

Professor Tim Baldenius
Columbia Business School
547 Kravis
tb171@columbia.edu

B8007 — Financial Planning & Analysis (MBA)

Spring 2023, A-Term, as of January 18, 2023

Course Description and Syllabus

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 that **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. I will post online lecture notes (before each class) and practice problems with solutions for you to assess after class that you have absorbed the concepts. Please check Canvas regularly for updated information. 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 grading scheme is as follows:

In-class participation	20%
Homework (3 assignments)	30%
Final exam	50%

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 post the assignments 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 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 an assignment deadline for some important reason, you have to let me know before the due date. I will then assign you a make-up problem set.

Homework will be graded based on effort. Because of 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 in detail 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: Mr. Shunsuke Matsuno, SMatsuno26@gsb.columbia.edu

Review sessions: TBA

Office hours: By appointment

Tentative Course Outline: B8007, Spring 2023 (A-term)

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| 1. Mon, 1/23
Readings: | Course Admin & Intro to Profitability Analysis 1
Handout #1
“GM's Volt - The Ugly Math of Low Sales, High Costs”
“Highest Priority for Finance Today: FP&A” |
| 2. Wed, 1/25
Cases:
Practice problems: | Intro to Profitability Analysis 2
“ <i>Monsoon</i> ”
#4-17, 4-20* ¹ (skip diagram part in 1.) |
| 3. Mon, 1/30
Readings:

Cases:
Practice problems: | Activity-Based Costing 1
Handout #2
“Goldman Sachs Cuts Roster of Hedge-Fund Clients”
“The P&C Customer Rediscovered...” [optional]
“ <i>Seligram</i> ”
#5-18, 5-37*, 5-40 |
| 4. Wed, 2/1
Assignment #1 due (INDIVIDUAL)
Cases: | Activity-Based Costing 2
“ <i>Wilkerson</i> ” |
| 5. Mon, 2/6
Readings:
Cases: | Customer Profitability Analysis
Handout #3
“ <i>Bankinter</i> ” |
| 6. Wed, 2/8
Readings:

Cases:
Practice problems: | Budgeting and Variances
Handout #4
“Just-in-Time Budgeting for a Volatile Economy”
“ <i>Dummy</i> ”
#7-18, 7-19*, 7-21, 7-31 |

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.

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| 7. Mon, 2/13 | Decision Analysis |
| Assignment #2 due (GROUP) | |
| Readings: | Handout #5 |
| Cases: | "Denim Finishing"; "Liza Davis" |
| Practice problems: | #11-20, 11-34, 11-38 |
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8. Wed, 2/15 |
Investments and Performance Measurement 1 |
| Readings: | Handout #6 |
| | "Swiss Re Ready to Disrupt..." |
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9. Mon, 2/20 |
Investments and Performance Measurement 2 |
| Cases: | "Caja España" |
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10. Wed, 2/22 |
Investments and Performance Measurement 3 |
| Assignment #3 due (GROUP) | |
| Cases: | "Vyaderm" |
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11. Mon, 2/27 |
Strategy and Balanced Scorecard |
| Readings: | Handout #7 |
| | "Bain Management Tools 2015" |
| Cases: | "Store24" |
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12. Wed, 3/1 |
Control Systems |
| | Review |
| | Course Wrap-up |
| Cases: | "Citibank" |
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Final Exam: |
TBD |