

Advanced Agribusiness Management

AEB 4138 Section 2651

Fall 2015

Instructor: Dr. Jaelyn D. Kropp, Assistant Professor
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I do not utilize the e-mail tools within E-Learning Canvas

Location: Tuesdays period 7 (1:55pm – 2:45pm) MCCA 1142
Thursdays periods 7 & 8 (1:55pm – 3:50pm) MCCA 1142

Office Hours: Tentatively Tuesday 3:00pm-4:00pm, Wednesdays 10:00am-12:00pm or by appointment

TA: Joanna Karavolias (jkaravolias@ufl.edu)
TA Office Hours: TBA

Administrative Assistant: Kathy Green (kagreen1@ufl.edu)
Office: 1170 McCarty Hall A

Credits: 3
Prerequisites: AEB 3103 and AEB 3144; agribusiness majors

Required Materials:

i>clicker 2 + free REEF access ISBN: 1498601634 or REEF polling application

A series of case studies that can be purchased from Target Copy (1412 W University Ave # D).

Thompson, et. al., [The Business Strategy Game, Online Edition](#), McGraw-Hill Irwin.

Ross, Stephen A., Randolph W. Westerfield, and Bradford D. Jordan, *Essentials of Corporate Finance*, Eighth Edition, 2014, McGraw-Hill/Irwin. ISBN: 9780077405335 (RWJ)

OR

Ross, Stephen A., Randolph W. Westerfield, and Bradford D. Jordan, *Essentials of Corporate Finance*, Seventh Edition, 2010, McGraw-Hill/Irwin. ISBN: 978007834752 (RWJ)

Financial Calculator: Students are responsible for learning how to use their particular calculator. Class time will **not** be devoted to this purpose. Suggested models: Hewlett-Packard HP-10BII or Texas Instruments BAII Plus

Other Useful Texts:

Holden, C., *Excel Modeling In Corporate Finance, Fourth Edition*, Pearson Prentice Hall. ISBN: 0132497840.

Barry, Ellinger, Hopkin, and Baker, *Financial Management in Agriculture*, sixth edition, Interstate Publishers, Inc., Danville, IL, 2000.

Subramanyam, K. R. and J. J. Wild. 2009. *Financial Statement Analysis*, tenth edition, McGraw-Hill Irwin. ISBN-13: 9780073379432.

The Economist and *The Wall Street Journal*

E-Learning Canvas:

There is a E-learning Canvas web-page for this course. To access the website, you will need your Gatorlink username and password. E-learning Canvas can be accessed via <https://lss.at.ufl.edu/>. If you are having difficulties accessing the website, please contact the UF Computing Help Desk directly by calling (352) 392-HELP or via e-mail helpdesk@ufl.edu. You will need your UFID when contacting them.

Course Description:

Integration of finance and management to solve problems faced by agricultural firms and agribusinesses. In addition to lectures, students will work in small groups to identify and to analyze case studies from agricultural and rural businesses.

Structure of the Course:

This is an advanced undergraduate course that utilizes the skills acquired in previous courses. This course is intended to reinforce and strengthen students' knowledge of management and financial concepts. Through a simulation and case studies, students will analyze decision-making from the perspective of senior-level management. The course is designed to improve students' critical thinking skills, enhance their written and verbal communication skills, and advance their teamwork skills.

The class is designed such that classroom participation (not only attendance but also active participation) and preparation outside the classroom are necessary for learning and performing well in the course. Lectures will cover the major points of selected chapters. However, unless told otherwise, students are required to read and understand the entire chapters. It is expected that students will read all materials thoroughly.

Course Objectives:

The course is designed to provide students with the fundamentals of finance and its applications in agriculture and agribusiness. Consequently, we shall cover a broad range of finance topics and applications.

The objectives of the class may be summarized as follows:

- 1) Highlight the importance of finance in real-world decision-making and the uniqueness of finance related to agricultural and agribusiness firms.
- 2) Employ fundamental concepts and techniques that are at the heart of financial decision-making. We shall cover various topics including the time value of money, financial statement analysis, capital budgeting and structure, investment decisions, credit, banking, agricultural lending, risk management and financial markets.

