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Reforming Master Programmes in Finance in Armenia and Moldova / REFINE

An Erasmus+ Capacity Building Project (2017-2020)

The course Strategic financial management overview

Comrat State University

Teacher: Liudmila Todorici, PhD, Associate Professor



General information about the course



| | |
|---|---------------------------------------|
| Title of the course (as specified in the reformed curriculum) | Strategic financial management |
| Name of the teacher | Liudmila Todorici |
| Novelty of the course (please select as appropriate) | This course is new in the curriculum |
| Year of the course in the curriculum | 2 |
| Semester of the course in the curriculum | 3 |
| Language of instruction of the course | Russian, English |
| Number of ECTS credits | 5 |

Learning outcomes of the course



- to explain the role of strategic financial management in the company's development
- to apply different types of capital structure and their implications for cost of capital and associated decisions
- to apply the financial and accounting statements to measure the financial health of a company
- to diagnose the company's financial position
- to calculate the cost of equity and debt capital, as well as the weighted average cost of capital

Learning outcomes of the course



- to use stages of strategic management of funding sources
- to apply stages of strategic management of the company's value and property
- to identify and to justify the range of investment appraisal techniques
- to manage real investments
- to manage financial investments
- to implement the concept of mergers and acquisitions
- to develop the company's financial strategy.

Brief summary of course contents



The course "strategic financial management" focuses on the role of the functional branch of management-financial management - in the development and implementation of the company's strategy. On the basis of this discipline, students have the opportunity to expand the range of research in the field of modern strategic analysis and strategic process management in the company. The course is based on modern Western financial and management literature and materials of the world's largest companies in the field of management consulting.

Brief summary of course contents



The educational purpose of the course is, first, the study of the main problems of financial strategy, technology of long-term financial decisions, financial instruments, effective capital management, mobilization of financial resources on optimal terms. And, secondly, in the professional application of quantitative and qualitative methods of assessing the various situations that in practice are usually faced by a financial analyst and a financial manager.

SYLLABUS OF THE COURSE



| The title of topic | Form of study | | | | Total | Form of control |
|---|---------------|---------|------------------------|------------|-------|-----------------|
| | Classroom | | | self-study | | |
| | Total | lection | seminars/ practical | | | |
| Topic 1. Introduction to strategic financial management | 4 | 2 | 2 | 14 | 18 | 1,2,3,4 |
| Topic 2. Methods of evaluation and indicators of strategic financial management | 8 | 4 | 4 | 16 | 24 | 1,3,4 |
| Topic 3. Strategic management of funding sources. | 4 | 2 | 2 | 24 | 20 | 1,3,4,5 |
| Topic 4. Strategic management of the company's value and assets. | 8 | 4 | 4 | 16 | 24 | 1,3,4,2 |
| Topic 5. Managing company investments | 8 | 4 | 4 | 20 | 28 | 1,3,4,2 |
| Topic 6. Mergers and acquisitions strategy, strategic alliances | 8 | 4 | 4 | 16 | 24 | 1,2,3,5 |
| Total | 40 | 20 | 20 | 110 | 150 | |

Form of control:

- 1-Solve problems
- 2-Group discussion
- 3-Presentations and essays
- 4-survey and testing.
- 5-Colloquium

- **TOPIC 1. Introduction to strategic financial management**
- **1.** Economic essence and role of strategic financial management in the modern economy.
- **2.** Principles and functions of strategic management
- **3.** Financial strategy - as a fundamental element of the company's financial health.
- The topic reveals the essence and role of strategic financial management in the modern economy, the principles and functions of strategic management. The necessity of developing a Financial strategy for the company's development is justified. The main stages of developing a financial strategy are disclosed.

TOPIC 2. Methods of evaluation and indicators of strategic financial management

- 1. Financial reporting, its role in the strategic management of the firm.
- 2. Strategic financial indicators and their relationships. Factor models of financial analysis.
- This topic describes strategic financial indicators and their relationships. Factor models of financial analysis. Key financial multipliers. The topic also describes the method of diagnostics of the company's financial condition (indicators of profitability , liquidity, business activity and financial stability and etc.) based on the analysis of the company's financial statements.

Topic 3. Strategic management of funding sources.

- 1. Types and classification of funding sources. Factors that influence the choice of funding sources.
 - 2. The concept of the structure, cost, and price of capital. Capital valuation methods.
 - 3. Stages and methods of strategic management of the company's funding sources.
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- The topic reveals: the Concept of the structure, cost and price of capital. Cost of borrowed capital. Justification of the debt capital rate credit ratings. Cost of equity capital. Weighted average cost of capital in making investment decisions and evaluating the company's value.
 - The stages and methods of strategic management of the company's funding sources, as well as factors that influence the choice of funding sources are presented.

TOPIC 4. Strategic management of the company's value and property.



- 1. The essence and stages of strategic management of the company's property.
 - 2. The system of company value management. Approaches to assessing the company's value
 - 3. Managing long-term assets.
 - 4. Managing current assets.
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- This topic reveals the essence of the company's value management system; the revenue approach to valuation, its methods: the property approach to valuation, its approaches. The stages of managing long-term and current assets are also indicated.

TOPIC 5. Managing company investments

- 1. Stages of development of the company's investment management policy
- 2. The management of real investment.
- 3. Financial investment management. Valuation of company shares and bonds: models of constant and growing income.
- This topic presents the stages of real and financial investment management policy. The article presents a model for evaluating the profitability of a financial asset of the CAPM(Capital Assets Pricing Model), the concept of value-oriented business management (VBM), cashflow return on investments, CFROI), and also valuation of company shares and bonds.

