

FINA 7A97
Strategic Corporate Planning
Spring 2023, session 5

Instructor: Dom Berta
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Course Objectives:

The “Corporate Planning & Strategy” class is a 1.5 credit course geared towards educating students on how corporations build their annual plans, and link these plans to their Strategy. The course will start explaining what an annual business plan is all about, who uses it, why and how it is built, along with a brief review of the economics of the individual projects. It will then go over the details of how a business plan is built at the Business Unit and/or Asset Team level. It will show how the annual plan serves as the basis for the CashFlow and Earnings statements, as well as the Balance Sheet. It will go over the next step, i.e. how the business units plan are concatenated into the company annual plan. A specific session will be dedicated to the iteration of the plan as a function of constraints provided by Executive Management, and the related Portfolio Management process. It will also show how the quarterly & annual reports actuals are compared with the Plan numbers.

It will include a session on how to create a probabilistic plan, and how such information can be used by Executive Management, both internally, and externally for their message to the street.

The class will use a commercial software that better articulates the various steps that business analysts go through, to generate the annual plan.

The second part of the class will show the linkage between the Plan and the Strategy of the company, how one affects the other and vice-versa. It will use several actual examples that reflect the strategic changes that a company had to take to adjust to varying environment, and/or new executive directions.

Instructor:

Dom Berta has been working in the oil and gas industry for 39 years in executive, managerial and professional positions, be they Planning, Finance, Business Development and Engineering. Apart from this class, he teaches FINA 7397, “Decision Analysis”, FINA 7372, “Upstream Project Economics”, FINA 7A97, “Project Planning & Financing”, FIN6335, an E-

MBA class titled “Managerial Finance” and “Finance to non-Finance managers” as part of the Bauer Continuing Education program.

Suggested readings:

“Project Economics and Decision Analysis, Volume 1, 2nd ed,” M. A. Mian (PennWell Publishing, 2011)

“Introduction to Decision Analysis”, David Skinner - ISBN-13: 978-0964793866 / ISBN-10: 0964793865

“Budgeting for Managers” by Sid Kemp

“Preparing a Budget” by Harvard Business Press

“Financial Planning & Analysis and Performance Management” by Jack Alexander

“Project Management Accounting”, K. Callan, G Stetz, L Brooks

Course Materials The course material will consist of lecture notes and other reading material relating to the analytical frameworks used in the course and case studies of “real-life” decision-making situations that invite students to bring together their knowledge and apply it to situations that challenge top-management.

The presentation material, homework, and quiz results will be posted on Blackboard.

Class Content

Class time will be divided between lectures on the analytic material and discussion of cases that highlight the practical management issues raised by the theoretical frameworks. The cases are carefully chosen to do much more than simply illustrating the concepts covered in the lectures. The cases will often point to ambiguities in the concepts or invite attention to subtle issues that do not usually come through in the study of the textbook. The assignment of cases and the focus questions to help in the preparation or analysis of these cases are clearly spelt out in the syllabus below, and the case discussions are an integral part of the course. Class attendance is very important and strongly encouraged.

Course Requirements:

Students will be required to present both written work and oral analysis of the cases. The written work will involve homework exercises and case reports. The case report assignments and their due dates are clearly spelt out below. Oral analysis will be presented in case discussions. I expect students to have read the cases and prepared the assignment questions prior to the class session. Inadequate preparation not only means losing grading points but also lowers the entire class standard.

Grading:

The grading weights of the coursework are tentatively as under:

1. Quizzes – 20%
2. Homework assignments – 30%
3. Final – 40%
4. Class contribution/participation – 10%

Class participation reflects the standard of contribution to class discussions, especially in the cases. In terms of grading criteria for case discussions, I will look for whether the student (1) has thoroughly prepared the case, (2) is a good listener, i.e., can link his or her arguments to the comments of others, and (3) is willing to be “creative” in offering new ideas. Please see Appendix B.

Class Participation:

I will use participation during our weekly sessions as a potential curve. Please note that I will frequently call on you for your input or opinions, so be prepared. Please review Appendix A for details.

Excused Absence Policy:

Regular class attendance, participation, and engagement in coursework are important contributors to student success. Absences may be excused as provided in the University of Houston Undergraduate Excused Absence Policy and Graduate Excused Absence Policy for reasons including: medical illness of student or close relative, death of a close family member, legal or government proceeding that a student is obligated to attend, recognized professional and educational activities where the student is presenting, and University-sponsored activity or athletic competition. Additional policies address absences related to military service, religious holy days, pregnancy and related conditions, and disability.

Recording of Class:

Students may not record all or part of class, livestream all or part of class, or make/distribute screen captures, without advanced written consent of the instructor. If you have or think you may have a disability such that you need to record class-related activities, please contact the Center for Students with Disabilities. If you have an accommodation to record class-related activities, those recordings may not be shared with any other student, whether in this course or not, or with any other person or on any other platform. Classes may be recorded by the instructor. Students may use instructor’s recordings for their own studying and notetaking. Instructor’s recordings are not authorized to be shared with anyone without the prior written approval of the instructor. Failure to comply with requirements regarding recordings will result in a disciplinary referral to the Dean of Students Office and may result in disciplinary action.

