

COURSE SYLLABUS

Corporate Restructuring and Turnarounds – FIN 6357-501 – Fall 2020

THE UNIVERSITY OF TEXAS AT DALLAS - Naveen Jindal School of Management

Course Information:

<i>Course Number/Section</i>	FIN 6357 – 501
<i>Course Title</i>	Corporate Restructuring and Turnarounds
<i>Term</i>	Fall 2020
<i>Days & Times</i>	Thursdays, 7:00 pm – 9:45 pm – Online and remote/virtual

Professor Contact Information:

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<i>Contact Hours</i>	By appointment

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Course Pre-requisite:

FIN 6301 is required.

Course Overview:

The need for corporate restructuring and change has been forced on most companies by recent developments: the digital transformation, the coronavirus pandemic, and the ongoing reconfiguration of global supply chains in response to both the first two causes and a growing sense of economic nationalism in this country and elsewhere. Financial executives are very concerned with these matters for two major reasons. First, the structural, pricing and and business model changes involved are extensive and have real implications for the commitment of resources and funding requirements. Second, there is extensive new value being created in some companies while extensive value destruction takes place in others. Financial expertise can help here. This course, delivered online through e-Learning, Blackboard Collaborate, and Microsoft Stream, will help you prepare to capitalize on new opportunities. It is about strategy, disruption and financial value. The term “Restructuring”, in this course, will be interpreted as a significant change in corporate financing, operations or strategy meant to achieve better results, not a legal process. The term “Turnaround” will be interpreted synonymously, i.e. a corporate transformation necessary to cope with or avoid bad outcomes. The legal corporate reorganization or bankruptcy process will get some coverage but it will be relatively minor.

Course Context:

a) Disruptive Digital Technologies Force Innovation and Disruption:

Recent disruptive digital innovations, particularly the mobile phone, the power of cloud computing, new technologies and the rise of social networks, have greatly impacted the relative cost calculations and the traditional business structures/models in most industries. New data sources and technologies include:

- Business analytics, artificial intelligence and automated analysis.
- Immense amounts of data from the Internet of Things.
- Increased consumer engagement and the growth of social media.
- Cloud computing, powerful search engines and gateway systems
- Blockchain, which brings “network of trust” possibilities, a reduction in misinformation and fraud, and faster timing of transactions.
- Augmented Reality, Virtual Reality and robotics feature more information, perspectives, and aid for consumers.

Transformation and corporate response, while not complete, includes:

- More customization in products and services becoming available to consumers.
- Less centralized patterns of manufacturing facilities, operations and distribution.
- Changed inventory patterns for many supply companies.
- The rise of clear leaders in the distribution and delivery industry having real cost advantages as a consequence of a very high market share.
- The elimination of many intermediary businesses.
- Closure of some retail stores or their modification into much asset-lighter and smaller stores.
- Wider use of mobile applications including mobile payments technologies.
- A pricing structure for many companies where transparency reduces pricing power.
- The widespread adoption of speed of transactions as a competitive factor.
- The need for inter-company cooperation with possible competitors in information-driven ecosystems.

b) New Risks and Challenges Have Emerged:

As newer technologies and capabilities have become more available new risks have become evident.

- Cybercrime and security concerns have increased.
- Data privacy and protection are growing concerns. Compliance with the General Data Protection Regulation of the European Union is a continuing challenge for some companies.
- The growing power of online gateway systems and mandatory participation third party payer systems are problematic in some industries.
- The increased risk of failing at corporate restructuring or a turnaround becomes ever more evident. Not all firms succeed.
- The risk of attack from activist investors and private equity firms looking for new portfolio companies has increased in recent years.

Digital disruption is basic to our course. It has been around for some time. Lately, two additional, major drivers of transformation have arisen. The first is the worldwide COVID pandemic. All industries are having to rethink business modes, operations, delivery systems, supplier systems. For some industries, it is re-design or wither away. For others, there is increased opportunity. No company or industry has a pass.

