



**University
of Ferrara**

E DEPARTMENT
OF ECONOMICS
AND MANAGEMENT

Financial Management

2019-2020

Master's Degree Programmes:

Small and Medium Enterprises (SMEs) in international markets

Professioni e amministrazione d'impresa

Giuseppe Marzo

mrzgpp@unife.it

My homepage



UNIVERSITÀ
DEGLI STUDI
DI FERRARA
- EN LABORE FRUCTUS -

GIUSEPPE MARZO

Servizi Online | Rubrica | Accedi

- ▶ Home Docente
- ▶ Curriculum
- ▶ Ricerca
- ▶ Pubblicazioni
- ▶ Didattica
- ▶ Tirocini/Internship

GIUSEPPE MARZO
PROFESSORE ASSOCIATO (SECS-P/07)



Afferenza: Dipartimento di Economia e Management

Presso: Dipartimento di Economia e management
Via Voltapaletto 11
44121 - Ferrara

Contatti: giuseppe.marzo@unife.it
0532 455036 - Telefono dell'ufficio

Ricevimento: Avvisi

Orari di ricevimento

Nel corso del I semestre per tutta la durata dei corsi il docente riceve il giovedì dalle ore 12:00 alle ore 13:00 presso il suo studio, via Voltapaletto 11, Il piano (pulsante ascensore 4). Al termine delle lezioni il docente riceve su appuntamento.

Nel corso del II semestre il docente riceve su appuntamento. Per ottenere un appuntamento inviare un mail a: mrzgpp@unife.it.

Il ricevimento è sospeso nei periodi di sospensione fissati dal calendario didattico.

Office hours

From the beginning and until the end of his courses, Prof Marzo is available on Thursday (12.00 AM – 1:00 PM). The office is on the 2nd floor (elevator button 4), via Voltapaletto 11. Beyond this period, appointments can be reserved by email (mrzgpp@unife.it).

Università degli Studi di Ferrara
Rettore: [Prof. Giorgio Zauli](#)

Via Ludovico Ariosto, 35 - 44121 Ferrara | [Guarda la mappa](#)
Tel. +39 0532 293111 - Fax. +39 0532 293031

<http://docente.unife.it/giuseppe.marzo>

About me

Education

- PhD in Business Economics and management (Economia Aziendale), University of Venice Ca' Foscari
- Distinguished Fellow MBA CUOA
- Degree in Economics and Banking, University of Lecce (summa cum laude)

Academic experience

University of....

- Venice, Ca' Foscari
- Udine
- Brescia
- Catholic University of the Sacred Heart, Brescia
- Trento
- Ferrara


Professional experience

- Trainer and business consultant for large enterprises (Eni Group, MBDA-Finmeccanica/Leonardo; Ferrovie dello Stato) and SMEs on finance, strategy, business valuation
- Qualified as Certified Public Accountant

Research interests, publications and presentations (Topics)

- The Methodology of Finance and Economics
- Theory of the firm
- Business finance
- Knowledge management & Intellectual Capital
- SMEs

Something about you

- 
- Where are you from?
 - What Master's Degree did you obtain?
 - Small and Medium Enterprises and International Markets
 - Professional e administrative
 - Are you interested in entrepreneurship or do you prefer other disciplines? Which ones?
 - What job do you like?
 - Employee (in a SME?)
 - Auditor or chartered accountant
 - Business consultant in which field (marketing, accounting, etc.)

Lectures and office hours

Lectures

- Thursday
 - 2:00 PM – 5:00 PM
 - Room A2
 - A 15 minute coffee-break is scheduled at half lecture
- Friday
 - 4:00 PM – 7:00 PM
 - Room A2
 - A 15 minute coffee-break is scheduled at half lecture

Office hours

- During Semester I
 - I'm available on Thursday (12:00 AM – 1:00 PM)
- During Semester II
 - Appointments can be reserved via email (mrzgpp@unife.it)

My office is located in Via Voltapaletto 11, floor 2 (elevator button: 4)

Suspension on holidays (see Academic Calendar)

Why financial management is important



Who makes financial decisions in a firm?

A

- Entrepreneur
- Marketing Director
- Financial Director
- Chief Executive Officer
- Administrative Director
- Manager
- Finance manager
- Workers

L

- Sales department employees
- Project Manager
- Head of Manufacturing
- Supply manager
- Procurement manager
- Sales representatives
- Warehouse workers
- Manufacturing workers
- Production employees

Where I started from...

- 1 Courses on Financial Management display a great variety of contents
- 2 Focus on SMEs, NOT on large-sized enterprises
- 3 Our goal: becoming able NOT ONLY to talk about financial management BUT ALSO to work on financial management issues in SMEs

Objectives of the course

- The main goal of this course is to develop a foundation of financial management in SMEs. This will enable students to understand how SMEs make important investment and financing decisions, and how they establish cash flow working capital policies.
- At the end of the course students will be able to:
 - analyse and understand cash flow dynamics and management;
 - make some important financial decisions as for investment project valuation and selection and financial policies

Contents

1. Introduction to Financial Management in SMEs (4 h)

The main issues related to financial management. What is financial management and how it is practised in SMEs. How SMEs' characteristics impact on financial management.

2. Financial statements analysis (14 h)

Using Financial Statements Analysis to understand the financial performance of the firm. Analysing risk through Financial Statements Analysis. How to use Financial Statements Analysis for the analysis of competitors, customers and supplier.

3. Cash Flow Management and Working capital Management (10 h)

The relationship of cash flow management with business processes. The concept of (Net) Working Capital. Working Capital as an investment. Managing Working Capital flow through the managing of customers, suppliers and production processes.

4. Investment Projects Appraisal (14 h)

A project from a financial perspective. Techniques for valuing and selecting investment projects. Risk analysis. Introducing investment projects techniques in SMEs.

5. Financing policies in SMEs (14 h)

Defining and managing financial needs. Debt or equity: this is the question. Making financial decisions through an extended FRICTO Analysis framework.

Prerequisites: What you should know to make this course profitable

- Basics of...
 - Financial accounting
 - Mathematics for business and finance
 - Statistics
 - MS Excel and MS PowerPoint (or similar software)
- If you do not have the basics: what to do?
 - Review the teaching materials of courses you attended
 - Find books and/or papers in UniFe library
 - Ask for suggestions and further readings

Teaching methodologies

- Highly interactive lectures
- Case study discussions
- Individual and group works

A starting point

EXPLICIT KNOWLEDGE

Objective, rational, technical
Structured
Fixed content
Context independent
Externalized
Easily documented
Easy to codify
Easy to share
Easily transferred/ taught/learned
Exists in high volumes

TACIT KNOWLEDGE

Subjective, cognitive, experiential learning
Personal
Context sensitive/specific
Dynamically created
Internalized
Difficult to capture and codify
Difficult to share
Has high value
Hard to document
Hard to transfer/teach/learn
Involves a lot of human interpretation

Two approaches for attending classes and delivering lectures

First kind

- Being interested in "how-to-do"
- Being driven by curiosity and competences
- Searching for a role
- Building network for sharing knowledge
- Being active and participating

