



SUPPLY CHAIN FINANCE

Module guide 2016 - 2017
International Business School

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1 Module overview

This guide gives you an overview of the Finance module within the Global Trade and Supply Chain Management minor. More detailed information can be found on the DLWO.

(<https://dlwo.dem.hva.nl>)

Content

Commercial companies at least strive for profitability and continuity in their business. Global Trade and Supply Chain Finance can contribute to the business objectives under the condition that it generates profit. As a consequence the translation of results in financial terms is of major importance. It is the language of the management board which have to be convinced about necessity of certain investments and expenses.

Global Trade and Supply Chain Management is on average more costly than domestic trade. Global Trade takes longer and more complex supply chains which can generate significant higher working capital that has to be financed. Besides that, trading in different currencies can expose a company to foreign exchange risks that can be bigger than the company wants to/can bear. And lastly from a strategic export management perspective entry strategies can require (re)-allocation of production/distribution facilities with foreign direct investments and/or des-investments.

These three topics are good reasons to pay more attention to the financial part of Global Trade and Supply Chain Management in order to understand the business case: the risks and the financial consequences. Because in the end it is all about making money.

The main objective of this Finance module is to learn students how Global Trade and Supply Chain Management, from a financial perspective, can be translated in true value for the Company. We will with the basics The basics will be taught to the students will learn how to calculate, measure and evaluate the impact of strategic decisions related to Global Trade and Supply Chain on the financial performance of the Company and make the best possible decisions. With this knowledge the student is also able to write a solid financial paragraph for an exportplan.

The content of the module is organized in four sections:

- Basic Finance building blocks
- Financial Trade off's
- Foreign Direct Investment
- Supply Chain Finance

Learning goals

#	You can:
1.	Explain the performance of Trade operations using financial statement information using key financial metrics
2.	Assess risk of international trade operations related to purchasing power, interest rates and exchange rates
3.	Explain the approach of hedging of trade and supply chain operations by using Forwards, Futures, Swaps and/ or Options contracts
4.	Justify Make or Buy decisions
5.	Justify Foreign Direct Investments
6.	Justify the financing of Global Trade & Supply Chain Management



Coherence with other modules

This module is cooperation between Finance and Global Trade & Supply Chain Management. The characteristic of supply chain management is different discipline is meant to enrich This Finance module is a practical application of Corporate Finance to 3 specific subjects: Global Trade, Foreign Direct Investments and Supply Chain Finance. All financial tools and models introduced in the different lectures aim to help the students when solving cases related to the aforementioned.

These three subjects are, together with Finance, the major foundation perspectives of the Global Trade & Supply Chain Management minor.

Study materials & recommended further reading

Required study materials:

Study books					
Title	Author(s)	Publisher	Year	Edition	ISBN
Financial Intelligence for Supply Chain Management	Steven.M. Leon	Pearson	2015	1 st	ISBN-13: 978-0133838312 ISBN-10: 0133838315

Other study materials: Articles		
Title	Author(s)	Where to find this material?
TBD		https://dlwo.dem.hva.nl
TBD		https://dlwo.dem.hva.nl

Questions and who to contact

Questions about the module's content and study materials can be addressed to your lecturer(s) during the lessons. The consultation hours of the individual lecturers as well as their office location can be found in the lecturers' profile on the DLWO.



2 Set-up of this module

2.1 Teaching methodology

This course is designed on basis of 5ECTS (140 study hours) and is spread over 13 weeks, each consisting of 3 contact hours. In the first 6 weeks the basics of Corporate Finance will be discussed. Subjects like income statement and balance sheet will be explained and the influence of supply chain decisions on this report. During inclass sessions the lecturer will present theory, which you are required to have read beforehand and this will be followed by interactive discussions.

The will be applied on 3 cases which cover the most important supply chain decisions:

- Finance of the supply chain: (Master budget)
- Make of buy decisions (objectives, risks, financial trade off's and consequences)
- Foreign direct investements (entry strategies vs required investements)

Activity	Study hours per semester
Lectures about Finance Global Trade and Supply Chain	18
In class Case study	18
Self-study	102
Exam	2
Total study hours	140

2.2 Assignments

The course consists of theory lessons with a written exam, three case assignments and a presentation. The grading will be:

- written exam (60% of the grade)
- 3 case assignments (40% of the grade)

The case assignment and the presentation will be conducted in groups. The groups will consist of 3 students. Students will hand in the deliverables of the case before the following lecture. The deliverables consist of answers to case questions related to the mandatory material discussed in the previous lecture(s).