Finally, many businesses are being forced to consider the structure of their supply chains. This is a reaction to both the risks and opportunities already discussed and to a growing sense of economic nationalism in many countries.

c) **Premise:**

The premise of this course is that companies are either in the midst of a turnaround or, in fact, should be. Finance is at the heart of corporate digital transformation. The discipline can provide the insights, forecasts and value analysis to support the enterprise in making strategic decisions. The CEO looks directly to the CFO for an understanding of the expected financial impact of new business models and operational changes in uncertain times. We will gain expertise in this area.

Course Learning Objectives:

- a) To help you understand the ways value can be created as today's companies transform in reaction to crises and to resultant opportunities. This includes both operational and financial structures.
- b) To help you identify financial levers/measures that bring increased value. Such Indicators as beta, cash flow stability, long-term growth rates of cash flow, and reinvestment rates, can be monitored and used in more active management for added value.
- c) To strengthen your judgment concerning the challenges and risks in the present corporate environment.
- d) To increase your understanding of formal financial restructuring through the legal process and your capacity to analyze appropriately. This includes increasing your understanding of reorganizations and liquidations.
- e) To have class members share information about companies undergoing the change and restructuring of interest to this course. We will use Blackboard Wiki for this purpose.
- f) To develop your communication skills This is often the top-rated need of employers.
- g) To have you engage with relevant guest speakers.
- h) An eighth course objective is to provide flexibility in delivery modes, learning styles and student course responsibilities.

In short, the course should increase your value and capability for employers in today's disruptive world.

Course Structure:

- a) There will be fourteen synchronous sessions of approximately 90 minutes duration. These will start at 7pm. on Thursdays on Blackboard Collaborate.
 - There will always be an assignment sheet posted on e-Learning six days prior to class. This will help guide discussion and topic examination.
 - On seven occasions, there will be a introductory professor's video posted to watch before class.
 - Ten of these classes will be case discussions, using Blackboard Collaborate, based on the assigned, published case. All students following in synchronous mode will participate. In each class the focus will be on:
 - Discovering how value for customers, suppliers, and/or the host company is being created and mapping how value is unlocked.
 - Identifying relevant metrics of value creation and estimating, to the extent possible, how much value is created
 - Discussing timely issues and the lessons to be learned
 - Two of these classes will be on Introduction and Summary.
 - An additional two classes will be devoted to visiting speakers.
 - Some students will participate asynchronously to give a comparable experience..

- b) To broaden the discussion and understanding, and to update the published cases, synchronously-following students will:
- Submit a two-page summary of their case analysis of the published case prior to class, four times during the course.
 - Participate in the Blackboard Collaborate discussion sessions as detailed above.
 - Present individual findings in each class showing how the company being discussed has been further affected by restructuring changes put in place since the date of the case. This is especially relevant for recent changes due to COVID and recent supply chain modifications.
 - Submit through e-Learning, on four occasions, an individual five-page paper analyzing the complete case (the published part and the supplemental, presented in-class or discussed in the Wiki, part).
- c) To achieve a comparable experience, those students following in the asynchronous mode will:
- Submit a two-page summary of their case analysis of the published case, prior to class, four times during the course.
 - Follow the recordings of the synchronous sessions. These will be available on both Blackboard Collaborate and Microsoft Stream.
 - Contribute/share on the Wiki, either pre-class or within three days of the recorded session, both their comments on the class analysis and their findings showing how the company being discussed has been further affected by restructuring changes put in place since the case date.
 - Submit through e-Learning an individual five-page paper analyzing the complete case (the published part and the supplemental, presented in-class or discussed in the Wiki, part) on seven occasions.
- d) More generally:
- See the attached schedule for details of assignments.
 - Timely preparation and data collection/search (as specified) before and after class sessions is expected.
 - This course is one of discovery for all of us. You will be part of the process. The updates of cases and our Wiki pages are expected to be largely a student responsibility. Responsibility includes sharing what you find.
 - A willingness to speak or to communicate your thoughts in writing is required.
 - A computer is needed for class sessions.
 - e-Learning will be the primary vehicle for correspondence. Assignments will be posted there.

