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Improving MBA Students' Ability to do Financial Analysis

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I participated in the Backwards by Design workshop in August 2017 to enhance my student’s learning in the graduate course MBA 541, Managerial Finance. Both the students and I struggled when I taught this course my first quarter at Western, Fall 2016. I had taught a similar course at Auburn University for over ten years. In both universities, the course was a second course in Finance that applied the concepts through research, writing and presentations. What I failed to take into account is that the course in Auburn was an elective, so only students who were skilled in Finance took the course, while at Western all MBA students were required to take the class. In my first quarter, I assigned the students four major assignments throughout the quarter, cumulating in a large project at the end of the quarter. The students struggled with the knowledge and did not seem to get the larger picture. Although I gave specific rubrics for each project, they did not seem to understand that when I asked for analysis, I was asking for them to interpret results, rather than just reporting results. The quarter was a struggle for all of us.

Threshold Concept

At the retreat, I first identified the threshold concept as value. All financial decisions should be made to maximize value; usually this is dollar value, but it can be environmental or social value. In every project, I wanted the students to analyze whether policies were increasing value and make recommendations to increase value. During the workshop I also realized I needed to clarify what I mean by analysis. Finally, I wanted there to be a better atmosphere in the classroom and for students to understand how important Finance is to all business.

Revisions to the Course

I did several things to address the weaknesses in my course.

1. I incorporated the key threshold concept, value, more prominently in the syllabus, every lecture, and every assignment, both in the title and the wording. An example title is “How does the governance of the company add to Corporate Value?” instead of “Governance of the Company”.
2. I changed the structure of the course so that most assignments were low stakes assignments. Almost every day, the students had an assignment to turn in with research, calculations and analysis on an individual company. The assignments were all pieces of the final analysis.
3. To emphasize that I wanted students to analyze the company, I split every assignment into two pieces. The first piece involved research where students report information and calculations. The second set of questions was labelled: “Refutable statements” and I told the students the refutable statements meant using their own judgement to analyze and discuss whether and how the company policies revealed in their calculations and research were adding or detracting from firm value.
4. To address the fact that I needed to grade each student’s assignment twice a week, I asked students to form teams with 3-4 students following a different company in a common industry. During class the team members fill out a report summarizing the
information of the teammates and answer some analysis questions comparing the companies and discussing which companies were doing the best to add value and which were doing the worst. I allowed the students to correct their work with no penalty during these team meetings and the students learned from each other. I believe this team discussion enhanced and enriched the student learning immensely beyond simply learning the concepts. Students would ask me (I was present during the team meetings) why the companies would have such different policies and we would discuss this as I often did not have the answer. It took learning to a higher level.

5. At the end of the course, each team put together the research on individual companies into a team industry report. This report (and presentation) assessed all aspects of corporate decision making and financial results. The teams together made both class presentations and then wrote reports discussing how different companies in the industry create or detract from value.

**Assessment of Effectiveness of course redesign:**

I taught MBA 541 in Fall 2017 to traditional full time students and in Winter 2018 to part time MBA students. I had two main goals 1) To improve class atmosphere and help students enjoy Finance. 2) To increase student understanding of how corporate policies can lead to value and to for students to critically analyze how specific decisions made by large companies adds or detracts from value.

The first goal of improving class atmosphere was met immediately. My enjoyment of teaching the class improved dramatically and the students were active participants discussing their results with others following companies in the same industry. The Fall class was fine; the class atmosphere improved and the students worked hard and seemed to enjoy the class. However, my evaluations remained low although slightly improved from the year before. I revised the class again although the revisions had more to do with class structure than the specific assignments.

In Winter, when teaching the part time students who are mainly working full time, the class went very well. I enjoyed the Winter MBA class more than any class I have ever taught (and I taught at Auburn University for 27 years prior to coming to Western.) The students were excited about the course. In my first night teaching the Winter class I said I wanted them to understand finance is fun. On the last day of class, one of the students said “Finance is fun” and the students actually clapped for me which has never happened in all my years of teaching! I know that a large part of the atmosphere in the Winter class was due to the excellent students in the evening MBA cohort, but I believe the way I conducted the course also made a huge difference.

The second goal of increasing student understanding value and being able to conduct analysis of whether policies contributed to value was also met. The quality of the analysis in the final presentations and reports improved a great deal. In my first class (prior to the workshop), the score on the analysis portion of the final presentations was 74%. In the two classes after the workshop the analysis scores were 86% and 90%. The students were able to make the
connection to value, analyze whether current policies were contributing to value and recommend actions to enhance value.

Student comments also provided evidence that the restructured course enhanced learning:

- “The quarter-long project was a brilliant way to engage us in complex finance topics, and I learned so much through the process. It’s rare to have classes with all encompassing quarter-long projects, and I am very thankful for this one.”
- “I loved the structure of the class...” “I learned a lot.”
- “I liked the progressive company assignments and the group discussions.”
- “Combining individual company assignments with group work about the overall industry really helped me understand how the data I was pulling and analyzing fits into the big picture of finance.”
- “Class structure was excellent—everything built on previous lessons very effectively and culminated in the paper/presentation”

**Challenges**
The grading is very extensive and time consuming. With twice a week assignments and each student following a different company, I am often overwhelmed. I am not sure how to deal with the grading.

My class with traditional full-time MBA students did not go as well as I was hoping. I will continue to work on the class. The restructuring of the class time done for my evening class will help, but I still need to enhance traditional student’s engagement in Finance.

Overall, I enjoyed the workshop and most of my redesign was based on the suggestions of the facilitators. I believe incorporating “backwards by design” enhanced my students learning.