

Baylor University

Business 5401 Baylor Frameworks: Finance July 26 – August 9, 2023

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Course Objectives:

Business 5401 is a class designed for incoming MBA students that introduces corporate finance. The goal is to refresh your memory if you've had a finance class before or to introduce you to finance if you have never taken a finance class. Finance 5360, the core finance class in the MBA program, will build on this class by covering the remaining chapters in our textbook.

Required grade in FIN 5161: Incoming MBAs must earn a C or higher to get credit for this class and continue in the MBA program.

Prerequisites: None

Resources:

Required: [Principals of Managerial Finance \(16th edition\) by Zutter and Smart](#)

Class materials on my class website: https://business.baylor.edu/steve_rich/bus5401/bus5401.html

My Business 5401 web page contains essential course materials (partial lecture notes...see p. 2 for a brief discussion) and may be accessed from my main home page by clicking on "Class Info" and then "Business 5401".

Optional: Wall Street Journal - See the link at the bottom of my BUS 5401 website for free access to the digital version for Baylor students.

Student Hours: By appointment. But any time I am in my office, feel free to drop in and ask me questions. I plan to be in my office from 1:30 to 2:30 on class days.

If Jesus were teaching BUS 5401:

I am still a poor reflection of Jesus. But if Jesus were physically here to teach this class (instead of me), I think he might make the following points:

1. Our focus needs to be on God and his word, not material things (Matt 4:4). You can't serve both God and money (Luke 16:13). Earthly wealth is risky. We can use our wealth to make a difference in the world for God, but it is hard for the wealthy to enter the kingdom of heaven (Matt. 19:24). In my opinion, wealth tempts us to trust ourselves and our wealth instead of God and tempt us to pursue something other than God. Jesus told a gathered crowd that God called the rich man who had built bigger storehouses a fool because he was going to die that night and leave all he had stored up to someone else. (Luke 12:16-21). So, we should store up treasures in heaven not here on earth (Matt. 6:19).

2. We should give to anyone who asks without anyone noticing (Matt 5:42 and 6:4) and we should lend even to our enemies without expecting to get anything back (Luke 6:35). If we shouldn't expect repayment from our enemies, surely we should not expect repayment from anyone we lend to.
3. We should plan out any project to make sure we can finish it. Otherwise, we will be ridiculed by those who see we started something we couldn't finish. (Luke 14:28 – 30)
4. We are to be good stewards of the resources entrusted to us by our rich master (God). (Luke 19:11-27). I think Jesus would also say we are to be good stewards of resources entrusted to us by others...such as if we have been entrusted funds by investors as managers of a firm or an investment fund. In my opinion, you need to understand the basic principles of finance to act as a good steward of resources entrusted to you by God or people.

Schedule for this Class:

At the end of this syllabus, I have included a tentative schedule for this class.

Things you should do for each chapter:

1. Read the chapter in the textbook.
2. Print out my partial lecture notes from my website or Canvas for the chapter. Bring these to class with you to fill in the blank spaces. I don't think you learn much from copying down an example, but hopefully you learn as you write down the solutions and ask questions as we go through examples.
3. Work the assigned homework problems. Make note of any questions you have about specific problems so you can ask these on days we discuss homework.
4. Take the quiz on MyLab Finance.

Unexpected events: Life is unpredictable. If you are sick or experience some sort of emergency, let me know so we can work out something regarding assignments.

Grading:

Class participation	200
Chapter quizzes	300
<u>Group assignments</u>	<u>200</u>
Total possible points	700

The minimum points you will need to accumulate (out of these possible points) to pass is 490. If you are interested in what your specific grade were I assigning a letter grade instead of credit/no-credit, I would have used the following scale: A = 630, B = 560, C = 490, D = 420.