Given the flexibility in course structure and delivery mode there is potential for confusion. Please confirm with me if you are following the asynchronous option. The default option, and that recommended, is to take part in the synchronous sessions.

Evaluation and Grades

Deliverables for Synchronous Stream Students:

You will be judged on your required written analyses, on your synchronous discussions of topics and cases, on your weekly updates of the companies under discussion, and on your questions for visitors. On four occasions, a written one-page summary of your thoughts will be submitted prior to class. (A two-page Wiki contribution can substitute.) There will be fourteen abbreviated, synchronous online classes. On four further occasions, you will be expected to submit a five-page paper by a specified date after the class. All submissions

are to be on e-Learning. Each week you are expected to bring case updates to our synchronous discussion, or the Wiki, and so update your classmates.

e-Learning will be the primary vehicle for correspondence. Assignments will be posted there.

Evaluation and Grades for Synchronous Stream Students:

Four pre-class one-page analyses	20%
Online class discussion of published case: frequency and content	25%
Weekly updates for classmates of companies discussed (Wiki or in-class)	25%
Four post-class, inclusive case analyses	<u>30%</u>
Total	100%

Deliverables for Asynchronous Stream Students:

You will be judged on your required written analyses, and on your weekly Wiki contributions relating to the topics, companies or visitors discussed or present in the synchronous sessions. On four occasions, a written one or two-page summary of your thoughts will be submitted prior to the scheduled class. There will be fourteen recorded, synchronous online classes, available on Blackboard Collaborate and Microsoft Stream, requiring your attention and comments. Each week you will be expected to provide your pre-class or after-class contributions and comments, within three days, on e-Learning. On seven occasions, you will be expected to submit a five-page paper by a specified date after the class has been held.

Evaluation and Grades for Asynchronous Stream Students:

Four pre-class one-page analyses of published case	20%
Weekly updates for classmates of companies discussed and speakers (Wiki)	30%
Seven post-class, inclusive case analyses	<u>50%</u>
Total	100%

Grading Criteria for All Students:

To be awarded an 'A' or 'A-', a paper must contain an cogent analysis of most major, relevant issues. A 'C' paper will reference a smaller number of issues with an incomplete analysis. It is possible to be awarded a failing grade on a paper.

Oral and Wiki contributions will be primarily judged by frequency of participation, the relevance of comments to the ongoing discussion, and originality.

You will receive a decimal form equivalent to a letter grade at each stage of the course. The table below shows the equivalence. Your progress grades will show in eLearning in decimal form.

A	A-	B+	B	B-	C+	C	P	F	I
4.0	3.67	3.33	3.00	2.67	2.33	2.00	Pass	Fail	Incomplete

The final course grade will be a letter derived from the table above.

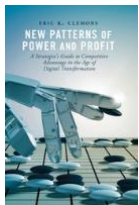
Recommended Textbooks:

Your previous course and finance textbooks will serve well as basic references. For this course, please acquire one of the books below. All are good, see my notes.



Technology Strategy
Nigel Walton and Neil Pyper
ISBN: 978-1-137-60534-4
Paperback
327 pages
2020, Red Globe Press

This book is my prime recommendation. Its strength is relating disruptive technology to business models.



New Patterns of Power and Profit
Eric K. Clemons
ISBN: 978-3-030-00442-2
Hardcover
266 pages
2018, Springer International Publishing

This book is a second recommendation. Its strength is relating platforms, online gateways and marketing to corporate strategy and profits.



Digital Transformation
Thomas M. Siebel
ISBN: 978-1-9481-2248-1
Hardcover
232 pages
2019, Rosetta Books

This book is also a second recommendation. Its strength is relating data and artificial intelligence to corporate change.

