Case Studies in Business Finance
Autumn Quarter 2005

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Course Topics and Goals

Business Finance at its core can be defined as a dynamic two part process in which companies invest in real/intangible assets and then find the capital necessary to pay/finance those investments in order to create value for their stakeholders. The financial decision process traditionally begins with analysts crunching numbers through various spreadsheets to come up with core data that is analyzed and formatted by managers for presentation to senior management whom often is charged with making the financial decisions that impact the firms operations and ultimate bottom line.

Many of your earlier classes have provided you with the technical skills necessary to crunch the numbers and supervise financial analysts. However, senior managers are often faced with a plethora of other factors and realities besides the "numbers". Decisions are often made around political scrutiny, incomplete information and assumptions about the future. This class is designed to expose the student through case studies and guest speakers to the challenges faced by senior managers in framing the issues, establishing key evaluation criteria and generating viable alternatives to aid in decision making that can affect their firm and careers.

Prerequisites

The prerequisite for Bus-Fin 828 is Bus-Fin 811 (full time) or MBA 811 (evening). Exceptions will be considered for those with a competency in general excel modeling and calculating PV, FV and IRR.

Reading Material

The Following text material is required for the course:

(1) Course packet, which contains the cases. This is available from the Tuttle Park Place Cop-ez.

E-mail Communication

If it is necessary to communicate with the class between class sessions, I will send electronic mail. I will assume that you check your e-mail at least once every 24 hours, Monday through Friday, or talk to Bus Fin 828 classmates who check their e-mail daily.

Teams

Each case will be analyzed by a student team. During the first week of class, students will form teams of five unless the instructor deems a different team size is warranted. Formation of teams will be left to your discretion, but I encourage you to include some variety in terms of gender, ethnicity, nationality, work experience, etc. If you need motivation beyond the opportunity to learn from classmates with different experiences, recognize that the teams you work with on the job usually include such diversity. It is wise to have at least one team member who is a native English speaker, to help ensure that your reports are written clearly.

Teams are to work *independently* on the cases. Reports or class notes from students who took the class in the past are strictly off limits. In class, team members should sit in adjacent seats to facilitate discussion and to help me learn the teams.

Class Preparation

Thorough preparation—by students *and* instructor—and active participation are essential to a successful case course. Learning comes from struggling with the issues outside of class, then discussing the conclusions (and the struggle) in class. Unprepared students personally miss out on most of the learning and also cheat their classmates because they cannot contribute fully to the learning that occurs in class.

You will be given some preparation questions to help guide your analysis of each case. These questions are not designed to be comprehensive, and I encourage you to explore relevant issues beyond the questions in the guidelines. Depending on how the class discussion unfolds, we may talk about some of the study questions but not others. At a minimum, each team should address the study questions prior to class, and each student in the group should understand the team's analysis and decisions. Print enough copies of your analysis that each team member can participate fully in class—one copy per student seems to make sense.

Virtually every case requires an "answer" or a decision, and you should arrive in class prepared to explain and defend your decision. *It is unacceptable to arrive in class without having made a decision*, and statements like, "There wasn't enough information," will be scoffed at publicly! Decisions must be made every day with less information than one would like to have.[1]

To encourage preparation and facilitate class discussion, students will be called on in class to share their insights. During lecture/discussion sessions, students are expected to have completed the assigned reading before class, and I will likely call on students during these sessions also.

[1] It is perfectly fine to explain your decision based on the information available, and then to state the additional information you would like to have and how you would use it.

Attendance

Students are expected to **attend class** and to **arrive on time**. This is much more important in a case-oriented course than in a lecture-oriented course. To a significant extent, the value you get from the course depends on your presence in class, and your classmates' opportunities to learn from your insights depend on your presence in class.

Grading

For purposes of assigning final grades for the course, approximate weights will be the following:

Team scores:	
Written case analyses	40%
Individual scores:	
"By the way assignments…"	15%
Peer review	5%
Contributions in class	40%
Peer Class Participation	½ letter grade

The distribution of course grades in the past has been roughly 30% A, 35% A–, 25% B+ and 10% B or lower. In the past, team reports have usually ranged from good to excellent. Two things tend to produce course grades of B or lower: (1) lack of contributions to class discussions, or (2) low peer review scores due to lack of contributions to the team.