Class participation: You will earn participation points by asking questions for your classmates to answer and by answering questions from your classmates or from me about the notes, textbook, and homework problems. The points you earn will depend on the quality of your questions and answers. I will mark down on my seating chart a "score" ranging from 1 to 4. These translate into points out of 200 as follows (score = points): 1 = 140; 2 = 160; 3 = 180; 4 = 200. I also give x.5 points and these translate to points out of 200 as follows: 1.5 = 150; 2.5 = 170; 3.5 = 190. The quality of a question (and thus your "score") generally depends on how much thinking someone needs to do to answer. Basic questions ask "what?" and will generally receive a 2, better questions ask "why?" and will generally get a 3, even better questions pull together more than one idea discussed in the class and/or relevant material from outside the class...especially current events such as you would find in the Wall Street Journal and will generally get a 3.5. The best questions or answers receive a 4. The quality of an answer depends on how clearly and completely you have answered the question. Your participation score for the semester will equal your average score across your 4 best scores over our roughly two weeks. I will only count your best score for each day and will post participation grades periodically. Scores of 4 are rare but happen from time to time. Having no homework when I call on you counts as a 0 for the day. But since I only count your best score for each day, any question you ask or answer that day replaces the 0.

I have posted check figures for the homework to Canvas in the "Files" Section.

Chapter Quizzes: Quizzes will be taken on MyLab Finance. Each of the 3 quizzes will have 10 questions worth 10 points each. The quizzes are thus worth 300 points total. If you think a question was scored incorrectly, let me know. To get to the MyLab Finance page for this class, click on the “Access Pearson” link on the left side of this classes’ Canvas page.

Preparing for quizzes: Solving problems and answering questions from the textbook is one of the best ways (probably the best way) to prepare for quizzes. When working problems and answering questions, I recommend the following: 1) avoid looking at any answers until you think you have worked a problem correctly or feel hopelessly stuck (you will obviously not have access to answers other than your own when you take quizzes); 2) keep working problems until you have worked several in a row where your solutions are correct; 3) work new problems rather than problems you have worked before or have heard explained. The hard part of finance is figuring out what to do. Once you have heard a problem explained, you will not learn nearly as much from working it. The same basic principle applies to reworking problems you have previously worked. Rather than reworking a problem, try working a problem you have not seen before. There are many more problems in the text than the ones I have assigned. You might also find additional problems for some topics on old quizzes and exams on my Finance 3310 and old Finance 4360 website. The chapters we will cover (1 – 3) roughly match chapters 1 through 3 and 23 from these classes.

After you have tried the problems yourself, I recommend that you get together with a group to discuss the solutions. As you explain your solutions and/or ask others about their solutions, you will learn a lot more about finance than you would on your own.

In-class Group Problems: In-class group problems will be graded with lots of partial credit. Turn in your group’s solution when you are confident you have the correct answer. I will give a copy of the problem to each person. Put your name on your copy of the problem. When your group is satisfied with an answer (or when time is up), staple all your group’s copies together with the one copy you want graded on top of the stack. You are free to leave after your group turns in its solution. **Be sure to show all your work. The points you get are for setting things up. Solving to a number adds no points.**

Course Policies:

Honor Code: Violations of the honor code (including cheating and not reporting cheating) will be reported to the Honor Council and to the Baylor MBA Program. Possible consequences include not receiving credit for Business Frameworks and/or removal from the Baylor MBA Program.

Tentative Schedule:

July	26	Seating chart, Q&A on class, lecture on chapter 1
	27	Lecture on chapter 2
	28	Lecture on chapter 3
	31	Lecture on chapter 3
Aug	1	Lecture on chapter 3
	2	Q&A on chapters 1 through 3
	3	Discuss homework on chapters 1, 2, and 3. Quiz 1 due by 11:59PM.
	4	Group problem on chapter 2. Quiz 2 due by 11:59PM.
	7	Group problem on chapter 3. Quiz 3 due by 11:59PM.
	8	Go over group problem solutions.
	9	Q&A over what we have covered.