

**San José State University**  
**Department of Hospitality Management**  
**HSPM 105 – Finance in Hospitality, Spring 2014**

<b>Instructor:</b>	Hans Cheng
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<b>Office Hours:</b>	Before and after class or by appointment only
<b>Class Days/Time:</b>	Wednesday, 6:00 to 8:30 pm.
<b>Classroom:</b>	Clark 324.
<b>Prerequisites:</b>	HRTM 012, BUS 20N.

***Course Description.***

This course provides an introduction to the fundamentals of hotel and restaurant finance and develops an understanding of the strategic roles that financial analysis and finance play in internal management decision-making.

***Course Goals and Student Learning Objectives***

Upon successful completion of this course the student should be able to

- identify the goal of financial management and explain why it is important for hospitality managers;
- read, analyze and interpret financial statements;
- analyze advantages and disadvantages of various financing methods;
- explain the concepts of risk, return and time value of money, including the application of these concepts in hospitality industry;
- describe, calculate and interpret the rate of return on different types of investment opportunities;

- evaluate and negotiate a new hospitality venture.

These objectives require quantitative analysis, problem solving, critical thinking, and computer skills.

### ***Required Texts/Readings***

#### **Textbook**

DeFranco, A. & Lattin, T. (2007). Hospitality Financial Management. Hoboken, NJ: John Wiley & Sons. ISBN: 0-471-69216-6.

#### ***Library Liaison (Optional)***

Paul Kauppila, Associate Librarian, Reference/Instruction Librarian, Liaison for Hospitality, Recreation & Tourism Management, Dr. Martin Luther King Jr. Library, San Jose State University, Office location:#4034, Phone: 408-808-2042, E-mail: [paul.kauppila@sjsu.edu](mailto:paul.kauppila@sjsu.edu). Helpful electronic resource: URL: <http://libguides.sjsu.edu/hospitality>.

#### ***Classroom Protocol***

Policies outlined in the University Catalog and student handbook shall be enforced as defined. Further, instructor policies identified in this syllabus shall be the governing structure for this course and shall be enforced as defined. Plagiarism and cheating on examinations will be penalized to the fullest extent of University regulations. Students are encouraged to take the plagiarism tutorial offered by the King Library, <http://tutorials.sjlibrary.org/plagiarism/index.htm>. Please read the SJSU Academic Integrity Policy S04-12 at <http://www2.sjsu.edu/senate/S04-12.pdf>.

Please make a sincere attempt to arrive on time. If you arrive late, please enter the classroom quietly. It is difficult to educate fellow classmates with constant interruptions at the door. If you miss a class, given the size of this class, it is your responsibility to catch up. This class requires a lot of exercises and homework.

#### ***Dropping and Adding***

Students are responsible for understanding the policies and procedures about add/drops, academic renewal, etc. Information on [add/drops](http://info.sjsu.edu/web-dbgen/narr/soc-fall/rec-298.html) are available at <http://info.sjsu.edu/web-dbgen/narr/soc-fall/rec-298.html>. Information about [late drop](http://www.sjsu.edu/sac/advising/latedrops/policy/) is available at <http://www.sjsu.edu/sac/advising/latedrops/policy/>. Students should be aware of the current deadlines and penalties for adding and dropping classes.

#### ***Assignments and Grading Policy***

Assignments.	Points.	Point earned.
A. Participation.	10.	
B. Quizzes.	15.	
C. Homework.	15.	
D. Examination 1.	20.	
E. Examination 2.	20.	
F. Final examination.	20.	
Total.	100.	

Road to “A”--Rules for Success:

- Rule 1: Pay attention to every detail.
- Rule 2: Attend every class.
- Rule 3: Do every problem in the book.
- Rule 4: Don't postpone studying, and then cram the night before a test.
- Rule 5: Read and review lectures, readings and homework more than once.
- Rule 6: Learn how to use course materials.

Final total percentage range and letter grade:

Percentage.	Grade.
96 to 100.	A plus.
93 to 95.	A.
90 to 92.	A minus.
86 to 89.	B plus.
83 to 85.	B.
80 to 82.	B minus.
76 to 79.	C plus.
73 to 75.	C.
70 to 72.	C minus.
66 to 69.	D plus.
63 to 65.	D.
60 to 62.	D minus.
59 and below.	F.

### Explanation of Assignments

#### A. Participation

Participation in this course is expected. To receive maximum benefit from this course, you are expected to attend all classes, come prepared, and actively participate in the discussion. Late arrival and early departure in class are marks of disrespect, unprofessional, and interrupt class. Please be on time. Evaluation of participation will be based on participation in class **discussions and exercises**, completion of reading assignments, review questions, discussion questions, and homework.

B. Quizzes

Quizzes will be given in the beginning of class. If you come in late for 5 minutes, you will not be allowed to take the quiz. You can drop the lowest score quiz.

C. Homework.

Homework must be clear, clean, and neat. Most homework can be done in Excel. No late assignment will be accepted.

E & F Examination 1 & 2.

The format may be true/false, multiple choice, short answer, or problems. The instructor will not administer make-up examinations unless there is an acceptable excuse. If you know that you will not be able to take an exam during its scheduled time, please inform the instructor and make appropriate arrangement.

G. Final examination

A comprehensive final examination will be given on the scheduled day. The format may be true/false, multiple choice, short answer, or problems. The instructor will not administer make-up examinations unless there is an acceptable excuse. If you know that you will not be able to take an exam during its scheduled time, please inform the instructor and make appropriate arrangement.

