

## MBA 640 Final Project 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.

The project is divided into three milestones prior to the final submission, which will be submitted at various points throughout the course to scaffold learning and ensure quality final submissions. These milestones will be submitted in **Modules Four, Six, and Seven**. The final submission will occur in **Module Nine**.

In this assignment, you will demonstrate your mastery of the following course outcomes:

- Assess the global microeconomic environment for determining the driving factors that affect business financial decisions
- Develop financial models that project the impact of different business scenarios on financial performance and business planning
- Assess decision alternatives by using time value of money (TVM) and other appropriate financial metrics
- Evaluate the potential impact of internal and external qualitative factors on business activities for supporting strategic financial decisions
- Weigh internal and external funding alternatives for carrying out investment decisions
- Construct persuasive, evidence-based arguments that incorporate legal and ethical behavior and sound financial analysis for soliciting external business funding

### Prompt

Imagine you are a manager working at a publicly traded company. (You will select a company from the list below.) You have been tasked with preparing an investment proposal for a large bank loan to finance a major expansion into another country. Your funding request will include both narrative text and financial models designed to clearly explain and justify the investment proposal, how it will be financed, and its likely impact on the company. As support, you will show the proposal's most likely financial implications and the consolidated financial projection with and without the project. You should also consider risks—including

global microeconomic factors outside the company that may affect the investment's success in the targeted country—and describe alternative financial scenarios should sales exceed or underperform your assumptions.

Your funding request should be well organized, clear, concise, and free of distracting errors. Because business executives seldom have perfect or complete information, you should base your proposal on data from authoritative sources when possible and make *reasonable assumptions* where information is not available. As in real life, however, you must clearly specify your assumptions.

To begin, **choose one** of the following publicly traded companies. Once you have chosen your company, you will determine the investment opportunity for which you are seeking funding as well as the country into which your company will be expanding:

1. [Keurig Green Mountain](#)
2. [L.S. Starrett Company](#)
3. [Nordstrom, Inc.](#)

Specifically, the following **critical elements** must be addressed:

- I. **Executive Summary:** Briefly summarize the key points of your proposal, giving the loan committee the most essential information while convincing them to read further. Remember this is the first, and sometimes the only, section a selection committee will read in an initial screening.
- II. **Investment Project:** Use this section to describe the investment for which you are seeking funding, its costs, and time frame. Specifically, you should:
  - A. **Describe** the investment project. Be sure to provide sufficient detail to give the loan committee a firm sense of the parameters of the activity, the need for it, and what financial metrics are relevant for determining success. In other words, what do you propose to do, where, what marketplace need will it fill, and how will you measure success?
  - B. Specify the **resources** the project will require and where these resources will come from. In addition to noting the amount of the loan you are requesting, you should also consider human resources, facilities, government approvals, intellectual property, access to natural resources, and other resources that might be required to carry out the project.
  - C. **Time frame.** When will the project start, what is the anticipated economic life of the proposed expansion, and how will you decide if, when, or how to exit? Justify your choices with appropriate financial metrics.
- III. **Justification:** In this section, you should analyze the impact of the investment proposal on your business. In particular, you should cover:
  - A. **Why is now** a good time for this investment given the global context? Justify your response, citing specific external factors such as trade regulations, foreign currency considerations, or trends in foreign direct investment that might affect business financial decisions.
  - B. **Strategic fit.** Use this section to discuss why the investment proposal makes sense for your company strategically. Specifically:
    1. How does the investment align with the company's organizational and financial **priorities**? Support your argument with evidence from company reports and financial statement analysis designed to persuade the lender that the investment is a good strategic fit for your company.

