

Course Information	
Subject	Business & Financial Strategy and Corporate Governance
Degree	Master in Finance
Course	First course
Term	First term
ECTS – Credits	2
Type of Course	Mandatory
Department	ICADE Business School
Area	Finance

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## COURSE SPECIFICS

Context of the Course
<b>Contribution to the professional profile of the master degree.</b>
<p><b>Business &amp; Financial Strategy</b></p> <p>The need to interpret and manage the company from the systemic approach is developed throughout the program. This approach allows to construct, from the strategic logic and the principles that allow designing competitive strategies, the logical relations between strategies corporate and business strategies with the functional and especially with the financial strategy. Among these, the financial strategy plays a key role in achieving business objectives by serving as a bridge in the valuation of business decisions and impact on the creation of economic value and therefore of the company.</p> <p><b>Corporate Governance</b></p> <p>The problem of Corporate Governance is approached from the regulatory point of view (internal, national and international), analyzing its implementation, and the resulting good and bad practices. A particular focus will be made on the effects on company prices, and the most current paradigms faced by companies in this area will be studied.</p>
<b>Class Aims</b>
<p><b>Business &amp; Financial Strategy</b></p> <ol style="list-style-type: none"> <li>1. Understand the strategic process and the elements that make it up so that you can reason about the design of the financial strategy in the competitive approach.</li> <li>2. Relate business decisions with the creation of economic value and analyze the "drivers" that allow us to model decision-profitability-risk scenarios from the financial strategy and strategic diagnosis.</li> <li>3. Manage practical tools and models for managing competitive strategies. Special attention is paid to the BSC</li> <li>4. (Balanced Scorecard) the SMRE (Strategic Performance Measurement System) and the Business Modelling and its relationship with the financial strategy.</li> <li>5. Understanding and implementing models for effective change management</li> <li>6. Understand, from a practical approach, the foundations of innovation in management</li> </ol> <p><b>Corporate Governance:</b></p>

1. Learn about Corporate Governance, as well as its evolution to this day with special attention to Spanish banking
2. Identify good corporate governance, its tradeoffs, and the risks of poor governance
3. Know the nature, operation and realities of the Board of Directors and other Governing Bodies
4. Analyze the structure of the Board of Directors, procedures and functions, including the committees of the Board, President and executive members, remuneration and leadership of the Board of Directors
5. Understand the main aspects of Corporate Governance, including:
  - Good practice codes
  - Features
  - Supervision
  - Accounting
  - Responsibility
  - Results
6. Recognize the areas that influence Corporate Governance and the Board of Directors, including strategic Risk management, Corporate Social Responsibility and codes of sustainability and ethics.

## CONTENTS

<b>Contents for Business and Finance Strategy</b>
<b>Lesson 1: Value Creation and Strategy</b>
Create Economic Value as a strategic objective of the company. Impact of business decisions on the Creation of Economic Value.
<b>Lesson 2: The Business Diagnosis un the Strategic Process</b>
Understanding Business Diagnosis and Financial Strategy. Should a financial expert understand the fundamentals of competitive strategy?
<b>Lesson 3: The Growth Imperative</b>
Applying financial logic to business growth. The Customer is an asset. Understanding the most important source of business growth: The Life Time Value approach.
<b>Lesson 4: Costs and Business performance</b>
Cost analysis in the company's performance. Impact on profitability. Operational leverage.
<b>Lesson 5: Business Scorecards. Balanced Scorecards and OKR's</b>
How to create a Business Scorecard that integrates financial objectives with business objectives: BSC model and OKR methodology.
<b>Contents for Corporate Governance</b>
<b>Lesson 1: Corporate Governance. Economic fundamentals and its Evolution</b>
<ol style="list-style-type: none"> <li>1. Concept of corporate governance. Economic and legal foundations of corporate governance.</li> <li>2. Is the application of corporate governance principles useful for companies? Causes of the evolution of the concept of corporate governance since 2000.           <ul style="list-style-type: none"> <li>• What do I understand by Good Corporate Governance?</li> <li>• Scope of Corporate Governance</li> <li>• Evolution of Corporate Governance</li> <li>• Tradeoffs for Good Corporate Governance</li> <li>• Regulation vs Self-regulation</li> <li>• Management independence vs agency problem</li> <li>• Alignment vs Thinking Group</li> <li>• Property rights (Minority vs. Majority)</li> </ul> </li> </ol>
<b>Lesson 2: The Unified Code fort good governance</b>
<ol style="list-style-type: none"> <li>1. The Unified Code for good governance.</li> <li>2. Results of the application of this code to Spanish listed companies. Influence on the prices of these companies.           <ul style="list-style-type: none"> <li>• Risks of poor Corporate Governance</li> <li>• Corporate Governance Models</li> <li>• Corporate Governance in Spanish Banking</li> <li>• Good Corporate Governance</li> </ul> </li> </ol>

