

Flipped IN-CLASS Lesson Plan Template

Topic or concept:

the Leveraged Buyout Case Study

Basic objectives for preparatory work:

Basic Objectives

1. Be able to explain what is leveraged buyout
2. Identify the main characters (parties) involved in the case
3. Identify the reasons that made RJR Nabisco an attractive buyout target
4. Identify the valuation strategy used

Advanced objectives for classwork & after class work:

Advanced Objectives

1. Identify the assumptions used in the valuations; evaluate if they are legitimate
2. Identify the factors being considered by the board when deciding on which bid to accept

	Time planned	Activity and rationale	Resources needed
Beginning of class period 6- 6:10 pm	<i>Example:</i> 5 mins 10 min	<i>Example:</i> "Brain dump" to activate knowledge from preparatory activities and provide accountability <ul style="list-style-type: none"> • Quiz to check on reading • Review and discuss quiz questions 	<i>Example:</i> Paper iclicker
Middle of period 6:10- 6:30 pm	<i>Example:</i> 20 mins 20 min	<i>Example:</i> Mini-lecture based on Q&A from preparatory activities. Clarify misconceptions and offer new info. Review and discuss pre-case questions	<i>Example:</i> Lecture prep/slides White board

	Time planned	Activity and rationale	Resources needed
Middle of period (use if needed) 6:30- 6:50 pm	<i>Example:</i> 40 mins 20 min	<i>Example:</i> Think aloud pair problem solving. Practice solving problems and articulating solutions Lecture on the more advanced components of valuation: terminal value; sensitivity analysis	<i>Example:</i> Problem sheets Slides; Excel template
6:50- 7:05 pm	15 min	Break up in groups to practice on valuation	Excel template
End of period 7:05- 7:15 pm	<i>Example:</i> 10 mins 10 min	<i>Example:</i> RSQC (Recall, Summarize, Question, Review, Connect, Comment). Students solidify understanding in preparation for doing advanced work at home. <ul style="list-style-type: none"> Summarize key points and lessons learned Explain the post-case practice 	<i>Example:</i> RSQC template handouts White board

Flipped AFTER CLASS Work Plan Template

Advanced learning objective	Activity and rationale	Instructions to students
(Place ALO here) Advanced Objectives 1. Based on the assumptions used in the valuations, construct pro-forma cash flows, calculate cost of capital, terminal values, and determine valuations 2. Perform sensitivity analysis 3. Evaluate the factors being considered by the board when deciding on which bid to accept	<i>Example:</i> Annotated problem solving. For two problems with published solutions, write notes explaining each step. For two new problems, solve the problems and explain each step. This provides practice in problem-solving and also articulating the problem-solving process so that small errors do not derail you. Case reflection and valuation exercise: <ol style="list-style-type: none"> Reflection: elaborate on 2-3 things that you learn most from this case study. As a follow up of the pre-case valuation exercise, complete the full valuation and sensitivity analysis in the Excel worksheet. 	<i>Example:</i> Annotate solutions to problems 1 and 2 in this week's after-class folder in Blackboard. Solve and annotate problems 3 and 4. You may work together; just be sure that YOU can solve and annotate problems independently as the exam will be similar to this work. Formatting instruction for the reflection: 1 full page with the formatting guidelines: 1" margin, Times New Roman font size 12, 1.5-space. For the full valuation exercise, please use the provided Excel worksheet. Show all the calculations in Excel. Submit both files on Canvas by 6pm,

Advanced learning objective	Activity and rationale	Instructions to students
		9/24/2019

GUIDED PRACTICE

Class: the case study of leveraged buy out

Date assigned: 9/10/2019

Date due: 9/17/2019

Time estimate to complete this assignment: 120 minutes

Overview/Introduction

What is this lesson about? Why do we care?

The case describes and analyzes the leveraged buyout of RJR Nabisco. You need to complete the pre-case reading and some valuation exercise before coming to the class next Tuesday. We will discuss the key elements of the case, and work on the valuation together in class.

Learning Objectives

Basic objectives

List 3-5 learning objectives that you expect students to be able to master on their own before class.

1. Be able to explain what is leveraged buyout
2. Identify the main characters (parties) involved in the case
3. Identify the reasons that made RJR Nabisco an attractive buyout target
4. Identify the valuation strategy used

Advanced objectives

List 3-4 learning objectives that you expect students to need help mastering.

1. Identify the assumptions used in the valuations; evaluate if they are legitimate
2. Identify the factors being considered by the board when deciding on which bid to accept

Preparatory Activities and Resources:

1. Give detailed, action-oriented instructions for completing the Guided Practice assignment. Keep in mind that the activities should be minimal, simple, engaging, productive, and failure tolerant (see Talbert, 2017, pg. 135)
- **Read** "RJR Nabisco: A Case Study of a Complex Leveraged Buyout" (Financial Analyst Journal, 1991). Use the following questions to guide your reading.
 - (1) What happened? Mark down major events chronically for the case.
 - (2) Why is the company a good LBO candidate?
 - (3) What methods did KKR use to find the valuations? What was their valuation?
 - (4) Who was in the bid? Which bid was finally accepted?
 - **Watch** the documentary: "Henry Kravis: How Corporate Titan Rocked Wall Street" for background information: <https://www.youtube.com/watch?v=OtKizreanP0>

2. Give a “playlist” of resources such as readings, videos, audio, or other content delivery methods that provide students the content to work with.

Exercises: Please complete by ___ **9/17/2019, 6pm** ___.

- Give a method for students to submit their work online BEFORE the face to face class meeting. Google forms, SurveyMonkey, and tools in your LMS will all work. Alternatively, give them instruction on what completed work to bring to class as an entry ticket.
 - The submitted work should demonstrate students’ mastery of the basic learning objectives.
1. Provide brief answers to the 4 pre-case reading questions. The report should be about 2 page long. Use the formatting guidelines: 1” margin, Times New Roman font size 12, 1.5- space.
 2. Complete the Excel worksheet for valuation (simplified from the case). Please use the provided Excel template, and show all your work.
 3. Submit both files on Canvas.

Questions?

Give a way for students to get help.

ADVANCED PRACTICE

This is given for students to complete after the class meeting in which they work together.

Class:

Date assigned: 9/17/2019

Date due: 9/24/2019

Time estimate to complete this assignment: 120 minutes (Note that this is advanced practice, so is expected to take longer than a preparatory assignment – but not TOO long! Keep it reasonable.)

Learning Objectives

Advanced objectives

List 3-4 learning objectives that you expect students to need help mastering in class and after class.

1. Based on the assumptions used in the valuations, construct pro-forma cash flows, calculate cost of capital, terminal values, and determine valuations
2. Perform sensitivity analysis
3. Evaluate the factors being considered by the board when deciding on which bid to accept

Activities & deliverables

1. Give detailed, action-oriented instructions for completing the assignment. Make sure to also include a reflective component.
2. Describe what students should turn in, by when.

Case reflection and valuation exercise:

1. Reflection: elaborate on 2-3 things that you learn most from this case study.
2. As a follow up of the pre-case valuation exercise, complete the full valuation and sensitivity analysis in the Excel worksheet.
3. Formatting instruction for the reflection: 1 full page with the formatting guidelines: 1" margin, Times New Roman font size 12, 1.5- space. For the full valuation exercise, please use the provided Excel worksheet. Show all the calculations in Excel.

Submit both files on Canvas by 6pm, 9/24/2019

Resources:

3. Give a "playlist" of resources to help students complete the assignment.

Questions?

Give a way for students to get help.