



IDM 7720 (A01) (1.5 CH)
BUSINESS CONDITIONS ANALYSIS
Fall 2009

INSTRUCTOR

Name: David A. Stangeland, PhD, CMA

Positions: Associate Dean, Programs and Administration
Professor of Finance
Acting Department Head – Economics

Phone: 474-6477

Office Location: 316 Drake Centre

Fax: 474-7545

Office Hours: After class as needed or by appt

Email: d_stangeland@umanitoba.ca

COURSE DESCRIPTION

This course provides an awareness and understanding of key components of the economic and business environment. It identifies critical indicators that affect decision-making and gives consideration to the competitive environment under which a firm operates. Topics covered include: a consideration of market supply and demand forces and the economic profit a firm may achieve; the basics of financial reporting and the accounting profit a firm may attain; and an understanding of the time value of money and the determinants of a firm's value.

COURSE OBJECTIVE

The objective of this course is to give students the fundamentals of economics, accounting, and time value in a context so they can see the similarities and differences of the different frameworks and utilize these concepts so that the firm's strategy is optimized. Students should leave the course with an understanding of why maximizing economic profit is different than maximizing accounting profit and why maximizing either of these on a one-year basis is likely a suboptimal corporate strategy.

REQUIRED MATERIAL

IDM 7720 Course Reading Package

Calculator: programmable scientific or financial model preferred. If you have a PDA, I strongly recommend you obtain the powerOne Finance Software from the www.infinitysw.com website. For iPhone users, I recommend the Fast Figures App. If you have a laptop, you may use it in class and use either Excel (if you are an Excel expert) or the powerOne Finance Software for PC's. You will be required to use Excel for your assignments.

GRADING AND EXAMINATIONS

Assignments 45%

Final Exam55%

Final grades are based on the student's weighted mark and performance relative to other students. The following are the tentative grade cut-offs.	
A+	92-100
A	81-91.9
B+	77-80.9
B	71-76.9
C+	67-70.9
C	61-66.9
D	51-60.9
F	0-50.9
These tentative cut-offs are subject to adjustment up or down depending on the relative performance of the current class compared to prior classes that have taken the course with the same instructor.	

Notwithstanding marks in other components, students who receive less than 50% on the final exam will be assigned a failing grade. Notwithstanding other marks, students who are absent (without a valid medical excuse with supporting written documentation) for 3 or more classes will also receive a failing grade.

Students are not allowed to miss an assignment or exam unless a valid medical excuse is provided. **Students with valid medical excuses must get official written documentation to support their claim.** There will be no make-up assignments. Those students who miss an assignment and have a valid medical excuse will have the weight of that assignment added to the final exam. Those students who miss an assignment without a valid medical excuse will receive a mark of 0% on that assignment.

Individual assignments will be due throughout the course. Students must hand in their assignments at the beginning of the class in which it is due (unless otherwise specified). If you submit an assignment late it will be penalized as follows: up to 10 minutes late, no penalty; more than 10 minutes late up to 3.25 hours late (i.e., during class) -25%; more than 3.25 hours late up to the end of the next class -50%; after the end of the next class -100%. E.g., suppose you submit an assignment 20 minutes into the class. If you received 80% on the assignment before the late penalty, you would receive 55% following the penalty. The minimum mark on an assignment after all late penalties is limited to 0%. It is your responsibility to have your assignment delivered to class on time; other forms of submission will not be accepted and will not be marked.

Formula Sheets: Each student is permitted to bring in **one** standard sheet of paper (8.5 x 11 inches) on which he/she can write anything. **NO word-processed or photocopied material is allowed on your formula sheet.** Improper formula sheets will be confiscated and students will be allowed to complete the exam without any formula sheet. You are only allowed to use your own formula sheet during the exam.

All exams and assignments are to be done on an individual basis. It is an academic offense to use the material or answers of another student or to provide another student with your material or answers. Any suspected breach of this code of Academic Integrity will be dealt with to the fullest extent. If person A copies from person B on an exam or assignment, then both person A and person B will be penalized. It is the responsibility of everyone to ensure nobody copies, transmits information, or facilitates copying or information transfer to another person during an exam or assignment. If you have a question during an exam, direct the question to the professor, do not ask another student and do not reply to another student.

PROFESSIONAL CONDUCT

Students are expected to demonstrate professional conduct for the duration of the course. Some aspects of this include the following: attending each class and arriving on time, returning from breaks (if provided) on time, restricting discussions in class to the current course material, keeping mobile phones in the "off" or "silent" modes, and not placing or answering calls, text messages, or emails during class time. If you feel your classmates are not demonstrating professional conduct, please inform them and/or your instructor so that they have the opportunity to change. Unprofessional conduct is disruptive to the learning environment and makes mastering the course material more difficult for all students.

TENTATIVE CLASS SCHEDULE

Classes take place on Tuesdays. The tentative timing of classes and breaks are as follows. Adjustments may be made by the professor as needed to fit topics and discussion. The schedule below does not apply on the examination day.