- Factors that influence Corporate Governance: Risk Management, Corporate Social Responsibility, Sustainability and Codes of Ethics

<b>Competences</b>
<b>General competences</b>
CGB 1. Capacity for analysis and synthesis CGB 2. Problem solving and decision making CGB 3. Capacity for organization and planning CGB 4. Ability to manage information from different sources CGB 6. Interpersonal skills: listen, argue and debate CGB 7. Leadership and teamwork CGB 8. Critical and self-criticism capacity CGB 9. Ethical commitment CGB 14. Ability to process and transmit ideas, projects, reports, problems and solutions
<b>Specific competences</b>
CE 8. Understand the concept of Corporate Governance and analyse the legal issues, governing bodies structures, functions, procedures and responsibilities. CE 15. Recognize and develop the key elements in the direction of people, strategy and in particular the financial strategy

## TEACHING AND LEARNING

<b>General methodology characteristics of the course</b>	
<b>Classroom methodology: Activities</b>	<b>Competences</b>
<p>It combines lectures with case presentations and readings by students. During the course of each session will review basic concepts contained in the documentation that students have available before each class, and that they must read in depth to ask the arising doubts during the class session. These concepts should be applied by resolving case studies by the students. During the class session the case studies solutions will be debated, allowing delve into the nature of the problem. It is mandatory active participation of students in both the normal development of the class, and in the discussion of the case study, or the exercises if there to be. The driver shaft of the methodology to be used is the practicality of the concepts and skills covered in the sessions. The usual methodological sequence is as follows:</p> <ol style="list-style-type: none"> <li>1. Statement of the general framework of the subject by the monitor / teacher.</li> <li>2. Discussion of the conceptual doubts that students have about the subject, and resolving them</li> <li>3. Practical use of concepts through the analysis of real or fictitious case studies, and / or exercises.</li> <li>4. Summary of worked concepts and summary of the main conclusions</li> </ol>	
<b>Methodology - Not in the class: Activities</b>	<b>Competences</b>
<p>The previous study of the documentation for each session, which will be made available to students with sufficient time is required. Analysis and resolution of practical cases, when assigned, which allow the student to make a decision-making exercise like a professional at a financial department of a company. The resolution of the case studies is mandatory and prior to the corresponding session and must be delivered in writing. The resolution of the exercises proposed by the teacher shall be delivered in writing.</p>	

## EVALUATION AND GRADING CRITERIA

Types of Evaluation	Criteria	Weight
<b>Exam, public defence, practical cases and Final Presentation (SE1). FINAL EXAM</b>	<b>To pass the subject, the final exam mark must be at least 4,90.</b> Right answers; Organization of information; Synthesis.	<b><u>20%</u></b>
<b>Public, individual or group presentations (SE3) FINAL CASE PRESENTATION</b>	Apply instructions and criteria.; Organization of information; Clarity in presentation; Means of support used; Synthesis.	15%
<b>Individual Assignments/Practices/Works (SE4) INDIVIDUAL ASSIGNMENTS/PRACTICES/WORKS, SAME WEIGHT EACH</b>	Apply instructions and criteria; Appropriateness in the statement of the questions; Right answers; Organization of information; Clarity in presentation; Means of support used; Synthesis.	20%
<b>Group Assignments/Practices/Works (SE5) GROUP ASSIGNMENTS/PRACTICES/WORKS SAME WEIGHT PER EACH</b>	Apply instructions and criteria; Appropriateness to the statement of the questions; Right answers; Organization of information; Clarity in presentation; Means of support used; Synthesis <b><u>Distribution and organization of work.</u></b> <b><u>Everyone must participate</u></b>	15%
<b>Participation (SE6) PARTICIPATION, ACHIEVEMENT OF OBJECTIVES, AND COMMITMENT THROUGHOUT THE CLASSES</b>	To achieve the pass mark, the student is required to help/push into the dynamics of the classes, provide evidence of achievement of objectives, predisposition, commitment and initiative.	30%

### Notes to the evaluation criteria:

1. All students must meet a minimum of 75% attendance in the whole subject.
2. For the exercises, to be taken into account, they must be delivered through Moodle in time and format.
3. If, when combining the criteria, the final grade is equal to or higher than 5, but the minimum grade for the exams or final tests has not been achieved, the final grade will be reduced to a maximum of 4,0 points.
4. In case a student does not obtain a grade of 5,0, the student may take an extraordinary exam. In that case if the student pass the retake exam, his/her final grade in the subject must be a 5,00.
5. If the student does not comply with 70% of the evaluation activities, the weightings of the evaluation system table will not be applied, and the maximum final grade will be 4,0.

