

Working capital management – assignment



**ASSIGN
BUSTER**

Detailed analysis of sources of short-term financing and strategic management of these sources is provided. Other topics include: selection of appropriate short-term investments, evaluating trade credit terms and credit scoring systems, establishing banking relationships, collections, creating cash budgets, and forecasting cash flows. Course Objectives: At the conclusion of this course the student should be able to demonstrate and communicate managerial level skills in the following areas: 1. Analysis of working capital management in an operating company. 2. Measurement and analysis of solvency, liquidity, and financial flexibility. . Application of time value of money concepts to working capital. 4. Optimizing the size and the ordering of inventory. 5. Analyzing, managing and collecting receivables. 6. Optimizing the use of payables. 7. Establishing and managing systems for the collection, concentration and disbursement of cash. 8. Forecasting short term cash flows. 9. Analysis and selection of short term investments. 10. Impact on working capital of production, information technology, ethical issues and regulatory issues. 11. Analyzing working capital issues in a small group. Texts and Course Materials 1.

Maness and Zietlow “ Short-Term Financial Management”, Third edition, Southwestern Publishing, ISBN 0-324-20293-8 2. Harvard Business school Case 9-295-073, revised February 23, 1996, “ Toy World Inc. ” 3. Harvard Business school Case 9-195-130, revised August 1, 1995, “ Chemalite Inc”. (B) 4. Financial calculator. 5. Excel templates provided to the student at no cost. These templates are located in the eRoom Templates Folder for MBAM 633. It is the individual student’s option to use any template or ignore any

template. Grading Homework 5 points Case studies 20 points Team project 18 points Mid-term exam 25 points

Class participation 7 points Final exam 25 points 100-95% A Superior Work 94. 99-91% A- 90. 99-87% B+ 86. 99-81% B Solid Graduate Level Work 80. 99-77% B- 76. 99-73% C+ 72. 99-67% C Sub-par Graduate Work 66. 99-63% C- Below 63% D Attendance Policy The student should arrive at the first class session with the textbook and a calculator. In addition, the student should have read chapters 1 and 2. It will be impossible for a student to miss any part of the first class session and satisfactorily complete this course.

Accordingly, A STUDENT WHO DOES NOT ATTEND THE FIRST CLASS SESSION, OR WHO ARRIVES LATE OR LEAVES EARLY, WILL BE DROPPED FROM THE COURSE.

Office Hours I will be available in the office during the following hours:

Wednesday 5 until 6 PM Thursday Noon until 1 PM Telephone Hours Please feel free to call me anytime between 9AM and 9PM. Homework All HAND-IN problems are due at the beginning of class. I will review the originals and return them the following class. Each homework assignment turned in complete, on time, and prepared on a computer, will be worth 1 point. Any homework turned in incomplete, late, or not prepared on a computer, will be worth less than 1 point. The solutions will be delivered electronically. No homework will be accepted after the solutions are posted.

Teamwork and Individual Work In the workplace, some tasks are completed by an individual and some are completed by a team. The course emphasizes the importance of both. The Chemalite case, the Toy World case, and the

weekly homework assignments are to be accomplished on an individual basis whereas the Team Project, the Dade case and the Androx case are to be accomplished on a team basis. If two students turn in homework, Dade case, or Androx case, which are identical or nearly identical, each student will receive one-half of the points. Cases 1. There are four cases. Each is worth 5 points. 2.

Chemalite and Toy World are to be completed on an individual basis. 3. Androx and Dade are to be completed on a team basis. One copy is to be turned in for each team. Policy on Disabilities Students with disabilities are encouraged to familiarize themselves with the University's Policies on Disabilities on page 34 of the GSBM Catalog or contact the University's equal opportunity officer, Dr. Calvin H. Bowers, at (310) 506-4208. Conduct GSBM students are expected to respect personal honor and the rights and property of others at all times. The University rules on conduct can be found on pages 195-196 of the GSBM catalog.

SESSION TOPICS Optional templates that can be used in class READHAND IN (1st # = chapter; 2nd # = problem) 1 2 3 4 5 6 7 The Role of Working Capital Solvency, Liquidity Analysis & Financial Flexibility Intro to Cash Budgeting Chemalite Case Valuation Inventory Management Chemalite case Accounts Receivable Management Credit Policy & Collections Managing Payables & Accruals Toy World case Short Term Financing MID-TERM EXAM (Sessions 1, 2 & 3) Payment System Institution Relationships Cash Collection Systems Cash Concentration Money Market Team Presentations Androx case Dade Group case

Final exam (Sessions 4, 5, & 6) Problem 2-5 Cash budget Cash flow
Traditional statement... Cash budget problem Problem 3-3 Problem 4-1
Problem 4-3 Problem 5-3 Problem 6-7 Problem 6-8 Problem 16-2 Problem 16-3
Problem 9-1 Problem 9-3 Wall Street Journal (C) Dated the day before this
classChapter 1 Chapter 2 Chapter 3 Chapter 4 Chapter 5 Chapter 6 Chapter
7 Chapter 16 Pp255-258 Chapter 9 Chapter 10 Chapter 14 Problems 1-1, 1-2,
1-5, 2-3 Chemalite case Problems 3-2, 3-4, 4-2 & 4-4 Toy World case
Problems 5-5, 6-9, 7-1 & 7-5 Problem 16-4 Problems 8-2, 8-3, 9-2, 9-4 & 10-2
Androx case Dade case