In addition to one or more of the books above, you will need the twelve required cases (some include supplemental spreadsheets) listed below. The cases can be purchased from Harvard Business Publishing. The link for the Harvard coursepack is <https://hbsp.harvard.edu/import/742736> .

Cases and Supplemental Spreadsheets:

- AccorHotels' Digital Transformation: A Strategic Response to Hospitality Disruptor AirBNB IMD885-PDF-ENG
- AccorHotels and the Digital Transformation: Enriching Experiences through Content Strategies along the Customer Journey IN1251 PDF-ENG
- Axel Springer in 2014: Strategic Leadership of the Digital Transformation E522-PDF-ENG
- Axel Springer in 2016: From transformation to Acceleration? E610-PDF-ENG
- Fidelity Labs and the Digital Transformation of Fidelity Investments TB0587-PDF-ENG
- Cloud Wars Go Global: How Amazon, Microsoft, Google and Alibaba Compete in Web Services IN1658-PDF-ENG
- Walmart Inc. Takes on Amazon.com 718481-PDF-ENG
- Best Buy Co., Inc. MH0066-PDF-ENG
- Digitalization at Siemens 717428-PDF-ENG
- Digital Transformation at GE: What Went Wrong? W19499-PDF-ENG
- Restructuring Navigator Gas Transport Plc. 207092-PDF-ENG
- JCPenney: Back in Business 517037-PDF-ENG

**Assignment Page and Calendar* - Corporate Restructuring and Turnarounds
Fall 2020
Dr. David Springate**

*These descriptions and timelines are subject to change at the discretion of the professor.

Wk	Date	Course Section	Topics	Pre-Class Video	Case for Live Discussion	Student Responsibility	
						Synchronous	Asynchronous
1	Aug 20	Introduction	<ul style="list-style-type: none"> Class introductions Syllabus, expectations for the course, grading policy 	No	None	<ul style="list-style-type: none"> Class discussion Wiki contributions after-class 	<ul style="list-style-type: none"> Wiki contributions after-class
2	Aug 27	<ul style="list-style-type: none"> Focus on gateway systems and platforms Focus on Competitive Strategy Focus on Data 	<ul style="list-style-type: none"> Strategies Competitive Advantage Disruption Crossing Boundaries Value Chains Valuation Asset-Heavy vs. Asset-Light Customer Attraction and Retention Corporate Structures Economics Digitalization Transformation Analytics 	Yes	<p>AccorHotels Digital Transformation: A Strategic Response to a Hospitality Disruptor AirBNB</p> <p>AccorHotels and the Digital Transformation: Enriching Experiences through Content Strategies along the Customer Journey</p>	<ul style="list-style-type: none"> Class discussion Wiki pre-class and after-class contributions After-class Paper due Sep 5 	<ul style="list-style-type: none"> Wiki pre-class and after-class contributions After-class Paper due Sep 5
3	Sep 3			Yes	<p>Fidelity Labs and the Digital Transformation of Fidelity Investments</p>	<ul style="list-style-type: none"> Pre-class Paper due Aug 31 Class discussion Wiki pre-class and after-class contributions 	<ul style="list-style-type: none"> Pre-class Paper due Aug 31 Wiki pre-class and after-class contributions After-class Paper
4	Sep 10			No	<p>Axel Springer in 2014: Strategic Leadership of the Digital Transformation</p> <p>Axel Springer in 2016: From Transformation to Acceleration</p>	<ul style="list-style-type: none"> Class discussion Wiki pre-class and after-class contributions After-class Paper due Sep 19 	<ul style="list-style-type: none"> Wiki pre-class and after-class contributions After-class Paper due Sep 19

