eada
business school
barcelona

MÁSTER UNIVERSITARIO EN GESTIÓN EMPRESARIAL
UNIVERSITY MASTER IN MANAGEMENT

MODULE NAME:		STRATEGIC FINANCE (FINANCE AND ACCOUNTING)				
SEMESTER	1	TYPE	SPECIALISM	ECTS		4
FACULTY		Dr. Gavin Kretzschmar Dr. Joanna Pousset Mr. Rafael Sambola				

SKILL PROFILE

BASIC SKILLS		TRANSVERSAL SKILLS		GENERAL SKILLS		SPECIFIC SKILLS	
CB 6	X	CT 1	X	CG 1		CE 1	
CB 7	X	CT 2	X	CG 2	X	CE 2	X
CB 8		CT 3	X	CG 3	X	CE 3	
CB 9	X	CT 4	X	CG 4	X	CE 4	
CB 10	X	CT 5	X	CG 5	X	CE 5	X
		CT 6	X	CG 6	X	CE 6	X
		CT 7	X	CG 7	X	CE 7	
				CG 8		CE 8	
				CG 9	X	CE 9	
				CG 10	X	CE 10	X
						CE 11	X
						CE 12	

OBJECTIVES

This course follows a two-fold approach. In the first section you will develop your financial modelling skills through the use of MS Excel. Excel is a very popular and powerful tool available for financial modelling. The purpose of this section is to help students get familiar with setting up financial calculations in Excel and acquire technical skills in VBA programming. The course is practical in nature. Upon completion, students will be fluent in both Excel as well as financial modelling. Such fluency will position them very well for essentially any financial job.

In the second part of the course you will put these skills into practice by identifying and analysing the key factors on company financial performance. We look at these factors both from a sell side market perspective as well as from a strategy point of view. Our focus will be on BOTH numbers, calculations and also on understanding financial theories and their limitations. Students will be asked to engage in critical thinking about financial tools and methods.

Participants will learn that there is a close relationship between investment (asset purchases), financial decision-making and corporate strategy. In this class we will explore how the basic principles of finance (Investment, Financing and Markets) affect a company's aspirations to grow and succeed.

LEARNING OBJECTIVES

- Understands which financing technique fits corporate needs
- Develops the ability to apply appropriate capital budgeting techniques, project cash flows and relevant terminal values, accurately calculate and choose discount rates [WACC vs. ROIC] and determine financing requirements and their implications for a company's capital structure.
- Investment decision making in Corporate and Project. Structuring of capital budgeting. Strategic investment decision-making.
- Financing decision making - after analysing the company investment decisions we shift to corporate and project finance, maximising shareholder value by structuring finance.
- Understands the context of the intervention of private equity funds and their constraints
- Understand how to actively manage relationships with private equity funds and make the most of their value creation
- Understand the context of the intervention of private equity funds and their constraints
- Select and invest in funds, funds of funds, and/or companyies which are part of the private equity ecosystem
- Provides students with programming concepts and techniques for creating automated data analysis using Excel VBA programming language in the finance industry.
- Build financial templates, scenarios, forecast with Excel.

CONTENTS

INTRODUCTION TO SPREADSHEET MODELLING IN FINANCE

GETTING AND ORGANIZING DATA FROM FINANCIAL DATABASE, FROM THE WEB

EXCEL TOOLS FOR FINANCE (ADVANCED EXCEL FUNCTIONS AND PROCEDURES)

AUTOMATING PROCESSES WITH VBA PROGRAMMING

INVESTMENT AND FINANCING DECISIONS
- NPV/BCR/IRR
- J-Curve and value optimisation
- Working Capital requirements
- Balance Sheet management
- Debt/Equity decision making
- Exit and value optimisation points - Progressive NPV
- Exit point - including Financing flexibility

DISCOUNTED CASH FLOW - INTO MULTIPLES AND PE PRINCIPLES
- Property Development Project - DCF Analysis
- Property Development Project - Multiples Analysis
- Valuation range
- Perform a Sense check against Precedents

STRUCTURED FINANCE & VALUE MAXIMISATION
- Discounted CashFlow
- Property Development Project, cont.
- Corporate Finance and differentiation from
- Project Finance
- Value drivers: Operational / Financing / Structuring
- Sensitivity analysis

HOW PROJECTS DIFFER FROM CORPORATE
- Leveraged Buyout simple example
- Pre-LBO: 100% Equity
- Investment Decision & Multiples
- Transaction structure
- Value drivers: Operational / Financing / Structuring
- Post-LBO: 60:40 Debt to Equity

LEVERAGED BUYOUT - VALUE ON THE BUY SIDE
- Leveraged Buyout extended example
- Pre-LBO
- Investment Decision & Multiples
- Transaction structure
- Value drivers: Operational / Financing / Structuring
- Post-LBO: 60:40 Debt to Equity
- Exit point optimisation

LEVERAGED BUYOUTS: CREDIT RATINGS & COST OF CAPITAL
- Calculate credit rating of debt depending on your times interest coverage ratio
- debt/total assets ratio

STRUCTURING THE FINANCE - SPV
- Divide your finance structure into risk rate tranches

- Escrow - high risk,
- Senior debt - lower risk,
- Equity portion - lowest risk
- Allocate risk and return rate for each of these.

RISK MANAGEMENT AND TERM SHEET
- Stress testing
- Install ATM derivative positions to hedge out risk

METHODOLOGY

For the Excel sessions, all materials will be covered by lecturing and solving practical exercises in Excel VBA during the class time. PPTs, handouts, Excel files / solutions to exercises will be made available before / after corresponding sessions. Students will be asked to explore the possible VBA programming solutions to the examples discussed. The lecturer will provide instant feedback based on students' responses. A group take-home assignment and an individual in-class test will also provide feedback to students on their progress. Class participation is encouraged.

For the remainder of the course, most sessions will contain a lecture to introduce the principles that will be covered in class. Students should come prepared to class, having done the assigned chapter and case readings, to get the most benefit from in-class lectures. Every day you will have 'hands-on' workshop sessions. Lectures will be followed by group discussions to clarify content and deepen students' understanding of the material covered. For some sessions, teams will need to work in groups to perform the analysis and excel workings necessary.

EVALUATION

The final evaluation will be calculated as follows:

1. Class participation: quality, consistency and feedback. (30% min* - 40% max).
2. Specific evaluation tests: exams. (40% min - 50% max)
3. Carrying out work or projects (10% min –30% max)

In the event of a new health emergency that involves confinement, the activities and evaluation weights will not be altered. In case they cannot be done in person, they will be transferred to a virtual environment. Due to the difficulties in correctly evaluating participation in online environments, EADA may reduce the weighting of this component of the evaluation due to the current pandemic circumstances.