

**Student Learning Outcomes Committee**  
 Department/Program Assessment Results Report

Department/Program: MSBA

Degree: Finance

Date Submitted 03/25/10

The purpose of this report is to communicate the assessment activities that have taken place during the 2008 academic year and convey how the results are being used to improve student learning at the program level. The report should be kept as succinct as is possible, while answering the following questions clearly and conscientiously:

**I. Working from your assessment report of last year, please discuss some changes made or strategies implemented in response to last year's results.**

Major reviews and changes took place last year. For this year's report, the assessment cycle was followed, with no additional changes introduced.

**II. Drawing upon the goals and objectives contained in the department/program student learning assessment plan, what was the focus of the department's student learning assessment for the past academic year?**

**This year's assessment focused on the following GOALS and their associated Student Learning Outcomes:**

<b>A. Goal 2: Evaluate choices between competing resource needs.</b>		
Learning Outcomes: 1. Select among and apply capital budgeting techniques 2. Determine discount/hurdle rates 3. Evaluate investments in working capital and long-term assets.	2009	Finance comprehensive exam

<b>B. Goal 4: Valuing a firm and its assets</b>		
Learning Outcomes: 1. Selecting among and apply valuation techniques, both DCF (discounted cash flow) and non-DCF approaches 2. Apply the contingent claims approach to valuation	2009-10	Finance 653

**B.** The committee has completed an entire assessment cycle. All the GOALS of the MSBA-Finance program have been assessed. Appendix A shows the next cycle of assessments scheduled to start in 2010.

### III. What information was collected, how much, and by whom?

The key assessment vehicles for the student learning outcomes listed under item II consist of: individual-student case analyses completed for the Finance Department's MSBA Comprehensive Exam (SLO 2.1, 2.2, and 2.3); and exam- and case-based results obtained in Finance 653 (SLOs 4.1 & 4.2).

#### **GOAL 2: SLOs 2.1, 2.2, and 2.3**

The above goal and associated SLOs were assessed thorough a comprehensive case study exam as part of the MSBA (Finance) Comprehensive Exam, Spring 2009.

Question 2 in the Comprehensive Exam (see below) is designed (in part) to assess student performance vis-à-vis SLOs 2.1-2.3 above.

#### **Scoring Rubric**

Q. 2: 50 points; determine Net Cash Flows; investments in working capital & long-term assets

Q. 2: 30 points; determine hurdle/discount rate/WAAC

Q. 2: 20 points; use of NPV capital budgeting technique

*Acceptable Score is 70% of total points.*

The average scores for the answers to the three SLOs on the Spring 2009 Comprehensive Exam are as follows:

SLO 3: 39/50 points (90% of students achieved Acceptable Score);

SLO 2: 29/30 points (100% of students achieved Acceptable Score) ;

SLO 1: 19.5/20 points (100% of students achieved Acceptable Score).

The student performance on all three SLOs meets the Acceptable Score and provides evidence that Goal 3 and associated Learning Outcomes are being adequately achieved.

#### **Comprehensive Exam:**

##### **E.I. Du Pont de Nemours and Company: Titanium Dioxide**

For the E.I. Du Pont de Nemours and Company: Titanium Dioxide case please review the case questions given below and answer questions 2 and 4. Your report (type-written, double-spaced) should not exceed **seven** pages including all exhibits.

Please type the following Honor Code on the *cover page* of your report:

ON MY HONOR I HAVE NEITHER GIVEN NOR RECEIVED ANY AID ON THIS WORK

( Your Signature )

Printed Name

**Questions**

1. What are Du Pont's competitive advantages in the  $\text{TiO}_2$  market as of 1972? How permanent or defensible are they? What must Du Pont do to retain its competitive advantages in the future?
2. Given the forecasts provided in the case, estimate the expected incremental free cash flows associated with Du Pont's growth strategy and maintain strategy for the  $\text{TiO}_2$  market. How much risk and uncertainty surround these future cash flows? Which strategy looks most attractive?
3. How might competitors respond to Du Pont's choice of either strategy in the  $\text{TiO}_2$  market? What other factors should Du Pont consider in making this decision?
4. Which strategy should Du Pont pursue?

Note: In 1972, bond yields and the inflation rate were approximately as follows:

Long-term treasuries = 6.2%  
Aaa corporate bonds = 7.2%  
Baa corporate bonds = 7.8%  
Inflation rate (CPI) = 3.2%

#### **GOAL 4: SLOs 4.1, 4.2**

The above goal and associated SLOs were assessed thorough a case analysis and presentation, Spring 2009.

Two cases, 'Jet Blue Airways IPO' (Case A) and 'General Mill's Acquisition of Pillsbury from Diageo PLC' (Case B) are designed (in part) to assess student performance vis-à-vis SLOs 1-2 above.

Case Questions: Students in FIN653 should complete cases by analyzing following questions.

##### Case A: JetBlue Airways IPO Valuation

1. What is an IPO and why is it a big deal? Is this a good idea for JetBlue? Why?
2. Calculate the value of Jet Blue stock.
3. What different approaches can be used to evaluate JetBlue stock.