After completing this course, students will be able to:

- 1) Suggest improvements for liquidity, solvency, profitability, turnover, and market-to-book ratios using food and agricultural firms' financial statements;
- 2) Use the factors that influence optimal capital structure to determine the optimal debt and equity levels for a food or agricultural firm;
- 3) Create pro forma financial statements to assess food and agricultural investment opportunities using NPV, IRR, and sensitivity and scenario analyses;
- 4) Determine the equity value of a food or agricultural firm using the discounted future earnings model;
- 5) Calculate the cost of capital for a food or agricultural firm and interpret its implications for evaluating operating and financial risk
- 6) Develop written documents that effectively and persuasively communicate a stance regarding a food or agricultural business decision;
- 7) Work in teams to create an effective oral and written presentation for communicating a suggested strategy or decision for a food or agricultural firm.

Attendance Policy:

I accept students to attend all classes. Regular and punctual attendance at all classes is the responsibility of each student. In the event of an absence, it is the responsibility of the student to make up any resulting deficiencies.

I will inform the class in advance if I will not attend a particular class, in which case arrangements will be made for a substitute instructor or other alternatives. However, in case of an absence for which no advance arrangements have been made, students are authorized to leave after a 10-minute wait.

Grading:

<u>Assignment</u>	<u>Weight</u>
Class Participation	15%
BSG Decision 1 Justification	5%
BSG Weekly Decision Worksheets	10%
BSG Shareholders' Letter	10%
BSG Group Presentations (2 @ 10% each)	20%
Peer Evaluation	10%
Case Study Group Presentation	10%
Case Study Individual Write-ups (2 @ 10% each)	20%
Total	100%

In general, late assignments will NOT be accepted. The instructor reserves the right to determine if a student shall be permitted to submit an assignment late (see excused absences and late assignment policy below).

Re-grades:

If you feel that an error has been made in the grading of an assignment, you are encouraged to submit the assignment for a re-grade. Please note that the **entire** assignment will be reviewed for accuracy.

Re-grade requests must be submitted no more than one week after the assignment in question was returned to you. Please put the assignment in an envelope along with a typed explanation of the issue in question.

Final Grades:

Final grades will not be posted on the course website. Students may obtain their final course grade once grades have been posted by the University Registrar. I will not respond to emails or other inquiries regarding grades between the final presentations and when final grades are posted by the registrar.

Grades and Grade Points:

For information on current UF policies for assigning grade points, see <https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>

Final grades:

<u>Grade</u>	<u>Range</u>
A	95 - 100
A-	90 - 94.99
B+	87 - 89.99
B	83 - 86.99
B-	80 - 82.99
C+	77 - 79.99
C	73 - 76.99
C-	70 - 72.99
D+	67 - 69.99
D	63 - 66.99
D-	60 - 62.99
E	0 - 59.99

If necessary, a curve may be added when calculating final grades. In past semesters, the curve has been approximately 1 - 3 points. The curve will be determined based on current semester's students' performance; therefore the curve may be higher or lower than the curve for previous semesters.

Bonus Point Opportunity:

Students who upload an appropriate professional selfie during the first week of the semester to their Canvas profile will receive one bonus percentage point added to their final course grade.

Class Participation and i>clickers REEF Polling:

Part of your participation grade is based on attendance. However, the majority of your participation grade will be based on active class participation.

REEF Polling by i>clicker will be used to encourage and track class participation. REEF Polling helps me to understand what you know, gives everyone a chance to participate in class, and allows you to review the material after class. You will need to create a REEF Polling account to vote in class using your laptop, smart phone, or tablet connected to the university's Wi-Fi.

I take academic honest very seriously. Submitting votes for a fellow student violates the University's Honor Code. Violations of the Honor Code at the University of Florida will not be tolerated. If you are caught voting for another student or have votes in a class that you did not attend, you will be reported to the Dean of Students Office and disciplinary action will be taken.

In addition, to voting using REEF pooling, you will also be asked to complete concept cards/comments cards at the end of most classes. These cards help me to understand what you know and what topics need to be revisited during the next class.

I also expect you to actively participate in class discussions. Contributing to conversations in other classes and on the job is a critical skill. You can take steps to improve your participation. If you tend to be a non-participant, I encourage you to prepare questions or jot down a few key points before class and make an effort to speak up in class. If you tend to 'dominate' discussions, learn to let other people contribute.

