

**Course Syllabus
UAP 5694 – Fall 2006
Virginia Tech**

I. Essential Information

This course will use seminar format with three primary teaching methods:

- 1) In-classroom instruction;
- 2) Video conferencing technology (VTEL); and
- 3) The Blackboard online course system.

Students are required to fully utilize all formats made available to them for the duration of the course.

Meeting Time:

Wednesdays 4:15pm – 6:45 pm

Aug. 23 – Dec. 6, 2006

Actual meeting dates are listed below in the class schedule.

Some weeks the class does not meet but assignments are due.

Meeting Locations:

Blacksburg Campus: Durham Hall 463

Alexandria Campus: Architecture Ctr. IVC rm.

Richmond Campus: Room 309

Instructor Information:

Minnis E. Ridenour
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Blacksburg, VA 24061
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II. Course Description

This course builds understanding of the principles associated with the management and financing of fiscal assets for governmental and nonprofit/nongovernmental entities. It is a course for preparing professionals in these fields—not necessarily those who deal exclusively or even primarily with financial management issues. The course focuses on the essential principles associated with the functions of treasury management, investments of endowments, pension and other restricted funds, and debt financing and management for governmental and nonprofit/nongovernmental organizations. Graduate standing required (3H/3C).

III. Objectives

Upon completion of this course, students should be able to evaluate or address competently the following:

- Decision-making in treasury operations of governmental, nongovernmental and nonprofit institutions;
- Effective cash management strategy and processes;
- The fundamental building blocks of an effective investment program for pension, endowment and other restricted funds;
- The principal elements of the debt financing process and the roles of the various organizational actors involved in that process;
- The strengths and weaknesses of alternate debt finance options for an exemplar project;

- The effective management of funds associated with a specific debt financed project.

Understanding these tools is generally required for every professional, executive or board member at a larger government or non-profit organization from counties and towns to NGO's and foundations.

IV. Approach

The course emphasizes key concepts. You will read more about this below in Item VII on the class schedule. These concepts are fleshed out in illustrations. Use discussion questions to formulate and demonstrate your understanding of how the key concepts are presented in classes and in the illustrations. Try to build a "network" of concepts that runs through your experience of the course.

Sometimes the areas you understand will not link up perfectly. When they do not, try to explore the gaps in your understanding so that you are constructing a broader as well as deeper understanding of the concepts. The value you take from the course will ultimately depend on how you flesh out your network of understanding. My evaluation of your work will emphasize not so much how you grasp one general or generic network of concepts—assuming you can build a knowledge of the core concepts—but rather I will emphasize how you refine your own understanding, extend it and express it.

V. Student Evaluation

A. Three Analytical Essays: (20 % each) (Four to six 1 ½ line spaced pages each). 60/100

Each essay should build a logical sequence toward a final paper and class presentation focused on the management of assets of nonprofit, government and nongovernmental entities.

Student will select assignment stream (public or nonprofit/nongovernmental) at the initial course meeting.

To do well, use each paper as an opportunity to express your knowledge of key concepts and how they are practiced in real situations. Papers should show cumulative knowledge.

Essay Topics

1. Treasury management with a focus on maximizing investment return through organizational cash flow management. Emphasize the key concept of liquidity for daily operations. **EXAMPLE:** Effective management of the flow of funds of an organization to maximize investment returns, minimize risk and provide liquidity for operations.
2. An effective investments program for an endowment or another form of restricted funds for nonprofit entities; or pension and trust funds for governmental entities. Emphasize the key concept of Asset Allocation. **EXAMPLE:** Preserving the principal of the fund, managing risk and maximizing yield.
3. The financing of capital assets through the utilization of the organization's resource base, proper debt management, and appropriate use of debt financing. Emphasize the key concept of innovative financing. **EXAMPLE:** Modeling of capital investment decisions and the effective use of debt in the development of capital projects.

B. Final Paper and Presentation: (20%) (10-12 pages at 1 ½ line spaced pages) 20/100

The final paper will be prepared from the basis set in the three previous analytical essay assignments. It is meant to demonstrate a well-rounded understanding of asset management for the stream (public or nonprofit/nongovernmental) selected by the student at the initial course meeting.