Second kind

- Being interested in "how-to-pass"
- Being driven by exams
- Searching for a seat
- Building network for having fun (and sometimes for cheating)
- Being passive and silent

Exams and grading

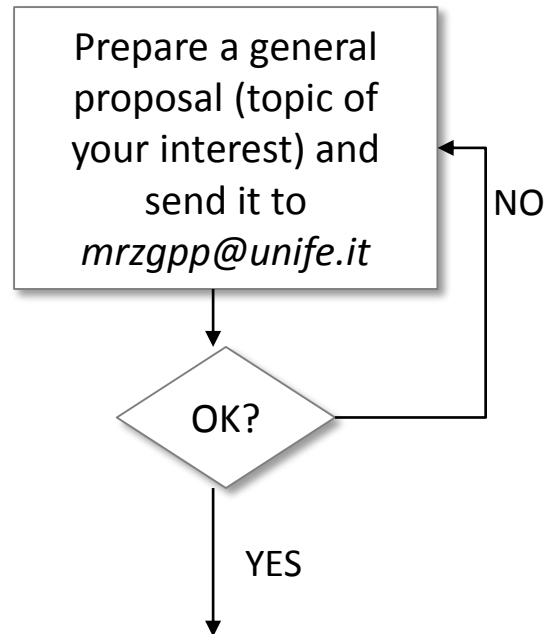
- For students attending the course
 - Exam is based on 2 main case studies to be prepared and presented in workgroups and delivered during the course.
- For students not attending the course
 - Exam is based on a final written examination with short exercises and/or questions
 - Students cheating during exams will be deferred to the Disciplinary Committee (See here for more information: <http://eco.unife.it/it/cp/insert-md/altre-news-studenti/plagio>)
- For all students
 - Special points (up to 3, depending on case studies) can be earned by discussing on individual or group basis small cases during the course.
 - Special points can be added to the average mark that students receive (**if and only if** that mark is equal or higher than 18/30).
 - Special points do not expire.

How to prepare case studies

- Teams: 3 to 5 students per team, with a team leader elected by the members of the team
- The Team leader coordinates the work and represents the team in official communications (i.e. with me)
- For each assigned case study, a report will be prepared and sent to me (by the team leader) before class discussion and according to the assigned deadline
- The presentation will be delivered following rules set for each case
- Each team member is expected to present



Master's Degree Thesis in Financial Management



More on:

<http://www.unife.it/economia/lm.economia/insegnamenti/financial-management/master-thesis-in-financial-management>



How to submit a proposal for a Master Thesis in Financial Management

Structured proposal

Prepare a structured proposal (2.000 to 3.000 words) and send it to *mrzgpp@unife.it*

- Introduction / Thesis topic
- Research aim / Research questions
- Literature review / Current state of research
- Theoretical framework
- Research methodology
- Thesis structure

The website of this course: Teaching materials



Laurea Magistrale in Economia e management
creazione di valore (ex Laurea Magistrale in E
mercati e management)

Home | Organizzazione | Attività didattiche | Garanzia di qualità | Dove siamo e Contatti | Intern

financial-management

Financial Management

Useful Information

Teaching Materials

Master's Degree Thesis in Financial Management

Other resources

Teaching materials

Teaching material a.a. 2019/20

Case studies

Readings and articles

Slides

Contenuti Visualizza Modifica Alias Caricamento Azioni

Teaching material a.a. 2019/20

ultima modifica 31/05/2019 09:38 — Cronologia

Case studies — creato da Marzo Giuseppe — ultima modifica 13/09/2018 11:54

Readings and articles — creato da Marzo Giuseppe — ultima modifica 13/09/20

Slides — creato da Marzo Giuseppe — ultima modifica 25/09/2018 10:58

Suggested readings, slides, and case studies will be available here.

Suggested readings are named as follow:

Ref - Author, Publication Title

where **Ref** is the reference to one of the five main contents of this course:

1. Introduction to Financial Management in SMEs
2. Financial statements analysis
3. Cash Flow Management and Working capital Management
4. Investment Projects Appraisal
5. Financing policies in SMEs

The website of this course: Master's Degree Thesis



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Laurea Magistrale in Economia e management
creazione di valore (ex Laurea Magistrale in E
mercati e management)

Home | Organizzazione | Attività didattiche | Garanzia di qualità | Dove siamo e Contatti | Intern

financial-management

Financial Management

Useful Information

Teaching Materials

Master's Degree Thesis in Financial
Management

Other resources

Teaching materials

Teaching material a.a. 2019/20

Case studies

Readings and articles

Slides

Contenuti **Visualizza** Modifica Aliases Caricamento Azioni

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How to submit for a
Master's Degree
Thesis in Financial
Management (rules
and form)

Resources (links) on
how to write an
essay

The website of this course: Other resources



Università
degli Studi
di Ferrara

Laurea Magistrale in Economia e management
creazione di valore (ex Laurea Magistrale in E
mercati e management)

Home | Organizzazione | Attività didattiche | Garanzia di qualità | Dove siamo e Contatti | Intern

financial-management

Financial Management

Useful Information

Teaching Materials

Master's Degree Thesis in Financial
Management

Other resources

Teaching materials

Teaching material a.a. 2019/20

Case studies

Readings and articles

Slides

Contenuti Visualizza Modifica Aliases Caricamento Azioni

Teaching material a.a. 2019/20

ultima modifica 31/05/2019 09:38 — Cronologia

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Slides — creato da Marzo Giuseppe — ultima modifica 25/09/2018 10:58

Resources (video
and links) on how to
delivery a
professional
presentation

Links to websites
about Microsoft
Excel® and MS Excel
VBA

Focus

A course held in English

NOT

a course of English

How to attend classes

Be prepared for class:

- Before class, review and read past lecture notes
- Take notes in class. After class download and study slides and other teaching materials and review the lecture notes
- Do homework and case studies
- If you are experiencing difficulties: ask for clarification

Treat this course as a professional engagement:

- Be on time and remain throughout the class meeting
- Cell phones off during class time and office hour visits
- Display courteous behaviour to your classmates
- Follow the Code of Ethics of UniFe (http://www.unife.it/ateneo/organizzazioni/universitari/statuto-e-regolamenti/allegati/Codice_etico). On behalf of the majority of the students who make an honest effort in this class, I will take action against anyone suspected of breaching this Code