Project group

Working in groups *can* be highly productive. A little structuring is required. Per case one of the group members will be in the lead for the specific assignment. So every group member will have his/her turn since there are 3 cases.

Firstly the group should discuss the approach for solving the assignments. Secondly the tasks should be divided amongst the group members. Thirdly the lead should edit the different contributions in one coherent story. Free ridership will lead to exclusion of the results.

The project group as a whole is responsible for the final result.

2.3 Exams

The course consists of a central written test (60% of the total grade) consisting of open questions.

2.4 Assessment

The assessment methods used in this module are summarised below. The table also shows how the grade for this module will be calculated.

#	Description	Form	Learning goal(s)	Lecture week	Weight (%)
1	Finance for Global Trade & Supply Chain exam	Written (2 hours)	1 to 4	Central exam, after completion course	60%
	Group assessments:	1 big case			40%
2	Make or buy	Report (3+3 hours)	5, 8	De-central, during lectures weeks 7-8	
	Foreign Direct Investment	Report (3+3 hours)	6, 8	De-central, during lectures weeks 9-10	
	Finance Global Trade&SCM	Report (3+3 hours)	7, 8	De-central, during lectures weeks 11-12	
				Total	100%

Your personal grade consists of 3 cases plus the grade of the group you were leading. So this case counts for 20%.

2.5 Resit

If the average grade obtained for this module is below 5.5 you must do a resit. Which resit(s) you must do depends on which part(s) is/were insufficient. The different situations are illustrated in the table below.

Situation:	The resit will consist of the following test(s):	Your average module grade after resit will be calculated using the following weights:	The resit(s) will be scheduled in:
1	<ul style="list-style-type: none"> Average grade for the whole module ≥ 5.5 	No resit needed	N.A.
2	Average grade for the whole module < 5.5 <ul style="list-style-type: none"> Finance for Global Trade & Supply Chain exam 	Central written exam No resit, grade stands	Grade resit exam (100%) Allocated FEM resit period (will be filled in by O&K)



2.6 General regulations

- 1 You are required to prepare for lessons. If you come to class unprepared, the lecturer has the right to deny you access to the lesson. What is requested of you in terms of lesson preparation is stated below and/ or on the DLWO for this module.
- 2 You must bring a laptop to school for each class. It is your responsibility to make sure that the battery lasts throughout each lesson. If you fail to bring a laptop to class and/or if the battery does not last throughout class, this is regarded as not being prepared. A lecturer then has the right to deny you (further) access to that lesson.
- 3 The assignments will not be graded if the level of English is inadequate or if other non-compliance with the IBS Reporting Guidelines is verified. If that is the case, you have to hand in your assignment again in the appointed resit period.

2.7 Lesson plan

Lecture week	Section	Topic	Study Materials	Preparation
1	Basics financials for supply chain management	What is important for the CEO - Economic value created Financial statements overview - Balance sheet - Income statement - Statement of cashflows		TBD*
2	Measuring Supply Chain performance	Ratio analysis: - Liquidity, profit, debt, asset,value Company evaluation - ROIC, Revenue - Cash Flow, Cost of Capital' Company Value - Competitive Advantage of SC	Financial Intelligence for Supply Chain Managers Chapter 4 -5	TBD
3	Decision making tools	Dupont model Capital budgeting Risk and decision making Break even analysis Master planning	Financial Intelligence for Supply Chain Managers Chapters 6	TBD
4	Trade and Financial Risk Management	Hedging operational/currency risks with Forwards, Futures, Swaps and Options	Lecture	TBD
5	Working Capital Management	WC=Current assest- current liabilities - Indirect : Sales Revenue, Costs - Direct : Inventories, A/R, A/P	Lecture	TBD
6	Working Capital Management	Case Master planning/ master budget Preparation assignment		TBD



Lecture week	Section	Topic	Study Materials	Preparation
7	Foreign Direct Investment	Presentation case Master planning Intro Foreign Direct Investment Entry Strategies	Case	TBD
8	Foreign Direct Investment	Case: New Factory abroad Students complete the assignment		
9	Make or buy	Presentation case New Factory abroad. Intro Capacity Decisions/ Make or buy	Case	TBD
10	Make or buy	Case: Make or Buy Students complete the assignment		
11	New developments	Presentation Case Make or Buy New Developments Real Option Theory Mock Exam	Financial Intelligence for Supply Chain Managers Chapters 8	TBD
12	Wrap Up	Review of theory Discussion of the mock exam		
13	EXAMS			

*TBD**: to be decided and communicated in class . Lesson plan itself is subject to change.



