

IB9YH-15 Performance Management of the Firm

26/27

Department

Warwick Business School

Level

Taught Postgraduate Level

Module leader

Lisa Liu

Credit value

15

Module duration

10 weeks

Assessment

100% coursework

Study location

University of Warwick main campus, Coventry

Description

Introductory description

This module introduces the key management areas of accounting and finance. Often looked upon as a black art, or at best a black box whose contents should be left to someone else, this subject is crucial for the rising manager (not to mention the future CEO) to grasp. The intention of this module is not to try to turn you into an accountant or financier, but to enable you to enter into intelligent discussion with financial people. To get the big picture rather than get lost in the detail. It is inevitable that there will be some calculations, but there is also a heavy emphasis on understanding the issues around the numbers and the context in which they are presented.

We all experience the performance of companies as customers for their products and services. This module develops the skills and knowledge to understand how the performance of a firm is assessed by managers and investors. How to look behind the consumer experience and across a wide range of industries to understand what today's results from a company mean in terms of performance.

Understanding the performance of a firm is also understanding the performance of its management. What did they say their strategy would be and have the actions taken to implement that strategy been successful? Have the management delivered on past promises! What decisions need to be taken now to ensure future success? Past trends over time, performance within a

competitive landscape and how management see the future are all important in critically evaluating a firm and its management.

Many markets today are more dynamic and uncertain – opportunities for rapid growth but also conflicts, pandemics, trade disputes, recessions and the impact of climate change. Assessing performance now includes a sense of how companies respond and react. Management might talk of their agility and swift actions but how is that reflected in performance. We also see firms that looked to be performing fine but have then failed.

As well as a company's operations today, managers must balance what to invest in the firm, what to pay to shareholders, what debt to hold, whether they might acquire another firm and whether they need to raise more funds from banks, shareholders or through disposals. The module includes an initial view of the sources of funds available to firms and the expectations of shareholders regarding returns today or growth on the future.

The module's assessment of performance draws upon the principles of management accounting and how they relate to the information presented in financial accounting. Considering the sources of funds and evaluating investments adds an initial look at finance. Taking the investor perspective assesses the performance of management as well as the results and so links to the evaluations of strategy, operations the interests of stakeholders covered in other modules.

[Module web page](#)

Module aims

The overall aim of core modules in MiM is to support our students' transition from a non-business undergraduate focus and only initial experience in the workplace into masters-level graduates with the ability to bring together the different skills and knowledge that are needed to understand and manage organisations as a whole.

- This module aims provides the skills and knowledge required to evaluate the performance of a firm in the way managers and investors assess performance.
- Considering past, current and potential performance in the future aims to develop skills in assessing the performance of management as well as evaluating results.
- Assessing how companies respond, or fail to respond, to unexpected opportunities and challenges aims to develop the critical evaluation skills good managers have.
- Consideration of how companies fund investment and meet the expectations of stakeholders aims to provide the analytical skills that underpin further consideration of these topics in other modules.

The module's approach aims to combine taught elements and practical application with hands on experience through a simulation and personal interests through the students selecting the industry and companies they study as groups

Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

The module starts with an introduction and practical, hands on exposure to the performance reporting and decision-making involved in running a retail business through a simulation. For students with little business and accounting experience, this builds their awareness and

confidence in the terms and measures used by managers. For students who might have had modules such as accounting at UG level, the group nature of the task allows them to contribute their knowledge - though experience has been that they also learn a significant amount about the management decision-making involved.

Lesson 1. Introduction to the module and the combination of accounting and finance it presents. Understanding the difference between financial statements, the annual report and presentations to investors. Performance analysis using company example (Netflix, Burberry). Business strategy context company example (Spotify). Simulation preparation.

Lesson 2. Simulation Rounds 1&2. Company operations & delivering today: revenues, costs, profits, margins, pricing. Decisions managers take to influence performance in the near term and longer term. How the simulation relates to "real" companies: Financial analysis group work: Tesco and Sainsbury's.

Lesson 3. Simulation Rounds 3&4. Decisions for the future & delivering sustained performance: investing in people and innovation, optimizing the supply chain, delivering on strategy, responding to competition. Further financial analysis of "real" companies by comparison.

