

Welcome to the best class on campus:

AGRICULTURAL ECONOMICS 431
Cases in Agribusiness Finance
Syllabus Fall 2003

Time: T/Th 11:10am - 12:25pm
Location: Student Computing Center - Rm. 210

Instructor: Dr. Victoria Salin, Associate Professor
Office: 321D Blocker Building
Phone: 845-8103 (Office)
E-mail: v-salin@tamu.edu
Web site: WebCT@tamu.edu
Office Hours: M/W 9:30-10:30am and W/F 2:00-3:00pm.

Please make an appointment if these times are not convenient for you.

Secretary: Connie Moore
Office: 321 Blocker Building
Phone: 845-5911

TA: Tolu Olofinbiyi
Phone: 458-4772
E-mail: bukola@tamu.edu
Office: 304 F Blocker Building
Office Hours: 3:00-4:30 T/TH

Objectives: AGEC 431 is an applied, senior-level course in which we will explore how the finance function supports the strategic goals of the agribusiness firm. You will be challenged to bring together skills and ideas from previous courses in finance, management, and agribusiness.

The main learning objective of this course is to enable you to *integrate facts* from a variety of sources to *evaluate* the financial condition of a firm and *make decisions* about the future course of action for the firm. You will reinforce your skills in using the financial tools that enable firms to gain a sustainable competitive advantage or that signal problems in the firm (financial statement analysis, capital budgeting, and risk management). Finally, you will gain experience with communicating your financial analysis in a way that is suited to business audiences. We stress the *case study method of learning* in this class.

Course Outline:

- I. **Financial Information and Control**
 - A. Historical Statements
 - B. Ratio Analysis
 - C. Working Capital Management
 - D. Pro-forma Financial Analysis
 - E. Business Ethics and Credibility of Financial Reporting

- II. **Capital Investments**
 - A. Assuming Certainty
 - 1. Project Analysis
 - 2. Cash Flow Projection
 - B. Accounting for Uncertainty
 - 1. Adjusted Cost of Capital
 - 2. Sensitivity Analysis
 - 3. Scenario Analysis
 - 4. Estimation of Key Risk Factors
 - C. Role of Macroeconomic Factors

- III. **Financial Intermediation and Financial Institutions**
 - A. Capital Markets
 - B. Banks and Banking

Texts: Required packet of case studies, for sale at MSC Bookstore Textbook Department (822-5669). Also required: Barbara Ley Toffler, *Final Accounting: Ambition, Greed, and the Fall of Arthur Andersen*, Broadway Books, New York, NY, 2003.

Recommended texts for your complete finance library and for refresher on pre-requisite material:

1. Zvi Bodie and Robert C. Merton, *Finance*, Prentice Hall, Saddle River, NJ.
2. Peter J. Barry, Paul N. Ellinger, John A. Hopkin, and C.B. Baker, *Financial Management in Agriculture*, Interstate Publishers, Danville, IL.

Other resources: Links to electronic information sources are available on the class web site.

Evaluations: The following requirements will contribute to your final grade for the class:

Case studies (written and discussion)	25%
Quizzes and in-class activities	20%
Group project	10%
Midterm exams (3)	10%
Final exam (comprehensive)	35%

Case studies: The case study method of learning is undoubtedly the best thing ever to happen to agribusiness education. You have spent several years gaining a foundation in economics and analytical methods--now we *apply* those skills to business problems like those you will face in the real world very soon. We will consolidate our financial analysis abilities and learn decisiveness and creativity at the same time.

We will have *five class discussions* based on a business case. Your enthusiastic and well-informed participation in the discussions will make this enjoyable and productive! You are expected to read each case thoroughly, consider it carefully, attend class discussions, and participate thoughtfully. The case study discussion dates are as follows:

Sept. 16 - Bunge	Nov. 13 - Monsanto
Sept. 30 - Robert Mondavi	Nov. 25 - Pepsico's Bid
Oct. 21 - Krispy Kreme	

You will also write and submit a short Business Case Decision Memo for each case study. The memo is **due at the beginning of class discussions**. No late papers are accepted. If you like, bring an extra copy for your own use during the discussion.

The main point of your writing is to discuss *financial implications of the strategy* that you recommend for the firm. Each student is free to choose the strategic plan and specific actions that will be used to implement the plan. Use financial analysis tools to evaluate the status of the firm and the recommended action. **See the class website for more detailed guidelines on writing the case analysis, including format requirements, and some examples of student work.**

Use your research skills to be up-to-date on the company. Use publicly available information. You may discuss content of the written analysis with others, but the writing and presentation is to be *your own work*. Everyone writes their own paper. Plagiarism is not acceptable and will be handled in accordance with the University Student Rules (<http://student-rules.tamu.edu>).

The *written analysis, attendance, and quality of participation* in discussions all contribute to the case study component of the course grade.

The **Writing Center** has staff who can help you with your writing skills (Room 1.120 B of Evans Library. Phone: 458-1455).

Writing-Intensive Course Credit: The writing effort in this class satisfies the university's requirements for "...discipline-specific, content area courses that incorporate writing either to demonstrate knowledge or reinforce learning or both." The course is being considered for official designation as a "W" course. Written work accounts for at least 30% of the course grade.

Quizzes: Short quizzes will cover financial computations and major concepts and definitions. Other in-class activities will also be evaluated as part of the quiz grade.

Exams: The midterm exams will cover technical skills in financial analysis, internet searches for financial information, and a case-based decision analysis that is proposed and carried out in the

computer lab. Test dates will be: **October 14** - Internet Treasure Hunt; **October 16** - Technical Test; **October 21 and 23**- Business Decision Case Test.

The comprehensive final exam will cover financial computations, issues from case discussions, and analysis of a current decision problem. **The final is Friday, December 12, 2003 at 3:00pm.** You'll need to bring a **blue book**.

Group Work: Your success as part of a team is essential to making your way in the business world. You will have two ways to learn about team-building and group decision-making in this class:

1) *In-class Teams:* Several in-class activities and discussions will be completed in teams. The instructor will form these in-class groups within the first two weeks of class.

2) *Group Project:* One project will be completed in teams. We will focus on valuation of investments by the SureBeam Corporation. Choose any focused topic on financial management that is related to the company' investment strategy. Form groups of your own choice, consisting of two to four people, to complete the project. Submit a *proposal* for my review no later than October 21, 2003. Final *presentations* will be made in the form of posters which will be presented in class November 18 and 20, 2003. Hints on managing the team project and more details on presenting your poster can be found on the course web site.

Grades: Final letter grades will be determined by the percentage of the total possible weighted points, using the following scale:

90% or above	A	65% - 69.9%	D
80% - 89.9%	B	64% or less	F
70% - 79.9%	C		

Attendance: I expect students to **attend and participate fully** in every class session. Your active involvement in class helps you learn the material, it helps me understand if my teaching is successful, and it improves the understanding of other students. Students must provide satisfactory **advance notice** and **written documentation** of an excuse in order to be allowed to make up work missed due to absence. The instructor will adhere to the *Texas A&M University Student Rules* in considering excuses for absences.

Prerequisites: FINC 341. **NO EXCEPTIONS** will be made. Concurrent enrollment does not satisfy the prerequisite.

Student Needs: All students who have the need for adjustments to enable their learning will be accommodated. The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact the Department of Student Life, Services for Students with Disabilities in Room 126 of the Koldus Building so your professor can best accommodate your needs. The phone number is 845-1637.