

DOCUMENT N: COURSE AND PROGRAM DEVELOPMENT COVER SHEET

Instruction: See Course and Program Development Policy and Procedures

SHORT TITLE OF PROPOSAL: Modification of Finance 640

COURSE # Finance 640

Financial Analysis and Strategy

Box 1: TYPE OF ACTION	ADD(NEW) <input type="checkbox"/>	DEACTIVATE <input type="checkbox"/>	MODIFY <input checked="" type="checkbox"/>	OTHER <input type="checkbox"/>
Box 2: LEVEL OF ACTION	Non-Credit <input type="checkbox"/>	Undergraduate <input type="checkbox"/>	Graduate <input checked="" type="checkbox"/>	OTHER <input type="checkbox"/>

Box 3: ITEM OF ACTION (check appropriate boxes)		APPROVAL SEQUENCE (see box 4 below)	DOCUMENTS REQUIRED (see box 5 on back)	INFO COPIES (see 2 on back)
<input type="checkbox"/>	1 Experimental Course ¹	AC	NOP	
<input checked="" type="checkbox"/>	2 Course Title	ABCD	NO	
<input type="checkbox"/>	3 Course Credits	ABCD	NO	
<input type="checkbox"/>	4 Course Number	ABCD	NO	
<input type="checkbox"/>	5 Course Level	ABCD	NO	
<input type="checkbox"/>	6 Deactivate a Course	ABCDEF	NO	a, b
<input type="checkbox"/>	7 Pre & Co-Requisite	ABCD	NO	a, b
<input checked="" type="checkbox"/>	8 Course Content	ABCD	NOP	a, b
<input type="checkbox"/>	9 New Course	ABCDEF	NOPQ	a, b
<input type="checkbox"/>	10a Certificate Program (ug/g) exclusively within existing degree program	ABCDEFHJL	NOQ	a, b, d
<input type="checkbox"/>	10b Certificate Program (ug/g) where degree programs do not exist or where courses are selected across degree programs (12 or more credits)	ABCDEFHIK	NOSR, 6	a, b, d
<input type="checkbox"/>	11a UG Concentration (exceeds 24 credit hours)	ABCDEFGHIK	NO, 5	a, b, d
<input type="checkbox"/>	11b Masters Concentration (exceeds 12 credit hours)	ABCDEFGHIK	NO, 5	a, b, d
<input type="checkbox"/>	11c Doctoral Concentration (exceeds 18 credit hours)	ABCDEFGHIK	NO, 5	a, b, d
<input checked="" type="checkbox"/>	12 Program Requirements	ABCDEF	NO	a, b, d
<input type="checkbox"/>	13 Program Title	ABCDEFGHIK	NO, 5	a, b, c, d
<input type="checkbox"/>	14 Off-Campus Deliver of Existing Program	ABCDEFHJK	NO, 4	a, b, c, d
<input type="checkbox"/>	15 Closed Site Program	ABCDJL	NOT	a, b
<input type="checkbox"/>	16 Program Suspension ⁹	ABCDEJL	NOQ	a, b, c, d
<input type="checkbox"/>	17 Program Termination	ABCDEFHJL	NO, 10	a, b, c, d
<input type="checkbox"/>	18 Degree Program	ABCDEFGHIK	NOQRS, 3,8	a, b, c, d
<input type="checkbox"/>	19 New Center	ABCDEFGH		
<input type="checkbox"/>	20 Other	Varies	Varies	Varies

Box 4: APPROVAL SEQUENCE	APPROVAL SIGNATURES	DATE
A Department	Chair: <i>Deborah A. Ford</i>	12/05/05
B Final faculty review body within each school	Chair: <i>John A. Moore</i>	12/16/05
C College Dean	Dean: <i>Anne McCarthey</i>	12/05/05
D Provost and Senior Vice President for Academic Affairs	Provost: <i>[Signature]</i>	1/3/06
E Curriculum Review Committee (UFS subcommittee)	Chair: <i>Mukulika Gallegos</i>	1/10/06
F University Faculty Senate	Chair: <i>N/A</i>	
G University Council ¹¹	Chair:	
H President	President:.	
I Board of Regents – approval		
J Board of Regents – notification only		
K MHEC – approval		
L MHEC – notification only		
M Middle States Association notification	Required only if the mission of the University is changed by the action	

Box 5: DOCUMENTATION (check boxes of documents included)					
<input checked="" type="checkbox"/>	N. This Cover Sheet	<input type="checkbox"/>	Q. Full Description/Rationale	<input type="checkbox"/>	T. Contract
<input checked="" type="checkbox"/>	O. Summary Proposal	<input type="checkbox"/>	R. Full 5-page MHEC Proposal	<input type="checkbox"/>	U. Other
<input checked="" type="checkbox"/>	P. Syllabus	<input type="checkbox"/>	S. Financial Tables		