The module then proceeds with a lecture/workshop focus on the accounting and finance topics listed below. This starts with evaluating how managers deliver the performance they committed to in their strategy (or fail to!), considers how that can be seen in their financial accounting reports and then discusses the relationship firms have with sources of finance.

Lesson 4. The Investor Dialogue. The dialogue that company management seeks to have with investors. Delivering performance against strategic objectives. Measuring performance in comparison with competitors, markets and indices.

Lesson 5. Would you invest in this company? Diversification and CAPM. Comparing levels of debt with peers and markets. Time value of money and discounting. Risk and return: work in groups on Stock Returns (Tesco and Sainsbury's).

Lesson 6. Understanding Financial Reporting. How does financial reporting differ from management reporting and how do financial accounting reports present information about companies? Workshop support on analysing financial reports of Assignment companies.

Lesson 7. Analysing and interpreting financial accounting reports. Using ratios to analyse a firm's performance so that it can be compared to its peers or its own performance over time. The limitations of ratio analysis. Workshop support on using ratios in Assignment companies.

Lesson 8. Relationship between Cash Flow and Earnings. The importance of cash flow; differences between cash and profit. Where does cash come from, and what is it spent on? Balancing debt, investment, funds from and payments to shareholders, acquisitions & divestments. Workshop support for considering investment vs operations in Assignment companies.

Lesson 9. Would you invest in this company? The alternative sources of finance available to private and public companies. A company's dialogue with financiers.

Lesson 10. Contemporary issues in Accounting and Financing. Group Assignment Q&A; Individual assignment Q&A.

For the Group Assignment, students nominate industries they are interested in studying which is used to create groups of ~6 across a wide range of industries (recently about 25 different industries). In their groups, the students each select a company to study using published information & accounts. Recently this has created a pool of ~120+ companies with increasing diversity across international markets (>25% outside Europe/NA). They evaluate performance and link it to strategy through an emphasis on the communication between managers and investors. Recently, presentations by the best groups have featured in a Management Conference exploring contemporary management challenges and opportunities. The Group Assignment is supported through the workshops during the term that include opportunities for formative feedback. It is submitted at the end of Term 1.

In the Individual Assignment, each student chooses from a set of companies not available for study in the Group Assignment and completes an extensive financial evaluation of the firm. This includes time series evaluation, ratio analysis, comparison with peers and markets, etc. The Individual Assignment is submitted prior to the start of Term 2.

Learning outcomes

By the end of the module, students should be able to:

- Explain and interpret the key financial statements in order to assist decision making
- Explain, interpret and calculate basic financial ratios
- Explain the relationship between budgets/ financial information/ strategic objectives and strategic plans.
- Respond to a 'real to life' simulation, applying financial and management accounting skills to inform decisions in time-critical situations
- Utilise logic and reasoning when deploying the subject-relevant analysis and analytical techniques
- Synthesize meaning and insight from multiple streams of information
- Critical evaluation of data and information from a range of sources

Indicative reading list

[Reading lists can be found in Talis](#)

Research element

Students will evaluate effective governance in the companies they choose to study

Interdisciplinary

Within the different management disciplines within WBS, this combines accounting and finance

International

The individual and group assignments are structured to allow an international mix of companies that are studied

Subject specific skills

Use the analysis of past performance, current performance and management's proposed actions for the future to evaluate management performance

Evaluate how managers react to the opportunities and challenges that arise in today's dynamic markets: tactical actions versus maintaining direction.

Combine management accounting and financial accounting approaches in using financial reporting and other information to evaluate a firm's overall performance in the manner used by management and investors.

The foundations of assessing company performance that are needed throughout the programme and in the workplace

Transferable skills

Written communication

Study

Study time

Type	Required
Practical classes	10 sessions of 2 hours (26%)
Online learning (scheduled sessions)	10 sessions of 1 hour (13%)
Private study	48 hours (62%)
Total	78 hours

Private study description

Pre-reading

Costs

No further costs have been identified for this module.

Assessment

You do not need to pass all assessment components to pass the module.

Assessment group A

	Weighting	Study time	Eligible for self-certification
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Assessment component

Individual Assignment	70%	43 hours	Yes (extension)
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Reassessment component is the same

Assessment component

Group video presentation	30%	29 hours	No
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Reassessment component

Individual Assignment			Yes (extension)
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Feedback on assessment

via myWBS

Availability

There is currently no information about the courses for which this module is core or optional.