There is always more dispersion across students in the individual component of the course grade than in the team component. Therefore, you should not be too discouraged about your grade if your team scores are somewhat below the mean, nor should you be overconfident about your grade if your team scores are somewhat above the mean.

Written Case Analyses

In most business settings, you only have one chance to make a favorable first impression. Your writing and speaking skills will often form the basis regarding how others perceive you and factor greatly in compensation and career advancement. Graduate school presents a safe harbor in which to experiment and hone your communication skills. I expect you to treat the assignments as if they were being done for your boss or client.

Reports should be ***professionally formatted*** and include several pages of text (say three to six pages as a rule of thumb) and some supporting exhibits, figures and tables included in an appendix. The report should begin with a brief summary of your recommendations and reasoning. *Be sure that your conclusions/recommendations are stated clearly up front and in a professional format.* It is important to be clear and concise. The report must be well organized and contain enough explanation and supporting exhibits (not counted against the six page text limit) that I can follow your logic and your calculations. I have no desire to read lengthy discourses; **sloppy exposition, spelling mistakes; lack of proper grammar** or unnecessary filler will receive a cursory scan and adversely affect a papers grade.

Note: I am happy to meet on an individual or team basis to discuss professional formats.

When written analyses are required, each team should submit one report, in **11-point font, double-spaced**, with margins of at least **one inch**, and with team members **listed alphabetically** on the cover page. All exhibits should be **professionally labeled** and easily readable.

Cases denoted by an asterisk will require a thorough written analysis. This analysis will be due at the beginning of class. It should cover the questions raised in the guidelines as well as any other issues relevant to the decision at hand. Please *do not* treat the discussion questions as a grocery list to be addressed item-by-item in the write-up. Rather, you should strive to provide an integrated discussion of the situation and your recommendations, and this may well include issues besides those raised in the discussion questions.

"By the way assignments…" are designed to simulate the "little" requests employers or clients seem to always throw out at an inopportune time (traditionally while you are working on the most challenging assignment of your career)! How one handles these requests can play a significant role in defining one's reputation for multitasking and getting answers. The write-ups for these assignments should generally be quite short (one or two pages) and clear explanations and professional formats are again essential.

As in the business world, you will be competing against one another. Team and individual written analyses will be evaluated based on the quality of both the analysis and the exposition. If a team or individual thinks their grade does not accurately reflect the quality of the work, they may submit a written explanation of their reasoning within one week after the paper is returned. I will carefully consider all such appeals.

Peer Review

One bothersome aspect of group work is that it is difficult for the instructor to assess each individual's contribution to the team's output, and this may tempt some students to free ride on the efforts of their teammates. Peer review will be used to allow students to provide useful information about teammate contributions, to help avoid the free-rider problem and, if some students bear more than their share of the load, to reward those students. Each student will have a total of 200 points to award to the other members of his or her team. The points that you allocate should be proportional to the individual's contribution to your team over the course of the quarter, as you perceive it. For example, if you think that Teammate A contributed twice as much as Teammate B, then Teammate A should get twice as many points as Teammate B. Since each student awards 200 points to teammates, the average score received from peer review is also 200 points.

The peer review forms will be completed at the end of the semester. The form must be signed (it is not anonymous), but will be kept *confidential*. That is, students may be told the total number of points awarded to them by their teammates, but they will not be told the points given by individual teammates. Since peer review is an important component of course grades, please take this responsibility very seriously—a frank and honest evaluation is expected.

To reduce the chance of unpleasant surprises at the end of the quarter, students will complete tentative peer reviews at mid-quarter. The purpose of this is to identify and try to rectify any situations where a student's teammates do not feel that he or she is contributing enough to the team's efforts. *Only the end-of-quarter peer review forms will be used in assigning grades*; the mid-quarter evaluations are intended for trouble-shooting. I will notify any students who receive substantially less than 200 points on the mid-quarter peer review, and they should consult with their teammates about how to rectify the problem.

Class Contribution Components

In order to emphasize the necessity to be prepared for and to contribute to each class, class contribution will comprise a significant portion of your grade. As is the case with real world work environments, you are judged not by what you know but by what you **contribute**. Even if you feel that you know the material, unless you share your insights with the class, I cannot adequately evaluate your preparedness and contribution. Students are never penalized for making comments which don't appear to be the "right answer." It is only through consideration of many diverse opinions and viewpoints that we will move toward a greater shared understanding of the multi-dimensional material which this course entails.