5	Sep 17			No	Cloud Wars Go Global: How Amazon, Microsoft, Google and Alibaba Compete in Web Services Speaker: Mr. Russell Wiant, Nectar Services Corp.	<ul style="list-style-type: none"> Class discussion Wiki pre-class and after-class contributions 	<ul style="list-style-type: none"> Wiki pre-class and after-class contributions Wiki after-class contribution After-class paper due Sep 26
6	Sep 24			No	Speaker: Mr. Sushil Ahuja, PwC	<ul style="list-style-type: none"> Class discussion Wiki pre-class and after-class contributions 	<ul style="list-style-type: none"> Pre-class Paper Wiki pre-class and after-class contributions
7	Oct 1	<ul style="list-style-type: none"> Focus on Customers Focus on Supply Chains Focus on Logistics 	<ul style="list-style-type: none"> Retail Strategies Digitalization Transformation Turnarounds Competition 	Yes	Walmart Inc. Takes On Amazon.com	<ul style="list-style-type: none"> Class discussion Wiki pre-class and after-class contributions After-Class Paper due Oct 10 	<ul style="list-style-type: none"> Wiki pre-class and after-class contributions After-Class Paper due Oct 10
8	Oct 8			Yes	Best Buy Co., Inc.	<ul style="list-style-type: none"> Pre-class Paper due Oct 4 Class discussion Wiki pre-class and after-class contributions 	<ul style="list-style-type: none"> Pre-class Paper due Oct 4 Wiki pre-class and after-class contributions
9	Oct 15			No	Speaker: Mr. Sid Keswani, Pandora Americas	<ul style="list-style-type: none"> Class discussion 	<ul style="list-style-type: none"> Wiki after-class contributions
10	Oct 22	<ul style="list-style-type: none"> Focus on Analytics Focus on Corporate Business Models 	<ul style="list-style-type: none"> Strategies Digitalization Transformation Analytics Artificial Intelligence 	Yes	Digitalization at Siemens	<ul style="list-style-type: none"> Pre-class Paper due Oct 18 Class discussion Wiki pre-class and after-class contributions 	<ul style="list-style-type: none"> Wiki pre-class and after-class contributions
11	Oct 29			No	Digital Transformation at GE: What Went Wrong?	<ul style="list-style-type: none"> Class discussion Wiki pre-class and after-class contributions After-Class Paper due Nov 7 	<ul style="list-style-type: none"> Wiki pre-class and after-class contributions After-Class Paper due Nov 7

12	Nov 5	Unsuccessful Transformation	<ul style="list-style-type: none"> Debt Restructuring Out of court settlements Contested restructuring Bankruptcy Value allocation 	Yes	Restructuring Navigator Gas Transport	<ul style="list-style-type: none"> Pre-Class Paper due Nov 1 Class discussion Wiki pre-class and after-class contributions 	<ul style="list-style-type: none"> Pre-Class Paper due Nov 1 Wiki pre-class and after-class contributions After-Class Paper
13	Nov 12			Yes	Nieman Marcus or JCPenney JCPenney: Back in Business Speaker: Ms. Elizabeth Jones, CFSI	<ul style="list-style-type: none"> Class discussion Wiki pre-class and after-class contributions 	<ul style="list-style-type: none"> Wiki pre-class and after-class contributions
14	Nov 19	<ul style="list-style-type: none"> Summary 	<ul style="list-style-type: none"> Review 	No		<ul style="list-style-type: none"> Class discussion 	<ul style="list-style-type: none"> Wiki after-class contributions

Course and Instructor Policies:

Make-up assignments

These are possible only in exceptional circumstances. Seek the professor's approval in advance.

Late Work

All work should be submitted even if late. Penalties will apply. Specifically, there will be a daily grade reduction for late submission of work.

Class Attendance

Grades depend, in part, on attendance. You are expected to be in our sessions and online as scheduled.

Classroom Citizenship

Participation calls for due respect of classmates and the instructors. Do not embarrass yourself. Come prepared to class with required readings and case preparation completed.

Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. See (<https://go.utdallas.edu/syllabus-policies>). It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities.