvas: <http://canvas.gatech.edu>

**Assignments and Cases**

*Cases*: Three of the cases discussed in the course must be submitted. For these cases, please work in your groupsand submit a 4-page (maximum, excluding exhibits) typed, single-spaced report on the cases *before* the start of the class on the due date. **The cases are available in the course packet available through HBS and the case questions are available on Canvas*.*** Cases will be graded on a ten-point scale and feedback will be provided.

*Peer Evaluation*: At the conclusion of the last case, I will ask you to evaluate your group members according to a rubric that I will provide for you. The assessment is confidential. The peer assessment component of your grade is based on the average score you receive from your other group members.

*Participation*: Weekly discussion is a critical part of this course since this course is designed to help you develop abilities in Finance. Thus, active participation in each week’s discussion is necessary. **You are encouraged to actively participate during class time or make posts in the week’s discussion thread on Canvas**. Three types of discussion posts can be particularly helpful:

1. *Muddiest point*: Post questions about things you found confusing about a particular week’s content.
2. *Current events*: Post a link to a current news story that touches on the course content for the week.
3. *Case questions*: Feel free to post questions/comments about the case assignments. I think it would be great to get students helping each other with their projects.

*Final Exam*: There is one take home final exam for the course. More information will be provided as the course progresses.

*Regrade Requests*: All re-grade requests must be made in writing within one week of the day the cases or exams are returned. In the case of exams, reconcile your answer with the solution. If you submit a question or case to be re-graded, your entire case or exam will be re-evaluated.

**Grading**

Grades will be assigned on the following basis:

 Case Write-Ups (3) 45%

 Peer Evaluation 5%

 Individual Final Exam (take home) 40%

 Class Participation 10 %

Your grade is based relative to others in the class. In previous versions of this course, roughly 60% of students have received As, 35% Bs, and 5% Cs or lower. An overall grade of 90% and above will always correspond to an A. Typically, there is a small curve.

**Course Web Support**

**Should you experience any issues with Canvas, assistance is available 24 hours a day, 7 days a week at** <https://canvas.gatech.edu/247-canvas-help-desk>**.**

**Class “Netiquette”**

The term "**netiquette**" is a combination of '**net**' (from internet) and '**etiquette**'.  It means respecting other users' views and displaying common courtesy when posting to online discussion groups.  Because online communication generally lacks visual cues common to face-to-face interactions, you are expected to follow these standards when communicating with your instructor and peers:

* + - Be sensitive and reflective to what others are saying.
		- Don't use all caps. It is the equivalent of screaming.
		- Don't flame – these are outbursts of extreme emotion or opinion.
		- Think before you hit the post/enter/reply button. You can't take it back!
		- Don't use offensive language.
		- Use clear subject lines.
		- Don't use abbreviations or acronyms unless the entire class knows them.
		- Be forgiving. Anyone can make a mistake.
		- Keep the dialog collegial and professional.

**Plagiarism**

Plagiarism is considered a serious offense. You are not allowed to copy and paste or submit materials created or published by others, as if you created the materials. All materials submitted and posted must be your own original work.

**AI Policy:**

AI tools like large language models (e.g., ChatGPT) can significantly increase our productivity and enhance the learning experience. Reliance on LLMs can also hinder knowledge acquisition if used to complete assignments without critically thinking about their output. In this class, you are not allowed to use LLMs to complete the homework assignments or produce case write-ups. This will not improve your understanding of the material. You are allowed to use LLMs to learn about class concepts, test your ideas, and revise your writing. If you feel there are other potentially valuable use cases, please let me know.

**Student Honor Code**

You are responsible for completing your own work.

All students are expected and required to abide by the *letter* and the *spirit* of the Georgia Tech Honor Code, which can be found at <http://osi.gatech.edu/content/honor-code> . Any student suspected of behavior in violation of the Georgia Tech Honor Code will be referred to Georgia Tech’s Office of Student Integrity.

Please feel free to ask me if you need additional clarifications about this issue.

**Week by Week Course Schedule**

**Week #1: May 17th**

**Title**: Time Value of Money

**Overview:** This week we will cover the basics of the time value money. The main concept is that a dollar today is worth more than a dollar in the future because of risk, inflation, and opportunity cost. We will also cover a series of helpful formulas that allow us to compare money received at different points in time.