1. Approval automatically lapses after two offerings unless permanently approved by Action 9
2. Codes: a) Director of Library Services (Langsdale or Law) b) College Dean c) Planning Office d) EMSA
3. Letter of Intent is required by USM at least 30 days before a full proposal can be submitted. Letter of Intent requires only the approval of the dean and the provost and is forwarded to USM by the Office of the Provost.
4. One-page letter to include: Program title & degree/certificate to be awarded; resources requirements; need and demand; similar programs; method of instruction; and oversight and student services *
5. One-page letter with description and rational *
6. One or two-page document that describes: centrality to mission; market demand; curriculum design; adequacy of faculty resources; and assurance program will be supported with existing resources. *
7. Learning objectives, assessment strategies; fit with UB strategic plan
8. Joint Degree Program or Primary Degree Programs require submission of MOU w/ program proposal
9. Temporary suspension of program to examine future direction; time not to exceed two years. No new students admitted during suspension, but currently enrolled students must be given opportunity to satisfy degree requirements.
10. Provide:
 - a. evidence that the action is consistent with UB mission and can be implemented within the existing program resources of the institution.
 - b. proposed date after which no new students will be admitted into the program;
 - c. accommodation of currently enrolled students in the realization of their degree objectives;
 - d. treatment of all tenured and non-tenured faculty and other staff in the affected program;
 - e. reallocation of funds from the budget of the affected program; and
 - f. existence at other state public institutions of programs to which to redirect students who might have enrolled in the program proposed for abolition.
11. University Council *review* (for a recommendation to the President or back to the Provost) shall be limited to curricular or academic policy issues that may potentially affect the University's mission and strategic planning, or have a significant impact on the generation or allocation of its financial resources.

* Required by MHEC

DOCUMENT O – SUMMARY PROPOSAL

College: MSB	Department: Economics, Finance, and Mgmt Science	Cost Code:
Contact Person: Deborah Ford	Phone: 4997	Effective Semester: ASAP

O-1: Briefly describe what is requested: Modify the name and content of the current course FIN 640 to reflect changes made as a result of the addition of FIN 504 to the MSB graduate curriculum

For new courses or changes in existing courses (needed by Registrar):

New Title: Financial Analysis and Strategy	Title #: FIN 640	Credits: 3.0
Course Abbreviation: Fin Anal & Strat		
Old Title: Financial Management and Policy	Title #: FIN 640	Credits: 3.0

O-2: Set forth the rationale for the proposal: Contingent upon the restoration of FIN 504 as a requirement for the MSB MBA curriculum, it will be necessary and beneficial to upgrade the current content of FIN 640 and retitle the course appropriately.

Many of our students are currently underprepared for, Fin 640, the required course in Financial Management for MBA students. This problem is based on three factors: 1) many students lack an undergraduate course in finance; 2) much time has passed since students had an undergraduate course in finance, and thus, their recall is limited and/or they are unaware of new material that has been developed for the course; 3) the course in which they were enrolled does not meet a high standard of preparation.

Under the current curriculum, prerequisite knowledge in the area of financial management is supposed to be provided Econ 504 and Acct 504. Experience has shown us that this solution to providing the entry level finance knowledge is inadequate because: 1) Many of our students waive out of either one or both of these courses, even though they have not completed an undergraduate finance course; and 2) the demands to cover basic material in economics and accounting make it difficult to integrate and provide the requisite knowledge of finance in the context of the learning objectives for those two courses.

Finance is a key cornerstone to an MBA program. As part of the MBA benchmarking process completed several years ago, it was determined that every other MBA program in MSB's peer comparison group requires students to satisfy requirements for at least two finance courses: one at the basic level (Fin 504) and one at the intermediate level (Fin 640). The addition of Fin 504 to the curriculum will bring the MSB program back into compliance with this peer standard and will facilitate students being adequately prepared for the Finance 640 course.

The addition of Fin 504 to the curriculum will enable us to bring Fin 640 back up to the level at which it should be taught. Given the disparity in the backgrounds of the students currently enrolled, we are unable to provide adequate intermediate level corporate finance training in Fin 640. The addition of Fin 504 will enable instructors to provide Fin 640 students with a greater depth of spreadsheet and case applications, enhancing the value of their MBA experiences and skill sets in their professional portfolios.

As can be seen in the proposed syllabus for FIN 640, the revised course is significantly more rigorous and commensurate with the quality required of an MBA level education.

