



## CORPORATE FINANCIAL POLICY

### MGT 6432, 2023S

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Office: Owen 358  
Office hours: By appointment, usually via Zoom  
Class time: MW 11:30am - 1:00pm; 2:30pm - 4:00pm  
Class location: Averbuch Auditorium 110

### Description

This course focuses on a corporation's major financial decisions and policies, including corporate governance, executive compensation, capital structure, raising capital, and payout policy. The course is comprised of lectures and case studies in roughly equal proportions. The class schedule can be found at the end of this syllabus.

### Pre-Requisite

As per the Owen Graduate School of Management Catalog, Corporate Valuation (MGT 6431) is a requirement for this course, and I am unable to make exceptions to this policy.

### Objective

Our goal is to learn how to make value-creating financial decisions. We will use analytical methods to improve your understanding, confidence, skill, and ability to apply these tools to corporate finance. The course is grounded in finance theory and current empirical evidence, with a focus on contemporaneous issues.

### Lectures

The class schedule includes the lecture topics, and some lectures require readings, which may be licensed material for educational purposes only. Completing the readings and reviewing lecture slides before class will improve your learning experience. I will post the assigned readings, lecture slides, and other materials on Brightspace ahead of each class. If you cannot attend the lecture, you must inform me via email beforehand.

### Optional Textbook

I include page numbers from the optional background reading material in all lectures, using the *suggested* textbook "Principles in Corporate Finance" by Brealey, Myers, and Allen (BMA). Either the 12th or 13th edition of the BMA textbook is acceptable. Please note that the BMA textbook is supplementary to the lecture slides.

### Group Case Studies

The course includes 6 case studies to reinforce and clarify major topics, which are available on Brightspace along with assigned questions. Students will complete the case studies in groups, but each student should be prepared to discuss the case issues individually. Further details on the deliverable are provided below.

### Joining a Group

Case studies will be completed in groups of students. You must be in a group in You will complete case studies in groups with other students in your assigned section. Details on joining a group and the group size will be provided on the first day of class. To join a group after the first class, go to Brightspace, click on Activities & Assessments, and select an available group. The deadline to join a group on Brightspace is Friday, March 17 at 12PM CST. If you have not joined a group by this time, Brightspace will assign you to a group automatically.

## Sign Up for Case Presentation

After forming your group, you will need to select a case to present. Each case can have a maximum of two groups presenting per section. I will provide instructions on how to sign up for a case in-class and through Brightspace.

## Case Study Deliverables

For each case, *non-presenting* groups must submit a brief 1-2 page memo summarizing their answers. *Presenting groups* must submit a set of 10-20 slides and present their case analysis for around 20 minutes, followed by a 5-10 minute Q&A session with classmates. Further details on the deliverable will be provided during the first class. Both presenting and non-presenting groups must submit one copy of their deliverable by 11:59 PM CST on the day *before* the case class via Brightspace using the “Assignments” function. The deadline for the first case deliverable is Sunday, March 19. Late submission will result in a grading penalty. All cases will be graded based on their form, content, depth, and delivery compared to your peers.

## Grading Policy

The final course grade will be curved to meet Owen guidelines for an elective class. Your grade will be determined by the following components:

Component	Percent of final grade
Individual class participation	10%
Group case presentation	20%
Group case deliverable x 5 (non-presentation)	30%
Group evaluation	10%
Individual final exam	30%

## Class Participation

Your participation in class is an essential component of your grade, and it is based on two main factors. Firstly, during case discussions, asking relevant questions during the Q&A session will contribute to your participation grade. Secondly, actively participating and asking questions during lectures will also count towards your grade. I will keep track of student participation in both lecture and case discussions. If you are unable to attend a class, please let me know beforehand. *Note that students who miss the first class without an approved absence will be dropped from the course.*

## Group Evaluation

At the end of the course, you will evaluate the extent to which you and other members of your group contributed to your learning and the group’s performance on the cases. This evaluation will be confidential and completed through Brightspace.