The single most important factor impacting your discussion based participation grade is the questions you ask when other teams present case studies. This should be very easy because you will have already analyzed the case study. Any differences in the teams' results and yours are obvious bases for questions. Furthermore, you cannot participate in course discussions if you have not completed the case study.

Text Messaging, Instant Messaging, Facebook, Smokeless Tobacco, Etc.

Students caught engaging in these activities during class will receive a one percentage point penalty on their final class participation grade for **each** offense. ***This policy will be strictly enforced.***

Excused Absences and Late Assignment Policy:

In order to be excused from class or allowed to submit an assignment late, you **must** notify me in advance and secure my permission. The only acceptable reasons to request an excuse are:

- Medical emergency (ordinary doctor's visit is not acceptable; proper documentation justifying the excuse will be required).
- Significant personal or professional commitment (e.g., field trip for another course; military duty; interview; religious holidays; participation in official university activities such as music performances, athletic competition or debate; court-imposed legal obligations). Eligibility depends on instructor's judgment, and hence prior permission is a must. Students will not be excused from group presentations for such activities.
- Genuine family emergency (again, proper documentation/verification from parent/guardian will be needed).
- Given that assignments are posted well in advance of their due dates, university athletes are expected to submit assignments on their stated due dates. Under certain circumstances, I will allow make-up assignments when the assignment is missed due to official university sporting events pending ample WRITTEN notification in advance (at least 7 days prior to a scheduled exam). Club/recreational sports are not granted the same courtesy.
- Students who are excused from class will have their participation grades calculated using only the possible points for which they were not excused. In other words, their grade will be based only on the points for which they have not been excused.

Documentation must be submitted no later than the first day you return to class.

Should you experience a significant hardship/illness (e.g. diagnosis of a terminal/chronic disease of you or a close family member; e.g., depression; Crohn's disease, cancer, etc.) during the semester that negatively affects your performance in the course or has the potential to negatively affect your performance in the course, you must inform me as soon as possible such that we can make the appropriate accommodations.

Business Simulation Game:

The [Business Strategy Game](#) is a simulation game in which students (in teams of four or five) will act as the management team responsible for the financial performance of an athletic-shoe company. Teams will determine and implement a strategic plan for 7 years (7 decision rounds plus two practice rounds). Early and continuing attention, focus, and commitment are strongly correlated with success. **Guidelines and expectations** for the BOD presentations will be posted on the class website. **Every student must register on-line and pay the registration fee.** Students will be asked to assess their team members. However, please remember that those who are guilty of allowing free riding are just as guilty as the free riders of poor team functioning. I am willing to help resolve free-riding problems if they are brought to my attention. The top three scoring groups in the game will receive bonus points on their final grades: 3 points for first place, 2 points for second place, and 1 point for third place.

Policy for Firing Group Members:

In extreme circumstances, and only after other corrective measures have failed, groups may fire an underperforming group members if there is unanimous agreement to do so from the other group members. Firing a group member requires prior consultation and mediation with the instructor.

BSG Decision 1 Justification and Shareholders' Letter:

In order to ensure that you are applying finance concepts to evaluate your decisions, you will work together as a team to submit two documents justifying your teams strategic decisions (e.g., building new capacity, investing in plant upgrades, employee compensation decisions, advertising decisions, etc). Your team will submit a written memo and spreadsheets detailing your decisions on two occasions. Using NPV and IRR will be important components of any written justification.

BSG Board of Directors Presentations:

Each team will present its strategic business plan to the Board of Directors (Dr. Kropp and potentially other FRE faculty) after four decision rounds. Another presentation will be made to the BOD at the end of the semester as a final report on the firm's performance. Progress reports and evaluations may be requested. Board of Directors meetings will be scheduled such that all group members can be present. A sign-up sheet will be circulated for specific dates and times.

BSG Weekly Decision Worksheets:

Each group member must submit a weekly decision worksheet every time BSG decisions are due. The weekly decision worksheet incorporate recently covered concepts in an effort to give students practice with the course material. These worksheets also assist in the preparation of the BOD presentations and written assignments related to the game.

