

## ASSESSMENT ACTIVITIES IN BA620

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March 26, 2009

### ASSESSMENT ACTIVITY

In an effort to assess our PMBA students' learning in BA620 (Financial Management), Dr. James J. Taylor utilizes feedback mechanisms as a way to modify and hopefully improve educational outcomes in his course. Dr. Taylor has conducted these kinds of surveys starting the Fall Semester 2007.

### SURVEY INSTRUMENT

The survey instrument used in Fall 2007 consists of four parts:

Part I. This course consisted of a number of learning experiences and case studies focused on major issues in the financial management of the firm. The following were learning objectives identified in the syllabus. On a Likert scale of 5 (very useful / helpful to learning / accomplished) to 1 (not useful / helpful to learning / not accomplished) rate the attainment of these objectives. Make additional comments by any objective as you think appropriate.

- Appreciate the affect of the economic environment in understanding the firm.
- Be able to analyze the financial health of a firm using a variety of financial tools.
- Develop an understanding of finance as an integral part of a business operation.
- Be able to apply risk analysis and financial analysis to support sound business decision-making in both for profit and nonprofit firms.
- Understand why different kinds of business utilize different capital structures.
- Understand the financial components of a business firm.

Part II. A number of case studies were used during the course. Rate the value of each case study for learning about finance on a Likert scale of 5 (very helpful) to 1 (not helpful). Make any additional comments about the case as appropriate.

- The Gillette Company (Ratio Analysis)
- Tire City, Inc.
- Japanese Banking Crisis and Reform (Guest instructor)
- The 2001 Crisis in Argentina: An IMF – Sponsored Default
- Ginny's Restaurant: An Introduction to Capital Investment

- Butler Lumber Company

Part III. A number of learning experiences were used during the course. Rate the value of each learning experience for learning about finance on a Likert scale of 5 (very helpful) to 1. Make any additional comments about the experiences as appropriate.

- The relationship between Accounting and Finance / The Great “T” accounts.
- Purchase of stock through a Dividend Reinvestment Program.
- Ratio Analysis / Dupont Analysis / BizEd and ratio analysis.
- External Economic Forces and The Firm (Guam / Zambia experience).
- Risk Analysis
- Present Value / Future Value
- Cash Flow Analysis and Budgeting

Part IV. Other student comments may be made here.

The survey instrument used in Fall 2008 did not include Part I, included only 2 cases from Part II, provided different sets of learning experiences in Part III, and provided opportunities for general comments in Part IV.

## SURVEY RESULTS

The survey results are summarized in Table 1.

TABLE 1: SUMMARY OF STUDENTS' RESPONSES TO SURVEY

Type of Class Activity		
	Fall 2007	Fall 2008
<p><b>Part I: This course consisted of a number of learning experiences and case studies focused on major issues in the financial management of the firm. The following were learning objectives identified in the syllabus. On a Likert scale of 5 (very useful / helpful to learning / accomplished) to 1 (not useful / helpful to learning / not accomplished) rate the attainment of these objectives. Make additional comments by any objective as you think appropriate.</b></p>		
Appreciate the affect of the economic environment in understanding the firm.	1 2 3=1 response 4=3 responses 5=3 responses	
Be able to analyze the financial health of a firm using a variety of financial tools.	1 2 3=2 responses 4=2 responses 5=3 responses	
Develop an understanding of finance as an integral part of a business operation.	1 2 3 4=6 responses 5=1 response	
Be able to apply risk analysis and financial analysis to support sound business decision-making in both for profit and nonprofit firms.	1 2 3=1 response 4=4 responses 5=2 responses	
Understand why different kinds of business utilize different capital structures.	1 2 3=2 responses 4=3 responses 5=2 responses	
Understand the financial components of a business firm.	1 2 3=2 responses 4=2 responses 5=3 responses	