My expectation is that you will find a case from actual news or professional sources that you will then describe clearly in your own terms in such a way that illustrates several (more than 4) key concepts from the class. You should also comment on how matters might have been handled differently to avoid issues that put the organization in the news, or how strategic use of key concepts from the class contributed organizational successes which you should describe. You may also use interviews of people at organizations in question, but these are not necessary to do an excellent assignment. That can be done by merely writing a clear report that uses real facts and comments on them thoughtfully.

Again, emphasize key concepts (e.g. liquidity) and how they factored in the organization's outcomes. Use the case development opportunity to think deeply about how a government or nonprofit entity functions around the key concepts of the class. In short, try to write your own clear case illustration that might aid in understanding the importance of the key concepts.

The final presentation should capture the key concepts in the student's final paper and be presented in a professional format and framework most effective for the student.

C. Classroom Participation (10 %) 10/100

D. Blackboard Participation (10 %) 10/100

VI. Course Performance and Policies:

Participation:

I value your participation and it is essential to the seminar's success. You are expected to fully engage in discussion and activities that occur on-line as well as in class.

Be sure to ask questions and otherwise keep me apprised of how you are relating to assigned readings. We will discuss readings, lecture materials, and related current events in a relatively free-flowing fashion. I will post pertinent discussion questions on Blackboard. You are expected to respond to these through on-line discussions and to be prepared for the discussion of these questions during class sessions.

All students are expected to approach coursework with critical thinking and to contribute thought-provoking analyses in class and on Blackboard.

Participation is evaluated by classroom attendance, classroom engagement and Blackboard utilization. Students are expected to attend all classes and to be on time.

Writing Assignments:

The thoughtful essay is still the most important tool of any professional whether delivered in letter or memo form, in a presentation, or as a report. Students must learn to express themselves professionally and effectively through prepared remarks. That is why this course emphasizes expressing concepts in writing.

All written work for this course is to be submitted electronically and must be paginated with footer information denoting the date, assignment and student name. Correct English usage, grammar, spelling and punctuation are expected.

All graduate students should be able to write English correctly regardless of their background. Diana Hacker, A Writer's Reference 2nd ed. (Boston: St. Martin's Press, 1992) is a useful and recommended guide for writing effectively in English.

Other Policies:

1. This is not a math or an accounting course. Students are nevertheless expected to approach numbers as the valuable and essential tools that they are. Concepts are emphasized but dealing with concepts will require dealing with charts, numbers, lists, and presentations similar to ones that a professional would be expected to master.
2. Any student who feels that he or she may need an accommodation because of a disability (learning disability, attention deficit disorder, psychological, physical, etc.) please make an appointment to see me during office hours.
3. I am typically most readily reached via email but feel free to call me if you have a pressing need that can best be handled through a discussion. In addition, I will be pleased to meet with each of you as necessary and to assist you in any way that I can. You may make appointments by contacting Dee Perkins (deperkin@vt.edu) or me.
4. You must contact me in advance to discuss your circumstances if you anticipate submitting an assignment late so that we can work together to establish a completion date for you.
5. You are expected to prepare all course materials and to behave in a manner consistent with the university honor system requirements as published in the current university catalogue. The Virginia Tech Honor Code is in effect.

VII. Class Schedule

The definitions of the following terms explain how to use the class schedule. The latest version for any given class (or weekly Blackboard assignment when there is no meeting) is always on Blackboard at least 7 days ahead of the class or due date for assignments. ****Always use the Blackboard version****

The first couple of weeks of the program are provided here for you to plan ahead in case you are learning to use Blackboard. Following week 2 of the course, there will usually be several weeks ahead of information on Blackboard, but I reserve the right to adjust it to fit class understanding and to address timely issues. Until week 3, I will be making minor adjustments to the content to fit the particular needs of this course cohort.

Theme Book - There are two theme books for the course. Buy them at any bookstore (usually online). Both are by Jim Collins. The first is *Good to Great* (2001). New York: Harper Business Publishers. The second is *Good to Great (and the Social Sectors)* – a monograph (2005), also by Jim Collins. Throughout the course, use these books as discussion points. Relate concepts to what you learn in these books. I set no specific schedule for reading them, but you should have skimmed both by the end of the 4th week of class at latest. Read them and refer to them—particularly the monograph—throughout.