Peer Evaluations:

Each student will be asked to complete a set of peer evaluations (one for each team member) at two points during the semester (following the BOD meetings). Peer evaluations can be found on-line within the BSG website. Peer evaluation grades will be determined by their peers' assessment of their performance, attendance at group meetings, contributions and efforts. **Students failing to submit peer evaluations for other group members while received a peer evaluation grade of zero.**

Case Study Group Presentation:

The course uses a series of case studies that pose issues and problems that have actually arisen in businesses. Students are required to read, analyze, and suggest a course of action for each case study. For one case study you will work in your simulation teams to develop a solution and present a persuasive case for your suggested course of action. Teams can choose the case study of their choice for presentation. Choosing case studies is on a first-come, first served basis. **Guidelines and expectations** for the case study presentations will be posted on the class website.

Individual Case Study Write-ups:

For the remaining two case studies you will work on your own to present a written document that demonstrates your ability to analyze, synthesize, and suggest a course of action for food or agricultural firm. The assignments are an opportunity for you to demonstrate that you can competently apply the concepts that you have learned in your undergraduate program. **Guidelines and expectations** for the case study write-ups will be posted on the class website.

Students certainly benefit from having a dialogue with their peers regarding the case studies. These discussions typically enrich the learning process for students. This may result in very similar content among students; this is okay. You cannot, however, have the exact same assignment as a peer – this is obviously plagiarism. So there is a gray area with regards to plagiarism. To avoid the gray area I suggest that you never type your assignment while you are having a conversation with a peer regarding a case study. Never share a digital draft or excel file of your work via email. Suspected plagiarism will be dealt with swiftly and severely to the extent possible allowed by the Student Honor Code. I have turned suspected cases of plagiarism over to the Office of Student Conduct and Conflict Resolution in the past. All assignments must be submitted through turnitin via the course website. In addition, students must submit a hardcopy of all assignments by their due dates.

Academic Honesty:

As a student at the University of Florida, you have committed yourself to uphold the Honor Code, which includes the following pledge: “We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.” You are expected to exhibit behavior consistent with this commitment to the UF academic community, and on all work submitted for credit at the University of Florida, the following pledge is either required or implied: "On my honor, I have neither given nor received unauthorized aid in doing this assignment."

It is assumed that you will complete all work independently in each course unless the instructor provides explicit permission for you to collaborate on course tasks (e.g. assignments, papers, quizzes, exams). Furthermore, as part of your obligation to uphold the Honor Code, you should report any condition that facilitates academic misconduct to appropriate personnel. It is your individual responsibility to know and comply with all university policies and procedures regarding academic integrity and the Student Honor Code. Violations of the Honor Code at the University of Florida will not be tolerated. Violations will be reported to the Dean of Students Office for consideration of disciplinary action. For more information regarding the Student Honor Code, please see: <http://www.dso.ufl.edu/sccr/process/student-conduct-honor-code>.

Software Use:

All faculty, staff and students of the university are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against university policies and rules, disciplinary action will be taken as appropriate.

Campus Resources:

Students experiencing crises or personal problems that interfere with their general well-being are encouraged to utilize the university’s counseling resources. The Counseling & Wellness Center provides confidential counseling services at no cost for currently enrolled students. Resources are available on campus for students having personal problems or lacking clear career or academic goals, which interfere with their academic performance.

- *University Counseling & Wellness Center, 3190 Radio Road, 352-392-1575, www.counseling.ufl.edu/cwc/*
 - Counseling Services
 - Groups and Workshops
 - Outreach and Consultation
 - Self-Help Library
 - Wellness Coaching
- *Career Resource Center, First Floor JWRU, 392-1601, www.crc.ufl.edu/*

Student with Disabilities Act:

The Disability Resource Center coordinates the needed accommodations of students with disabilities. This includes registering disabilities, recommending academic accommodations within the classroom, accessing special adaptive computer equipment, providing interpretation services and mediating faculty-student disability related issues. Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation

0001 Reid Hall, 352-392-8565, www.dso.ufl.edu/drc/

Online Course Evaluation Process:

Student assessment of instruction is an important part of efforts to improve teaching and learning. At the end of the semester, students are expected to provide feedback on the quality of instruction in this course using a standard set of university and college criteria. These evaluations are conducted online at <https://evaluations.ufl.edu>. Evaluations are typically open for students to complete during the last two or three weeks of the semester; students will be notified of the specific times when they are open. Summary results of these assessments are available to students at <https://evaluations.ufl.edu/results>.

