

Finance
Course Number: 22:390:694
Course Title: Treasury Management

COURSE DESCRIPTION

This elective course introduces how a Corporate Treasurer manages the finances of a business along with supporting the supply chain component of a business through various supply chain finance concepts. The course will take an in-depth look at the working capital of a business with a focus on the management of the cash conversion cycle. There will be two case studies we review that discuss the use of derivatives to manage the debt structure of a business (Proctor & Gamble case) and the use of international treasury management techniques to increase the opportunity cost of a firm (Citibank case)

COURSE MATERIALS

Textbook Essentials of Treasury Management (6th edition).
See process below to order the book

To order the text, follow the instructions in the Syllabus Tab in Canvas.

The fifth edition of the book will also suffice for the class if you can find from another source.

LEARNING GOALS AND OBJECTIVES

This course is designed to help students develop skills and knowledge in the following area(s) associated with Working Capital Management:

1. **Business knowledge.** Students graduating with a BS degree will have broad understanding of basic business theory and practice and deep understanding of theory and practice within their major field.

Students will demonstrate:

- a. knowledge of current basic concepts in the functional areas of business.

- b. knowledge of current advanced concepts within their major field and an ability to integrate and apply these concepts to practical business problems.
- c. proficiency at using current software tools and information systems to manage business data and address practical business problems.

2. **Critical Thinking and Ethical judgment.** Students graduating with a BS degree will use reasoned and ethical judgment when analyzing problems and making decisions.

Students will demonstrate:

- a. ability to critically evaluate unstructured business decision-making scenarios and develop solutions
- b. recognition of ethical dimensions in unstructured business decision-making scenarios and implementation of ethical solutions.

3. **Global perspective.** Students graduating with a BS degree will have the breadth of perspective necessary to succeed in a global and diverse business environment.

Students will demonstrate:

- a. students will have a sensitivity and understanding of the impact of demographic and cultural diversity on business interactions both domestically and globally.

4. **Teamwork and Persuasive communication.** Students graduating with a BS degree will be effective communicators and have interpersonal relation skills.

Students will demonstrate:

- a. ability to construct clear, concise, and effective written business reports.
- b. ability to construct and deliver clear, concise, and convincing oral business reports.

5. **Quantitative Thinking.** Students graduating with a BS degree will understand and be able to apply appropriate quantitative techniques to

- a. analyzing and finding patterns in data
- b. analysis of business decision-making and planning

PREREQUISITES

Financial Management

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy (<http://academicintegrity.rutgers.edu/>)

I will strongly enforce this Policy and pursue *all* violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, “On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment.” I will screen all written assignments through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large

database of past work. Don't let cheating destroy your hard-earned opportunity to learn. See business.rutgers.edu/ai for more details.

ATTENDANCE AND PREPARATION POLICY

Expect me to be prepared for all class modules. I expect the same of you which includes completing all of the assigned reading, end of chapter quizzes, discussion boards and case study assignments.

CANVAS

Canvas is the course management system tool for this course and it is your responsibility to make sure you have proper access to Canvas and that your email address forwards any emails from Canvas to you. Under each Module section there is a description of the Learning Objectives and a To Do Chart indicating the course materials for each module along with course activities (assignments). An example of such is below:

Upon completion of this Module, students will be able to:

1. Comprehend the importance of forecasting in managing a treasury operation.
2. Utilize various forecasting techniques to support treasury management decisions.

To Do Chart

Course Material	Course Activities
Read chapter 14 Review PowerPoints for Chapter 14 Watch lecture video - Chapter 14	Chapter Quiz Commence Line of Credit Case Study - Due x/xx/xx

You must fully complete the assigned readings, watching of videos for each online session, along with the submission of each assignment (quizzes at the end of each chapter and, discussion board prompts and case studies). Failure to complete the online sessions and assigned work will result in a reduction in your grade.

SUBJECT MATTER

Subject Matter	
Subject Matter	Abstract
The Role of Treasury Management	Treasury Management refers to the area of finance that oversees the effective and efficient use of a company's assets.
Regulatory and Legal Environment	Understanding the regulatory and legal environment as it relates to banking and monetary policy greatly impacts a corporate treasurer's decision-making process.

