COURSE DESCRIPTION

In reality, this is an intermediate finance course with an application to the fashion industry. Finance is a broad discipline. It includes the areas of investments, corporate finance, financial markets and instruments, derivatives, commercial banking, international finance, real estate, and personal finance. This course is not a survey course; instead, it the course examines the essential concepts and techniques likely to be required by in the creative fields over the span of their career.

Some of the concepts covered here can be applied to other creative industries, such as beauty and others. The intended audience for this course is broad: business students who wish to be exposed to the fashion industry, entrepreneurs, students who seek employment in the large fashion houses, artists and designers who wish to strengthen their grasp of the financial decision making process, and more. This is novel idea, and I am proud to have you be the first group in this course! We will bridge the gap between finance and the fashion world! Welcome!

COURSE MATERIALS

- My Ebook
- A digital student subscription to WWD
- My handouts: distributed in chapters in ‘real time’ on blackboard.
- A Financial Calculator is required. Your calculator must be able to calculate IRR, YTM, and NPV.
- Please obtain the phone number of another student in the class today (mandatory).
- Blackboard use: This course requires an ongoing constant use of the blackboard by the students. As all announcements, assignments, changes, etcetera are posted there, the student is held responsible for remaining up to date at all times.
- Please make sure you bring the syllabus and any potentially relevant handouts to each class.

Note: This syllabus is extremely detailed. Please make sure you refer to it for answers to your questions on administrative matters/exams/dates/assignments, etcetera before asking me. This is the best way to make sure I don’t make a mistake in answering your question, and in your not losing valuable information that ultimately you will be held accountable for. My memory is not perfect, which is why I take care to give you the information in detailed and organized written manner upfront to the extent possible.

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Readings:
Readings from the chapters will be assigned for each class. In addition, readings from the handout package will be assigned regularly, and are considered required. It is important to arrive to class having read the assigned chapter(s) and handout(s) on the day required. I reserve the right to call upon you during class to provide explanations or answers to questions. Please be aware that the degree of the student's preparation (or lack thereof) may be used to determine marginal grades.

CLASS ORGANIZATION & ADMINISTRATION

Examinations, Presentations and Project:
There will be 3 Midterm Exams in this course. Only 2 will count.

For the exams, I will automatically drop your lowest of the three midterm grades—if you miss one of those, your grade for the midterm will simply be the grade of the other midterm exams you took. This ‘drop’ policy constitutes your makeup exam: if you miss a midterm exam because you are sick or need to be out of town or any emergency, etcetera, your makeup is that you are allowed to simply skip one exam. The exam dates are given below. The exams are given in class, only, on the date specified. No make-ups or alternative arrangements for any of the exams.

*If you do not like this policy, you may request only during THE FIRST WEEK of the semester to forfeit your drop option and take all exams instead, buying yourself the option to makeup one of the exams in the event that you will be sick. If you choose this option, you may not drop any grade whatsoever, are required to take all exams, and may not change your mind mid-semester.

Coverage: Questions may involve numerical problems and conceptual issues. You must show all your work to receive credit on any of my exams. Anything in the lectures or the reading assignments is fair game.
The exams are in accordance with the strictest honor codes of the University and school. Please be familiar with all guidelines. I will have additional instructions to maintain fairness in test taking. These rules will also need be followed.

The tests are closed-book, but you can bring in one 8½” x 11” page of notes (both sides) of formulas only (no examples, no definitions, no instructions, no words, no calculator instructions, no laptops, no calculator manuals). You may bring in a copy of the PV/FV tables in the back of your textbook.

There will be one presentation and one group project.

**FINAL GRADE ASSIGNMENT**

**Grading:**
- 50% Midterm Composite Grade
- 25% Group Project Presentation. All members of the group are graded the same. Teamwork!
- 25% Individual Project

I reserve the right to adjust the grade up or down by 10% point or homework (lack thereof) or participation (outstanding) or classroom etiquette (no attendance, etcetera)

**Class Attendance:**

You are responsible for knowing what goes on in class, which may include material not covered in the readings, modifications to the syllabus, and announcements concerning exams. Your mandatory buddy is the first place you go when you miss a class. Make sure you choose a buddy who will help you know what you missed. However, it is your responsibility, not theirs. I reserve the right to grade attendance and reduce final grades based upon lack thereof. Most course announcements will be made as announcements on blackboard. Sometimes E-mail will be sent, but to the Blackboard e-mail address only. It is your responsibility to ensure that this is correct, to check the e-mail and/or make sure that it is correctly forwarded to an address that you do check. Also, it is your responsibility to check the blackboard frequently.

Department of Finance and Economics (29:390:475)

**COURSE SCHEDULE**

**Office hours:**
My office hours are TBA Room 1128.

E-mail (proftronen@gmail.com)
You may prefer to ask me questions by e-mail. Additionally, you may always email me, leave me your day and evening numbers, and I will call you to either schedule a meeting or help you by phone. Please do not leave me phone messages at the office. Email is better.

**Detailed Schedule**
(Subject to revision of course!)
Note: All readings due before the session, no exceptions!

**Dates:** T, January 20, 2014
**Topic 1:** *Introduction to course: Course objectives, requirements, general overview; introduction to material.*

**Dates:** Thursday January 22, Tuesday January 27, Thursday January 29
**Note:** We will do both part A and B together, not sequentially. Please be prepared for both!