Date	DOW	Topic	Before Coming to Class	Assignments Due
Aug. 25	Tuesday	Introductions, Administration and Expectations	Read the Syllabus	Read AACU Poll of Employers Report
Aug. 27	Thursday	Review of Financial Statements	Read CS1: Forest of Flowers Bring a Laptop to Class Read Chapters 1 & 2 RWJ	
Sep. 1	Tuesday	Ratio Analysis	Read Chapter 3 RWJ	Form Groups
Sep. 3	Thursday	The DuPont Identity	Bring a Laptop to Class	
Sep. 8	Tuesday	Projecting Cash Flows and Pro Forma		
Sep. 10	Thursday	Business Writing Basics; Avoiding Plagiarism; Scenario and Sensitivity Analysis; Analyzing Pro Formas	Bring a Laptop to Class Read “Dr. Kropp’s Writing Pet Peeves” & “Keys to Case Studies”	BSG Registration
Sep. 15	Tuesday	Net Present Value Analysis	Read Chapters 4 and 5 RWJ	First BSG Practice Decision
Sep.17	Thursday	CS1: Forest of Flowers	Teams Will Present Results	CS1: Forest of Flowers Write-up
Sep. 22	Tuesday	Net Present Value Analysis Cont.	Read Chapters 8 and 9 RWJ	Second BSG Practice Decision
Sep. 24	Thursday	Review of Capital Budgeting Methods NPV/Capital Budgeting for BSG	Bring a Laptop to Class	
Sep. 29	Tuesday	Bond Basics and Credit Risk	Read Chapter 6 RWJ	
Oct. 1	Thursday	BSG Decision 1 Understanding Credit Risk	Read Understanding Credit Risk	First BSG Decision Worksheet First Decision Memo
Oct. 6	Tuesday	Sub-prime Mortgage Crisis		
Oct. 8	Thursday	BSG Decision 2 Investment Analysis, Beta and CAPM	Read Chapters 10 and 11 RWJ	Second BSG Decision Worksheet
Oct. 13	Tuesday	CAPM for BSG	Bring a Laptop to Class	
Oct. 15	Thursday	BSG Decision 3 Stock Valuation Estimating Incremental Free Cash Flows	Read CS2: Sanderson Farms Read Chapter 7 RWJ	Third BSG Decision Worksheet

Date	DOW	Topic	Before Coming to Class	Assignments Due
Oct. 20	Tuesday	Stock Valuation using Multipliers		
Oct. 22	Thursday	BSG Decision 4 Valuing Apple Stock	Bring a Laptop to Class	Fourth BSG Decision Worksheet
Oct. 27	Tuesday	No Class – Board of Directors Meetings To Be Scheduled		BOD Presentations
Oct. 29	Thursday	No Class – Board of Directors Meetings To Be Scheduled		BOD Presentations
Nov. 3	Tuesday	Weighted Average Cost of Capital	Read Chapter 12 RWJ	
Nov. 5	Thursday	BSG Decision 5 CS2: Sanderson Farms	Bring a Laptop to Class Teams Will Present Results	Fifth BSG Decision Worksheet CS2: Sanderson Farms Write-up
Nov. 10	Tuesday	Calculating Weighted Average Cost of Capital		
Nov. 12	Thursday	BSG Decision 6 Financial Leverage Game	Read Financial Leverage Game	Sixth BSG Decision Worksheet
Nov. 17	Tuesday	Optimal Capital Structure	Read CS3: Wm. Wrigley Jr. Company Read Chapter 13 RWJ	
Nov. 19	Thursday	BSG Decision 7 Effects of Changing Capital Structure		Seventh BSG Decision Worksheet
Nov. 24	Tuesday	Effects of Changing Capital Structure Worksheet		
Nov. 26	Thursday	No Class – Thanksgiving		
Dec. 1	Tuesday	Evaluating Risk NPV Analysis Revisited	Read Chapter 18 RWJ	
Dec. 3	Thursday	CS3: Wm. Wrigley Jr. Company Review, Wrap-up and Reflection	Teams Will Present Results	CS3: Wm. Wrigley Jr. Company Write-up
Dec. 8	Tuesday	No Class – Board of Directors Meetings To Be Scheduled		Shareholders' Letter

The above schedule, policies, procedures and assignments in this course are subject to change in the event of extenuating circumstances, by mutual agreement, and/or to ensure better student learning.