► Introduction to Financial Management in SMEs

Financial statements analysis

Cash Flow and Working Capital Management

Investment Projects Appraisal

Financing policies in SMEs

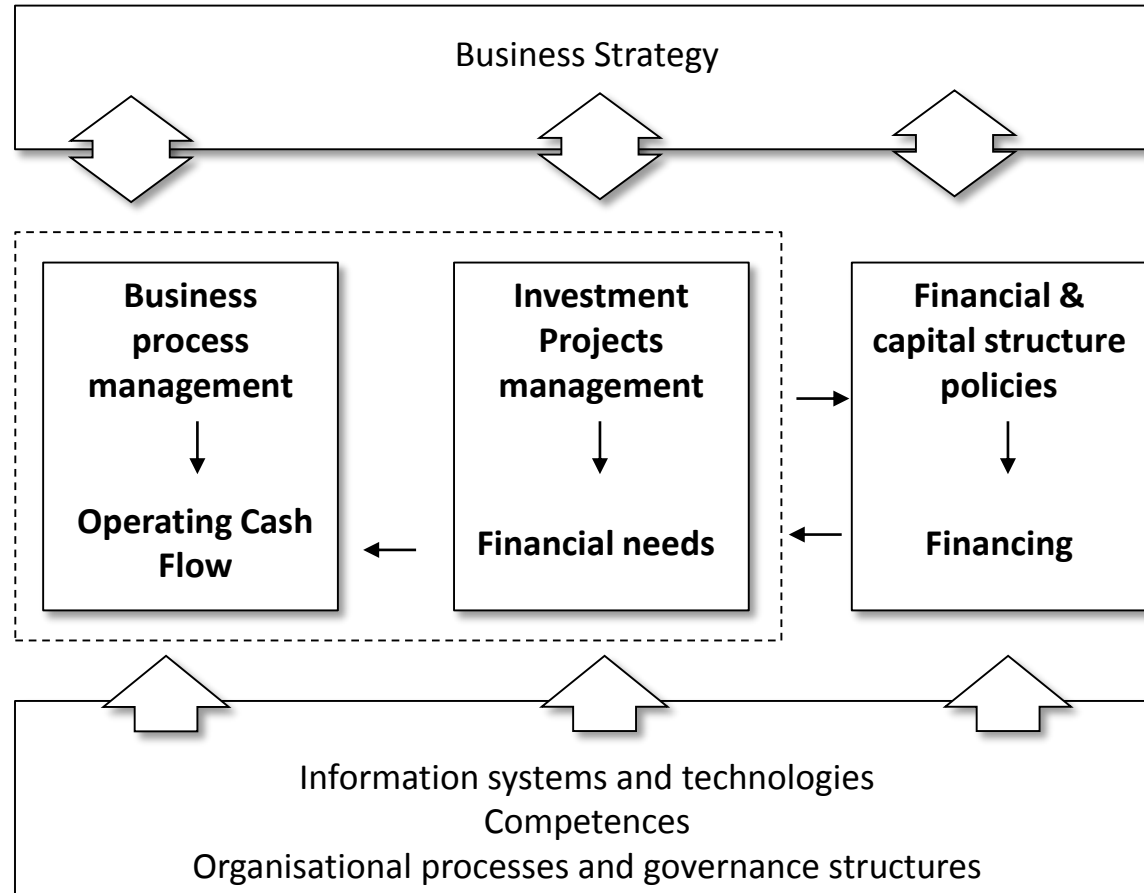
Introduction to Financial Management in SMEs

- The main issues related to financial management
- How SMEs' characteristics impact on financial management
- What is financial management and how it is practised in SMEs.

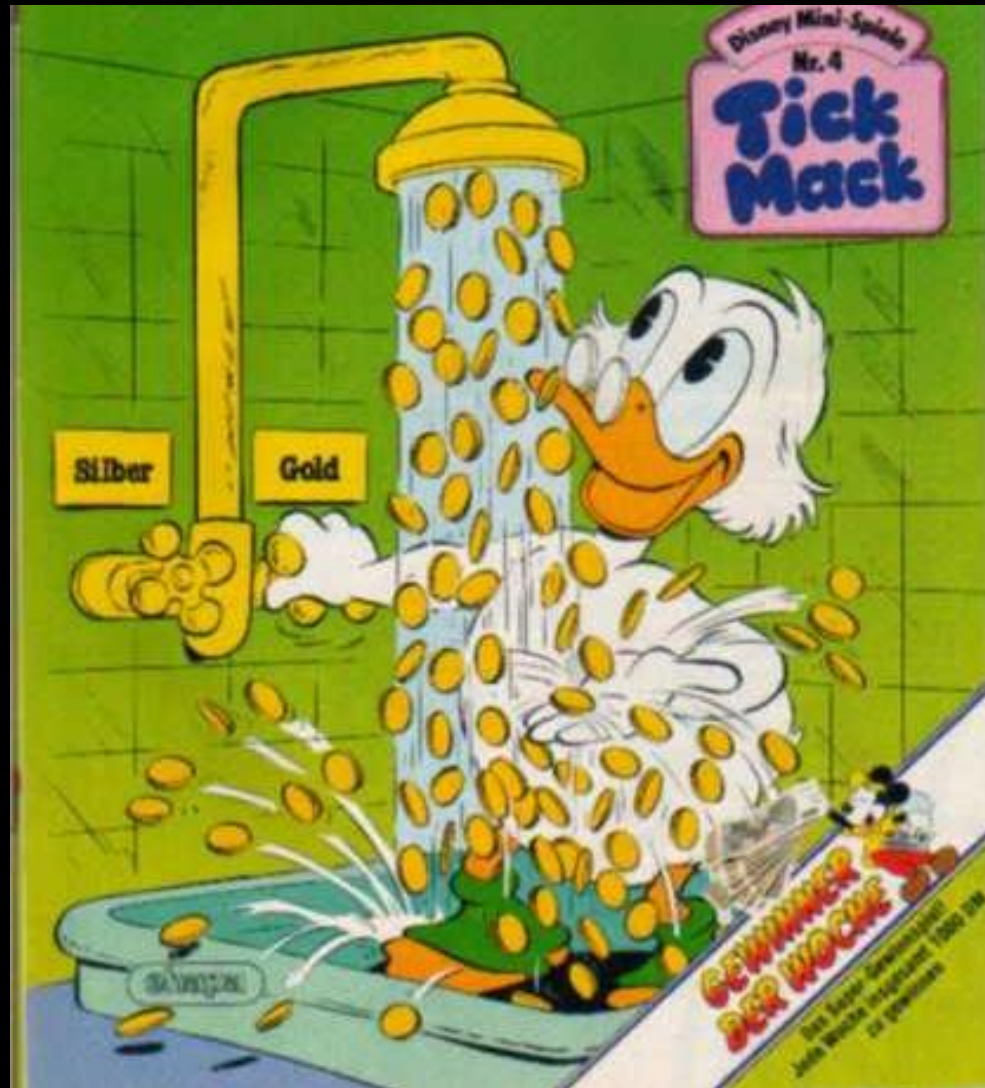
Introduction to Financial
Management in SMEs

