

MBA 640 Final Project Milestone Three 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 short paper that addresses Section III, Part C; Section V; and Section VI of the final project.

Specifically, the following critical elements must be addressed:

III. Justification:

- C. **Financial impact.** This section should discuss the project's most likely financial implications and the consolidated financial projection with and without the project. Be sure to:
1. Project the incremental, annual, and cumulative cash benefits and outflows associated with the proposed **expansion** for the next seven to 10 years, using a spreadsheet or other relevant presentation vehicle to support your narrative. Be sure to justify your assumptions and methodology based on sound microeconomic and financial principles. For example, what assumptions have you made about demand, price, volume, capital purchase costs, incremental hiring, and so on?
 2. Develop a **consolidated** financial projection of revenue, pretax income, and cash flow for the overall business, over that same number of years, both with and without the proposed investment. Use a spreadsheet or other relevant presentation vehicle to support your narrative, being sure to describe any relevant assumptions.

V. **Financing:** In this section, compare the proposed loan to alternative financing methods. Specifically:

- A. Weigh the pros and cons of raising money using internal financing mechanisms versus seeking funding through **global capital markets** via loans, commercial paper, bonds, or equity financing. Which might be viable alternatives should the loan not be approved? Support your answer with appropriate research and evidence.
- B. Assess the viability of a **business combination** as a mechanism for expanding into the new market. Is this a reasonable option for the company? Why or why not? Support your answer with appropriate research and evidence.

VI. Track Record: Use this section to persuade the lender that you are credit-worthy. You must:

- A. Convincingly argue that your organization is on solid financial footing, and thus at a low risk for default, supporting your argument with appropriate financial statements, ratios, and other indicators of **financial performance** and health.
- B. Convincingly argue for your organization’s trustworthiness, providing credible evidence of **legal and ethical** financial behavior. For example, this might include recent audit results; credit history; absence of significant lawsuits, recalls, or regulatory judgments; or other evidence designed to show that the company holds itself to the highest legal and ethical standards.

Rubric

Guidelines for Submission: Your investment project and justification paper should be approximately 8–10 pages in length (excluding spreadsheets, 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
Justification: Financial Impact: Expansion	Projects expansion’s incremental, annual, and cumulative cash benefits and outflows over specified time period, using relevant presentation vehicle to support narrative and justifying assumptions and methodology based on sound microeconomic and financial principles	Projects cash benefits and outflows over specified time period, using relevant presentation vehicle and justifying assumptions and methodology, but response contains inaccuracies, omits key details, or is poorly grounded in microeconomic and financial principles	Does not project expansion’s incremental, annual, and cumulative cash benefits and outflows over specified time period	15
Justification: Financial Impact: Consolidated	Develops consolidated financial projection for overall business with and without the proposed investment over specified time period, using relevant presentation vehicle to support narrative and describing relevant assumptions	Develops consolidated financial projection for overall business with and without the proposed investment over specified time period, using relevant presentation vehicle and describing assumptions, but response contains inaccuracies or omits key details	Does not develop consolidated financial projection for overall business with and without the proposed investment over specified time period	15

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Financing: Global Capital Markets	Weighs pros and cons of raising money using internal financing versus global capital market mechanisms, identifying viable alternatives based on appropriate research and evidence	Weighs pros and cons of internal financing versus global capital market mechanisms, identifying viable alternatives based on research and evidence, but response contains inaccuracies, omits key details, or research and evidence are not relevant or cursory	Does not weigh pros and cons of raising money using internal financing versus global capital market mechanisms	15
Financing: Business Combination	Assesses the viability of a business combination as a mechanism for expanding into the new market, supported by appropriate research and evidence	Assesses the viability of a business combination as a mechanism for expanding, supported by research and evidence, but response is cursory, contains inaccuracies, or research and evidence are not appropriate	Does not assess viability of a business combination as a mechanism for expanding into the new market	15
Track Record: Financial Performance	Convincingly argues that organization is on solid financial footing, supported by appropriate financial statements, ratios, and other indicators of financial performance and health	Argues that organization is on solid financial footing, supported by financial statements, ratios, and other indicators of financial performance and health, but argument is cursory, contains inaccuracies, or supporting evidence is not credible, appropriate, or convincing for lenders	Does not argue that organization is on solid financial footing	15
Track Record: Legal and Ethical	Convincingly argues for organization's trustworthiness, providing credible evidence of legal and ethical financial behavior	Argues for organization's trustworthiness, providing evidence of legal and ethical financial behavior, but argument is cursory, contains inaccuracies, or evidence is not credible or convincing to lenders	Does not argue for organization's trustworthiness, providing evidence of legal and ethical financial behavior	15
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%