Part II: A number of case studies were used during the course. Rate the value of each case study for learning about finance on a Likert scale of 5 in 2007 or 7 in 2008 (very helpful) to 1 (not helpful). Make any additional comments about the case as appropriate.		
The Gillette Company (Ratio Analysis)	1 2 3=1 response 4=5 responses 5=1 response	1 2=1 response 3=1 response 4=1 response 5=1 response 6=1 response 7=3 responses
Tire City, Inc.	1 2 3=2 responses 4=4 responses 5=1 response	1 2 3 4=1 response 5=4 responses 6=2 responses 7=1 response  Useful but became confusing as more and more was added into it.
Japanese Banking Crisis and Reform (Guest instructor)	1 2 3 4=4 responses 5=3 responses	
The 2001 Crisis in Argentina: An IMF – Sponsored Default	1 2 3=1 response 4=5 responses 5=1 response	
Ginny's Restaurant: An Introduction to Capital Investment	1 2 3=3 responses 4=4 responses 5	
Butler Lumber Company	1 2 3=2 responses 4=5 responses 5	

Part III: A number of learning experiences were used during the course. Rate the value of each learning experience for learning about finance on a Likert scale of 5 in 2007 or 7 in 2008 (very helpful) to 1. Make any additional comments about the experiences as appropriate.		
The relationship between Accounting and Finance / The Great "T" accounts.	1=1 response 2 3=2 responses 4=3 responses 5=1 response	
Purchase of stock through a Dividend Reinvestment Program.	1=1 response 2 3=3 responses 4=3 responses 5	
Ratio Analysis / Dupont Analysis / BizEd and ratio analysis.	1 2 3=2 responses 4=3 responses 5=2 responses	
External Economic Forces and The Firm (Guam / Zambia experience).	1 2=1 response 3=1 response 4=3 responses 5 N/A=1	
Risk Analysis	1=1 response 2=3 responses 3=3 responses 4 5	
Present Value / Future Value	1 2 3=2 responses 4=4 responses 5=1 response	
Cash Flow Analysis and Budgeting	1 2 3=1 response 4=3 responses 5=3 responses	Biz/Ed: Cash Flow Simulations: PotArts and the Learning Train. The use of simulations to help understand the need for cash flow. 1 2 3=3 responses

		4=1 response 5=1 response 6=2 responses 7=1 response
Handout: Web Resources Focus: Suggested URLs for excellent business sites and business information.		1 2 3=1 response 4=2 responses 5=3 responses 6=1 response 7=1 response
Excel Worksheet on Starting a Business. Focus: Provision of an Excel worksheet to provide guidelines for developing a plan for the financial components of a business.		1 2 3=3 responses 4=1 response 5=1 response 6=2 responses 7=1 response
Individual Summary Presentations on Starting a Business Focus: Summarizing the work you have done to this point in planning to start a business. Identification of the challenges in starting a business on Guam. Respond to this question in terms of how much you were able to learn from putting together a presentation on your plans to start a business.		1 2 3 4 5=1 response 6=4 responses 7=3 responses
Seminar of Risk and Business Operations such as Banking		1 2 3=1 response 4 5 6=4 responses 7=3 responses  Liked both-broke up the flow & made class interesting and

		applicable Presentation was broken down to simple terms and left opportunity to go back to presenter for follow-up questions. Great!
Visit to a Federal Credit Union		1 2 3=2 responses 4 5 6=3 responses 7=4 responses  Provided a real time presentation of the industry. Awesome!
<b>Part IV: Other student comments may be made here.</b>		
	I love finance. The areas I found most interesting were the TireCity and Butler Lumber Company cases because I enjoyed developing ProForma Statements and determining the firm's ability to borrow and pay back. It required a lot of thinking and analyzing. At times, somewhat hard to follow material. Very much information to absorb in a short period of time.	Considering I made a full presentation of my project while others didn't, I was shocked to learn that we received the same grade in the end. I'd like to know how I earned just a B. Gerard Cruz is definitely an amazing speaker, presenter and example of a positive businessman.
<b>Instructor's Analysis of Overall Course</b>	This group seemed less pleased overall. I was not able to get a good understanding of why this group was less pleased when the previous two classes were pleased with the same material. For one thing I am going to utilize a seven step likert scale in the future. It's also hard also understand the negative reaction to the T account presentation. I've used it for the last three years in almost every finance class and I've consistently gotten good feedback on the approach. Overall I'm going to take a hard look at this course for Fall 2008.	