Time	Event	Hours
18:15-19:45	Class time	1.5
19:45-20:00	Break	0.25
20:00-21:30	Class time	1.5
Total class time per day		3 hours
Total break time per day		0.25 hours

TENTATIVE COURSE OUTLINE

You will find that the course starts with the basics but progresses very quickly. The material covered builds on earlier material. It is important to stay current in your studies; otherwise, you will not understand the new material as it is presented.

You must read the readings in advance of the relevant classes; you will have a much better chance of understanding the material as it is taught and attaining success in the class. It is the **student's responsibility** to read the assigned material **prior** to the relevant class.

Class Meeting	Topic	Reading (Text and Chapter)
1	Basics of Supply, Demand, Price, Quantity, Market Clearing, Elasticities, and Costs	FEB 2, FEB 4
2	Economic Profit: Perfect Competition versus Monopolies	FEB 5
3	Basics of Financial Reporting and Accounting Profit	CF 2 and pages 160-162
4	Basics of the Time Value of Money	CF 4
5	Reconciling profit with value. What should be the optimal strategy for the firm?	CF 4
6	Final Exam: Covers the whole course	

FEB is *Fundamentals of Economics for Business*, by David Barrows and John Smithin, 2006, Captus Press Inc., Concord, Ontario.

CF is *Corporate Finance, Canadian Edition*, by Berk, DeMarzo and Stangeland, Pearson Education, 2010.

ATTENDANCE

It is extremely important that you attend all classes. Students who have indicated they would learn the material on their own and not attend class (for example, due to work commitments) have always performed very poorly in my courses as much of the in-class content is not covered in the readings or even the PowerPoint. It is through active participation in class that you will achieve the most from this course.



ACADEMIC INTEGRITY

I.H. Asper School of Business. The University of Manitoba

It is critical to the reputation of the I. H. Asper School of Business and of our degrees that everyone associated with our faculty behaves with the highest academic integrity. As the faculty that helps create business and government leaders, we have a special obligation to ensure that our ethical standards are beyond reproach. Any dishonesty in our academic transactions violates this trust. The University of Manitoba Graduate Calendar addresses the issue of academic dishonesty under the heading "Plagiarism and Cheating." Specifically, acts of academic dishonesty include, but are not limited to:

- using the exact words of a published or unpublished author without quotation marks and without referencing the source of these words
- duplicating a table, graph or diagram, in whole or in part, without referencing the source
- paraphrasing the conceptual framework, research design, interpretation, or any other ideas of another person, whether written or verbal (e.g., personal communications, ideas from a verbal presentation) without referencing the source
- copying the answers of another student in any test, examination, or take-home assignment
- providing answers to another student in any test, examination, or take-home assignment
- taking any unauthorized materials into an examination or term test (crib notes)
- impersonating another student or allowing another person to impersonate oneself for the purpose of submitting academic work or writing any test or examination
- stealing or mutilating library materials
- accessing tests prior to the time and date of the sitting
- changing name or answer(s) on a test after that test has been graded and returned
- submitting the same paper or portions thereof for more than one assignment, without discussions with the instructors involved.

Many courses in the I. H. Asper School of Business require group projects. Students should be aware that group projects are subject to the same rules regarding academic dishonesty. Because of the unique nature of group projects, all group members should exercise special care to insure that the group project does not violate the policy on Academic Integrity. Should a violation occur, group members are jointly accountable unless the violation can be attributed to a specific individual(s).

Some courses, while not requiring group projects, encourage students to work together in groups (or at least do not prohibit it) before submitting individual assignments. Students are encouraged to discuss this issue as it related to academic integrity with their instructor to avoid violating this policy.

In the I. H. Asper School of Business, all suspected cases of academic dishonesty are passed to the Dean's office in order to ensure consistency of treatment.



MEDICAL ABSENTEEISM FORM

I.H. Asper School of Business, The University of Manitoba

STUDENT IDENTIFICATION: (PLEASE PRINT CLEARLY)

_____	_____	_____	_____
Last Name	First Name	Middle Initial	U of M Student Identification Number
_____	_____		
Course #	Instructor Name		
_____	_____		
Student's Signature	Date		

TO BE COMPLETED BY THE ATTENDING PHYSICIAN: (after the above section is completed) (PLEASE PRINT CLEARLY)

_____	_____	_____
Physician's Last Name	Physician's First Name	Middle Initial
_____	_____	_____
Street Address	City, Province	Postal Code
_____	_____	_____
Telephone Number	Fax Number	
_____	_____	
<p>To the attention of the physician: Your evaluation of the student's condition is being used for the purpose of determining whether or not the student has a <u>valid reason</u> to miss an important <u>exam</u> or <u>assignment</u>. Your professional evaluation is necessary to ensure that only valid cases are excused.</p>		
<p>I certify that the nature of the student's condition is severe enough to prevent the student from taking an exam or completing an assignment. If requested, my associates or I will verify for the above named instructor/administrator that this information is accurate.</p>		
<p>The student's condition will likely span the following dates:</p>		
_____	until	_____
(Indicate start date)		(Indicate end date)
_____		_____
Physician's Signature	Date	