The main issues related to financial management

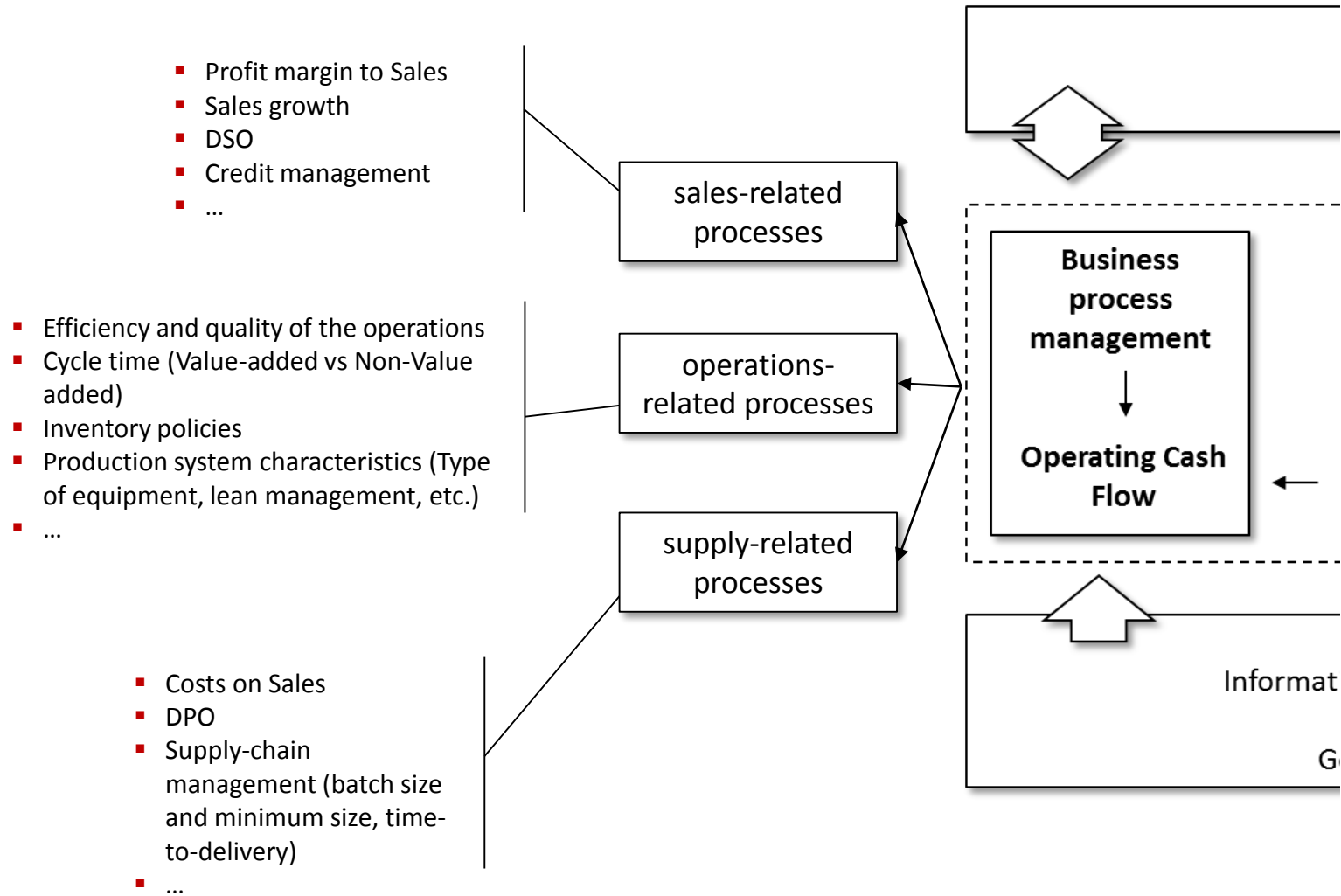
A framework for financial management



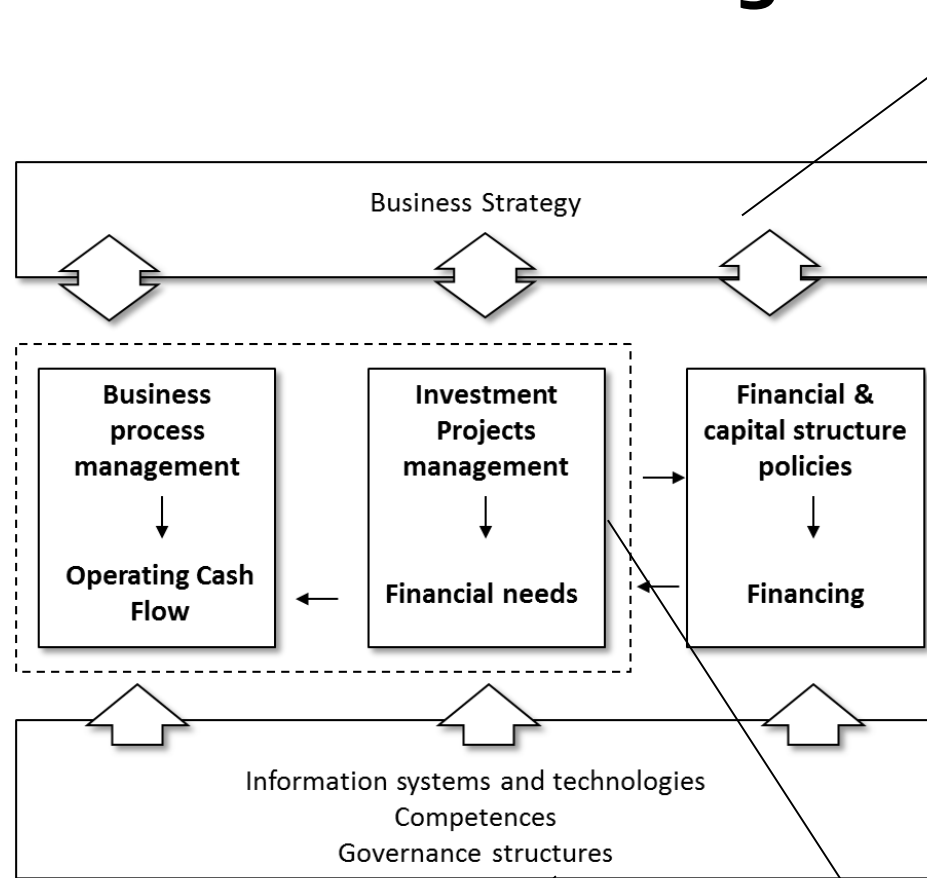
That's cash flow!



A framework for financial management



A framework for financial management



- Strategic advantage: differentiation vs cost leadership
- Business/market Life-cycle
- Strategic mission: harvest, maintain, develop; defensive vs aggressive

- Is there a debt-to-equity target?
- How sources of funding are selected?
- What framework is employed for funding?

- How are projects appraised and selected?
- Who is in charge of approving them?
- How they are controlled?

- what kind of information are available on late payments and bad debts?
- how good we are at managing cash-flow? what do we know about cash flow management and techniques for improving it?
- What policies, procedures, values, institutions mould decision-making on cash flow? What about responsibility and accountability?