Banks and Financial Institutions	This topic discusses the roles and services provided by financial institutions to support the corporate treasurer.
Financial Accounting and Reporting	Accounting concepts are reviewed as they are essential to a corporate treasurer in managing liquidity, generating cash flows and review capital structure.
Financial Planning and Analysis	The financial planning and analysis allow corporate treasurers to properly arrange financing sources, analyze potential investments and balance liquidity requirements.
Cash Forecasting	One of the major roles of treasury management is the ability to forecast future cash flows to support both long-term capital and short-term liquidity needs. This topic reviews the concept of forecasting and addresses various forecasting techniques.
Introduction to Working Capital Management	Optimizing a company's current assets and liabilities management to ensure liquidity while gaining favorable opportunity cost is essential. In addition, the ability to release trapped cash from a company's foreign subsidiaries will be discussed to lead to increased cash optimization.
Working Capital Metrics	This topic will review metrics used by management to monitor a firm's liquidity, efficiency and overall financial health.
Financial Risk Management	Firms deal with several financial risks (interest rate, foreign currency and commodity) that impact performance. This topic will review the financial risk management process inclusive of the use of derivative products to protect a firm's market position.
Using Financial Derivatives to Manage the Business - <i>Proctor & Gamble Case Study</i>	Proctor & Gamble utilized a complex interest rate swap to potentially hedge it balance sheet which ultimately did not achieve the desired financial goals. This case study will review the case in detail to identify the pitfalls of incorrectly analyzing a hedging transaction.
Payment Systems	This topic reviews the various methods used for payment systems as this is an integral function of a company's treasury.
Collections, Concentration and Disbursements	The services of collections, concentration and disbursements are key cash management services offered by banks to allow treasurers to efficiently manage liquidity.
Money Markets	Corporate treasurers are in the investment markets daily as they manage a firm's liquidity. It is essential for a treasurer to have a working knowledge of the money markets to better evaluate investment opportunities.
Capital Markets	Corporate treasurers also work in the capital markets on both the investment and debt side. It is important for a treasurer to understand these markets.
Short-term Investing and Borrowing	Daily liquidity management requires corporate treasurers to fully understand the utilization and pricing of investments and borrowings. This topic reviews the practical application of short-term investments and borrowings.

Subject Matter (Continued)

Subject Matter	Abstract
-----------------------	-----------------

Long-term and Capital Investments	Corporate Treasurers utilize the capital markets to support their strategic vision of the company and asset investment. This topic gives an overview of the capital markets.
Capital Structure Decisions and Management	Optimal capital structure to maximize shareholder value is a very complex subject. This topic will discuss debt/equity mix, lease financing, equity management, international tax strategies, shareholder rights and dividend policy.
Relationship Management and Vendor Selection	The financial services industry is extremely important to corporate treasurers. This topic will review the importance of managing the banking relationships to increase efficiency in managing a firm's treasury.
Operational and Enterprise Risk Management	Besides financial risks, firms also are exposed to many operating risks that can negatively impact a business. This chapter discusses the various aspects of an Enterprise Risk Management process.
<i>Citibank Case Study Presentations</i>	The Citibank Case Study touches upon many aspects of treasury management discussed in the class and students will present their recommendations of treasury management techniques for a firm to utilize its cash more efficiently.
Corporate Governance and Ethics	Corporate treasurers impact the overall cash position of a firm and are the caretakers of the shareholders assets. Thus, corporate ethics will be discussed, touching on various examples of potential conflicts of interest.
Information Technology in Treasury	Corporate treasurers rely heavily on information technology to manage a firm's daily liquidity. This topic will discuss some of the cutting-edge aspect of technology that support a corporate treasurer.
Treasury Policies and Procedures	The final topic will discuss the formation of specific policies and procedures regarding all treasury activities. It is important for a corporate treasurer to have comprehensive policies and procedures for all treasury activities.

CASE STUDIES - ABSTRACTS

Case Studies – Abstracts

Proctor & Gamble - Interest Rate Derivatives

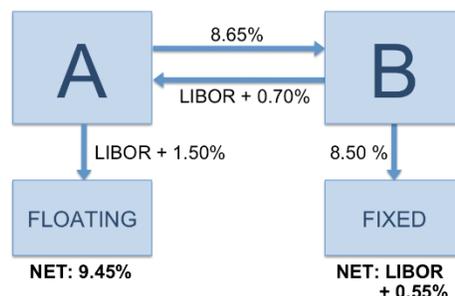
Proctor & Gamble hedges its interest rate risk using derivative products. What happens when the hedge does not work as planned and the use of leverage amplifies adverse financial results of the alleged hedge? This case study will review P&G's use of interest rates derivatives and discuss the relationship between P&G and Bankers Trust.