## SURVEY ON THE USEFULNESS OF THE EARLY START TO THE CAPSTONE PROJECT, FALL 2008

In addition to the above survey questions, Dr. Taylor in Fall 2008 began asking students to begin early preparation for each individual student's final, capstone component of the course. In response to this request, initially each of the students decided that for their capstone experience, they wanted to plan for starting a new business. Subsequently, several students changed their plans, either changing the kind of business which they would plan to start, or changing their plans to the analysis of an existing business organization. In this regard, Dr. Taylor provided the following instructions in the survey instrument in Fall 2008:

**"Please comment on the following to provide some ideas about the usefulness of the early start to the capstone project."**

### **To what extent have you been able to prepare for your capstone project in subsequent courses?**

- I have not been able to touch the project in any other courses.
- I was able to logically plan out my project and take it from concept to numbers.
- I'm completed:
  1. HR - Employees handbook
  2. Marketing plan
  3. Financial Analysis
  4. Investment portfolio
- It is complete restart; have to get a new project.
- Not much. All the course work has been specific to the courses and no work has been assigned for capstone.
- In 710 we have relied heavily on a business plan something definitely useful for the capstone.
- Completed the narrative part of the capstone. The financial statement, proforma, and other financial documents will be address.
- We haven't really prepared for the capstone in other classes as we had in finance.

### **How prepared do you think you are for the capstone project?**

- I am about 75% prepared. You gave me some good suggestions during the presentation and I now need to work on getting that data together.
- I still have a lot to do but I am comfortable on my progress so far.
- I am now well prepared to complete my capstone project.
- 50%, have two new areas, will submit to program chair for final approval.
- Pretty well prepared. This class got me thinking about the project.
- About halfway, I feel that a lot more needs to be done.
- I'm quite confident. The information (data gathering) are accessible.



- Very prepared "I hope"

#### **Has the early initiation of the capstone project been a useful learning experience?**

- Yes. This is the only course that got into the details of starting a business.
- Yes & no – Yes for financials, because I think if I was not forced to work it out it would not have been as strong in my capstone. No – because we had a lot of free time that seemed wasted, why meet for class if it is independent work?
- Yes
- Yes
- Yes for the most part. It was a bit unclear as I originally thought the focus would be on the financial aspect of the capstone project.
- Yes. Extremely useful, presentations and bringing together a financial of the company has taken most of the technical aspects.
- Yes. It is useful and a great learning experience.
- Yes

#### **What would increase the usefulness of the preparation for the capstone project?**

- The financial portion of my project was somewhat overwhelming. Breaking it down to smaller parts or lessons would help. For example, start with just the human resource costs, then go into the operational costs, etc...
- It almost felt as if the financial project was expected to be done suddenly at the end. Maybe if a proforma was due a few weeks before the final it would help. Also, having two large finals felt like a busy week. We already took what we needed from the class so why did we need to be repeatedly tested?

I understand it might have been because certain people (probably including myself) did not show everything you had taught us or wanted us to learn, but grades should just reflect that instead of assigning extra work. The oral presentation and a take home final would have been more than enough work and also a way to utilize and show what we had learned.

Another suggestion for the class might also be set grading criteria. It seemed as if grades were assigned at the end based on random things and not in a way that could be predicted beforehand. It would be nice if set grading criteria was defined and communicated regularly so students could gauge new progress.

- True
- Getting the syllabus for capstone on Day 1. Simply telling students "you need to know this" is not fair if the visuals or demonstration is not provided.
- Perhaps better clarification on what you as an instructor expect from our presentations as far as the class is concerned. My presentation focused on the financial aspects, as it was a finance course yet was criticized for not having a better marketing plan. I think your expectations and guidelines need to be clarified from the starting in terms of what is expected from the project for the class.
- Probably examples of past capstone from previous co-hosts or advice from them.
- How to start-up a business and the numerous data require to form the business.

