

Entrepreneurial Finance (*Financing Business Ventures*)
COURSE SYLLABUS
SPRING 2014

Instructor: Ken Hung, Ph. D.
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Office Hours: Tuesday, Friday 10:30 – 12:00 pm

Course:

Scheduled Meeting Times

Type	Time	Days	Where	Date Range
Class	8:30am-10:20am	TF	PHBS 319 New Building Main Campus HSBC Business School, Peking University	Feb18,2014-Apr18,2014

Lecture Schedule Type

Face-to-Face - 1 Instructional Method

3.000 Credits

Prerequisites: Corporate Finance, Managerial Finance, Financial Management courses

Description:

This course provides an introduction to the sources of funds for business ventures including private placements, limited partnerships, qualified small company public offerings and guaranteed loans.

Objectives:

After completing this course, you should have an understanding of the theories, knowledge, and financial tools an entrepreneur needs to start, build, and harvest a successful venture.

Learning Outcomes/Objectives:

1. Master the seven principles of entrepreneurial finance related to various stages of a successful venture's life cycle.
2. Simulate the process of moving from an idea to a business plan using a SWOT analysis.
3. Compare the benefits, risks, and basic tax aspects of various organizational forms.
4. Exercise the process of obtaining and recording resources needed for an early-stage venture.
5. Understand important financial performance measures and their users by life cycle stage.
6. Practice the process of identifying the quantity and timing of additional funds needed to support the venture's sales forecasts.
7. Be able to set up venture investors' target returns and their relation to capital costs.
8. Be familiar with securities law considerations when obtaining venture financing.

9. Compare the differences between required cash and surplus cash, between accounting and equity valuation cash flow.
10. Relate venture capital methods to more formal equity valuation methods, construct multiple-scenario valuations, and unify them in a single valuation.

Text and Other Readings:

J. Chris Leach, and Ronald W. Melicher. *Entrepreneurial Finance*, 4th Edition, 2012, South-Western, Cengage Learning.

<http://www.doc88.com/p-989347594444.html>

<http://www.bplans.com/>

http://www.paloalto.com/business_plan_software/sample_business_plans/

<http://www.inc.com/business-plans>

<http://www.redherring.com/>

The Wall Street Journal.

Articles and cases.

Advances in Entrepreneurial Finance: With Applications from Behavioral Finance and Economics (2011)

<http://www.doc88.com/p-78642042630.html>

Course Policies:

Attendance:

It is the students' responsibility to attend class and obtain assignments, lectures, notes, etc., for the days missed. Failure to attend class regularly will seriously affect the student's ability to comprehend the material.

Class Procedure:

The instructor will lecture about theoretical and practical topics. Lectures will include material not covered in the text. Students will participate in the class by discussing theoretical topics, solving practical problems in and out the class, writing reports about financial events, and working in groups.

Financial Calculator:

You *must* have a financial calculator in order to solve the arithmetic, financial, and/or statistical calculations presented in your exams and homework. The TI BA 35 and the HP 10B are very good choices.

Examinations:

All exams will be announced before the exam is given and are tentatively scheduled in the attached course outline. Exams will include essay questions and problems. If your schedule requires that you be absent on one of those days, you must notify the instructor in advance. Failure to provide **both** prior notification and the applicable activity excuses will result in a grade of zero on that exam. Make-up exams will **not** be given. If you miss an exam with a valid excuse, you will be required to take a comprehensive final exam. This comprehensive final exam will cover

material from the entire semester. Students must provide documentation to justify why the exam was missed. A note saying that you visit a doctor the day of the exam is not sufficient. Excuses will be granted only in the event of a serious illness or accident, or due to a significant personal or professional commitment.

Evaluation:

The course grade will be based on three examinations. The percentage of each section is the following: Attendance, 10%, Exam 1, 25%; Exam 2, 25%; Final Exam 40%. The final grade will be determined as follow: *A* from 90 % to 100 %, *B* from 80 % to 89.99 %, *C* from 70 % to 79.99 %, *D* from 60 % to 69.99 %, *F* below 60 %.

