

**Finance**  
**Course Number: 22:390:669**  
**Course Title: International Financial Strategy**

## **COURSE DESCRIPTION**

One of the key differentiators between an EMBA and a traditional MBA is that MBAs specialize in and are hired to fulfill a specific functional role within a firm, whereas EMBA's are hired to run the business; that is, MBAs are needed to do a functional role on the bus, but EMBA's are hired to drive it. This course takes direct aim at this crucial skill by providing a holistic exploration of how C-level executives manage the entire balance sheet, rather than just assets, in order to drive revenues and cash flows by creating and sustaining comparative advantages in their product market. Even the most forward-thinking and innovative business strategies are worthless if the firm doesn't have access to the funds to implement them.

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## **COURSE MATERIALS**

**Harvard Cases:** See the course packet

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## **LEARNING GOALS AND OBJECTIVES**

1. **Knowledge.** - This course is designed to help students develop skills and knowledge in the area of business valuation, critical thinking, the ability to solve complex and unstructured problems, and understanding and being able to apply advanced topics in the area of corporate financial strategy; especially as these concepts relate to the nexus of business and financial strategy. For example, your firm wishes to expand its customer base into the Philippines. How do you decide between growing organically or doing it through acquisition? If you decided to buy your way into growth, then how do you identify the right acquisition candidate? How do you value it? How do you negotiate the deal?
2. **Ethical judgment.** The course has a strong ethics component. One of the course's goals is to help prepare students to use reasoned and ethical judgment when analyzing problems and making decisions. Students will be able to recognize ethical dilemmas in unstructured business decision making scenarios, critically evaluate them, and arrive at creative ethical solutions. For example, how do you maintain your integrity when you know your counterparty in a negotiation is lying? How do you protect yourself while still getting the best deal for your side? What do you do when your boss or a client asks you to gently misrepresent something in order to close a deal?
3. **Global perspective.** Although the course is not an international business course, it does introduce some international business concepts; especially in the context of cross-cultural ethics and negotiation.

Several of the cases have an international focus.

**4. Effective Communication.** Students will demonstrate the ability to construct and deliver clear, concise, and convincing oral and written business communications. The ability to communicate compellingly is essential to getting the resources that you need in order to be successful. For example, you have a start-up company, and you need to raise \$2MM to ramp up your marketing efforts. How do you ask for it? How do you build the business case that proves you deserve the money and will use it appropriately? How do you create trust when the counterparty doesn't even know you?

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## **PREREQUISITES**

A solid understanding of Financial Management and Accounting will be very helpful.

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## **ACADEMIC INTEGRITY**

*I do NOT tolerate cheating.* Students are responsible for understanding the RU Academic Integrity Policy (<http://academicintegrity.rutgers.edu/>)

I will strongly enforce this Policy and pursue *all* violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, "On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment." I will screen all written assignments through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large database of past work. Don't let cheating destroy your hard-earned opportunity to learn. See [business.rutgers.edu/ai](http://business.rutgers.edu/ai) for more details.

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## **ATTENDANCE AND PREPARATION POLICY**

- Expect me to attend all class sessions. I expect the same of you. If I am to be absent, my department chair or I will send you notice via email and Canvas as far in advance as possible. If you are to be absent, please let me know before class.
  - For weather emergencies, consult the campus home page. If the campus is open, class will be held, unless there is an emergency on my end, in which case I will notify everyone by email at least three hours prior to the start of class.
  - Expect me to prepare properly for each class session. I expect the same of you. Complete all background reading and assignments. You cannot learn if you are not prepared. The minimum expectation is that for each 3-hour class session, you have prepared by studying for at least twice as many hours.
  - Expect me to participate fully in each class session. I expect the same of you. Stay focused and involved to the extent that your busy work-life allows it. I know and understand that EMBA's juggle many responsibilities, one of which is their studies.
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## **CLASSROOM CONDUCT**

I expect students to conduct themselves professionally at all times in my class. Students must be respectful of others and of sometimes extremely differing points of view, that may sometimes even seem offensive. That doesn't mean that students have to agree with each other, but they do have to give each other the opportunity to present their views in a safe, professional, and unthreatening venue. Disrespectful students will be asked to leave my classroom.

## GRADING POLICY

### Group Final Case 100%

The final case will be administered in the afternoon on the final Sunday. See below for more details.

#### During exams, the following rules apply:

- If you have a disability that influences testing procedures, provide me an official letter from the Office of Disability Services at the start of the semester.

Your final grade is not subject to negotiation. If you feel I have made an error, submit your written argument to me within one week of receiving your final grade. Clarify the precise error I made and provide all due supporting documentation. If I have made an error, I will gladly correct it. But I will adjust grades only if I have made an error. I cannot and will not adjust grades based on consequences, such as hurt pride, lost scholarships, lost tuition reimbursement, lost job opportunities, or dismissals. Do not ask me to do so. It is dishonest to attempt to influence faculty in an effort to obtain a grade that you did not earn, and it will not work.

## COURSE SCHEDULE

### Tentative Case Schedule

Harvard #	Case
	Drivers of Profitability
297-028	Clarkson Lumber Company
295-073	Toy World
No need to buy	Tandy Corporation
	Idea or Opportunity
	Pitching for Success
292-011	Pioneer Petroleum Corporation

282-043	Massey Ferguson
	No Class
283-053	HCA & Accretion/Dilution
	Financial Negotiations
	Valuation
	Final Group Case

On the (), we will begin with the basics of business strategy and fundamental analysis. By the end of the session you should have a clear understanding of the strategic factors that drive profitability, you should be able to clearly infer a firm's strengths and weaknesses from its financial statements, and (most importantly) you should begin to build the foundation for a new way of thinking about finance: a conceptual framework within which to better understand how a firm's financial decisions are integrally related to its success in its international product markets.

