

MBA 640 Final Project Milestone Two Guidelines and Rubric

Overview: The final project for this course is the creation of an **external capital funding proposal**.

Most businesses face a landscape of uncertainty and a never-ending stream of risks and opportunities. Managers must continually project the likely financial impact of decisions, make recommendations, act on those decisions, determine how to pay for them, and evaluate the costs and effectiveness of what has been done. Many decisions are short-term, routine, and operational. Others are longer-term investment decisions that require substantial new resources, such as developing new services, expanding into new geographic markets, or undertaking business combinations or spin-offs. Each requires managers to forecast, plan, and make decisions based on a thorough understanding of both internal and external factors that can affect a company's financial success.

For the summative assessment in this course, you will bring your finance and economics knowledge to bear by preparing an external capital funding proposal for a major international investment at a publicly traded corporation. In order to secure the support of potential financial backers, your proposal will need to lay out what the proposed investment opportunity is, how it fits within the company's broader mission and goals, its financial impact, and the amount being requested and why (including alternative funding mechanisms considered). In addition, it will also need to include information on the organization's context, risk factors, and microeconomic assumptions that could affect the success of the investment.

Prompt: Submit a paper that addresses critical element IV, Risks, of the final project. Discuss any risks that might affect the success of the project and how you have planned for those contingencies.

Note: The risks (and opportunities) you identify should demonstrate your understanding of the company you selected, the industry, the investment project you are proposing, and your project's country and timing. Your estimates of financial impacts will be only preliminary; you will most likely revise them in your final submission at the end of Module Nine.

Specifically, the following critical elements must be addressed:

Section IV Risks:

1. **Internal.** What are the company's most significant internal risks and opportunities related to the project? How might they affect your financial estimates and how will you address them? Support your response with specific examples.
2. **External.** How will you address significant qualitative risks outside the company that might affect project success? Give specific examples. For example, how might culture or politics in the target country affect the proposed investment's financial success? Natural disasters? How have you planned for these risks?
3. **Microeconomic.** Assess the microeconomic factors that might affect decisions about the proposed investment. Support your response with specific examples. For example, how competitive is the market you will be entering? How elastic is the price for your product or service?
4. **Alternate financial** scenarios. Use this section to discuss the sensitivity of your financial projections to different scenarios. Be sure to address:

- a. How would your projected financial performance change if **sales fall** 20% short of or are 20% higher than your base assumption? What does your analysis of these two scenarios imply for the proposed investment? Justify your response.
- b. What do the net present value, internal rate of return, and payback values from your base scenario and the sales variation scenarios above imply for the proposed investment? Be sure to explain how the **time value of money** affects your calculations and analysis.

Rubric

Guidelines for Submission: Your risk assessment paper should be approximately 8-10 pages in length (excluding any tables, other exhibits, and list of references as necessary). It should be double-spaced with 12-point Times New Roman font and one-inch margins, and should use APA format for references and citations.

| Critical Elements | Proficient (100%) | Needs Improvement (75%) | Not Evident (0%) | Value |
|-----------------------------|--|--|--|-------|
| Risks: Internal | Projects how company’s most significant internal risks and opportunities might affect financial estimates and how they will be addressed, supported by specific examples | Projects how company’s most significant internal risks and opportunities might affect financial estimates and how they will be addressed, supported by specific examples, but response contains inaccuracies, omits key details, or links between projections and planning are tenuous | Does not project how company’s most significant internal risks and opportunities might affect financial estimates and how they will be addressed | 18 |
| Risks: External | Evaluates how significant external, non-financial risks that might affect project success will be addressed, giving specific examples | Evaluates how significant external, non-financial risks that might affect project success will be addressed, giving specific examples, but response contains inaccuracies, omits key details, or examples are not relevant | Does not evaluate how significant external, non-financial risks that might affect project success will be addressed | 18 |
| Risks: Microeconomic | Assesses the microeconomic factors that might affect decisions about the proposed investment, supported by specific examples | Assesses the microeconomic factors that might affect decisions about the proposed investment, supported by specific examples, but response contains inaccuracies, omits key details, or examples are not relevant | Does not assess the microeconomic factors that might affect decisions about the proposed investment | 18 |

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| Risks: Alternate Financial: Sales Fall | Projects how financial performance would change if sales fall 20% short of or are 20% higher than base assumption, including what analysis of two scenarios implies for the proposed investment, justifying response | Projects how financial performance would change if sales fall 20% short of or are 20% higher than base assumption, including what analysis implies for the proposed investment, but response contains inaccuracies, omits key details, or is poorly justified | Does not project how financial performance would change if sales fall 20% short of or are 20% higher than base assumption | 18 |
| Risks: Alternate Financial: Time Value of Money | Assesses what net present value, internal rate of return, and payback values from base and sales variation scenarios imply for the proposed investment, including how time value of money affects calculations and analysis | Assesses what net present value, internal rate of return, and payback values from base and sales variation scenarios imply for the proposed investment, including how time value of money affects calculations and analysis, but response contains inaccuracies or omits key details | Does not assess what net present value, internal rate of return, and payback values from base and sales variation scenarios imply for the proposed investment | 18 |
| Articulation of Response | Submission has no major errors related to citations, grammar, spelling, syntax, or organization | Submission has major errors related to citations, grammar, spelling, syntax, or organization that negatively impact readability and articulation of main ideas | Submission has critical errors related to citations, grammar, spelling, syntax, or organization that prevent understanding of ideas | 10 |
| Total | | | | 100% |