There are three components of the class contributions grade: Student responses to core case analysis questions, overall Instructor evaluation, and overall peer evaluation.

Student Answers to Core Case Analysis Questions: The Socratic Method will be used to organize case discussions. For each case discussed during the quarter, I will have a number of critical questions that are at the core of analyzing the case. These critical questions may or may not be the same as the preparation questions that are provided for each case. I will randomly choose students to answer each one of these critical questions should there be no initial volunteers to open the class discussion. When I call on a student, that student has three options:

(1) *Answer the question.* In answering the question, the student presents his/her analysis of this aspect of the case. (***Please note: in general, you should be able to identify the key issues, problems and opportunities facing the central case protagonists, to articulate and evaluate alternative approaches to problems, and to describe the course of action that you recommend and the reason for your recommendations***). It may be the case that the student does not agree that the question asked is an important question. If this is so, a discussion about what constitutes an important question is entirely appropriate.

(2) *Pass.* Each student has the opportunity, one time during the quarter, to pass on answering a question. We all have complex lives, and this opportunity acknowledges that complexity. However, you can only pass once. If you are absent (unexcused absence) from class when you are called on, it is counted as a Pass. If you pass a second time (either by attending class and answering "Pass" when called on or by not attending class [unexcused absence] when you are called on) your class contribution grade will be adjusted down.

(3) *Fake it.* If a student has not read and analyzed the case, he/she may try to bluff through the questioning. Faking may appear to be a particularly attractive alternative if a student has read, but not analyzed, the case. However, faking it is a very risky strategy. If I determine that a student is faking it, that student's class contribution grade will suffer accordingly.

Overall Instructor Evaluations: Of course, students who are not asked core case analysis questions for a particular case are free to volunteer their insights and analyses to the ongoing discussion. The quality of this volunteer participation is the primary determinant of a students overall peer evaluation and Instructor evaluation for class contribution scores. I will evaluate each person's contribution for each and every class and keep a running score on class contribution. You are welcome to check anytime to see how you are doing.

Overall Peer Evaluations: Towards the end of the quarter, I will distribute a Peer Class Participation Evaluation form. On this form, students will be asked to list (number to be determined by class enrollment) students in the class who, in their opinion, consistently demonstrated excellent class participation throughout the quarter. Students may not list themselves on this form. For accounting purposes, each student will need to sign their Peer Class Participation Evaluation form which will be kept confidential. The Peer Class Participation Evaluation form must be returned to me no later than the last scheduled class of the quarter. Students who fail to turn this form in on time will not be eligible to receive a bonus class participation grade.

Class Contribution Evaluation Criteria

I will assign points for each student's contributions in class. These points will be based on the quality and to a degree the quantity of the student's classroom questions, comments, and responses to questions posed by the instructor and classmates. As mentioned earlier, at an absolute minimum, each student is expected to attend class, be familiar with the case and to understand his or her team's analysis and conclusions—evidence to the contrary will be negatively viewed. Here are a few examples of class contributions that will be positively viewed:

- Carefully explaining the major factors affecting a decision, how they were evaluated and how the different factors were weighed.
- Providing an insight about a company's operations that was not provided in the case discussion but was gleaned from the data.
- Describing a situation you have experienced or read about that bears on the discussion.
- Pointing out an error or weakness in someone's argument/decision, providing an alternative approach and explaining why the alternative should be preferred.
- Exploring an issue that arises naturally from the case but was not raised in the case itself or in the study questions.
- Sharing any sensitivity analysis or pro formas that were done in Excel.

If you are unwilling or unable to voluntarily contribute to class discussions on a regular basis, I urge you to consider taking a different class. This course, by its nature, depends on lots of student input in class to maximize learning, and substantive contributions are required to earn a good grade for the course.

Food for Thought

As mentioned earlier, students will be called on during class. Consider it your own personal opportunity to contribute to your classmates' education and to develop your ability to think on your feet and speak extemporaneously. Mistakes will be made, but we all learn from our mistakes, and from others' mistakes.[2] I recognize that this creates a certain level of tension for some students, and I will try to be sensitive to anxiety-induced brain cramps. This is an opportunity to gain practice overcoming such anxiety, a skill that will serve you well in years to come.

It is important that different opinions, assumptions and methods of analysis be discussed in class. It contributes greatly to the learning process if, when you disagree with a classmate, you explain clearly what you disagree with, why you disagree, and how you think the decision should be made. This can be done energetically, but with respect for your classmates—belligerence is unnecessary and counterproductive.