2. How does the project fit within the global **microeconomic** environment? Support your response with evidence. For example, would the expansion tap unmet demand for the company's key products or services or fill a new niche? How do you know?
3. How does the project build on the organization's core competencies and **comparative advantage**? For example, does the company have a strategic advantage in regards to intellectual property, regional expertise, suppliers, or organizational structure?
- 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.
- IV. **Risks:** Use this section to discuss any risks that might affect the success of the project and how you have planned for those contingencies. In particular:
  - A. **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.
  - B. **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?
  - C. **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?
  - D. **Alternate financial** scenarios. Use this section to discuss the sensitivity of your financial projections to different scenarios. Be sure to address:
    1. 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.
    2. 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.
- 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 recent 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.
- VII. **Questions and Answers:** End your proposal by constructing a persuasive, evidence-based question-and-answer section that addresses additional financial questions you think the loan committee might ask, including legal and ethical concerns and why the loan would be attractive to the bank.

## Milestones

### Milestone One: Investment Project and Justification (Parts A and B)

In **Module Four**, you will submit a draft of Section II (Investment Project) and Section III (Justification), Parts A and B only, of the final project. Submit 8-10 pages of narrative, building on the narrative you began in the Module Three executive memo short paper. Include references to past financial results, growth rates, and other financial ratios as exhibited in the spreadsheet you created in Module Two, and end with appropriate reference citations. **This milestone is graded with the Milestone One Rubric.**

### Milestone Two: Risks

In **Module Six**, you will submit a draft of Section IV (Risks) of the final project. Analyze internal and external risks and discuss how they might affect your financial estimates and how you might plan for such risks. You will assess the microeconomic factors that affect decisions about the proposed investment, and you will analyze alternative financial scenarios. **This milestone is graded with the Milestone Two Rubric.**

### Milestone Three: Justification (Part C), Financing, and Track Record

In **Module Seven** you will submit a draft of Section III Part C (Justification), Section V (Financing), and Section VI (Track Record) of the final project. You will discuss the project's most likely financial implications and the consolidated financial projection with and without the project; compare the proposed loan to alternative financing methods by weighing the pros and cons of raising money internally versus seeking funding through global capital markets; and assess the viability of a business combination as a mechanism for expanding into the new market. You will also use this section to persuade the lender that your company is credit-worthy by presenting appropriate financial information and by providing evidence of your company's legal and ethical behavior. **This milestone is graded with the Milestone Three Rubric.**

### Final Submission: External Capital Funding Proposal

In **Module Nine**, you will write Section I (Executive Summary) and Section VII (Questions and Answers) of your final project and submit your final external capital funding proposal. It should be a complete, polished artifact containing **all** of the critical elements of the final project. It should reflect the incorporation of feedback gained throughout the course. **This submission will be graded using the Final Project Rubric (below).**

### Deliverables

| Milestone | Deliverable  | Module Due | Grading   |
|-----------|--|------------|---|
| One       | Investment Project and Justification (Parts A and B) | Four       | Graded separately; Milestone One Rubric         |
| Two       | Risks  | Six        | Graded separately; Milestone Two Rubric         |
| Three     | Justification (Part C), Financing, and Track Record  | Seven      | Graded separately; Milestone Three Rubric       |
|           | Final Submission: External Capital Funding Proposal  | Nine       | Graded separately; Final Project Rubric (below) |

## Final Project Rubric

**Guidelines for Submission:** Your Investment Funding Proposal should be approximately 15-20 pages in length (excluding title page, table of contents, spreadsheets and other exhibits, and list of references). It should be double spaced with 12-point Times New Roman font and one-inch margins. Use APA format for references and citations.

