B8007 — Financial Planning & Analysis (MBA)

Spring 2022, A-Term

Course Description and Syllabus

11/04/2021

Course Description: This is a half-semester introductory course in financial planning and analysis. No prior knowledge of this topic is required or even expected. The main objective of this course is to develop an understanding of how accounting information can be used for decision-making and performance evaluation. The following topics will be covered:

• Product costing
• Activity-based costing (ABC) and profitability analysis, incl. Customer Lifetime Value
• Budgeting and variances
• Decentralization and performance metrics
• Capital budgeting
• Strategy and balanced scorecards
• Internal control issues

Note this course is mutually exclusive with the elective course “B8122 – Accounting for Consultants” (AfC). If you have taken AfC for credit or plan to do so, you will not be able to enroll in this course for credit. Please contact me immediately in case of such a conflict.

Course materials and organization: There is no assigned textbook for this class. Before each class I will post lecture notes. Also posted you’ll find practice problems with solutions to give you an opportunity to verify for yourself after class that you have absorbed the concepts. For updated information once the course has started, please check Canvas. I will make liberal use of email.

Class time will consist of lectures and case discussions. For a lively class, please make sure you have read the assigned readings before class. Some cases are designated as readings for a particular class without any homework questions attached to them. Please read those carefully beforehand, as well.
Grading: There is no mid-term exam. The following grading scheme applies:

- In-class participation: 15%
- Homework (2 assignments): 30%
- Final exam: 55%

Final exam: We will have a 3-hours exam, during the exam time period after the A terms ends. Details to follow.

Homework assignments and case studies: Homework assignments are marked as either “Individual” or “Group” assignments. “Individual” means you will have to hand in your own solution and are not allowed to discuss or share your solution with your fellow students. “Group” means you will hand in one writeup per study group; please mark clearly the names of all group members on the cover sheet. For group assignments, you are strongly encouraged to collaborate in groups. The group size is capped at 4 students, and all group members must be enrolled in the same class section.

I will hand out the assignments and post them online with ample lead-time. You will have to submit your solutions online at 8:30am on the due day (see Session Outline below). Please always have your homework solution at hand for the purpose of class discussion.

I cannot accept late submissions, because the solutions will be posted online by the end of the due date. If you cannot meet a deadline for an assignment for some important reason, you will have to let me know before that particular class. I will then assign you a make-up problem set.

Homework will be graded based on effort. Due to the rather compressed course format, assignments will be forward-looking at times, i.e., you’ll have to work on topics before we cover them extensively in class. The lecture notes will help you make your best attempt at the case, so that we have a sound basis for developing the case solution together in class.

The honor code applies.

Teaching assistant: TBA

Review sessions: TBA

Office hours: By appointment
Tentative Course Outline: B8007, Spring 2022 (A-term)

1. Mon, 1/24  Course Admin & Intro to Profitability Analysis 1
   Readings: Handout #1
   “GM's Volt - The Ugly Math of Low Sales, High Costs”
   “Highest Priority for Finance Today: FP&A”

2. Wed, 1/26  Intro to Profitability Analysis 2
   Cases: “Monsoon”
   Practice problems: #4-17, 4-20* (skip diagram part in 1.)

3. Mon, 1/31  Activity-Based Costing 1
   Readings: Handout #2
   “Goldman Sachs Cuts Roster of Hedge-Fund Clients”
   “The P&C Customer Rediscovered...” [optional]
   Cases: “Seligram”
   Practice problems: #5-18, 5-37*, 5-40

4. Wed, 2/2  Activity-Based Costing 2
   Assignment #1 due (INDIVIDUAL)
   Cases: “Wilkerson”

5. Mon, 2/7  Customer Profitability Analysis
   Readings: Handout #3
   Cases: “Bankinter”

6. Wed, 2/9  Budgeting and Variances
   Readings: Handout #4
   “Just-in-Time Budgeting for a Volatile Economy”
   Cases: “Dummy”
   Practice problems: #7-18, 7-19*, 7-21, 7-31

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1 Practice problems with asterisks are “optional”, to be solved eventually. If you are under time pressure in that particular week, you can postpone them and come back to them when preparing for the exam.
7. Mon, 2/14
   **Assignment #2 due (GROUP)**
   Readings: Handout #5
   Cases: “Denim Finishing”; “Liza Davis”
   Practice problems: #11-20, 11-34, 11-38

8. Wed, 2/16
   **Investments and Performance Measurement 1**
   Readings: Handout #6
   “Swiss Re Ready to Disrupt…”

9. Mon, 2/21
   **Investments and Performance Measurement 2**
   Cases: “Caja España”

10. Wed, 2/23
    **Assignment #3 due (GROUP)**
    **Investments and Performance Measurement 3**
    Cases: “Vyaderm”

11. Mon, 2/28
    **Strategy and Balanced Scorecard**
    Readings: Handout #7
    Cases: “Bain Management Tools 2015”
    “Store24”

12. Wed, 3/2
    **Control Systems**
    Review
    **Course Wrap-up**
    “Citibank”

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**Final Exam:** Exam Period: TBA