

Finance at MIT

Where ingenuity drives results



15.738 CORPORATE FINANCE FOR TURBULENCE AND INNOVATION SYLLABUS

15.738 Corporate Finance for Turbulence and Innovation
January 2026 Executive Electives

Professor Christopher Palmer
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A. Course Description

Building on 15.724 Financial Management, we will cover advanced topics in corporate finance, with an emphasis on those that apply to times of turbulence (aka, now). Students will discuss how to apply corporate finance tools to analyze value-enhancing business decisions. Through case studies and lectures, we will explore how to finance a business through a recession, special considerations in financing innovation, how to value large capital investments and private companies, and how to analyze leveraged buyouts. Our ultimate objective is to build financial intuition beyond the (useful) nitty gritty of accounting statements.

B. Course Structure

The course consists of four three-hour blocks:

- 1) **Financing a Business through Turbulence:** We first review the tools of cash flow management to facilitate forecasting financing needs and valuing assets. We will apply these tools to the conundrum of a firm facing a recession and discuss measures distressed firms can take.
- 2) **Financing Innovation:** In the second block, we analyze the factors that determine a company's need for external financing, including how the optimal mix of debt and equity financing varies across industries. We will apply these lessons to the unique financing needs of high-innovation companies. Time permitting, we may discuss dividends, buybacks, convertible securities, and related policy proposals in Congress.
- 3) **Project and Company Valuation:** In the third module, we review the tools needed for valuing investments. We will review several valuation methods including identifying the relevant cash flows and the appropriate discount rate. We will discuss the pros and cons of discounted cash flow valuation, transaction multiples, and trading multiples to select investment projects and value companies.
- 4) **Operational Improvements, M&A, Leveraged Buyouts:** The course concludes with a guide of how to model the effects of operational improvements on firm value and stock prices. We will discuss M&A and leveraged buyouts, including the motivations for LBOs, the characteristics of typical LBO targets, and the structuring and financing of LBOs. The end of this module will also feature a wrap up of the course, including some life lessons from corporate finance that promise to make the material easier to remember.

C. Administrative Structure

Prerequisites:

- Financial Management (15.424 or 15.724 or 15.414) or equivalent intro finance class
- Students should be familiar with (or willing to Google a lot) accounting terms used in financial statements like EBIT, depreciation, PP&E, COGS, SG&A, etc.

Contact Information and Office Hours:

- Professor: Christopher Palmer
 - cjpalmer@mit.edu
 - Office hours: By appointment
- Teaching Assistant: TBD
 - Office hours: By appointment

Schedule and Classroom:

- 8:30-11:30 am ET and 1:00-4:00 pm ET on Friday and Saturday, January 9-10, 2026 in TBD

Course Material:

- Course website: Slides decks, case studies, case study reading questions, and supplementary readings are available on Canvas <https://mit.instructure.com/>. Case studies are accessible via the study.net tab.
- Slide decks will be posted on Canvas but not handed out in class. Some of these slides contain gaps that we will fill out together in class. Feel free to print in advance or follow along on a device if helpful.
- Darrell Rigby, *Winning in Turbulence*, Harvard Business School Press.
- Clayton Christensen, *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail*, Harvard Business School Press.
- Textbooks (optional):
 - P. Asquith, L.A. Weiss, *Lessons in Corporate Finance*, any edition, Wiley.
 - R. Brealey, S.C. Myers, and F. Allen, *Principles of Corporate Finance*, any edition, McGraw-Hill.

D. Class Procedure

For each block, I will assign study questions on 1-2 case studies. These questions will be posted on the class website in advance. Because of the accelerated nature of this course, it is valuable for students to spend some time before the course reading the cases and case questions. I will expect that each student will have read and thought about the cases before each class.

In class, we will be working on four cases using three pedagogical methods:

1. In-class case discussions
2. Brainstorming sessions in small breakout groups of students
3. Lecturing about concepts and techniques

E. Requirements and Grading

The case is graded pass/fail. It will be hard to fail, but here is what I value from students taking the course for credit.

- **Class Participation: 30%**

- Because so much of the learning in this course occurs in the classroom, it is important to be prepared to discuss the cases.
- The quality of your comments is more important than quantity. In the classroom and in life, people can generally tell when someone is talking just to be heard.
- Cross-reference each other in our discussions: “to build on what ___ has just said...”

- **Final Exam: 70%**

- The final exam will be a short open-notes take-home case exam done individually.
- The case content and questions will be similar to the material covered in class.
- The final exam is will be posted on Canvas on Saturday, January 10 at 6:00 pm and is due on Saturday, January 17 at 11:59 pm ET on Canvas.
- The best way to prepare for the final exam is to prepare for the course, attend class, and actively participate.

F. Course Schedule

Adjustments to this calendar will be available on Canvas.

Session	Day	Date	Time	Topics	Case(s)
1-2	Fri	January 9	8:30-11:30 am	Introduction. Financing a Firm through Turbulence. Real Options and Layoffs.	Arundel SureCut Shears
3-4	Fri	January 9	1:00-4:00 pm	Financing Innovation. Other external financing considerations.	Intel Molycorp
5-6	Sat	January 10	8:30-11:30 am	Project and Company Valuation. Using valuation in M&A negotiation.	Eaton Corp.
7-8	Sat	January 10	1:00-4:00 pm	Modeling how much value operational improvements create. Corporate Governance. Wrap-up. Life lessons.	Monmouth