O-3 Resources Needed:

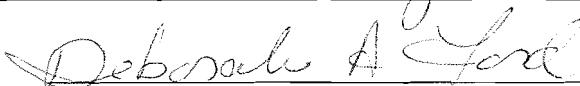
	Personnel	Equipment	Expendables	Facility Costs	TOTAL COSTS
Start-up First Year	\$	\$	\$	\$	\$
Annual Thereafter	\$	\$	\$	\$	\$

Indicate probable source of additional funds, if needed:

O-4 Impact including OTS and Library resources (Complete a or b)

a) Impact was reviewed. All impacted units were contacted and understandings worked out. No unit objects to the proposal as currently submitted. The units contacted were:

MSB - all departments


 Department Chair Signature

12/05/05
 Date

b) Impact was reviewed. All objections were worked out except those documented in attachments. Units contacted were:

Department Chair Signature

Date

Finance 640
Financial Analysis and Strategy
Steven C. Isberg, Ph.D,
Proposed Syllabus
1 December 2005

Particulars

Credit hours: 3.0
Prerequisites: FIN 504 or appropriate waiver
Class size: 30-38

Course Description

Financial Analysis and Strategy provides comprehensive, intermediate level coverage of topics in the areas of asset market structure, financial statements and analysis, financial forecasting, measurement of risk and security pricing, capital budgeting, valuation, capital structure and the contingent claim (e.g., options and futures) environment and pricing. An emphasis is placed on development and implementation of spreadsheet models applied to live business settings. The course is designed to build upon the basic skills acquired in FIN 504 or its equivalent.

Course Learning Objectives

Upon completion of this course, students will be able to:

1. Employ the tools of supply and demand analysis to explain the impact of asset market structure and dynamic changes on the asset pricing process.
2. Employ the tools of supply and demand analysis to explain the role of financial markets and corporate financial policy in the allocation of capital in a competitive economy.
3. Explain the fiduciary and ethical responsibilities of financial managers to various constituents of the firm.
4. Develop and employ a spreadsheet model to explain the financial performance of a firm in the context of its business model.
5. Develop and employ a spreadsheet model to forecast and explain the expected performance of a firm and its impact on the firm's capital needs.
6. Develop and employ spreadsheet models to measure and explain the meaning of individual asset and portfolio risk.
7. Provide an explanation of how different theories of capital market efficiency affect the theory of asset pricing and capital allocation.
8. Explain the theory and models of asset pricing in the contingent claims environment.
9. Explain the impact of foreign currency and investment risk on investment decisions and how that risk may be hedged.
10. Develop and employ spreadsheet models to calculate and explain changes in a variety of security prices, including stocks, bonds, and options.

11. Develop and employ spreadsheet models to calculate and value net cash flows and explain the meaning of the results in the context of an investment decision.
12. Explain the differences between the cost, income and market methods of valuation and how each may be used in making an investment decision.
13. Develop a spreadsheet model to calculate different component costs of capital and explain how the weighted average cost of capital changes and impact investment decisions by the firm.
14. Provide an explanation of how a firm's capital structure management policy interacts with its investment strategy to maximize the value of the firm.

Course Content

The content of this course will follow the outline below:

1. The Theory of Market Efficiency, Asset Price Determination and Capital Allocation in Financial and Economic Markets.
2. Shareholders, Bondholders, Stakeholders and the Fiduciary and Ethical Responsibilities of Financial Managers
3. Development and Application of Models of Financial Performance
4. Forecasting Performance and Capital Needs
5. Assessment and Measurement of Individual and Portfolio Investment Risk.
6. The Question of Capital Market Efficiency and its Impact on Financial Decision-Making
7. The Contingent Claims Environment, Options, Futures and Pricing.
8. International Business and Exchange Rate Risk: Identification and Management
9. Net Cash Flow Identification and Analysis
10. Theories and Methods of Valuation
11. Measuring and Managing Capital Structure and the Cost of Capital
12. The Impact of Financial Policy on the Value of the Firm

Assessment Strategies

The principle assessment strategies include:

1. Administer a basic finance skills test to determine their a priori knowledge and skill level in financial management.
2. Assess student's performance at mastering qualitative knowledge and skills throughout the semester by administering a series of short quizzes and/or exams.
3. Develop an implement a series of spreadsheet assignments to monitor the student's progress in mastering spreadsheet techniques.
4. Evaluate the student's overall performance via the development and administration of a cumulative final exam.