Note: Nobody will have the opportunity to do extra work, such as additional exams, extra assignments, etc., to improve a grade.

Plagiarism:

Should a faculty member discover that a student has committed plagiarism, the student will receive a grade of "F" in that course and the matter will be referred to the Executive Director of Student Life for possible disciplinary action.

Copyright:

The Copyright Act of 1976 grants copyright owners the exclusive right to reproduce their work and distribute copies of their work. Works that receive copyright protection include published works such as a textbook. Copying a textbook without permission from the owner of the copyright may constitute copyright infringement. Civil penalties include damages up to US\$100,000; criminal penalties include a fine of up to US\$250,000 and imprisonment.

Accommodations:

The university is composed of a diverse student body who have a number of different religious beliefs. Reasonable accommodations will be made to allow students to practice their beliefs. It is the responsibility of the student to inform the instructor in advance when there is a conflict between scheduled classroom activities (examinations, quizzes, etc.) and religious holidays.

Students diagnosed with ADA recognized problems should contact Dr. Yolanda Garcia, Director of Counseling (CH 31A @ 326-2230). Students who have not been diagnosed with an ADA condition but feel they might be eligible for assistance under the provisions of ADA are encouraged to contact Dr. Garcia.

Following videos will be shown and discussed alongside the lectures.

Tech Start

<http://www.bloomberg.com/video/75400336-techstars-episode-1.html>

<http://www.bloomberg.com/video/75787480-techstars-episode-2.html>

<http://www.bloomberg.com/video/76249678-techstars-episode-3.html>

<http://www.bloomberg.com/video/76555642-techstars-episode-4.html>

<http://www.bloomberg.com/video/77330656-techstars-episode-5.html>

<http://www.bloomberg.com/video/78212132-techstars-episode-6.html>

<http://www.techstars.com/tv/the-founders/season-1/>

Entrepreneurial Finance and Innovation Conference

<http://sites.kauffman.org/efic/agenda2012.cfm>

<http://sites.kauffman.org/efic/agenda2011.cfm>

<http://sites.kauffman.org/efic/agenda2010.cfm>

<http://www.kauffman.org/KauffmanMultimedia.aspx?VideoId=18022738001>

Entrepreneurial Finance Lab Research

Harvard

<http://www.hks.harvard.edu/news-events/news/press-releases/eflri-phase-two-usaid-grant>

USC

http://www.usc.edu/org/techalliance/eNewsletter/v2_2_new.htm#1

Oxford

<http://www.sbs.ox.ac.uk/centres/privateequity/Pages/entrepreneurialfinance.aspx>

<http://www.sbs.ox.ac.uk/research/finance/Pages/asapconference.aspx>

<http://www.sbs.ox.ac.uk/degrees/mba/electives/Pages/Entrepreneurialfinance.aspx>

Stanford

<http://ecorner.stanford.edu/>

<http://ecorner.stanford.edu/podcasts.html>

Course Outline and Schedule:

<u>Dates</u>	<u>Chapter</u>	<u>Title/Subject</u>
February 18	Chapter 1	Introduction and Overview
February 21	CH 2	From the Idea to the Business Plan
February 25	Chapter 3	Organizing and Financing a New Venture
February 28	CH 4	Measuring Financial Performance
March 4	Chapter 5	Evaluating financial Performance
March 7 Tuesday	Exam 1	Chapters 1 – 5
March 11	Chapter 6	Financial Planning: short and Long Term
March 14	Chapter 7	Types and Costs of Financial Capital
March 18	Chapter 8	Securities Law Considerations
March 21	Chapter 9	Valuing Early-Stage Ventures
March 25	CH 10	Venture Capital Valuation Methods
March 28	CH 11	Professional VC
April 1	Exam 2	Chapters 6 - 11

Apr 4	Ch 12	Financing Alternatives
Apr 8	Ch 13	Security and Enterprise Values
Apr 11	Ch 14	Harvesting Venture Investment
Apr 15	Ch 15	Troubled Ventures and Turnaround
April 18 Friday	<u>Final Exam</u>	All Chapters