Next, on the (), we will examine the link between profitability and liquidity; this topic is especially important for emerging market firms, where access to external capital is often constrained. I have two excellent short cases [Clarkson Lumber and Toy World] that clearly demonstrate how a firm can be profitable yet still suffer from a cash flow shortage (illiquidity); i.e., they grow bankrupt. By the end of the Saturday session, you should have the skills to determine the cause of a firm's cash flow problems, and also determine the amount of external capital that will be necessary for that firm to sustain a particular level of sales. Both of these are exceptionally handy skills regardless of the students' area of specialization. They are especially crucial for start-up businesses or any firm looking to secure a bank loan. We will continue or examination of profitability and liquidity by discussing the Toy World case.

On the (), we will examine the difference between an idea and an opportunity. What is it that makes a business worth funding? A business isn't viable without customers. You need enough of them, and you need to be able to charge them a reasonable price for your product/service. What are the factors that make a business scalable and sustainable? When should you walk away? We will also examine the Tandy Corporation case. Don't worry, you don't have to read this one.

On the (), Students will learn how to best ask for resources, be they financial or other resources. What is the best way to structure a pitch? How do you ask for money? How do you close the deal? What do you do after the pitch is over? We will also explore the weighted average cost of capital in preparation of our Sunday valuation class.

On the (), we will study the Massey Ferguson Case. A firm's risk can be deconstructed into two parts: business risk and financial risk. It is your job to ensure that the combination is synergistic and value enhancing, rather than risk increasing and value destroying. How is the judicious use of debt beneficial to shareholder value? We will introduce the 5th Chinese strategy of war. Also, we will

examine what is the true cost of having too much debt? Hint: it isn't bankruptcy. The third Sunday we are off.

On the (), we will study the Hospital Corporation of America case; specifically, how to drive the revenue line through acquisition. If we have time, we will discuss Accretion/Dilution Analysis. How to identify good takeover targets and how to make your company more desirable to acquirers?

The () is devoted to a discussion of financial negotiations in a cross-cultural framework. I would like to spend some time on how to best negotiate a job offer or a salary increase if possible.

The () you will take an in-depth look at valuation (using both DCF and comps). Be ready to do some serious work in Excel. You will learn how to use comps, such as the P/E multiple or the holy grail EV/EBITDA multiple, to value international equity offerings. You will be learning the exact same things that I teach the investment banking associates at Goldman Sachs, UBS, and Morgan Stanley in NYC, Hong Kong and Singapore.

The last () will be the final exam, which will be done as a group. Just so that we understand each other clearly, here is what is going to happen...

At the beginning of class, I give each group a live final case. You will have until the end of the class period research the case, analyze it, solve it, and prepare a PowerPoint presentation/pitch. Note, you will not be pitching this to me, you will be just sending me the PPT pitch deck. As is often the case in business, I will grade you only on the quality of your pitch deck – not on your effort. It is the deliverable that counts. This will likely be one of the most challenging and stressful experiences of your IEMBA tenure. If you are as good as I've heard that you are, then I bet that you will love it. A few years ago, the case was: "Sears is selling its most profitable stores in order to cover its cash flow shortfall. What is wrong with Sears? Fix it. You have five hours." Well, Sears is bankrupt now. I guess they should have listened to my IEMBA's.

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## SUPPORT SERVICES

If you need accommodation for a *disability*, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at [ods.rutgers.edu](http://ods.rutgers.edu).

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email [dsoffice@echo.rutgers.edu](mailto:dsoffice@echo.rutgers.edu)]

[Rutgers University-Newark ODS phone (973)353-5375 or email [ods@newark.rutgers.edu](mailto:ods@newark.rutgers.edu)]

If you are *pregnant*, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email [jackie.moran@rutgers.edu](mailto:jackie.moran@rutgers.edu)]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email [TitleIX@newark.rutgers.edu](mailto:TitleIX@newark.rutgers.edu)]

If you seek **religious accommodations**, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email [deanofstudents@echo.rutgers.edu](mailto:deanofstudents@echo.rutgers.edu)]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email [DeanofStudents@newark.rutgers.edu](mailto:DeanofStudents@newark.rutgers.edu)]

If you have experienced any form of **gender or sex-based discrimination or harassment**, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu/>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: [https://cm.maxient.com/reportingform.php?RutgersUniv&layout\\_id=7](https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7) . You may also contact the Office of Title IX and ADA Compliance at (973)353-1906 or email at [TitleIX@newark.rutgers.edu](mailto:TitleIX@newark.rutgers.edu). If you wish to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email [run.vpva@rutgers.edu](mailto:run.vpva@rutgers.edu)]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu> .

If you are a military **veteran** or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of **mental health** services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of *physical health* services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]

If you are in need of *legal* services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to *English as a second language (ESL)* should contact the Program in American Language Studies for supports.

[Rutgers–Newark: [PALS@newark.rutgers.edu](mailto:PALS@newark.rutgers.edu)]

[Rutgers–New Brunswick: [eslpals@english.rutgers.edu](mailto:eslpals@english.rutgers.edu)]

If you are in need of additional *academic assistance*, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>]

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.

- Students must sign, date, and return a statement declaring that they understand this syllabus.]