Instructor Judgment

Compared to many courses, this course has less emphasis on learning new principles and techniques and more emphasis on *application*, often in contexts fraught with ambiguity. We continually analyze situations where many questions do not have obvious right and wrong answers. Evaluating student performance is therefore not as simple as deducting points for wrong answers. When assessing the quality of reasoning and clarity of presentation in team reports, or in classroom comments, part of the assessment is related to specific items/assumptions/techniques/statements, but a large part involves judging the quality of the overall "package." Both types of judgment, and particularly the overall quality assessment, are necessarily subjective.

As a result, grading is more subjective in this course than in many Finance courses, and I want to make sure everyone understands this clearly up front. I strive diligently to be fair and impartial when making these judgments, but it is a fact of life that the judgments must be made.

[2] I can virtually guarantee that the instructor will publicly embarrass himself several times during the quarter.

Tentative Course Calendar

The schedule for the course is given below. Lecture/discussion sessions are in bold face and cases are italicized. A full write-up will be required for items marked with an asterisk. The "Reference Reading" chapters are from Brealey Myers, *Principles of Corporate Finance 7/E*.

Sep 21
Course Introduction
Spreadsheet Modeling

Sep 26
How Corporations Issue Securities
Reading: Introduction to Stockholders' Equity
Reading: Mezzanine Money for Smaller Businesses
Reading: The Process of "Going Public" in the United States
Mondavi Winery

Sep 28
Reading: A Note on Corporate Venture Capital
Intel 64 Fund

Oct 3
Reading: Making Sense of Corporate Venture Capital
*Intel Capital: The Berkeley Networks Investment**

Oct 5
Guest Speaker – Dr. Carl Kohrt (President and CEO of Battelle)

Oct 10
*Palm Computing, Inc. 1995: Financing Challenges**

Oct 12
Guest Speaker – Steve Jaffee (General Partner Reservoir Venture Partners)

Oct 17
*Newco**

Oct 19
Federal Express vs. United Parcel Service

Oct 24
Oracle Systems

Oct 26
Ellington Industrial Supply

Oct 31
Hampton Machine Tools

Nov 2
Continental Carriers

Nov 7
Coleco Industries

Nov 9
Reading: Bankruptcy: A Debtor's Perspective
*Dragonfly Corporation**

Nov 14
Guest Speaker – Harold Green
Reading: Acquisitions/Divesture/Strategic Planning
Reading: The Anatomy of a Large Company Acquiring a Small Private Company

Nov 16
Guest Speaker – Kerrii Anderson (CFO Wendy's Intl, Inc.)

Nov 21
Car Wash Partners, Inc.

Nov 23
*Davis Boatworks**

Nov 28
Guest Speaker – Mark Butterworth (Principal Innovation Forward, LLC
Case to be handed out

Nov 30
TBD

Readings, Preparation and Case Write-up Questions

SESSION 1

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Date	Wednesday, Sep 21, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	None	
Case	None	
Preparation Questions	None	

SESSION 2

Date	Monday, Sep 26, 2005	
Guest Speaker	None	
Reference Reading	Equity Issuance Refresher: B&M – Chapter 15	
Readings	Introduction to Stockholders' Equity Mezzanine Money for Smaller Businesses The Process of "Going Public" in the United States	
Case	Mondavi Winery	
Preparation Questions	1. Do you agree with the Mondavi family's decision to list public shares? What are your major concerns with how this would impact the business? What are the major benefits? 2. As Robert Mondavi considers the current problems with the company's stock price, how would you recommend he respond to the market's assessment of the company? 3. Consider the process of taking a firm public. How do the road shows and listing documents assist in developing a communication strategy? 4. What types of investors are most likely to be interested in Mondavi? How would you best target those investors? 5. What are the greatest communication issues faced by Mondavi? Ware they impacted by Mondavi's industry, corporate structure or size?	

SESSION 3

Date	Wednesday, Sep 28, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	A Note on Corporate Venture Capital	
Case	Intel 64 Fund	
Preparation Questions	1. Should Intel accept Partridge's proposal? Does it satisfy Intel's goals? What are the risks of implementing the proposal?	