Recommended Textbooks

Brigham, Eugene, and Michael Ehrhardt; *Financial Management: Theory and Practice*, 10th Edition, South-Western, 2002

Ross, Stephen, Randolph Westerfield, and Jeffrey Jaffe; *Corporate Finance*, Irwin/McGraw Hill, 2004

Van Horne, James, *Financial Management and Policy*, 12th Edition, Prentice Hall, 2002

Robert G. Merrick School of Business
Department of Economics, Finance and Management Science
Response to Request for Information on the Impact of Adding Finance 504 to the
Graduate Curriculum

1 December 2005

Proposal

In response to a request from the Graduate Program Committee, we have prepared a proposal to reinstate the course Finance 504 as a course included in the waivable core component of the MBA program. This reinstatement will also affect the learning objectives and content of Finance 640 and Finance 705, as described further below.

Background

Under the pre-1993 MBA curriculum, all students were required to complete two courses in finance, FIN 504 and FIN 610. The former course was waivable by students who had completed at least an undergraduate principles class in the prior five years. The latter was a required intermediate level course in corporate financial management.

With the introduction of the “cross-functional” MBA curriculum in 1993-94, FIN 610 was eliminated as a requirement for completion of the program with the understanding that its content would be covered in a variety of courses at the new 640 level (i.e., ECON 640, MKTG 640 and MGMT 640). For a brief period of time, corresponding to the Merrick School’s support of team teaching by faculty, this implementation was successful.

As time passed, the Merrick School’s interest in and ability to support team teaching dissipated. As a result, the cross-functional courses reverted back being functional courses taught by individual faculty. Once this reversion was complete, most students were finishing the MBA program without ever having taken a finance course while at UB. Based on a comprehensive benchmarking analysis of peer and other programs conducted by the Curriculum Committee, it was determined that UB was the only AACSB accredited program for which this was true.

In the spring of 2002, the Curriculum Committee proposed and the faculty approved the addition of the current version of FIN 640, *Financial Management and Policy*, to the curriculum. To make room for this course at that level of the MBA program, OPRE640 changed to elective status. At that time, however, the Curriculum Committee was also under pressure to reduce the MBA program credit hours from 51.0 to 48.0. To do this, FIN 504 was removed from the waivable core requirements of the curriculum.

The decision to remove FIN 504 from the curriculum was supported by the argument that the lost content could be included in ACCT 504 and ECON 504. Students

who did not have a finance course at the undergraduate level could then obtain the prerequisite knowledge by taking these two courses. While this idea was good in principle, it has shown itself to be highly impractical for a variety of reasons.

Although many students lack undergraduate finance training, very few lack a background in both accounting and economics. Therefore, a large number of students would make it into FIN 640 without having any background in finance because they would waive out of accounting and economics.

This has led to a situation in which the typical FIN 640 class is split into two distinct groups in terms of basic finance proficiency. About half of the students are being exposed to finance for the very first time, while the remaining half are in possession of a previous background. The impact shows up in the form of bimodal distributions on test scores and student comments regarding the usefulness of the class. Half of the students complain that the course is too difficult, while the rest complain that it is too repetitive. When students move into their specialization courses, especially Finance 705, *Advanced Financial Management*, the problem persists.

The outcome of these changes has helped neither the students nor the reputation and quality of the UB MBA program. Given the current structure of how finance is delivered in the curriculum, we are doing a disservice to *all* students. It is time to fix the problem.

Proposed Change and its Impact on the Curriculum

The current proposal is to restore FIN 504, *Financial Management*, to the curriculum in its previous form. This would mean that students who have fulfilled the waiver requirement of having earned a “B” or better in an undergraduate principles of finance course in the past seven years would be able to waive out of FIN 504 and move directly into FIN 640. The proposal would also result in changes to the title and content of FIN 640, and the content of FIN 705, as described in the following paragraphs.

The revised FIN 640 would be entitled *Financial Analysis and Strategy*. Its content would emphasize spreadsheet applications of financial statement analysis, financial forecasting and planning, financial market structure and analysis, interest rate determination, valuation, capital structure, and strategic corporate financial policy. The use of cases as a means of meeting the learning objectives would be expanded.

The revised Finance 705, which would retain the name *Advanced Financial Management*, would then be redesigned. It would be refocused on advanced application of the analytical tools obtained in FIN 640 to complex cases in financial management and policy.

This proposal is highly recommended for several reasons:

1. It corrects the current deficiency in the way finance is taught to all students in the MBA program;
2. It strengthens the content and integrity of the MBA finance specialization and MS Finance programs;
3. It aligns the Merrick School of Business with schools in its AACSB peer comparison group, all of which require finance courses in both the waivable and required core elements of their programs.

Finance is a key cornerstone of a high quality MBA program. Responses from prospective students attending open houses and making inquiries regarding our graduate programs show a high degree of interest in finance. The number of current students either enrolled or expressing an interest in finance as a specialization has risen even while the overall MSB graduate enrollment figures have fallen. Restoring the strength and integrity of the finance component of the MBA program, therefore, is key to restoring that for the Merrick School of Business as a whole.