**Objectives**:

* Recognize why a dollar today is worth more than a dollar received in the future.
* Solve problems using the present value and future value formulas, focusing on:
	+ annuities
	+ perpetuities
	+ growing annuities
	+ growing perpetuities

**Pre-Readings:**

* Minor Case: Developing Financial Insights case in the **Course Pack**

**Lesson Files:**

* None

**Helpful Links and Tools:**

* None

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| **Topics / Lessons** | **Events, Assignments, and Assessments** |
| **Lessons**Introduction to Principles of Finance1. Introduction to the Time Value of Money: An Example from Baseball
2. Present and Future Value
3. Perpetuities and Annuities
4. Active vs. Passive Management: An Annuity Example
 | * Honor Code Quiz
* Minor Case: Developing Financial Insights Problems (Course Pack)
* Class Time/Lecture
* Week 1 Practice: Time Value of Money Practice Problems and Solutions
* Major Case 1: The Buy vs. Rent Decision
* **Assigned Week 1**
* Due First Sunday of Week 3
* Group project
* Peer Evaluation
* Week 1 Discussion Online or In-Person
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**Week #2: May 24th**

**Title**: Valuing Bonds and Stocks

**Overview**: This week we will use time value of money principles to value bonds and cover the relationship between bond prices and the yield to maturity. Then we will focus on implementing the dividend discount model. In this model, the stock price is driven by the discounted stream of all future dividends. Additionally, we will solve three different types of problems involving the dividend discount model: zero growth, constant growth, and differential growth.

**Objectives**:

* Describe the links between bond price, coupon rate, time to maturity, and yield to maturity.
* Calculate the price of a bond given the coupon rate, time to maturity, and the yield to maturity.
* Calculate the yield to maturity given the price of a bond, the time to maturity, and the coupon rate.
* Describe the relationship between dividends, discount rates, growth, and stock prices
* Solve three types of dividend discount model problems:
	+ Zero growth
	+ Constant growth
	+ Differential growth

**Pre-Readings:**

* None

**Lesson Files:**

* Oxford bond pricing spreadsheet
* Clorox DDM spreadsheet

**Helpful Links and Tools:**

* None

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| **Topics / Lessons** | **Events, Assignments, and Assessments** |
| **Lessons**1. The Mechanics of Valuing Bonds
2. Bond Price Dynamics and Investment Risk
3. The Dividend Discount Model
 | * Class Time/Lecture
* Week 2 Practice 1: Valuing Bonds Practice Problems and Solutions
* Week 2 Practice 2: Valuing Stocks Practice Problems and Solutions
* Work on Buy vs. Rent Decision Case
* Week 2 Discussion In-Person or Online Posts
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**Week #3: May 31st**

**Title**: Capital Budgeting

**Module Overview**: This week focuses on two key decision-making tools used in finance: net present value (NPV) and internal rate of return (IRR). Each approach compares the projects expected benefits to the cost of undertaking the project.

**Module Objectives**:

* Calculate and to interpret the following value for a project:
	+ Net Present Value (NPV)
	+ Internal rate of return (IRR)
* Describe the benefits and drawbacks of NPV and IRR.

**Pre-Readings:**

* None

**Lesson Files:**

* None

**Helpful Links and Tools:**

* None

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| **Topics / Lessons** | **Events, Assignments, and Assessments** |
| **Lessons*** 1. Net Present Value
	2. Internal Rate of Return
 | * Class Time/Lecture
* Week 3 Practice: Capital Budgeting Practice Problems and Solutions
* Major Case 1: The Buy vs. Rent Decision
* Assigned Week 1
* **Due Sunday, May 28th**
* Group project
* Major Case 2: Target Corp.
* Assigned Week 3
* **Due Sunday, June 11th**
* Group project
* Week 3 Discussion In-Person or Online Posts
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**Week #4: June 7th**

**Title**: Capital Budgeting at Target

**Module Overview**: This week will examine how capital budgeting works in practice. We will also use this week to work additional practice problems. Please complete the Target Corp Case.

**Module Objectives**:

* Consider how to make capital budgeting decisions over time and with budget constraints:

**Pre-Readings:**

* None

**Lesson Files:**

* Capital budgeting simulation in the Course pack

**Helpful Links and Tools:**

* None

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| **Topics / Lessons** | **Events, Assignments, and Assessments** |
| **Lessons**Making capital budgeting decisions over time and with budget constraints | * Class Time/Lecture
* **Submit Target Corp discussion by Sunday, June 11th.**
* Major Case 3: Buffet’s Bid
* **Assigned Week 4**
* Due Week 6
* Group project
* Week 4 Discussion In-Person or Online Posts
 |

**Week 5: June 14th**

**Title**: Discounted Cash Flow Valuation

**Module Overview**: This week will work to understand how the components of cash flow help us to identify and understand what drives value within a firm. To do so, we will look at the cost of equity, the cost of debt, and the weighted average cost of capital (WACC).