Session 3 Continued	2. Even though Partridge's group arrived at the structure incrementally solving individual issues (managing OEM's, adding end users, avoiding becoming an investment manager, etc.), one could see it as a structure that separates strategic issues from financial investment issues. That is, in the final structure Intel vets investments on strategic issues and Morgan Stanley vets investments on financial return issues. Do you agree? Is this a good solution to the generic corporate venturing tension between strategic imperatives and financial return imperatives? 3. Is this a workable operating structure? What will be the pitfalls going forward in making this work on a day-to-day, week-to-week basis? Is the complexity worth it? 4. Is this a good deal for the OEMs? For the end users in the EAF? 5. If you were the CEO of a private company with the choice of several traditional VC capital sources including the Intel 64 Fund, would you be inclined to take money from the fund? What are the issues-distinct from more traditional VCs-of taking money from the 64 Fund? 6. As a traditional financial VC, would you want to co-invest with the 64 Fund? What are the issues-distinct from more traditional VCs-of co-investing with the 64 Fund?	

SESSION 4

Date	Monday, Oct 3, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	Making Sense of Corporate Venture Capital	
Case	Intel Capital: The Berkeley Networks Investment	
Written Case Analysis Questions	1. Why did Intel decide to invest in Berkeley Networks? Why did Berkeley Networks invite Intel to invest? 2. How does Intel Capital's investment process differ from that of any good private venture capitalist? 3. What is Intel learning from its investment in Berkeley Networks? What is Berkeley Networks learning from Intel? 4. If you were an entrepreneur, would you want Intel as an investor in your startup? Why or why not? 5. What should Keith Larson do?	

SESSION 5

Date	Wednesday Oct 5, 2005	
Guest Speaker	Dr. Carl Kohrt (President and CEO of Battelle)	
Reference Reading	None	
Readings	None	
Case	None	
Preparation Questions	None	

SESSION 6

Date	Monday, Oct 10, 2005	
Guest Speaker	None	
Reference Reading	Short-term Financing Refresher: B&M – Chapters 30 - 32	
Readings	None	
Case	Palm Computing, Inc. 1995: Financing Challenges	
Written Case Analysis Questions	1. Create a cash flow pro forma model. What assumptions did you make? When will Palm need cash? 2. Which of the financing options should Dubinsky and Hawkins choose? 3. What criteria did you use to evaluate the options? 4. What was your primary reason for choosing this option? 5. What do you see as the major drawbacks to your choice? 6. Are there any issues surrounding dilution that Dubinsky and Hawkins should consider?	

SESSION 7

Date	Wednesday Oct 12, 2005	
Guest Speaker	Steve Jaffee (General Partner Reservoir Venture Partners)	
Reference Reading	None	
Readings	None	
Case	None	
Preparation Questions	None	

SESSION 8

Date	Monday, Oct 17, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	None	
Case	Newco	
Written Case Analysis Questions	1. Profile the management team. Would you want to work for this company? 2. Would you invest in Newco? If your answer is yes, then how	

Session 8 Continued	much would you invest? If your answer was no, then why would you not invest? 3. What would you currently value Newco at? What methodology did you use? Make sure you explain if it is a pre or a post money valuation.	

SESSION 9

Date	Wednesday, Oct 19, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	None	
Case	Federal Express vs. United Parcel Service	
Preparation Questions	1. Profile Fred Smith. Would you want to work for him? 2. Describe the competition in the overnight package delivery industry and the strategies these two firms are using to meet the competition. What are the companies' strengths and weaknesses in pursuing their goals? Do you think either firm can sustain a competitive advantage in this business? 3. Why did FedEx's stock price fall at J.C. Penney's announcement? Assuming an efficient stock market, how would you interpret the $85 million decrease in Federal Express equity value? 4. How have the two companies performed since the mid-1980s? Which firm is doing better? What insights do you gain from the financial statements, financial ratios, stock price performance, and EVA™? 5. If you had to choose one of these companies as "excellent" which would you choose? Why? More generally, what is "excellence" in business?	

SESSION 10

Date	Monday, Oct 24, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	None	
Case	Oracle Systems	
Preparation Questions	1. Profile Larry Ellison. Would you want to work for him? 2. What can the historical income statements (case Exhibit 1) and balance sheets (case Exhibit 2) tell you about the health and current condition of Oracle Systems? 3. How can financial ratios extend your understanding of financial statements? What questions do the time series of	

Session 10 Continued	ratios in case Exhibit 3 raise? What questions do the ratios on peer firms in case Exhibits 4 and 5 raise? 4. Is Oracle Systems Corporation financially healthy in September 1990? 5. In light of your answer to the above question, what might account for the firm's recent decline in share price?	