Quote from Edwin L. Artzt, P.& G.'s chairman

"The issue here is Bankers Trust's selling practices. There is a notion that end users of derivatives must be held accountable for what they buy. We agree completely, but only if the terms and risks are fully and accurately disclosed,"



5





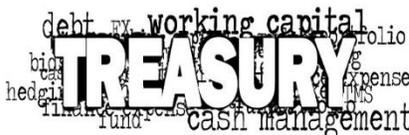
Citibank Case Study – Cash Management Techniques to Improve a Firm’s Cash Utilization

In 2006, Acme International was facing an epic liquidity crisis. The US-based industrial conglomerate with \$36 billion in global sales and presence in 90 countries worldwide faced a real threat of having to declare bankruptcy.

Already highly regarded in the industry as a turn-around specialist, newly hired Global Treasurer was always up for a challenge. Quickly shelving thoughts of taking a break, she agreed to join Acme’s new management team in fighting to save the company. At an Acme press conference, Global Treasurer announced,

“I believe that Acme, with its solid operating businesses and strong market positions, has the potential to be one of the most exciting companies of the future.”

This case will utilize various treasury management techniques to improve liquidity, decrease the cash conversion cycle and develop methods of getting trapped cash out of Acme International’s foreign subsidiaries.



GRADING POLICY

Course grades are determined as follows:

- 40% Mid-term
- 40% Final
- 10% Citibank Case Study
- 5% Discussions
- 5% End of Chapter Quizzes (Multiple attempts and highest grade; must be done by ())

Grades

The course will be graded using the scale below:

- A – 90% - 100%
- B+ – 86% - 89%
- B - 80% - 85%
- C+ - 76% - 79%
- C - 70% - 75 %

Grades lower than a C can be earned depending on the work product of the student.

COURSE SCHEDULE (Look at Modules Section in Canvas for details)

<u>Module #</u>	<u>Subject covered</u>	<u>Chapter 5ed or 6ed</u>
1	The Role of Treasury Management	1
	Regulatory and Legal Environment	2
2	Banks and Financial Institutions	3
	Financial Accounting and Reporting	8
	Financial Planning and Analysis	9
3	Cash Forecasting	14
	Relationship Management and Vendor Selection	7
4	Introduction to Working Capital Management	10
	Working Capital Metrics	11
5	Financial Risk Management	17
	Derivative Introduction	Posted Notes
	Payment Systems	4
6	Mid- Term Exam	
	Case Study Introduction	
7	Collections, Concentration and Disbursements	12
	Money Markets	5
8	Capital Markets	6
	Short-term Investing and Borrowing	13

9	Operational and Enterprise Risk Management	16
	Long-term and Capital Investments	19
10	Financial Decisions and Management	20
	Treasury Policies and Procedures	19
	Information Technology in Treasury	15
11	Corporate Governance and Ethics –	Documentary
	Citibank Case Study Presentations	Presentations
12	Final Exam	

SUPPORT SERVICES

If you need accommodation for a *disability*, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at ods.rutgers.edu.

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email dsoffice@echo.rutgers.edu]

[Rutgers University-Newark ODS phone (973)353-5375 or email ods@newark.rutgers.edu]

If you are *pregnant*, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email jackie.moran@rutgers.edu]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email TitleIX@newark.rutgers.edu]

If you seek **religious accommodations**, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email deanofstudents@echo.rutgers.edu]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email DeanofStudents@newark.rutgers.edu]

If you have experienced any form of **gender or sex-based discrimination or harassment**, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu/>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7 . You may also contact the Office of Title IX and ADA Compliance at (973)353-1906 or email at TitleIX@newark.rutgers.edu. If you wish to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email run.vpva@rutgers.edu]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu> .

If you are a military **veteran** or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of **mental health** services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of **physical health** services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]

If you are in need of *legal* services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to *English as a second language (ESL)* should contact the Program in American Language Studies for supports.

[Rutgers–Newark: PALS@newark.rutgers.edu]

[Rutgers–New Brunswick: eslpals@english.rutgers.edu]

If you are in need of additional *academic assistance*, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.

- Students must sign, date, and return a statement declaring that they understand this syllabus.]