- **Topic 6. Mergers and acquisitions strategy, strategic alliances**
- 1. The concept of mergers and acquisitions
- 2. Types of mergers and acquisitions.
- 3. Characteristics of the transaction and their impact on the profitability of the Corporation-buyer.
- This topic reveals: mergers (acquisitions) and opportunities for foreign economic growth. The motives of capital consolidation: the advantages of integration and diversification, the possibility of pooling resources, the distribution of risks by structural units, And other criteria for the profitability of mergers (acquisitions). Factors determining strategic decisions on mergers (acquisitions). World experience of mergers (acquisitions) in the process of formation and development of corporations.

Teaching methodology of the course



The training methods used can be divided into 3 groups :

1. verbal;
2. practical;
3. visual.

- Verbal teaching method includes: lecture, explanation, conversation, discussion. In contrast to lectures, conversation and discussion involve the inclusion of students in the discussion of the material, which develops their interest in the cognitive process. The training process uses lectures such as: introductory lecture, lecture-discussion, lecture-visualization, lecture with pre-planned errors. This method is used in the audience.

Teaching methodology of the cours



2. practical;

- - Practical reception involves active practical activity of students. Practical training methods can be presented in the form of: exercises, tests, problem statement and search for its solution (students perform mental or practical actions, the purpose of which is to master a certain skill perfectly). This method of training is used both in practical classes in the classroom, and involves independent performance of exercises and tasks at home.
- The problem should activate the students ' thought processes and encourage them to actively search for a solution. In addition to acquiring knowledge, the problem-based learning method allows students to master the ways of obtaining it: search practice; analysis skills; independent research activities; and the layout of the information received.

Teaching methodology of the cours



3. visual.

- Visual method involves the use of visual aids or other tools in the learning process that reflect the essence of the objects, processes or phenomena being studied. Visual methods include illustrations, presentation (drawings, tables) and demonstrations (this includes viewing movies). This method is used primarily in the audience.

Labour market relevance of the course



- During meeting with employers in Comrat State University, was presented main stages of the “REFINE” project.
- The study of the labor market for this course is quite relevant, as revealed the problem of lack of competent personnel in the field of financial strategic management, identified the need to strengthen the knowledge and skills of graduates in the field of financial strategic management.

Labour market relevance of the course



- Main additional competencies and skills that organizations expect from a new employee in the financial sector:

Strategic management;

Risk assessment;

Bankruptcy Diagnosis.

- Based on the results of the analysis in the summary of the main results of the seminar with employers it is recommended to strengthen knowledge, skills or competencies in the field of "Strategic financial management".

Assessment and grading



Comrat State University has a 10-point grading system.

To pass the course, students must have a current assessment of the results of listening to the discipline, which consists of the average of the estimates at the seminar (current survey, tests, presentations, reports, abstracts, messages, essays, etc.) and the certification assessment (control work). After that the student is allowed to take the exam. The composition of the examination ticket - 2 theoretical questions and 1 task. The final grade for the course is determined by summing the exam score multiplied by 0.4 and the current average score multiplied by 0.6.

References



- Asquith, P., Weiss, L.A. (2016) Lessons in Corporate Finance: A Case Studies Approach to Financial Tools, Financial Policies, and Valuation John Wiley & Sons, Incorporated. ISBN-13(EAN): 97817495685949
- Koller, T., Goedhart, M., Wessels, D. (2010) Measuring and Managing the Value of Companies, McKinsey & Company Inc. ISBN: 14521067473.
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- Fernandez, P. (2007). Valuing Companies by Cash Flow Discounting: Ten Methods and Nine Theories. Journal of Management Science, 1(1), 80–100.
- Schmidlin, N.: “The Art of Company Valuation & Financial Statement Analysis”; Wiley; 2014. ISBN: 9781118843048
- Kovalev V. V., Volkova O. N. Analysis of profitability, liquidity and financial stability of the enterprise. M.-PBOJUL, 2018 – 224 p.

Course assignments



Presentation

- Presentation is considered as a communicative process associated with showing a prepared informative message to students and teachers in the audience. A distinctive feature of the presentation is its interactivity: the message is made in the mode of dialogue with participants.

Course assignments



Every Presentation, like business communication involves the precise formulation of goals to be achieved. These goals can be summarized as follows:

- * motivate (encourage) someone to consider a particular issue, make a decision, or perform actions;

- * convince someone (your colleagues, supplier, potential partner, client, etc.) to

the reality, significance, potential success, etc. of your offer:

- * inform a potentially or actually interested party about something.

Thus, the presentation is designed to help create the most favorable conditions for achieving the most concrete results that meet its goals.

Group work. (Example.)



- At the beginning of the lesson, students should be divided into teams (groups) of 5-7 people who will form the financial strategic departments of the corporate .
- Next, the teams can be given a situation (problem). For example: Strategy game "knitting factory"style"". The management of the knitting factory plans to expand markets. For this purpose it is required to produce more qualitative and demanded production. In addition, it is planned to launch several new production lines.

Group work. (Example.)



- It has long been planned to replace the equipment in several production halls. The problem was the lack of financial resources associated with large receivables.
- The questions posed to the group are: what strategy is appropriate in this situation? What can the management of the plant do? Forecast based on indicators of financial and economic activity.
- After the discussion, each team will have to present its own version of the answer to the questions posed and develop a financial strategy of the company.
- At the end of group work, the teacher can evaluate the work of all groups.



**Thank you for your attention
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