Appendix 1: Relationship with programme's profile competencies

LG	You can:	IBMS Profile Competencies (level)	TMA Competencies (level)
1.	Explain the performance of Global Trade & Supply Chain Operation using key financial metrics	I.1 International business awareness (3) II.3 International Strategic Vision Development (3) II.5 Entrepreneurial management (3) III.7 International supply chain management (3) III.8 International Finance and Accounting (3)	2. Entrepreneurship (3) 3. Import management (3) 4. Export management (3)
2.	Assess the risk of international trade operations related to purchasing power, interest rates and exchange rates	I.1 International business awareness (3) II.5 Entrepreneurial management (3) V.4 Business research methods (3) V.5 Planning and organizing (3) III.7 International supply chain management (3) III.8 International Finance and Accounting (3)	1. Intercultural intelligence (3) 2. Entrepreneurship (3) 3. Import management (3) 4. Export management (3) 8. Consultancy (3)
3.	Explain the approach of hedging of trade and supply chain operations by using Forwards, Futures, Swaps and/ or Options contracts	I.1 International business awareness (3) I.2 Intercultural competency (3) II.5 Entrepreneurial management (3) III.8 International Finance and Accounting (3)	1. Intercultural intelligence (3) 2. Entrepreneurship (3) 3. Export management (3)
4.	Justify Make or Buy decisions	I.1 International business awareness (3) II.5 Entrepreneurial management (3) III.7 International supply chain management (3) III.8 International Finance and Accounting (3)	1. Intercultural intelligence (3) 2. Entrepreneurship (3) 3. Import management (3) 4. Export management (3)
5.	Justify Foreign Investment Decisions	I.1 International business awareness (3) II.5 Entrepreneurial management (3) III.7 International supply chain management (3) III.8 International Finance and Accounting (3)	1. Intercultural intelligence (3) 2. Entrepreneurship (3) 4. Export management (3)
6.	Justify the financing of Global Trade & Supply Chain Management	I.1 International business awareness (3) II.5 Entrepreneurial management (3) III.7 International supply chain management (3) III.8 International Finance and Accounting (3)	1. Intercultural intelligence (3) 2. Entrepreneurship (3) 3. Import management (3) 4. Export management (3) 8. Consultancy (3)

Appendix 2: Assessment model(s)

Case assignment (40% of the final grade of the module)

Criteria	Unsatisfactory (< 5.5)	Partially Proficient (5.5 < 6.5)	Proficient (6.5 < 7.5)	Exemplary (≥ 7.5)	Rating
Structure and Argumentation	Often unclear and disorganized. The case solution is confusing and difficult to follow. Conceptually confused. Project is poorly written and shows a serious inability to present a logical argumentation. Superficial presentation of content.	Not always clear or concise. Organization is adequate, but weak. Occasionally wandered and was sometimes difficult to follow. Generally competently written, although some problems exist in logical organization of arguments and text. Imprecise presentation of content.	Usually clear, concise, well organized. Most of the case solution was easy to follow. Good command of expression and logical argument. Adequate presentation of content.	Consistently clear, concise, well organized. Points were easy to follow because of the organizations. Outstanding command of expression and logical argument. Concise and precise presentation of content. There even is creativity in the solution or approach.	40%
Project content	Displayed a poor grasp of the material. Demonstrated a superficial handling of content, application and implications. Little depth of research	Displayed some problems with the understanding of the material. Handling of content, application and implications OK. Adequate depth of research.	Displayed a general grasp of the material. Demonstrated good mastery of content, application and implications. Good research depth.	Displayed an excellent grasp of the material. Demonstrated excellent mastery of content, application and implications. Excellent research depth. Shows some creativity	60%
English* Prerequisite	The assignment is written in clear, concise and correct Business English				
Layout & Style* Prerequisite	According to the IBS guidelines described in the document 'Reporting - Guidelines for writing and styling business reports'				

TOTAL	100%
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*** These criteria will not be graded, but if missing or incomplete, the assignment will be rejected. The use of proper business English (as described in the IBS Reporting Guidelines) is required in all written work. In case of a 'weak' score on the business English and layout criterion, the report will be directly graded with a '1' without further taking into account the other grading criteria.**