A framework for the course delivery

2

Financial Statements Analysis

Reclassification of Financial Statements

Financial ratios (analysis of competitors, customers and suppliers)

Risk analysis and rating

Other (e.g. What if analysis)

3

Cash Flow Management and Working Capital Management



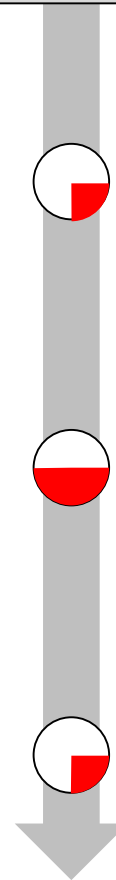
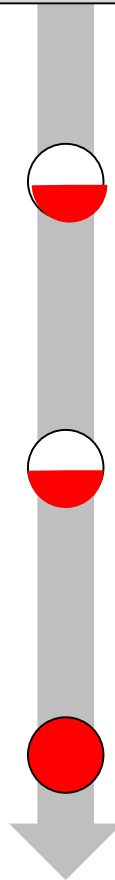
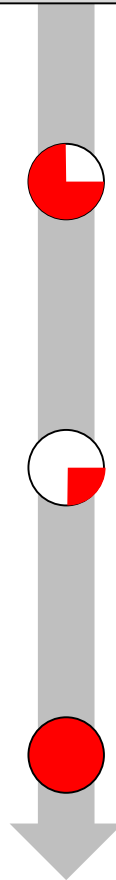
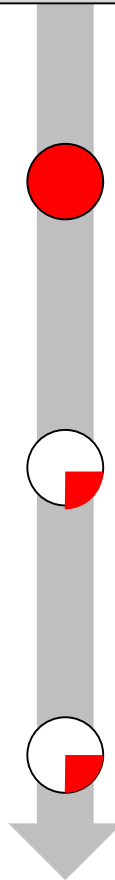
4

Investment Projects Appraisal



5

Financial policies in SMEs



What's new

- New case studies
- New games
- A more in-depth focus on Working Capital and Cash Flow Management with more case studies and real-life cases
- Learning how to work with AIDA

Learning how to work with AIDA



Introduction to Financial
Management in SMEs

How SMEs' characteristics impact on financial management

Definition of SME

Enterprise category	Headcount: annual work unit (AWU)	Annual turnover	or	Annual balance sheet total
Medium-sized	< 250	≤ EUR 50 million	or	≤ EUR 43 million
Small	< 50	≤ EUR 10 million	or	≤ EUR 10 million
Micro	< 10	≤ EUR 2 million	or	≤ EUR 2 million

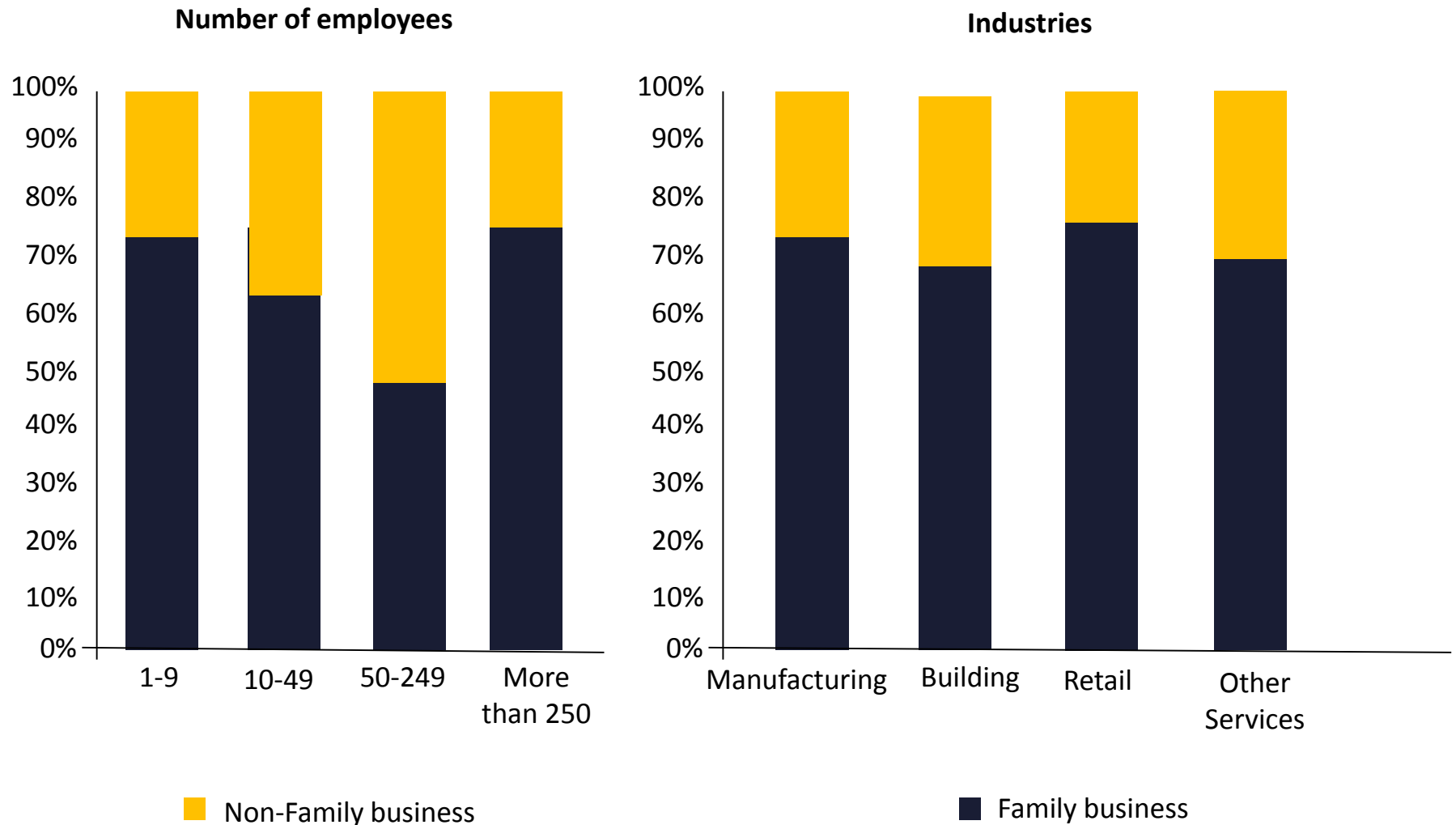
Source: European Commission, User guide to the SME Definition, 2015

SMEs in Italy

Number of employees	Number of enterprises	%
Less than 10	4,094,444	95.3%
between 10 and 49	178,758	4.2%
Between 50 and 249	20,897	0.5%
More than 250	3,383	0.1%
TOTAL	4,297,482	100.0%

Source: ISTAT, 2015 (data referring to 2013)

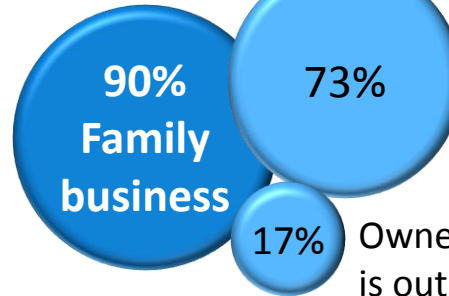
Family business



Source: ISTAT, 2015 (data referring to 2013)

Family-business in Italy (SMEs with 20-499 employees)