***COURSE POLICIES.***

Policies outlined in the University Catalog shall be enforced as defined. Further, instructor policies identified in this syllabus shall be the governing structure for this course and shall be enforced as defined. Plagiarism and cheating on examinations will be penalized to the fullest extent of University regulations. [Students are encouraged to take the plagiarism tutorial offered by the King Library, found at the website http://tutorials.sjlibrary.org/plagiarism/index.htm.](http://tutorials.sjlibrary.org/plagiarism/index.htm) Please read the SJSU Academic Integrity Policy S04-12 at the website <http://www2.sjsu.edu/senate/S04-12.pdf>.

***E-mail Announcements:***

The instructor will use e-mail to make course-related announcements. It is the student's responsibility to provide the instructor with correct e-mail address and to read e-mail regularly. Please send an e-mail to [tsu-hong.yen@sjsu.edu](mailto:tsu-hong.yen@sjsu.edu). Due to the current computer virus threats, when sending an e-mail to the instructor, please type your name and course number in the **SUBJECT** field. The instructor will not read any unidentifiable e-mail.

Behavior during class period should reflect professional courtesy. Please refrain from any unnecessary talking, deactivate any pagers and/or cell phones, conducting business not related to the course, and snoozing.

Assignments turned in after the due date without prior approval will not be acceptable. Assignments must be typed and follow a consistent style (a word processor software program is recommended). Professional "quality" for each of the assignments is the standard. A deduction in grading will occur for sloppiness, grammatical, spelling, or typographical errors, or lack of proper APA format.

Make-up exam will not be given. Students with scheduling difficulties must make arrangements with the instructor prior to the exam. Late assignment and make up test will not receive full credit

### **Positive Suggestions:**

Please make a sincere attempt to arrive on time for each class. If there is a class prior to this one that requires that you be late, please see the instructor one week in advance about this problem. It is difficult to educate fellow classmates with constant interruptions at the door. Participate in class discussions. Hand in your best work. Ask questions. Make an appointment if you are having any problems. Be proud of your accomplishments. Do the readings weekly. Take charge of your education and strengthen your knowledge. It can only payoff.

## ***University Policies***

### **Academic integrity**

Students should know that the University's [Academic Integrity Policy](http://www.sa.sjsu.edu/download/judicial_affairs/Academic_Integrity_Policy_S07-2.pdf) is available at [http://www.sa.sjsu.edu/download/judicial\\_affairs/Academic\\_Integrity\\_Policy\\_S07-2.pdf](http://www.sa.sjsu.edu/download/judicial_affairs/Academic_Integrity_Policy_S07-2.pdf). Your own commitment to learning, as evidenced by your enrollment at San Jose State University and the University's integrity policy, require you to be honest in all your academic course work. Faculty members are required to report all infractions to the office of Student Conduct and Ethical Development. The [Student Conduct and Ethical Development website](http://www.sa.sjsu.edu/judicial_affairs/index.html) is available at [http://www.sa.sjsu.edu/judicial\\_affairs/index.html](http://www.sa.sjsu.edu/judicial_affairs/index.html).

Instances of academic dishonesty will not be tolerated. Cheating on exams or plagiarism (presenting the work of another as your own, or the use of another person's ideas without giving proper credit) will result in a failing grade and sanctions by the University. For this class, all assignments are to be completed by the individual student unless otherwise specified. If you would like to include in your assignment any material you have submitted, or plan to submit for another class, please note that SJSU's Academic Policy F06-1 requires approval of instructors.

### **Campus Policy in Compliance with the American Disabilities Act**

If you need course adaptations or accommodations because of a disability, or if you need to make special arrangements in case the building must be evacuated, please make an

appointment with me as soon as possible, or see me during office hours. Presidential Directive 97-03 requires that students with disabilities requesting accommodations must register with the DRC (Disability Resource Center) to establish a record of their disability.

## HRTM 105 Finance in Hospitality

### Course Schedule

The instructor reserves the right to revise this tentative schedule in order to enhance the achievement of learning objectives. Any revision will be announced in class and through e-mail. It is the student's responsibility to be aware of all classroom discussions, assignments, and changes in course requirements.

Week.	Date.	Topics, Readings, Assignments, Deadlines.
1.	Jan 29.	Introduction to Excel. Review: Meaning of Percentage.
2.	Feb 05.	Course Introduction. <b>Chapter 1: Finance and the Hospitality Industry.</b>
		Review of Accounting Basics Accounting and the Business Environment
3.	Feb 12.	Chapter 2: Financial Reporting. Restaurant Income Statement and Balance Statement
		Finance in Action (FIA), Prepare the Income Statement (p. 42)
4.	Feb 19.	<b>Chapter 3: Analyzing Financial Statements.</b> Vertical or Common-size Analysis.
		Horizontal or Comparative Analysis
5.	Feb 26.	Ratio Analysis
		Cost-Volume-Profit Analysis
6.	Mar 05.	Preparing the Operating Budget (D2L)
7.	<b>March 12.</b>	Review 1
		Examination #1
8.	March 19.	<b>Chapter 4: Managing Working Capital and Controlling Cash.</b>
9.	March 26.	Spring Recess
		<b>Spring Recess</b>
10.	<b>April 02.</b>	How much does it cost to build a hotel or a restaurant?
		<b>Chapter 5 Growing the Business</b>

Week.	Date.	Topics, Readings, Assignments, Deadlines.
		Chapter 10 The Investment Package
11.	April 09.	Chapter 6 Financing Growth Capital structure
		Debt financing Equity financing WACC
12.	April 16.	Chapter 7 The Time Value of Money Excel Financial functions
13.	April 23.	Examination 2
14.	April 30.	Chapter 8 Investment Analysis
15.	May 07.	Chapter 9 Applications of Time Value Concepts and Skills
		Hotel Valuation
16.	May 14.	NPV application of lease vs purchase; Alternative investment analysis
		Chapter 12 Tying It All Together Review.
Final.	May 21.	Final examination, 7:15 to 9:30 pm.