**A. Quick Review of Time Value of Money**
**Readings due:** My Handouts on Blackboard on TVM
**SubTopics:** Future Value and Compounding, Present Value and Discounting, Present and Future Values of Multiple Cash Flows, Valuing Level Cash Flows: Annuities and Perpetuities, Comparing rates: the Effect of Compounding, Loan Types and Amortization, Continuous compounding

**B. Themes in Fashion Industry**
**Readings due:** Assigned chapter in my E-book
**Sub Topics:** Some Interesting Historical Facts, Fast Fashion. Luxury and More.

**Dates:** Tuesday, February 3 and Thursday February 5
**A. Financial Forecasting**
**Readings due:** Assigned chapter in my Ebook

**B. Ann Taylor**
**Readings due:** Assigned chapter in my E-book
**Assignment Due:** Set up ratios

**Dates:** Tuesday, February 10 and Thursday February 12

**A. Swift Review of Statistics Plus Hypothesis Testing**
**Reading due:** Class Note on Review of Statistics
Frequency Distributions and Variability, Variance, Calculating Variance, Covariance, Correlation, Sample Variance, Sample Standard Deviation, Sample Correlation, Sample Covariance, Hypothesis Testing, Confidence Intervals, Regression Analysis

**B. Fast Fashion**
Readings due: Zara and Pepe Readings in my E book
Homework Due: Choice of your company. Start gathering all data (stock prices, news stories, other relevant market data)
Discussion of Group Projects, Group Assignments and Discussion of Individual Project.

Dates: Tuesday, February 17 and Thursday February 19
A Regression Analysis in Finance and Event Study Methodology
Reading due: Class Notes on Event Studies and Regressions

B Preparing for our Projects: How to Read the WSJ and WWD to determine what important stock price reaction events might be. Remember, you will be downloading data on a company, the news and determining stock price reactions. Think about what sort of news/decisions would affect the firm. You will be following the firm throughout the course and conducting regression analysis.

Date: Tuesday, February 24: In Class Midterm 1 Covers everything we have done so far.

Date: Thursday, February 26: Guest speaker RW, Topic: TBA

Dates: Tuesday, March 3 and Thursday March 5
A. Structuring Corporate Financial Policy
Reading due: E book Readings
Subtopics: How to Analyze Corporate Cases, How to Become a ‘Financial Detective’, Structuring Corporate Policy.

B Fashion Industry Example: Guna Fibres:
Readings due: Guna in my E book
Homework Due NEXT time: Guna Case, in your Team

Dates: Tuesday, March 10 and Thursday March 12
A. Topics in Cost of Capital and Capital Budgeting
Reading due: E book Readings and my handouts on Blackboard
Subtopics: MIRR, Unequal Loves. Leasing Versus Buying, Evaluating profitability/liquidity Risk in adopting seasonal trend production, Project Financing, Project Risk Analysis

B Fashion Industry Example: Aurora Textiles, Nike:
Readings due: Aurora and Nike in my E book
Homework Due NEXT time: Aurora Case And Nike Analyses, in your team

Dates: Tuesday, March 17 and Thursday March 19
Date: Tuesday, March 24
EXAM II: Covers everything we have done since the last exam

Dates:  Tuesday, March 31

A. Derivative Securities Markets
Reading due: My handouts on Blackboard
Subtopics: Futures, Options, Forwards, Advanced Topics, Hedging, Hedging Interest Rate Risk

B Presentation of Companies I

Dates:  Thursday, April 2 and Tuesday April 7

A. International Finance
Reading due: My handouts on Blackboard
Subtopics: Exchange Rates, Exchange Rate Risk, Hedging Examples

B Microfinance: Going Global and Going Public, International Growth of Fast Fashion
Readings due: Readings in my E book

Dates:  Thursday April 9

A. Trading Structures: Auction Theory and ECNs
Reading due: My handouts on Blackboard
Subtopics: Walrasian and Other Auction Types, Microstructure

B eBay and other Electronic Trading Platforms
Readings due: Readings in my E book
Homework for Next Time: Ebay Expanding into China

Date: Tuesday, April 14, Midterm Exam III
Covers everything we have done since the last exam

Dates:  April 16 & 21:
A. IPOS and Crowdfunding

Reading due: My handouts on Blackboard

B. IPOS in the Fashion Industry

Readings due: Readings in my E book

Homework for Next Time: Prada: TO IPO or Not to IPO

Entrepreneurial Finance Dates: April 23 & 28

There will be no Final Exam

MANDATORY STUDENT INFORMATION SHEET

Hand in within 7 days of semester start.

Please fill in to the best of your ability. This is only for me to get to know you better and will not show to anyone. Fields with asterisks are required. When applicable, you may respond with more than one answer.

*Name

Preferred Name/Nickname to be called in class

*Gender

*Name of your Class ‘Buddy’

*Intended Graduation Date

*Proposed Major/Concentration

Country of Birth/Languages Spoken

*Favorite Fiction Book
Favorite Non Fiction Book

*Special Interests: Are you a musician, athlete, artist, etc? If not currently, have you studied any of these? Other special talents/interests?

*Hobbies (yes, I am serious)

*Are you currently working? If so, where, doing what?

*Current career interests.

*Why are you taking this class? Be honest. What are you preparing to get out of it?

Are there any special circumstances I should be aware of/Things you want me to know about you?

*Mandatory: A CANDID SNAPSHOT must be attached. Your choice! Yes, it must be printed out and attached. Oh, the antiquity!