**Instructor Feedback:** This activity uses an integrated rubric in Blackboard. Students can view instructor feedback in the Grade Center. For more information, review [these instructions](#).

| Critical Elements                     | Exemplary (100%)  | Proficient (90%)  | Needs Improvement (70%)   | Not Evident (0%)  | Value |
|---------------------------------------|---|---|---|---|-------|
| <b>Executive Summary</b>              | Meets “Proficient” criteria and response is especially convincing, engaging, and/or well suited for target audience   | Briefly summarizes the key points of proposal, giving audience the most essential information while convincing them to read further   | Summarizes key points of proposal, but summary is lengthy, omits essential information, contains inaccuracies, or does not induce the audience to read further  | Does not summarize key points of proposal   | 2     |
| <b>Investment Project: Describe</b>   | Meets “Proficient” criteria and provides target audience with an especially clear and complete understanding of project and alternatives for evaluating success | Describes investment project, providing sufficient detail to give a firm sense of the parameters of activity, market need, and relevant financial metrics for determining success | Describes investment project, but description lacks detail, contains inaccuracies, or omits key information on parameters, market need, and relevant financial metrics for determining success                              | Does not describe investment project, providing sufficient detail to give a firm sense of the parameters of activity, market need, and relevant financial metrics for determining success | 5.33  |
| <b>Investment Project: Resources</b>  | Meets “Proficient” criteria and response is particularly comprehensive and well aligned with needs of expansion project   | Specifies resources required, including amount of loan and other physical and financial resources, along with where resources will come from                                      | Specifies resources required, including amount of loan requested, other physical and financial resources, and where resources will come from, but response contains inaccuracies or omits key details                       | Does not specify resources required   | 5.33  |
| <b>Investment Project: Time Frame</b> | Meets “Proficient” criteria and suggested time frame and metrics are especially appropriate given diverse alternatives and needs of specific project            | Determines when project will start, anticipated economic life, and exit process, justifying choices with appropriate financial metrics  | Determines when project will start, anticipated economic life, and exit process, justifying choices with financial metrics, but response contains inaccuracies, omits key details, or financial metrics are not appropriate | Does not determine when project will start, anticipated economic life, and exit process, justifying choices with financial metrics  | 5.33  |

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| <b>Justification: Why Now</b>                              | Meets “Proficient” criteria and demonstrates especially keen insight into the range of external factors that might impact global business activities and how they would do so | Evaluates why now is a good time for this investment in the global context, citing specific external factors that might affect business financial decisions in justifying response  | Evaluates why now is a good time for this investment in the global context, citing specific external factors, but response contains inaccuracies, omits key details, or links to business financial decisions are tenuous  | Does not evaluate why now is a good time for this investment in the global context, citing specific external factors that might affect business financial decisions in justifying response | 5.33 |
| <b>Justification: Strategic Fit: Priorities</b>            | Meets “Proficient” criteria and response is particularly insightful and well suited for convincing target audience to grant funding request                                   | Persuasively argues how the investment aligns with the company’s organizational and financial priorities, supported by evidence from company reports and financial statement analysis   | Argues how the investment aligns with the company’s organizational and financial priorities, supported by evidence, but argument is cursory, illogical, contains inaccuracies, or is poorly supported by evidence and sound financial analysis                         | Does not argue how the investment aligns with the company’s organizational and financial priorities, supported by evidence from company reports and financial statement analysis           | 4    |
| <b>Justification: Strategic Fit: Microeconomic</b>         | Meets “Proficient” criteria and demonstrates especially strong insight into which microeconomic factors are most relevant in determining strategic fit                        | Assesses how the project fits within the global microeconomic environment, supported by evidence  | Assesses how the project fits within the global microeconomic environment, supported by evidence, but response is cursory, poorly supported, contains inaccuracies, or links between microeconomic factors and project are tenuous                                     | Does not assess how the project fits within the global microeconomic environment   | 5.34 |
| <b>Justification: Strategic Fit: Comparative Advantage</b> | Meets “Proficient” criteria and response is especially nuanced and well-aligned with strategic needs of project   | Evaluates how project builds on organization’s core competencies and comparative advantage in explaining why the project makes sense strategically  | Evaluates how project builds on organization’s core competencies and comparative advantage in explaining why the project makes sense, but response is cursory, contains inaccuracies or is only tangentially related to strategic fit                                  | Does not evaluate how project builds on organization’s core competencies and comparative advantage   | 5.33 |
| <b>Justification: Financial Impact: Expansion</b>          | Meets “Proficient” criteria and response demonstrates a nuanced understanding of the microeconomic and financial principles that underlie business projections                | 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   | 5.33 |