SESSION 11

Date	Wednesday, Oct 26, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	None	
Case	Ellington Industrial Supply	
Preparation Questions	1. Profile Jake Ellington and Mr. Hodges. 2. Model cash flow statements for fiscal years 1994 and 1995. 3. How much cash will Ellington Industrial Supply. (EISI) generate/require in the next two years, based on low and high estimates? Hint: **Perfect time to practice creating Pro forma income, balance and cash flow statements for 1996 and 1997**. 4. Are there any tricks we can employ to avoid a cash infusion? 5. Assuming new financing is through equity, how much should Ellington raise? And when? What other recommendations do you have for Ellington?	

SESSION 12

Date	Monday, Oct 31, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	None	
Case	Hampton Machine Tools	
Preparation Questions	1. Profile Jerry Eckwood and Benjamin Cowins. 2. Model the amount of cash flow Hampton will generate during the last 4 months of 1979. Will this provide a large enough cash balance at year end to pay off the $1 million loan? If an additional $350,000 loan is extended to finance new equipment, will there be enough cash to pay off $1.35 million of debt? 3. Should Mr. Eckerd extend the current loan? Should he lend an additional $350,000? If so, what should the terms be? What are the key factors to consider and how should he	

Session 12 Continued	weigh them? Do you have any other recommendations for him? 4. Evaluate Hampton's recent and planned dividend/repurchase policy.	

SESSION 13

Date	Wednesday, Nov 2, 2005	
Guest Speaker	None	
Reference Reading	Structure Refresher: B&M – Chapters 17, 18, 25	
Readings	None	
Case	Continental Carriers	
Preparation Questions	1. Profile Elizabeth Thorp. 2. Model some financial ratios that might provide insight into the performance of Continental Carriers (No need to regurgitate every conceivable financial ratio, just focus on a few that you think are important). Also, for each year 1983 to 1988, calculate approximate annual returns received by CCI's shareholders from May 1 to May 1. What did you learn? What grade would you give Continental for its performance since 1982? 3. Under the debt alternative, estimate an EBIT-based coverage ratio and a net income-based coverage ratio. Does the loan look safe? What other factors should you consider when evaluating the risk of default? What other information would you want? 4. Ms. Thorp and several directors analyzed the financing choice in various ways, as described in the case. How would you respond to each of them? Make a reasonable estimate of the annual cost to CCI of debt capital, common equity and preferred equity. 5. If you had access to more information, how would you go about deciding how to finance the acquisition? What is your preliminary recommendation: debt, common stock or preferred stock?	

SESSION 14

Date	Monday, Nov 7, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	None	
Case	Coleco Industries	
Preparation Questions	1. Model an estimate of the yield-to-maturity for an investor who owns Coleco's 11.125% debentures and their 14.375% debentures. (Assume that sinking fund payments are simply	

Session 14 Continued	held in trust until the debentures mature, and assume the bonds mature exactly x years ahead.) How can the yield be so high? "Are these bonds trading at prices that offer enormous expected returns? 2. What is Coleco's financial condition, and how did it come about? 3. At this point, who are the significant players in any potential outcome? What are their motivations? 4. What are management's alternative courses of action? How does each one work? 5. What steps should Paul Meyer take now?	

SESSION 15

Date	Wednesday, Nov 9, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	Bankruptcy: A Debtor's Perspective	
Case	Dragonfly Corporation	
Written Case Analysis Questions	1. What priority should Janet and Michael place on the problems that face their business? 2. What options do they have for the resolution of these problems? 3. What are the legal and ethical issues they must resolve? 4. As Janet's brother or sister who is a member of the board of directors, what would you recommend to the board, which includes Janet, Michael, and your parents? 5. What action steps should Janet and Michael take now? Model an involuntary and forced bankruptcy schedule.	

