

BUSINESS ANALYSIS

Number of sessions: 30

Length of each session: 1,5 h

Total length of the module: 45 hours

INTRODUCTION TO THE COURSE

The main objective of this course is to advance student's understanding of how to use financial information to Value and Analyse firms. We will apply economics / accounting / finance methodological approaches to problems from both case studies and today's business news to help us understand What is contained in financial reports, Why firms report certain information, and How to be a sophisticated user of this information.

CONTENT

1. Intro Session:

- 1.1 The concept of Enterprise: Inside the black box!
- 1.2 Firm's resources and capabilities
- 1.3 A lifecycle for business change

2. Accounting information:

- 2.1 The role of financial statements: static vs. dynamics
- 2.2 The link between investments and debt
- 2.3 Sources of income

3. Cost Analysis:

- 3.1 Type of costs
- 3.2 First approach to profitability: Breakeven point analysis
- 3.3 Cost allocation

4. Strategic Analysis based on accounting information:

- 4.1 Accounting information as a tool to forecast.
- 4.2 Vertical and horizontal analysis
- 4.3 Prediction vs. Reality: Identification and Assessment of Internal and External sources of discrepancy

5. Production function and productivity:
 - 5.1 Inputs and Outputs
 - 5.2 Efficiency does not equal profitability
 - 5.3 Partial productivity: Concept and its usefulness
6. Ratio analysis:
 - 6.1 Creation of ratios
 - 6.2 Assumption of ratio's approach
 - 6.3 Operational margin and its link to profitability ratios
7. Strategic actions
 - 7.1 Technological change
 - 7.2 Growth and technical and technological improvements
8. Industry Analysis: Benchmarking
 - 8.1 Why does firms' performance comparisons matter?
 - 8.2 Benchmark analysis
9. Corporate Governance
 - 9.1 Control mechanisms
 - 9.2 The relationship between poor performance and control mechanisms
 - 9.3 The relationship between control mechanisms and future performance

GRADING

15% - Participation in class and involvement in class debates during presentations

20% - Case-study assignments

50% - On-Going Case: The European Low-Cost Airline Industry. For this final report quality and originality, and the application of those concepts given in class are valued. For the oral presentation, group dynamics and the quality of the presentation (oral skills and the quality of the support material used) are important.

15% - Contribution to the team.

BIBLIOGRAPHY

All necessary readings as well as the case-study pack and additional material will be handed to you during the course.