

Operational Finance (4 ECTS)

Introduction

This course is made up of two modules:

- Operational Finance, in which you will practice the basics of financial analysis of any company, or how to understand the business, the P&L and the balance sheet and get conclusions from them.
- Investment Decisions, in which you will practice with the numbers and criteria to decide about investments (either personal or corporate).

Objectives

- Analyze the financial statements of a company (P&L and Balance sheet)
- Execute financial forecasts
- Give a diagnosis of the financial situation of the company
- Propose remedial actions if required
- Understand the business strategy and the financial strategy of a company

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 (and calculate) the consequences of your decisions (either in production, marketing, strategy, etc.) on the balance sheet and/or P&L.

The module of Investment Decisions will allow you, to get the numerical tools and criteria to decide about long-term investments, like invest in a new plant, launch a new product or start your own saving plan for retirement. You will get familiar with the standard tools in financial calculation (like, net present value, internal rate or return, etc.).

Content

- Analyze the financial statements of a company (P&L and Balance sheet)
- Execute financial forecasts
- Give a diagnosis of the financial health of the company
- Propose remedial actions if required

- Understand the business strategy and the financial strategy of a company
- Capital budgeting and investment analysis

Evaluation

Grades will be based on class participation (70%) and writing exams (30%).

Competences

Basic

CB6. Possess and understand knowledge that provides a basis or opportunity to be original in the development and / or application of ideas, often in a research context.

CB7. The students know how to apply the knowledge acquired and their ability to solve problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their area of study.

CB8. The students can integrate knowledge and face the complexity of formulating judgments based on information that, being incomplete or limited, includes reflections on social and ethical responsibilities linked to the application of their knowledge and judgments.

General

CG7. Effectively distinguish and categorize relevant information for business decision-making.

CG11. Formulate and evaluate business strategies in decision making, anticipating the economic consequences of action plans.

Specific

CE03. Evaluate the quality of the information contained in the financial statements and detect cases of accounting manipulation.

CE21. Estimate the operational needs of funds and choose the most appropriate financial products for financing: credit policies, factoring, confirming, terms of collection and payment with customers and suppliers, etc.

CE23. Evaluate asset and business purchase decisions with strategic, economic-financial, and operation execution criteria.

CE25. Analyze operational decisions economically (e.g., accept an order or not, manufacture or subcontract, withdraw a product, close a department, offer a discount, etc.) with cost differential analysis.

CE26. Design cost allocation systems to evaluate the profitability of products, clients, and departments. Understand the incentives and behaviors derived from the system within the organization.

CE28. Learn to manage control tools to help implement the company's strategy.