Case Example – In most class meetings either myself or a guest speaker will discuss a “real world” case that illustrates some of the key concepts as put into action. These are especially important. Learn from how the case is discussed, how vocabulary is used related to financial management, but most importantly, question and learn from the process of innovation and creativity in deploying solutions. You should be storing analogies for implementations in your head for future use, but you should also be thinking critically about how solutions unfold and how creativity is essential to go from “good to great” in professional financial management for organizations.

Key Concepts – Key concepts are the hubs in the network of knowledge you should be building.

Illustrations of Key Concepts – Illustrations are real world linkages that allow you to explore how key concepts are used.

Discussion Questions – Discussion questions are leads that you should follow in writing and in preparation for class that will allow you to learn to talk about key concepts and to build a connected set of ideas on them. **Your draft answers will be on Blackboard for everyone in the class, including me, to read.** They are truly a “discussion.” Sources or quotes are not as important as it is to use your own words to show you have grasped the concepts. Write roughly 1/3 of 1 page single spaced to answer each question- certainly no more than 1 page and usually much less. Sometimes I will engage in the discussion by making comments on Blackboard based on your writings.

Supplemental Readings – These are texts and resources you can borrow from the reserve in my office to develop a stronger or sounder understanding of key concepts. You may also find your own sources in the library or online. I will give you pointers for readings that elucidate key concepts. It is up to you to dig as deeply as you need to in order to build a solid understanding. Use the Internet a great deal. In essence, you must find your own sources and build your own cases. I will always offer common points of reference or discussion for the class. The proof of your understanding will be found in how you handle discussion questions and topics in papers. My expectation is that you will be developing an understanding and that I will see that understanding grow as you discuss concepts in increasingly sophisticated ways. If you get stuck, it is imperative that you come to office hours for discussions and special help. I will assign supplemental readings then and take special care that you are on track.

Overall Requirement – Throughout all of the course work, I challenge each of you to think and present your work as a LEVEL 5 EXECUTIVE (PROFESSIONAL) according to the concepts established in "GOOD TO GREAT" by Jim Collins. In other words, think about how you would strive to be a level 5 leader and build the team for an organization that is focused providing superior performance in the delivery of services to those the organization serves.

CLASS SCHEDULE

August 23

CLASS MEETING

Course Overview

Key Concepts

1. Course Overview
2. Assets
3. Government versus non-government entities
4. The importance of asset management to sound organizations

General Discussion

1. Syllabus-- read it carefully and raise any questions or concerns with the syllabus and the requirements of the course.
2. Students need to select Non Profit or Governmental orientation.
3. Be prepared to share with the class why you have chosen to undertake studies in the field of government or non profit.
4. Be prepared to discuss in a meaningful way what you plan to be doing in you profession in five years following your graduate studies.

Discussion Questions

1. Discuss your understanding of the nature and purpose of governmental and non-profit entities.
2. Discuss you understanding of the role of asset management in a governmental or non-profit entity.
3. What is an asset? What is a liability? What is net worth? Why are these terms apt descriptions for the study of asset management?
4. What differences might exist in public versus nonprofit organizations in terms of asset management?

5. Can you think of examples of public or nonprofit financial scandals and what was at the root of the organizational crisis in question?

August 30

CLASS MEETING

Introduction to Treasury Management, Cash Budgeting, Cash Management

Key Concepts

1. Treasury Functions
2. Cash Management
3. Liquidity
4. Budgets
5. Cash Budgeting
6. Forecasting
7. Flow of funds
8. Capital
9. Cost of Capital
10. Transaction
11. Financial Instrument
12. Investment
13. Money markets
14. Debt
15. Interest
16. Yield

Discussion Questions

(Write roughly 1/3 page single spaced for each on the on Blackboard Discussion Forum).

1. Find a treasury department in a nonprofit or government entity on the internet. What do they say they do (in your own words)?
2. Why might the functions you outlined in question 1 be vital (mission critical) for the organization in question?
3. How is managing the flow of funds a crucial concept for understanding cash management?
4. What role does forecasting play in managing the flow of funds?
5. How might liquidity be lost if forecasting is not done well? What are the implications of losing liquidity?
6. Discuss the inverse relationship between deposits/investments and debt. In short, explain the basic business of a bank. How does this relate to organizational cash management?