Manufacturing



Ownership AND management are in the hands of family members

Ownership OR management is outside the family

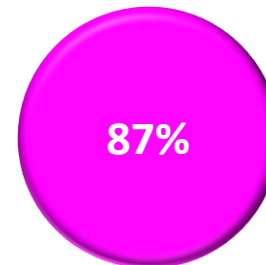
Apparel, Food and Furniture



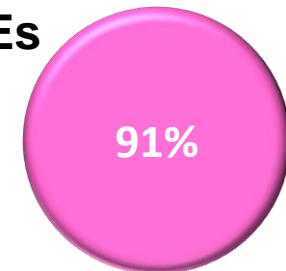
Engineering



all SMEs



Ownership rights will not be disposed in favour of non-family members



Management rights will not be disposed in favour of non-family members

SMEs characteristics and their impact on financial management

SMEs characteristics

- Little devolution of authority, resource limitations, small number of customers, limited markets, flat and flexible structures, high innovatory potential, reactive and fire-fighting mentality, and informal dynamic strategies (Hudson et al., 2001).
- Less bureaucratic, and more based on socialisation and employees' closeness than large firms (Cohen and Kaimenakis, 2007)
- Rather idiosyncratic in the way they manage resources (Ghobadian and Gallear, 1996; Hutchinson and Quintas, 2008).
- Fuffering generally from having resource constraints that limit their action (Jarillo, 1989) and ask for a careful use of available resources. Financial resources are amongst these (OECD, 2012).
- The owner-manager has often a central position in the organisation (Bridge et al., 2003), also playing a pivotal role in firm decision-making.
- Delegation is poorly exercised (Culkin and Smith, 2000). This leads to concentrate strategic and operational attention in the owner's hands, with little participation by the other members of the firm. Clearly such a situation is potentially dangerous: the firm can lose competitive positions when the owner leaves (Durst and Edvardsson, 2012).

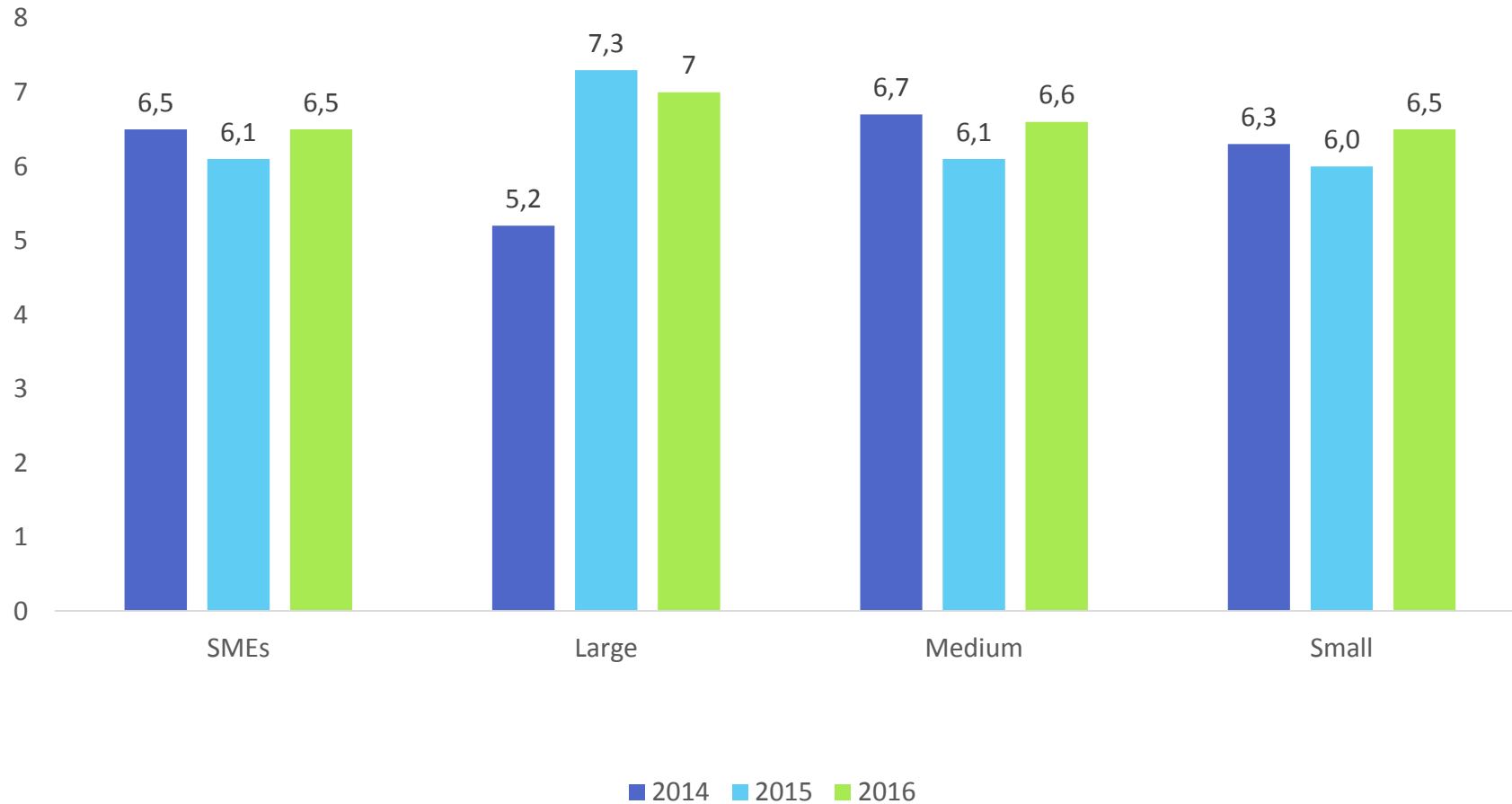
Their impact on financial management

What's your opinion?