### Evaluation criteria to apply at second enrolment:

Types	Criteria	Weight
<b>Individual assignments</b>	To pass the course, the student must deliver all the tasks assigned by the teacher	15%
<b>Taking written exams, multiple choice tests, concept tests and solving practical cases as an exam</b>	At least 5,00 points on the final exam, or at least an average of 5,00 on all examination activities.	70%
<b>Participation</b>	To achieve the pass mark, the student is required to help/push into the dynamics of the classes, provide evidence of the achievement	15%

	of objectives, predisposition, commitment and initiative.	
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**Evaluation criteria to be applied in the case of school waiver/exemption:**

In cases of exemption/dispensing from schooling, provided that the student duly justifies it, the grading criteria will be 70% for the exam (if the subject allows it, two exams will be taken, 35% each) and 30% for individual works. The individual works will serve to control the evolution of the student's learning. Only in cases in which the student is not able to answer in writing, and provide evidence that justifies it, the exam may be oral and the content of the student's answers will be transcribed.

**Criteria in health alert:**

The student must be permanently identified, with an identification in the classroom and with their full name remotely. Students should not change the spaces they occupy in the classroom, unless directed by a teacher or the program management.

Failure to comply with any of the health recommendations during the class sessions may imply failure in the subject.

SUMMARY OF STUDENT WORK HOURS						
ATTENDANCE HOURS						
Lectures (AF1)	Content presentation (AF2)	Exercises and assessment (AF4)	Class discussion (AF5)	Seminars, workshops, case studies (AF6)	Interdisciplinary activities (AF7)	Simulations (AF8)
2,5	5,5	2	2,5	2,5	2	3
NON-ATTENDANCE HOURS						
Study and analysis of documentation (AF9)		Performing assignment and case studies (AF10)	Tutorial sessions (AF11)		Conducting collaborative work (AF12)	
18		6	3		6	
ECTS CREDITS: 2 ECTS						

**BIBLIOGRAPHY**

Recommended Bibliography
Textbooks
<p>Business and Finance Strategy:</p> <ul style="list-style-type: none"> <li>• Arjona Torres, M. (2013): La estrategia expresionista. Madrid: Ediciones Díaz de Santos.</li> <li>• Barney, J.B. (2007) Gaining and sustaining competitive advantage.( 3ª ed.) Prentice Hall. Madrid</li> <li>• Christensen, C. M. (1997): The Innovator's Dilemma: When New Technologies Cause</li> <li>• Great Firms to Fail. Boston, MA: Harvard Business School Publishing.</li> <li>• Johnson, S. (2011): Where Good Ideas Come From: The Seven Patterns of Innovation. Nueva York, NY: Penguin Group.</li> <li>• Kotter, J. P. (2012): Leading Change. Boston, MA: Harvard Business School Publishing.</li> <li>• Mintzberg, H. (1988): La estructuración de las organizaciones. Barcelona: Ariel.</li> </ul>

- Norton, D. P. y Kaplan, R. S. (2000): El Cuadro de Mando Integral: The Balanced Scorecard. Boston, MA: Harvard Business School Publishing.
- Adams, R., Mehran, H., 2003. Is corporate governance different for bank holding companies? FRBNY Econ. Policy Rev. 9, 123–142.
- Adams, R., Mehran, H., 2011. Corporate performance, board structure and its determinants in the banking industry. Federal Reserve Bank of New York Staff Reports no. 330.
- Beltratti, A., Stulz, R., 2010. The credit crisis around the globe: why did some banks perform better? Working paper.
- Denis, D., McConnell, J.J., 2003. International corporate governance: a survey. J. Financ. Quant. Anal. 38, 1–36.
- Kirkpatrick, G., 2009. The corporate governance lessons from the financial crisis. OECD J.: Financ. Mark. Trends 1, 61–87.
- Klein, A., 2002. Audit committee, board of director characteristics, and earnings management. J. Account. Econ. 33, 375–400.
- Laeven, L., Levine, R., 2009. Bank governance, regulation, and risk taking. J. Financ. Econ. 93, 259–275.

### Corporate Governance

Adams, R., Mehran, H., 2003. Is corporate governance different for bank holding companies? FRBNY Econ. Policy Rev. 9, 123–142.

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Laeven, L., Levine, R., 2009. Bank governance, regulation, and risk taking. J. Financ. Econ. 93, 259–275.

### **Additional Readings**

- Graham, B, (2006). The Intelligent Investor Rev Ed.: The Definitive Book on Value Investing . HarperCollins Essentials
- Bogle, J. (2010). Common Sense on Mutual Funds. Wiley and Sons.
- Soros, G, (2014). The Alchemy of Finance: Reading the Mind of the Market. Wiley.
- Somers, M (2018). Advice that Sticks. How to give financial advice that people will follow. Practical Inspiration Publishing.