NOTES TO PHYSICIAN:

- Please make a note in the student/patient's file indicating that the student has given the above named instructor/administrator permission to verify with you, your staff, or your colleagues, that the information contained on this form is correct. Thank you for your professional evaluation of this student's condition.
- **PLEASE ATTACH THIS FORM TO YOUR REGULAR OFFICE STATIONERY THAT INDICATES THE STUDENT VISITED YOUR OFFICE.**

NOTES TO STUDENT:

- The use of this form is at the option of the student. However, in order to obtain an excused absence for an assignment or exam the student must obtain a doctor's certification that the student's condition is severe enough to prevent the student from taking the exam or completing the assignment.
- It is NOT SUFFICIENT to provide a note that only indicates the student visited the doctor's office.

David A. Stangeland

Associate Dean Programs & Administration, I.H. Asper School of Business
Professor of Finance, Department of Accounting & Finance
Acting Department Head – Department of Economics, Faculty of Arts

Areas of Research Interest: Corporate governance, control and valuation effects: mergers, acquisitions, ownership structure, antitakeover defences; international Finance

Areas of Teaching Interest: Corporate finance, investment banking, international finance

Dr. Stangeland's primary area of research is on corporate governance and control and the effect on corporate performance and value. Issues examined included unsuccessful takeovers, takeover defences, shareholder rights, earnings quality, and ownership structure. Specific emphasis is on how these issues affect corporate operating performance, investment levels, and equity valuation. Some of this work is published in the research volumes, *Corporate Decision-Making in Canada*, *Concentrated Corporate Ownership*, and in journals, *Business Quarterly*, the *Journal of Corporate Finance*, and the *Stanford Journal of Law, Business and Finance*. Much of the international aspect of this work concentrates on US and Canadian firms with comparisons of ownership structure and operating efficiency across the two countries. His research with Dr. Randall Morck (University of Alberta) and Dr. Bernard Yeung (University of Michigan) extends the above analysis to encompass countries from around the world. The National Bureau of Economic Research of the United States provided support and publication of some of this research.

In conjunction with Dr. Harry Turtle (Washington State University) and Dr. Christos Pantzalis (University of South Florida), Dr. Stangeland has examined the effects of national elections on equity markets around the globe. This research addresses the degree of uncertainty resolution surrounding elections by classifying elections according to the outcome and the degree of economic, political, and press-freedom in the countries studied. The I.H. Asper School of Business' CIBS provided seed-money to fund this research and additional support was provided by the SSHRC (Dr. Turtle). This research is published in the *Journal of Banking and Finance*. Dr. Stangeland's other works have been accepted for publication in the following refereed journals: the *Journal of Financial and Quantitative Analysis*, the *Journal of Financial Education*, the *Journal of Business and Economics Research*, the *Journal of Corporate Ownership and Control*, the *Review of Accounting and Finance*, and *Financial Management*. In addition to the co-authors mentioned above, Dr. Stangeland's research has been in conjunction with Dr. David Manry (University of New Orleans) and from the University of Manitoba: Dr. Charles Mossman, Dr. Steven Zheng, Dr. Stephen Alford, and Dr. Gady Jacoby.

Dr. Stangeland has been a frequent journal and conference reviewer. His research has won the Irwin Distinguished Paper Award from the Southwestern Federation of Administrative Disciplines and the Associates Achievement Award of the I.H. Asper School of Business. In addition, Dr. Stangeland is a two-time winner of the CMA Canada Academic Merit Award for combined excellence in teaching and research. Dr. Stangeland teaches investment banking, corporate and international finance. His teaching spans the undergraduate, MBA, and PhD. levels. Dr. Stangeland has been a four-time recipient of the Certificate of Teaching Excellence from the University Teaching Services and UMSU. International teaching assignments have also been common for Dr. Stangeland. In 1998, he taught MBA International Finance in the Czech Republic under the sponsorship of the Canadian Consortium of Management Schools and the Canadian International Development Agency. In 2000 he taught managerial finance in a post-degree program in the People's Republic of China. He also teaches the managerial finance course to MBA students at the Warsaw School of Economics each summer (since 2000) in Poland.

In addition to his Ph.D. in finance from the University of Alberta, Dr. Stangeland is a Certified Management Accountant (CMA). Dr. Stangeland serves on the National Board of Directors for CMA Canada and chairs CMA Canada's Pension Committee. Dr. Stangeland also serves on the Board of Trustees for the University of Manitoba Pension Plans, is a member of the Investment Committee for the Teachers' Retirement Allowance Fund (TRAF) of Manitoba, and is a member of the Independent Review Committee for a mutual fund company.