SESSION 16

Date	Monday Nov 14, 2005	
Guest Speaker	Harold Green	
Reference Reading	Investment Policy Refresher: B&M – Chapters 33, 34	
Readings	Acquisitions/Divesture/Strategic Planning The Anatomy of a Large Company Acquiring a Small Private Company	
Case	None	
Preparation Questions	None	

SESSION 17

Date	Wednesday Nov 16, 2005	
Guest Speaker	Kerrii Anderson (CFO Wendy's Intl, Inc.)	
Reference Reading	None	
Readings	None	
Case	None	
Preparation Questions	None	

SESSION 18

Date	Monday, Nov 21, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	None	
Case	Car Wash Partners, Inc.	
Preparation Questions	1. Describe the economics of operating a car wash and the state of the car wash industry. Is this industry an attractive candidate for consolidation? What are the potential hurdles to a roll-up strategy? 2. Do the two proposed acquisitions make sense? Does the projected acquisition cost for 1997 look reasonable, optimistic or pessimistic? 3. Overall, do the CWP projections in the case look reasonable, optimistic or pessimistic? 4. Estimate the value of Car Wash Partners based on the projections in the case. Suppose that Brown, McMillan and Bessemer invest by purchasing CWP common stock. What percentage of the equity should Tom Curtis hope to retain? 5. Is Tom Curtis the right person to run Car Wash Partners? Who should be added to the management team? Other than $6.6 million cash, what (if anything) do Brown, McMillan & Co. and Bessemer Venture Partners bring to the table.	

SESSION 19

Date	Wednesday, Nov 23, 2005	
Guest Speaker	None	
Reference Reading	None	
Readings	None	
Case	Davis Boatworks	
Written Case Analysis Questions	***Scenario 1: Please take the position that you are Buddy Davis in preparing responses to the following questions.*** 1. Who do I want to sell a piece of my business to? 2. How much money do I really need to get from the sale to achieve my personal and business objectives? How could I	

Session 19 Continued	model this if I knew excel like those high priced consultants? 3. What is the right valuation for Davis Boatworks? ***Scenario 2: While taking a plant tour ("You" have decided to purchase a 50' Sportfisherman) you meet Mr. Davis. After he finds you have an MBA he asks your advice to the responses he shares with you from the above questions...*** 1. What questions or issues should I be thinking about that those on the other side of the negotiating table might bring up? 2. What is the difference between pre and post money valuation? Can you give me an example and is this something I should worry about? 3. How are valuations determined? How can I determine what is reasonable? 4. In exchange for private boat handling and sport fishing lessons, Mr. Davis asks you to prepare a financial model that can help him in his decision making process regarding questions pondered in both scenarios.	

SESSION 20

Date	Monday Nov 28, 2005	
Guest Speaker	Mark Butterworth (Principal Innovation Forward LLC.)	
Reference Reading	None	
Readings	None	
Case	To be handed out	
Preparation Questions	To be handed out	

SESSION 21

Date	Wednesday Nov 30, 2005	
Guest Speaker	TBD	
Reference Reading	None	
Readings	None	
Case	None	
Preparation Questions	None	

Administrative Points or "The Fine Print"

Notification of Scores and Final Grades: The results of any graded materials, including final grades, WILL NOT be given by the instructor to individual students via phone, US post, e-mail, or verbally in person.

Materials submitted for grading throughout the quarter will be returned to students generally within one week after submission. Students with invalid absences on the return date must retrieve their materials at the instructor's office.

Students may obtain their final grades online by accessing the University Registrar link.

Other Policies Accommodation: Students with disabilities who request help will be given reasonable accommodation through the advice and assistance of the University Office of Disability Services.

Appeals: Grading errors should be corrected. Appeals must be in writing within two weeks after the graded work is made generally available—not the date you first look at it. If the end of term is within the two-week period, the two weeks will start at the beginning of the next quarter. In general, the entire document will be checked for grading errors, and correcting these could either raise or lower the overall score.

Academic Misconduct: Cheating is grounds for failing the course and additional sanctions. In accordance with Faculty Rule 3335-5-487, all instances of alleged academic misconduct will be reported to the Committee on Academic Misconduct, which recommends appropriate sanctions to the Office of Academic Affairs.

Absences & Make-Ups: In general, work related conflicts or overlapping requirements due in other classes are NOT valid excuses for missing assignments. In cases of valid family, health or safety emergencies, students must contact the instructor PRIOR to the assignment deadline. Unexcused absences will result in a grade of zero (0) for any missed assignments.

It is the sole responsibility of absent students to obtain any missed class notes, handouts, etc. In general, the instructor will not provide missed handouts to absent students during subsequent class periods. In addition, the instructor will generally not discuss missed material with an absent student until that student can provide evidence that (s)he has worked diligently at understanding the material missed.