**Module Objectives**:

* Ascertain how the components of cash flow allow us to understand the drivers of value within a firm.
* Calculate Free Cash Flow from a Firm’s financial statements
* Discount free cash flow to arrive at firm value

**Pre-Readings:**

* Discounted Cash Flow Analysis in the **Course Pack**

**Lesson Files:**

* LMT Spreadsheet

**Helpful Links and Tools:**

* None

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| **Lessons*** 1. Calculating Cash Flows
	2. Valuing Lockheed Martin

Supplemental Material: Weighted Average Cost of Capital  | * Class Time/Lecture
* Week 5 Practice: Discounted Cash Flow Valuation Practice Problems and Solutions
* Week 5 Discussion In-Person or Online Posts
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**Week #6: June 21st (Turn in case and Final Exam)**

**Title**: Wrap Up

**Module Overview**: Finish up case and take the take-home exam

**Module Objectives**:

* Turn in case
* Complete final exam (take-home)

**Pre-Readings:**

* None

**Lesson Files:**

* None

**Helpful Links and Tools:**

* None

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| **Topics / Lessons** | **Events, Assignments, and Assessments** |
| **Lessons** | * No lecture
* Major Case 3: Buffet’s Bid
* Assigned Week 4
* **Due Sunday, June 18th**
* Group project
* Peer Evaluation
* “Take-Home” Final Exam
* **Due Sunday, June 25th**
* Deliverable: Upload PDF response
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**Support Services and Resources:**

In your time at Georgia Tech, you may find yourself in need of support. Below you will find some resources to support you both as a student and as a person.

**Academic Support:**

Center for Academic Success

* 1-to-1 tutoring: <http://success.gatech.edu/1-1-tutoring>
* Peer-Led Undergraduate Study (PLUS): <http://success.gatech.edu/tutoring/plus>
* Academic coaching: <http://success.gatech.edu/coaching>
* <http://success.gatech.edu>

Residence Life’s Learning Assistance Program

* Drop-in tutoring for many 1000 level courses
* <https://housing.gatech.edu/learning-assistance-program>

OMED: Educational Services

* Group study sessions and tutoring programs
* <http://omed.gatech.edu/programs/academic-support>

Communication Center

* Individualized help with writing and multimedia projects
* <http://www.communicationcenter.gatech.edu>

Academic advisors for your major

* <http://advising.gatech.edu/>

**Personal Support:**

The Office of the Dean of Students:

* URL: http://studentlife.gatech.edu/content/services
* Phone: 404-894-6367
* Location: Smithgall Student Services Building 2nd floor
* You also may request assistance at: [https://gatech-advocate.symplicity.com/care report/index.php/pid383662](https://gatech-advocate.symplicity.com/care%20report/index.php/pid383662)?

Counseling Center:

* URL: http://counseling.gatech.edu
* Phone: 404-894-2575
* Location: Smithgall Student Services Building 2nd floor
* Services include short-term individual counseling, group counseling, couples counseling, testing and assessment, referral services, and crisis intervention. Their website also includes links to state and national resources.
* Students in crisis may walk in during business hours (8am-5pm, Monday through Friday) or contact the counselor on call after hours at 404-894-2204.

Students’ Temporary Assistance and Resources (STAR):

* URL: http://studentlife.gatech.edu/content/need-help
* Can assist with interview, clothing, food, and housing needs

Stamps Health Services:

* URL: https://health.gatech.edu
* Phone: 404-894-1420
* Primary care, pharmacy, women’s health, psychiatry, immunization and allergy, health promotion, and nutrition

OMED: Educational Services:

* URL: http://www.omed.gatech.edu

Women’s Resource Center:

* URL: http://www.womenscenter.gatech.edu
* Phone: 404-385-0230

LGBTQIA Resource Center:

* URL: http://lgbtqia.gatech.edu/ – Phone: 404-385-2679

Veteran’s Resource Center:

* URL: http://veterans.gatech.edu/
* Phone: 404-385-2067

Georgia Tech Police: 404-894-2500

**National Resources:**

The National Suicide Prevention Lifeline

* Provides free and confidential support 24/7 to those in suicidal or emotional distress
* Phone: 1-800-273-8255

The Trevor Project

* Provides crisis intervention and suicide prevention support to members of the LGBTQ+ community and their friends.
* Phone: 1-866-488-7386; available 24/7
* Chat: http://www.thetrevorproject.org; 3-10pm Eastern, 7 days a week
* Text: Text “Trevor” to 1-202-304-1200; available 3-10pm, M-F.

**Statement of Intent for Classroom Inclusivity**

As a member of the Georgia Tech community, I am committed to creating a learning environment in which all my students feel safe and included. Because we are individuals with varying needs, I am reliant on your feedback to achieve this goal. To that end, I invite you to enter dialogue with me about the things I can stop, start, and continue doing to make my classroom an environment in which every student feels valued and can engage actively in our learning community.