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| <b>Justification: Financial Impact: Consolidated</b> | Meets “Proficient” criteria and projections demonstrate especially keen insight into the short and longer-term financial impact of the expansion on the company’s overall performance    | 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      | 5.34 |
| <b>Risks: Internal</b>                               | Meets “Proficient” criteria and demonstrates especially keen insight into the links between internal risks and opportunities, financial projections, and planning for business expansion | 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 | 5.33 |
| <b>Risks: External</b>                               | Meets “Proficient” criteria and demonstrates particularly keen insight into how external risks affect project success and financial decisions  | 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                              | 5.34 |
| <b>Risks: Microeconomic</b>                          | Meets “Proficient” criteria and assessment is especially is especially nuanced and well aligned with strategic needs of project  | 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  | 5.33 |

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| <p><b>Risks: Alternate Financial: Sales Fall</b></p>          | <p>Meets “Proficient” criteria and discussion of implications for planning and financial performance is particularly nuanced and well supported</p>                            | <p>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</p>        | <p>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</p>                        | <p>Does not project how financial performance would change if sales fall 20% short of or are 20% higher than base assumption</p>                                     | <p>5.33</p> |
| <p><b>Risks: Alternate Financial: Time Value of Money</b></p> | <p>Meets “Proficient” criteria and demonstrates keen insight into how diverse scenarios and financial metrics affect project projections and subsequent business decisions</p> | <p>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</p> | <p>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</p> | <p>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</p> | <p>5.34</p> |
| <p><b>Financing: Global Capital Markets</b></p>               | <p>Meets “Proficient” criteria and assessment is particularly nuanced and relevant to the specific needs of the expansion</p>  | <p>Weights pros and cons of raising money using internal financing versus global capital market mechanisms, identifying viable alternatives based on appropriate research and evidence</p>   | <p>Weights 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</p>                     | <p>Does not weigh pros and cons of raising money using internal financing versus global capital market mechanisms</p>  | <p>5.34</p> |
| <p><b>Financing: Business Combination</b></p>                 | <p>Meets “Proficient” criteria and assessment is particularly nuanced and relevant to the specific needs of the expansion</p>  | <p>Assesses the viability of a business combination as a mechanism for expanding into the new market, supported by appropriate research and evidence</p>   | <p>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</p>  | <p>Does not assess viability of a business combination as a mechanism for expanding into the new market, supported by research and evidence</p>                      | <p>5.33</p> |

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| <b>Track Record: Financial Performance</b> | Meets “Proficient” criteria and response is particularly insightful and well suited for convincing target audience to grant funding request               | 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  | 4           |
| <b>Track Record: Legal and Ethical</b>     | Meets “Proficient” criteria and response is particularly insightful and well suited for convincing target audience to grant funding request               | 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   | 4           |
| <b>Questions and Answers</b>               | Meets “Proficient” criteria and response is particularly insightful and well-suited for convincing target audience to grant funding request               | Constructs persuasive, evidence-based question and answer section that addresses additional financial questions loan committee might ask, including legal and ethical concerns and why the loan would be attractive to the bank | Constructs question and answer section that addresses potential loan committee questions, including legal and ethical concerns and why loan would be attractive to bank, but response contains inaccuracies, is not persuasive, or is not well-grounded in evidence                         | Does not construct question and answer section that addresses additional financial questions loan committee might ask               | 4           |
| <b>Articulation of Response</b>            | Submission is free of errors related to citations, grammar, spelling, syntax, and organization and is presented in a professional and easy-to-read format | 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 | 2           |
| <b>Total</b>                               |   |   |   |   | <b>100%</b> |