##### Case B: General Mills Acquisition of Pillsbury

4. What are General Mill's motives for this deal? Please estimate the present value of the expected cost saving.

5. Why was the contingent payment included in this transaction? How does the “claw-back” affect the attractiveness of the deal from the standpoints of General Mills and Diageo?
6. How does the contingent payment work? Please prepare a payoff diagram (i.e. “hockey-stick diagram”) of the claw-back feature.
7. What is the contingent payment worth in early December 2000?

Scoring Rubric

Case Evaluation Form

Case _____							Date _____
Identification of Key Assumptions	7	6	5	4	3	2	1
Justification of Assumptions	7	6	5	4	3	2	1
Quantitative Analysis of Uncertainty	7	6	5	4	3	2	1
Overall Quality of the Analysis	7	6	5	4	3	2	1

Using the scoring rubric above, I evaluate the two SLOs above.

SLO 1: Selecting among and apply valuation techniques, both DCF (discounted cash flow) and non-DCF approaches

Determine Net Cash Flows; determine WACC (Case A: 2)

Valuation based on multiples (Case A: 3)

SLO 2: Apply the contingent claims approach to valuation

Examine contingent claim nature from the transaction (Case B: 2 &3)

Valuation of contingent claim (Case B: 4)

The average scores for these questions on the Spring 2009 Case Presentation are as follows:

SLO 1: JetBlue Case

Identification of Key Assumptions: 5.5

Justification of Assumptions: 5.75

Quantitative Analysis of Uncertainty: 5.75

Overall Quality of the Analysis: 6

SLO 2; General Mills Case

Identification of Key Assumptions: 6.5

Justification of Assumptions: 5.75

Quantitative Analysis of Uncertainty: 5.5

Overall Quality of the Analysis: 6

The student performance on all questions meet the Acceptable Score (above 5) and provides evidence that Goal 4 and associated Learning Outcomes are being adequately achieved.

**IV. What conclusions were drawn on the basis of the information collected?**

Finance Department's MSBA Comprehensive Exam

Overall, students demonstrate a strong understanding of the various concepts being measured by GOAL 2 and its associated learning outcomes.

Fin. 653:

Overall, students demonstrate a strong understanding of the various concepts being measured by GOAL 4 and its associated learning outcomes.

**Reflecting GOALs 2 and 4, and each goal's associated SLOs, a very strong majority of SDSU masters students in Finance have acquired the capacity to formulate and communicate strategies to distinguish performance among industry portfolios and to apply a number of domestic concepts to financial challenges arising in international capital markets.**

**V. How will the information be used to inform decision-making, planning, and improvement?**

This section should describe the strategies that will be implemented for program improvement as a result of the conclusions drawn from the assessment activities. The program change may pertain to curricular revision, faculty development, student services, resource management, and/or any other activity that connects to student success.

This report's conclusions will be used to:

- Continue with the cycle of programmatic assessment – as outlined in Table 2 below – with the aim of further evaluation of individual performance when the final deliverable is group-based work.
- Create specific survey instruments for further analysis of the educational and career achievements of masters students in Finance.

**Report completed by: Nikhil Varaiya**

**Date: 03/25/2010**

**APPENDIX A**

**MSBA – FINANCE Concentration**

<b>GOALS AND STUDENT LEARNING OUTCOMES</b>	<b>Assessment: Calendar Year</b>	<b>Courses and Assessment Methods</b>
<b>Goal 1: Assess a firm's financial condition.</b>		
Learning Outcomes: 1. Create and interpret financial statements 2. Create and interpret cash flow statements	2010	FIN 653 cases
<b>Goal 2: Evaluate choices between competing resource needs.</b>		
Learning Outcomes: 4. Select among and apply capital budgeting techniques 5. Determine discount/hurdle rates 6. Evaluate investments in working capital and long-term assets.	2009	Finance comprehensive exam
<b>Goal 3: Determine a firm's funding needs.</b>		
Learning Outcomes: 3. Design and analyze pro forma statements 4. Determine composition of short and long term funds 5. Identify and evaluate financing choices	2011	Finance comprehensive exam
<b>Goal 4: Value a firm and its assets.</b>		
Learning Outcomes: 1. Select among and apply valuation techniques, both DCF (discounted cash flow) and non-DCF approaches 2. Apply the contingent claims approach to valuation	2009	FIN 653 cases
<b>GOAL 5: Evaluate securities and manage portfolios</b>		
Learning Outcomes: 1. Apply models for pricing stocks, bonds, and derivative instruments 2. Construct optimal portfolios 3. Design hedging strategies to manage market risks	2010	FIN 651 exam (SLOs 1, 2) FIN 654 exam (SLO 3)
<b>Goal 6: Learn to evaluate the legal, regulatory, economic and industry environment, domestic and international, in which firms operate.</b>		
Learning Outcomes: 1. Perform competitive and comparative analyses of industries 2. Describe global capital markets	2011	FIN 659 case, exam (SLOs 1, 2)  FIN 654 exam (SLO 2)