- More attention on the financial portion.

## HOW ACTIVITY IS LINKED TO THE COURSE-LEVEL STUDENT LEARNING OBJECTIVES

The course syllabus stated the following student learning outcomes:

“Upon successful completion of this course, students should:

- Appreciate the impact of the economic environment on a firm.
- Be able to analyze the financial health of a firm using ratio analysis.
- Develop an understanding of the role of finance as an integral part of a business operation.
- Be able to apply risk analysis to support sound business decision-making in for profit firms.
- Appreciate why different kinds of businesses utilize different capital structures.
- Understand the financial components of a business plan.

The following represents a functional and operational description of these financial objectives. Students will be expected to carry out these kinds of operations as part of their study.

- Assess the financial position of a company through its financial statements including the balance sheet, and cash flow statement.
- Calculate a set of financial ratios for a company and analyze what the ratios indicate about the company’s financial health.
- Identify how financial leverage influences a company’s operations.
- Understand the impact on a company of the basic components of risk including financial risk, operational risk, and risk to a company’s reputation. Explain how a company formally addresses issues related to risk.
- Develop a cash budget and an expense budget for a corporate entity.
- Distinguish between control variables, influence variables, and state variables in a financial management situation and determine the management actions that are appropriate to each type of variable.
- Explain and calculate present value (PV) and future value (FV) and explain how internal rate of return (IRR), weighted average cost of capital (WACC), the capital asset pricing model (CAPM), payback period, and other methodologies are used by a company to evaluate the financial implications of proposed projects.
- Describe the working of the equity markets and explain the role of beta in analyzing equity returns”

This survey shows that students in this course were given opportunities to participate in activities that support all 11 Learning Goals of the PMBA Program:

PMBA 1: Understanding of all Functional Concepts: Develop an in-depth understanding of all facets of business management and the operational/functional areas.

PMBA 2: Awareness of Environmental Forces: Recognize new environmental forces, i.e., Economic, Demographic, Political/Legal, Social/Cultural, Technological, and Natural, and integrate such trends and appraise regulatory and ethical considerations in opportunities domestic and global issues as they affect business decision-making.

PMBA 3: Ethics and Social Responsibility: Demonstrate ability to apply values and ethical considerations to organizational challenges and opportunities.

PMBA 4: Diversity: Demonstrate awareness and comprehension of the forces of globalization and the impact of diversity on organizations.

PMBA 5: Communication: Demonstrate the capacity in written, oral, and non-verbal communications to express clear thinking and encourage dialogue and listening.

PMBA 6: Critical and Analytical Thinking: Exercise critical and analytical thinking skills in addressing challenges and opportunities:

PMBA 7: Problem Solving: Effectively handle decision-making dilemma based on real-world scenarios: apply analytical, creative, evaluative skills and technology in dealing with problems; and recognize current paradigms and beliefs to ensure that these do not impair problem solving.

PMBA 8: Identify Opportunities and Threats: Develop policy that promotes the ongoing concern of a business and identify alternative solutions to problems and articulate opportunities.

PMBA 9: Teamwork and Leadership: Demonstrate ability to function in emergent teams that value and respect clear purpose, roles, diversity, shared leadership, dialogue and open communication, consensus decision, and active participation.

PMBA 10: Initiatives and Creativity: Demonstrate ability to articulate insightful visions, engage inhuman ingenuity, and cultivate fresh possibilities.

PMBA 11: Research Skills: Demonstrate ability to undertake research project, gather data and synthesize them into information for business managerial problems.

## CLOSING THE LOOP

Since conducting this survey in Spring Semester 2007, Dr. Taylor has learned quite a bit from them and has used them to make a number of classroom adjustments. Dr. Taylor has provided his initial findings to the WASC Educational Effectiveness committee in April 2008 and has given an overview of these assessment activities in the Assurance of Learning committee in Fall 2007. He will present this report to the Assurance of Learning Committee in April 2009 for further discussion.