## Honor Code

- *Case studies:* Some cases may have been previously used at Owen. Do not consult with students who have worked on these cases before or use their notes or other materials to analyze the cases. You are also not allowed to use online “solutions” or artificial intelligence to answer case questions. Additionally, do not use evaluations or critiques from books or news articles regarding the corporate actions described in the cases. You may only use public information that was available *before* the decision point in the case for your analysis, and you cannot use public information after the decision point.
- *Final exam:* The final exam will be administered in Brightspace and will be closed-book. During the exam, students are not allowed to communicate verbally or in writing regarding questions or answers. Additional information on the final exam will be given later.
- Using material from previous sections of any course is considered a violation of the honor code. Please only refer to the material that I provide during the course. Any use of prohibited information sources or deviation from the above guidelines will be treated as a violation of the Owen Honor Code. If you have any questions regarding the honor code and how it applies to this course, please reach out to me.

## Class Schedule

- 1. M 3/13**                    **Introduction and Valuation “Brush-Up”**  
Read: Using APV: A Better Tool for Valuing Operations  
Optional read: BMA Ch. 4 (pp.79-81, 93-98) & Ch. 19  
Assignment: None
- 2. W 3/15**                    **Boards of Directors and Corporate Governance**  
Read: Business Roundtable Statement on Corporate Purpose  
Optional read: BMA Chs. 1 (pp.7-10), 28, 31, & 33  
Assignment: Begin Case Study #1
- 3. M 3/20**                    **Board of Directors - Case Study**  
Case Study #1: “Target Corporation: Ackman Versus the Board” 9-109-010  
Deliverable: Submit group answers to case study questions  
Due: Sunday, March 19 by 11:59PM CST
- 4. W 3/22**                    **Executive Compensation**  
Optional read: Decoding CEO Pay (HBR R1704E)  
Optional read: BMA Ch. 12  
Assignment: Begin Case Study #2
- 5. M 3/27**                    **Executive Compensation - Case Study**  
Case Study #2: Attention Shoppers: Executive Compensation...(CG-13)  
Deliverable: Submit group answers to case study questions  
Due: Sunday, March 26 by 11:59PM CST
- 6. W 3/29**                    **Capital Structure**  
Optional read: BMA Chs. 14, 17, & 18  
Assignment: Begin Case Study #3
- 7. M 4/3**                    **Capital Structure - Case Study**  
Case Study #3: DuPont Corporation: Sale of Performance Coatings (UV6790)  
Deliverable: Submit group answers to case study questions  
Due: Sunday, April 2 by 11:59PM CST
- 8. W 4/5**                    **Debt Financing**  
Read: A Note on Bank Loans (HBS 9-291-026)  
Optional read: BMA Chapters 23, 24, & 32  
Assignment: Begin Case Study #4
- 9. M 4/10**                    **Debt Financing - Case Study**  
Case Study #4: The Loewen Group, Inc. (Abridged) (9-201-082)  
Deliverable: Submit group answers to case study questions  
Due: Sunday, April 9 by 11:59PM CST

- 10. W 4/12**                      **Equity Financing**  
 Read: IPO Issue Process: Before & After the JOBS Act (Darden UV6744)  
 Optional Read: SPACs: What You Need to Know (HBR Article)  
 Optional read: BMA Chs. 15 & 32 (pp.853-857)  
 Assignment: Begin Case Study #5
- 11. M 4/17**                      **Equity Financing - Case Study**  
 Case Study #5: Snap Inc's IPO (A) (HBS 9-218-006)  
 Deliverable: Submit group answers to case study questions  
 Due: Sunday, April 16 by 11:59PM CST
- 12. W 4/19**                      **Payout Policy**  
 Read: Lewis & White: Corporate Liquidity Provision (Secs 2A-B)  
 Read: The Case for Stock Buybacks (H03W5Z)  
 Optional read: BMA Ch. 16  
 Assignment: Begin Case Study #6
- 13. M 4/24**                      **Payout Policy - Case Study**  
 Case Study #6: "California Pizza Kitchen" UV1203  
 Deliverable: Submit group answers to case study questions  
 Due: Sunday, April 23 by 11:59PM CST
- 14. W 4/26**                      **Special Topic and Course Reflections**  
 Will wrap up course with a special topic of discussion  
 Will then reflect on learning objectives and discuss the final exam  
 Due: Individually submit group evaluation via Brightspace by 11:00PM CST
- Final Exam**                      **Final Exam**  
 Individual final exam taken in Brightspace (details provided at later date)

\*\*\*This syllabus is subject to change and will be updated via Brightspace\*\*\*