

## OPERATIONAL FINANCE

### Introduction

This course revolves around how to manage the financing required for the normal operations (i.e., sales) of a company, that is, to finance current assets and current liabilities related to sales. This course will enable the students to determine the financial consequences of decisions related to operations, marketing, etc. All these operational decisions have an effect on the firm's P&L and the balance sheet.

This course will enable students to:

- Analyze the financial statements of a company
- Give a diagnosis of the financial situation of the company
- Propose remedial actions if required
- Value and choose investment projects

### Objectives

Students will understand how balance sheets and income statements relate. This will give students a full understanding of both financial statements.

### Learning Outcomes

RA12. Equip students with learning skills that enable them to continue studying independently and self-directedly.

RA1. Possess and comprehend knowledge that provides a basis or opportunity to generate original ideas in the development and application of concepts, often within a research context.

RA19. Enable students to apply acquired knowledge and solve problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their area of study.

RA11. Enable students to integrate knowledge and address the complexity of making judgments based on incomplete or limited information, including reflections on social and ethical responsibilities linked to the application of their knowledge and judgments.

RA20. Enable students to communicate their conclusions, along with the knowledge and rationale supporting them, to both specialized and non-specialized audiences clearly and unambiguously.

RA21. Listen, understand, and compare differing viewpoints to develop an objective understanding of a business situation. Communicate in a structured and persuasive manner (Interpersonal communication).

RA13. Work effectively in multicultural teams, assuming project leadership when necessary. Integrate the value of diversity into the team's decision-making and work process (Multicultural

teamwork skills).

RA14. Critically evaluate information and the context of a business situation to reach prudent decision-making conclusions (Critical thinking).

RA2. Apply well-established ethical criteria in business decision-making, respecting the inherent dignity of each individual and the pursuit of the common good. (Integrity)

Specific Competences

RA15. Develop a proactive mindset open to organizational change to design and promote process improvement initiatives and facilitate adaptability to new organizational cultures (Innovative spirit).

RA3. Identify relevant data to diagnose a business problem and generate sensible decision alternatives.

RA8. Apply financial diagnostic tools with a general management approach to determine the intrinsic value of a business.

## **Content**

The course is lecture- and case-based, with 12 sessions. The emphasis will be placed on the financing required for the normal operations (sales) of the company, that is, to manage current assets and current liabilities related to sales. Moreover, this course will enable you to understand the financial consequences of your decisions in operations, marketing, etc. Almost all these decisions have an effect on the balance sheet and/or P&L.

## **Instructional Activities**

AF1: Training sessions and meetings with the teacher (classes, seminars, lectures, tutorials, company visits, simulations): 18hrs

AF2: Individual student work (personal study, preparation of assignments): 34hrs

AF3: Teamwork (preparation of group assignments and execution of simulations): 6hrs

AF4: Evaluation tests: 2hrs

## **Evaluation**

There is one final exam. Practice problem sets will be posted on Global Campus and they will not be graded:

- Final Exam 70%
- Class Participation 30%

The IESE Business School's Honor Code and Learning Partnership apply to all activities in this course. For individual assignments, unless explicitly stated, you should not interact with anyone else. For deliverables to be done in teams you should interact only with the members of your team.