Syllabus Changes:

Due to the changing nature of the environment, please note that the instructor may need to make modifications to the course syllabus and may do so at any time. Notice of such changes will be announced as quickly as possible through both email and Blackboard posting.

Resources for Online Learning:

The University of Houston is committed to student success and provides information to optimize the online learning experience through our Power-On website. Please visit this website for a comprehensive set of resources, tools, and tips including: obtaining access to the internet, AccessUH, and Blackboard; requesting a laptop through the Laptop Loaner Program; using your smartphone as a webcam; and downloading Microsoft Office 365 at no cost. For questions or assistance contact UHonline@uh.edu.

UH Email:

Email communications related to this course will be sent to your Exchange email account which each University of Houston student receives. The Exchange mail server can be accessed via Outlook, which provides a single location for organizing and managing day-to-day information, from email and calendars to contacts and task lists. Exchange email accounts can be accessed by logging into Office 365 with your Cougarnet credentials or through Access UH. They can also be configured on IOS and Android mobile devices. Additional assistance can be found at the Get Help page.

Webcams:

Access to a webcam is required for students participating remotely in this course. Webcams must be turned on during all live course meetings to enable our discussions.

Honor Code Statement:

Students may be asked to sign an honor code statement as part of their submission of any graded work including but not limited to projects, quizzes, and exams: "I understand and agree to abide by the provisions in the Houston Graduate Academic Honesty Policy. I understand that academic honesty is taken very seriously, and, in the cases of violations, penalties may include suspension or expulsion from the University of Houston."

Hyflex Online Courses:

For Hyflex courses, class meetings will take place according to the class schedule. Some students may be physically in class, whereas others will be online. The instructor may have to alter some of the class format, schedule, contents and grading percentages due to the application of this novel format.

Professor Evaluation:

The C.T. Bauer College of Business has a policy for its instructors to be evaluated by students to provide feedback on how their teaching performance can be improved. I encourage you to participate in the evaluation process. I am available throughout the course to receive any informal input. I rely on your input to improve the class each time I teach it.

Disability-Based Accommodations:

The C.T. Bauer College of Business would like to help students who have disabilities achieve their highest potential. To this end, students must register with the Center for Students with Disabilities (CSD) (Telephone 713-743-5400) It is the mission of the Disability Resource Center (DRC) to be committed to providing access to the educational environment for students.

Appendix A:

Class Schedule, Topics and Assignments

10/27/2022			
FINA 097 – Corporate Planning & Strategy Bauer School of Business, University of Houston Spring 2023 - Dom Berta			
<i>Note: I reserve the right to adapt this schedule, due to unplanned events</i>			
Session	Date	Class Contents	Assignment for next class
#1		<ul style="list-style-type: none"> • A brief synopsis of Corporate Planning: • Why? How? When? For Whom? What for? Where from? Examples • Brief overview of individual Project Economics 	HW #1
#2		<ul style="list-style-type: none"> • Quiz #1 • Building an annual Plan within a Business Unit • Discretionary vs Maintenance vs HSE vs Contractual Projects • Linkage between the Plan and the Cash&Earnings statements and Balance Sheet 	Review HW #1 HW #2
#3		<ul style="list-style-type: none"> • Quiz #2 • Building the Plan at the Corporate level • Plan iteration as a function of Executive Management constraints • Portfolio Management Process • Analysis of the Annual Reports: numbers and variance analysis 	Review HW #2 HW #3
#4		<ul style="list-style-type: none"> • Quiz #3 • Probabilistic Evaluation of the Plan • How does Executive Management use the probabilistic output, both internally and externally 	Review HW #3 HW #4
#5		<ul style="list-style-type: none"> • Usage of Quorum “Portfolio and Corporate Planning” software 	
#6		<ul style="list-style-type: none"> • Quiz #4 • Development of a company Strategy • Linkage between the Company Strategy and the Annual Plan 	Review HW #4 HW #5
#7		<ul style="list-style-type: none"> • Quiz #5 • Actual examples of Company strategies 	Review HW #5
		Finals	

Appendix B

Live Session Expectations

High/Above-Average Contributions Assessment Criteria:

- Contributions reflect thorough or exceptional preparation.
- Ideas offered are usually or always substantive, provide one or more significant insights and provide above average or highly productive direction for discussion among classmates.
- Challenges to the ideas of others, including authors of assigned readings, are well-substantiated and often or always presented persuasively.
- If this person were not present in our class sessions, the quality of discussion would be diminished markedly.

Medium/Average Contributions Assessment Criteria:

- Contributions reflect satisfactory preparation.
- Ideas offered are sometimes substantive, provide generally useful insights but seldom offer new and substantive direction for discussion among fellow classmates.
- Challenges to the ideas of others, including authors of assigned readings, are sometimes well-substantiated and sometimes presented persuasively.
- If this person were not present in our class sessions, the quality of discussion would be diminished.

Low/Below-Ave Contributions Assessment Criteria:

- Contributions reflect inadequate preparation.
- Ideas offered are seldom substantive, provide few, if any, insights and, at times, take the classroom discussion in an unproductive, insightful direction.
- Integrative comments and effective challenges are rare or absent.
- If this person were not present in our class sessions, the quality of discussion would not be changed or might improve.