Introduction to Financial
Management in SMEs

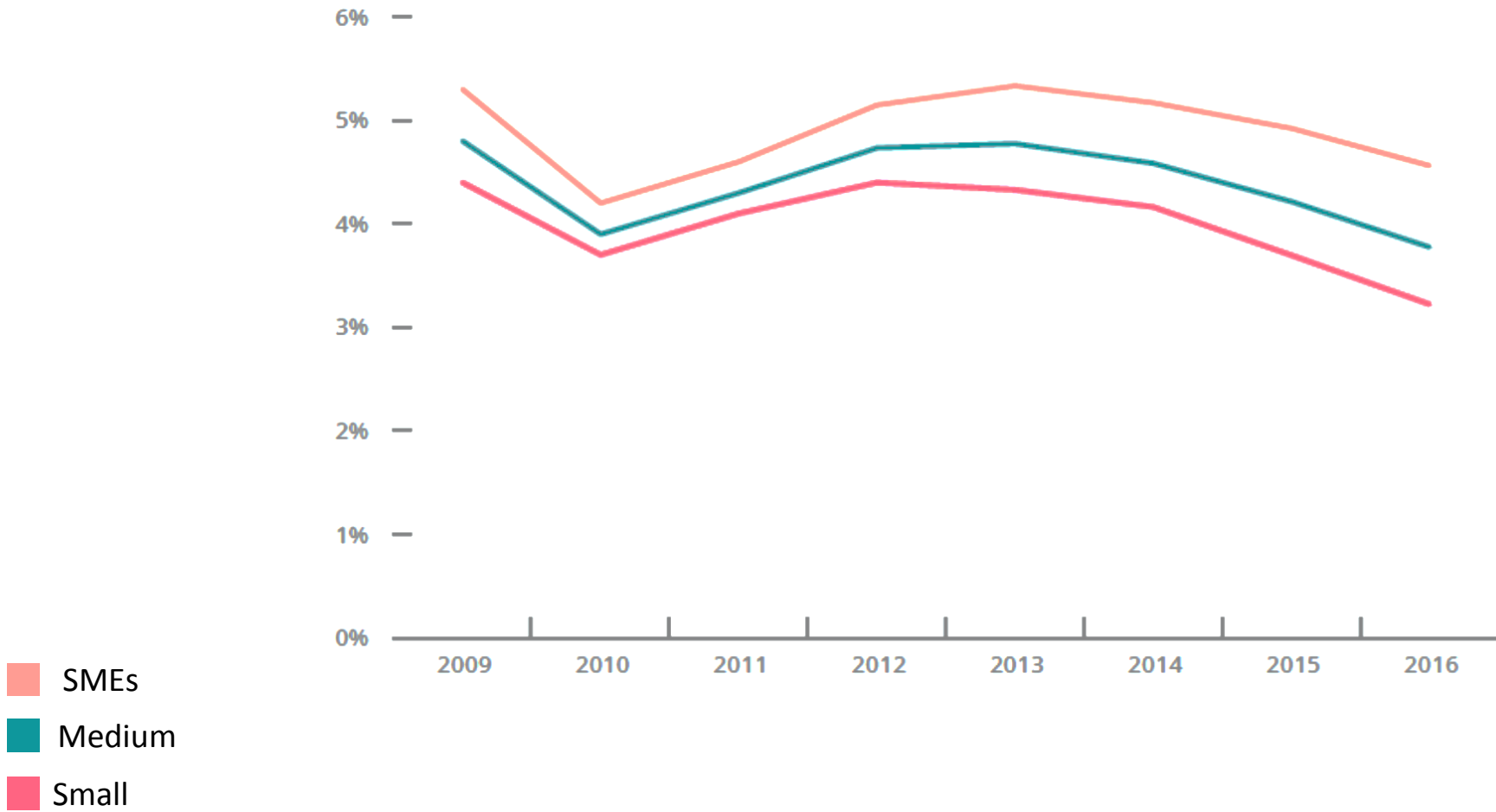
What is financial management and how it is practised in SMEs

Recurring Return On Investments before Taxes (%)



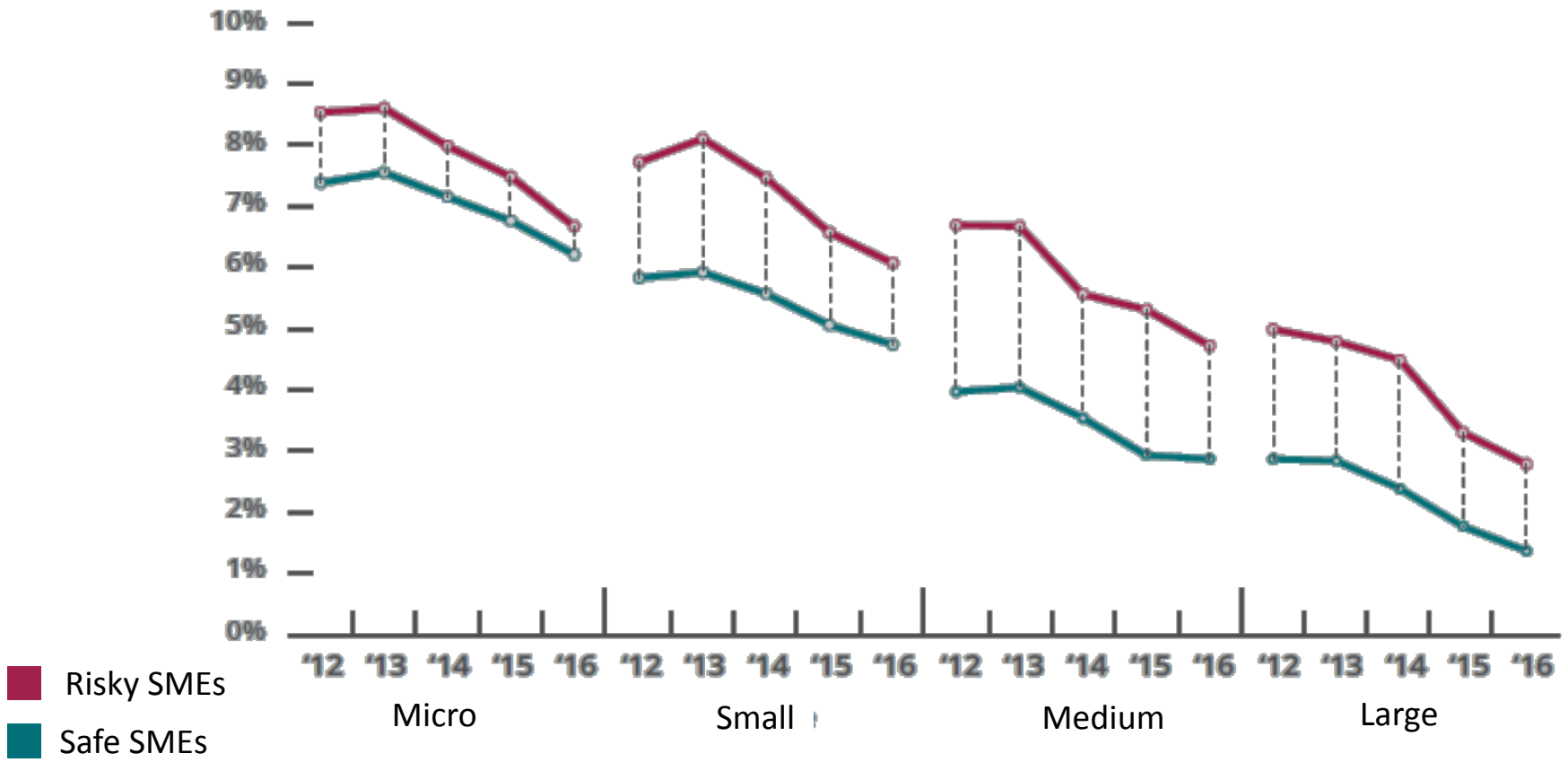
Source: Rapporto Cerved, 2017

Costs of Financial Debt (%)