September 6

ONLINE COURSE WORK

Treasury Management continued

Key Concepts

1. Account Services
2. Collection Services
3. Safeguarding Services
4. Investment Services
5. Debt Services

Key Illustrations

- See readings on Blackboard

Discussion Questions

(Write roughly 1/3 page single spaced for each on the Blackboard discussion forum).

September 13	ONLINE COURSE WORK <u>Treasury Management continued</u> See Blackboard
September 20	CLASS MEETING <u>Final discussion of Treasury Management</u> <u>Introduction to Investments</u>
September 27	ONLINE COURSE WORK <u>Investments continued</u> <i>Submit Analytical Essay One: Treasury Management</i>
October 4	ONLINE COURSE WORK <u>Investments continued</u>
October 11	CLASS MEETING <u>Final Discussion of Investments</u> <u>Introduction to Debt Financing, Capital Budgeting, Debt Management</u>
October 18	ONLINE COURSE WORK <u>Debt Financing, Capital Budgeting, Debt Management continued</u> <i>Submit Analytical Essay Two: Effective Investing</i>
October 25	ONLINE COURSE WORK <u>Debt Financing, Capital Budgeting, Debt Management continued</u>
November 1	CLASS MEETING <u>Final discussion of Debt Financing, Capital Budgeting, Debt Management</u>
November 8	CLASS MEETING <u>Panel Discussion with Guest Speakers</u>
November 15	CLASS MEETING <u>Review of Panel Discussion</u> <u>Preparation for Final Papers and Presentations</u> <i>Submit Analytical Essay Three: Financing of Capital Assets</i>
November 22	NO CLASS - Thanksgiving Break
November 29	CLASS MEETING <u>Final Presentations</u> <i>Submit Final Papers</i>
December 6	CLASS MEETING <u>Final Presentations</u> <u>Concluding Discussion</u>

Recommended Texts for Purchase:

Collins, Jim. Good to Great. 2001. Harper Business Publishers. New York, New York.

Collins, Jim. Good to Great and the Social Sectors: A Monograph to Accompany Good to Great. 2005. Published by Jim Collins.

Government Finance Officers Association (current). *Investing Public Funds*. *Please note: This book will be provided on a loan basis to students enrolled in the course.*

VIII. General Course Outline:

Asset Management/Treasury management is the process of ensuring the timely receipt, investment and disbursement of funds.

- Role of Asset Management/Treasury Management in Financial Management
 - To maximum investment returns while ensuring that the principal is protected from loss
 - To ensure a system of internal controls is in place
 - To evaluate risk and manage risk and to appropriately insure to protect the asset of the entity
 - To invest all available funds in order to generate revenues; thus, reducing the level of taxes, fees or charges to those being served by the entity
 - To manage short and long term debt

- Treasury Operations:
 - Banking Services -- determine the appropriate level of services needed to accelerate cash collection, control disbursements and invest funds
 - Account services
 - Collection services
 - Safeguarding services
 - Credit services
 - Investment services

 - Cash Budgeting -- Cash Flow Analysis----Cash Management
 - Cash collection, deposits and disbursement procedures
 - Management of Account Receivables and Account Payables

 - Internal Controls -- Policies and procedures
 - Accounting
 - Administrative

 - Risk Management and Insurance
 - Determining and evaluating risk
 - Insuring risk

 - Investment Administration
 - Account services

 - Debt Administration
 - Account services

- Investment Management and Investing
 - Investment Policy

- Asset Allocation
- Diversification
- Short term investing
 - Cash Management
- Long term investing
 - Major Programs
 - Endowment
 - Pensions
 - Types of Investments
 - Equity
 - Debt
 - Real Estate
 - Alternative
 - Private Equity
 - Hedge Funds
- Capital Budgeting—developing a financial plan for funding of land, improvements, facilities and equipment
- Debt Management and Financing
 - Debt Policy
 - Debt Capacity Analysis
 - Debt rating and enhancements
 - Issuance of debt