Advanced Corporate Finance (B8307)
Spring 2017
Professor Neng Wang

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Course Overview

Advanced Corporate Finance develops the art and science of corporate strategic decision making and corporate valuation. We apply the Modern Corporate Finance and Investments Theory to real-world cases on corporate investment and financial policies, the use of financial instruments, corporate strategies, and corporate valuation. This course uses the basic valuation tools developed in Corporate Finance, but it is not the Corporate Finance course “on steroids.” This is a course on the economics of finance. Throughout the course, we will focus on the uncertainty and imperfections that decision makers face in the rapidly changing real world.

We integrate theory with practice by organically blending lectures with cases. I will revise and fine-tune the course plan as I learn more about how you learn and where the highest value-add for you may lie. The ultimate goal is to help you become better decision makers who understand the complexity of the uncertain real world and can take intelligent calculated risks accordingly. My objective is to equip you with not just useful finance and economic analytical frameworks and tools, but more importantly, to introduce you to a set of big ideas in finance and economics that I think will be very helpful for your lifelong learning and career development.

Advanced Corporate Finance should be considered a capstone course. Students are expected to perform professional level work. The class is open to both 1st and 2nd year students.

Tentatively, I plan to cover the following topics: equity and debt financing, M&As, leveraged buyouts (LBOs), corporate bankruptcy, asset management, venture capital and private equity, and entrepreneurial finance. We analyze real-world situations from the perspectives of both insiders (e.g., CEOs and CFOs) and outsiders (e.g., equity, debt, and other investors.)

I plan to organize the course via the following four modules subject to changes:

- Module 1: The Art and Science of Valuation: Real Options, Asset Illiquidity, and Financial Crisis
  - Cases: Arundel, VHSS, Going to the Oracle: Goldman Sachs, September 2008, and Before the Fall: Lehman Brothers 2008

- Module 2: Venture Capital Valuation and Contracting
  - Cases: Sunrise, Metapath
Course Requirements and Grading

This course relies heavily on class participation and requires serious preparation for each session. It is essential that students complete all required reading and prepare for class discussions before each session. Group case discussions prior to class are strongly encouraged. Each study group (of four or fewer students) is required to submit a two-page (typed and double-spaced) write-up analyzing the case due at the beginning of each session. You may attach related numerical calculations to your team’s two-page write-up to support your analysis and recommendation. Late submissions of the write-up will not be accepted. These case write-ups will comprise 1/3 of the course grade.

To encourage class discussion and presentations, 1/3 of the course grade will be based on class participation broadly defined. I expect each student to be able to open a case discussion and also contribute to the ongoing class discussion. To facilitate class discussion and dynamics, please bring name cards to each session.

The remaining 1/3 of the course grade will be based on an individual take-home case analysis.

All requests for re-grades should be submitted, in writing, within two weeks of my returning cases to you. You need to submit a detailed description of your request.

Course Materials and References

1. Case Packet. It contains the cases that we will be analyzing, additional reading, and other reference materials.
3. Class Handouts. I will distribute additional materials as I see fit.
4. Spreadsheets. Sometimes I will post spreadsheets on Canvas (e.g., for some cases.)

Required reading and cases will be made available to you in advance. There is no required textbook for the course. Please regularly check the course website.

Honor Code

Students are expected to fully abide by the Honor Code, which states “As a lifelong member of the Columbia Business School community, I adhere to the principles of truth, integrity and respect. I will not lie, cheat, steal or tolerate those who do.”

The structure of this class, especially the amount of group work and measurement of performance
based on team products, makes the application of the Honor Code (for both students and teachers) a little trickier than in a midterm/final class. For example, I cannot determine, other than through information that is given to me in peer evaluations and what I observe in class, to what extent one group member shirked responsibility at his or her group's expense.

Case solutions for a grade are designation type A (group/group). The final case is designation type C (individual/individual).

The following are examples of violations of the Honor Code:

1. Using any written or verbal account of a solution to (or analysis of) any of the cases taught in the class to complete any course requirements. This includes using any prior solution to the case (be it someone's class notes or cases/solutions from a prior quarter, teaching notes from professors, etc.).
2. Any communication to students in other sections of the class for whom a case is due at a later time concerning any details of the class discussion of the case.
3. Unauthorized communication concerning the final case once it has been handed out.