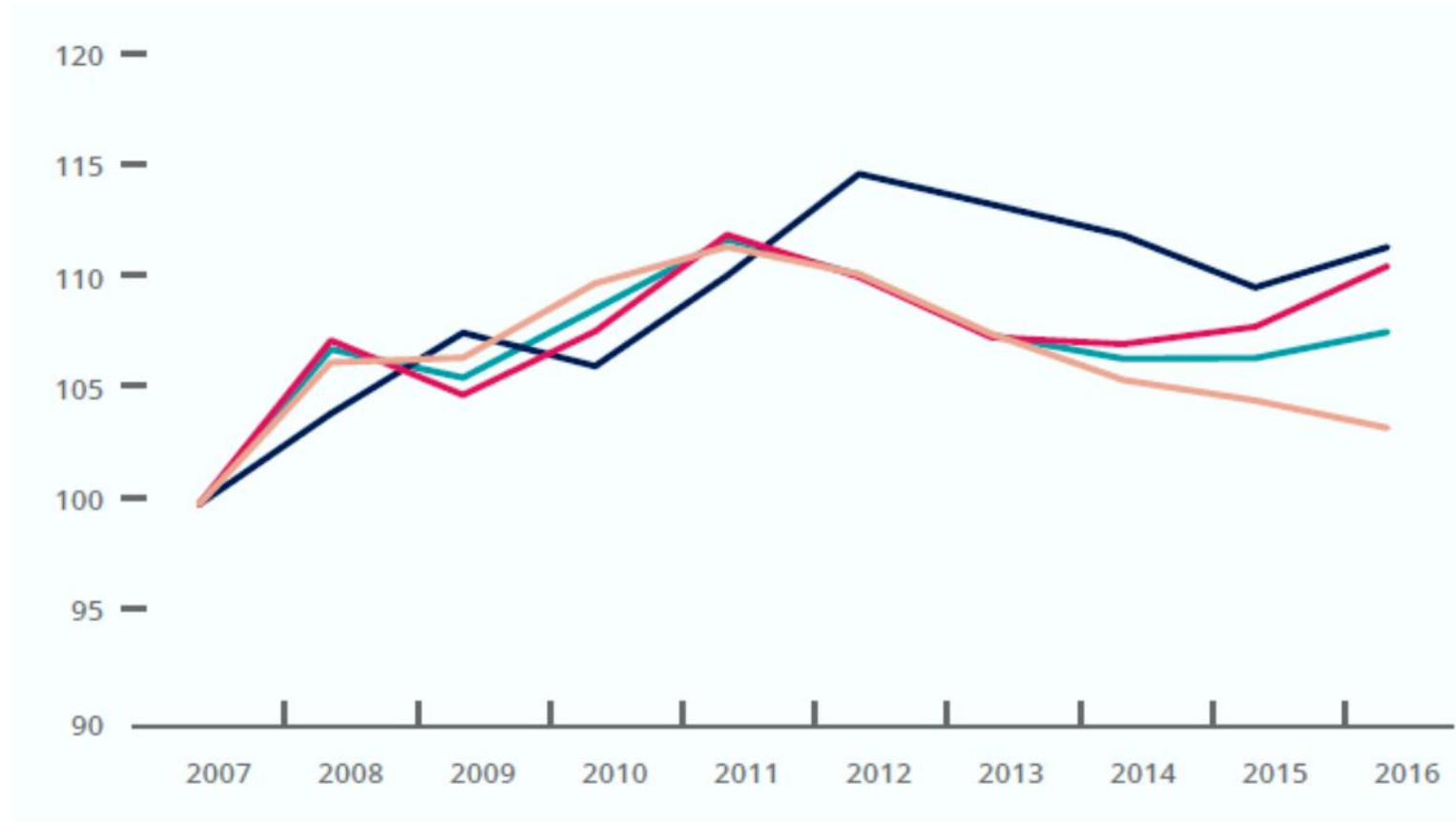
Source: Rapporto Cerved, 2017

Short-term interest rates (%)



Source: Rapporto Cerved, 2017

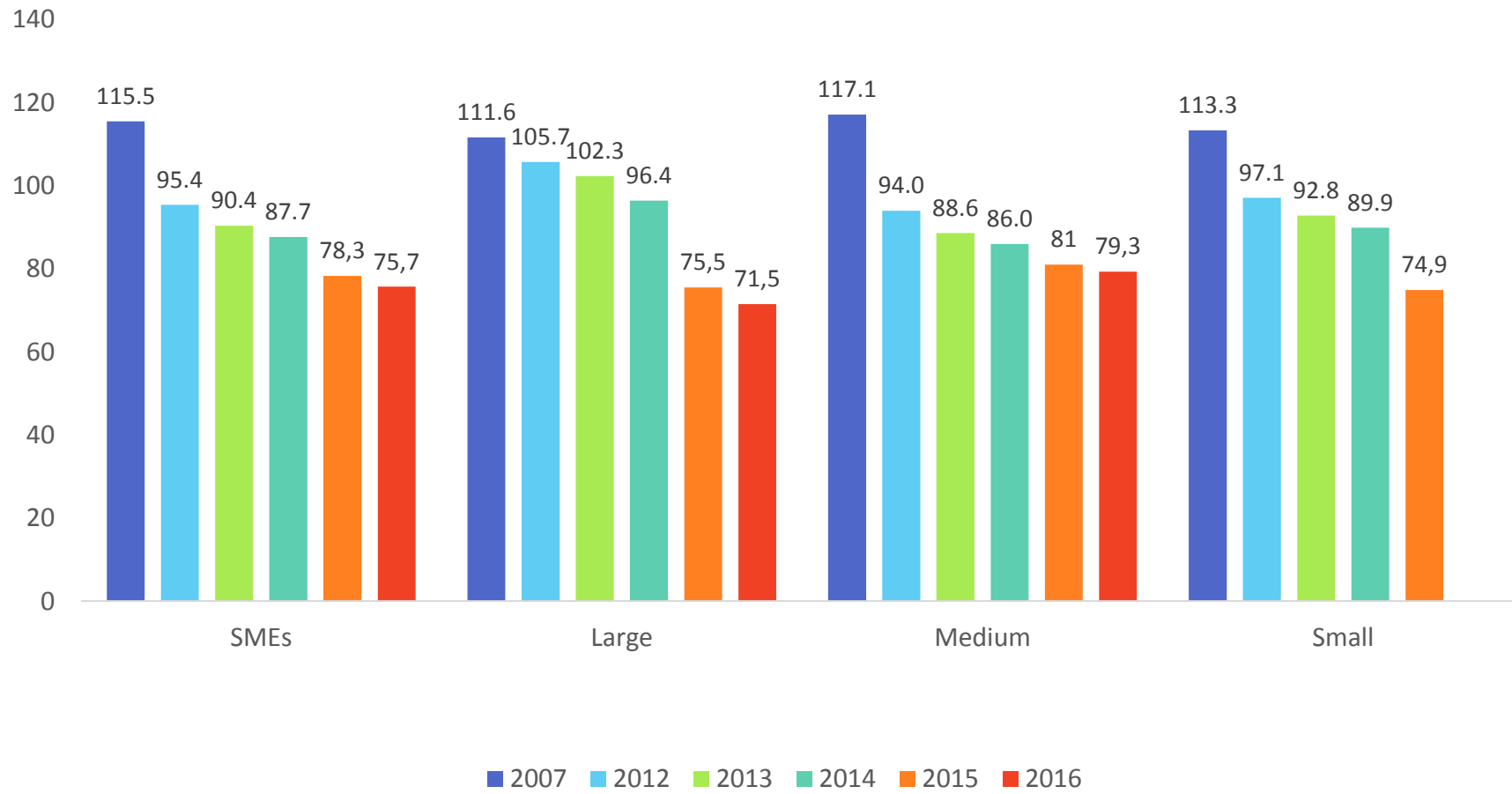
Financial loans



- Large enterprises
- SMEs
- Medium
- SMEs

Source: Rapporto Cerved, 2017

Financial Debts/Shareholders' Equity (%)



Source: Rapporto Cerved, 2017

Failure of SMEs

