

**MGMT 496:
Seminar in Entrepreneurial Financing
Fall 2014**

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Office Hours: T 6.30-7.30 pm, TH 3.00-5.00 pm and by appointment
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Class Schedule: T 12.30 -3.00, GSM 128

Required Materials:

Steven Rogers -**Entrepreneurial Finance: Finance and Business Strategies for the Serious Entrepreneur**, Third Edition ; Kellogg School of Management; The McGraw-Hill Companies

Recommended Materials:

Adelman and Marks- Entrepreneurial Finance – Pearson Education, 6th edition

J. Chris Leach and Ronald W. Melicher- Entrepreneurial Finance - Mason, Ohio: South-Western Cengage Learning, 4th edition, 2012

Berk, Jonathan, Peter DeMarzo, and Jarrad Harford, Fundamentals of Corporate Finance *Second Edition*, Prentice Hall

Barringer, Ireland Entrepreneurship: Successfully Launching New Ventures

Useful material available online:

There are numerous excellent articles about new venture finance and venture capitalists available online; following are the few examples of such materials:

The Economics of the Private Equity Market,
<http://www.federalreserve.gov/pubs/staffstudies/1990-99/ss168.pdf>

What do VCs do and where do they learn to do it; Fred Dotzler
www.denovovc.com/articles/2001_Dotzler.pdf

Course Information

Course Description:

The course focuses on the theory and practice of Finance with emphasis on valuing and securing financing for start-up companies.

This course is offered as an advanced seminar on how entrepreneurial ventures are financed. Theory and practice are emphasized from the different perspectives; these perspectives include those of the investors, lenders, entrepreneurs and corporate finance professionals assisting the entrepreneur. Most classes will consist of a standard lecture format, followed by active discussions. It is also expected that students will learn from each other through a highly interactive environment that emphasizes class participation (both questions and comments) and presentation and discussion of business plans.

Course Objectives:

- 1) To develop a financial skill set that enables students to develop financial plan for a new venture.
- 2) To develop an understanding of how entrepreneurial ventures are financed. Students will examine the process of securing venture capital, micro lending loan and other types of entrepreneurial financing.
- 3) To understand the nuances of different types of financing available to an entrepreneur and to evaluate the best possible alternative for a venture. Students will also learn why some entrepreneurial ventures succeed in attracting financing and why they often fail.
- 4) To get a broad understanding of venture capital industry.

Overview

Early stage companies are the most difficult business to finance, and the difficulty in obtaining financing is often the principal reason they fail. Part of the reason is the lack of financial sophistication of the business team that is proposing the new business. It is estimated that over 50% of new businesses fail within their first 5 years of operations, primarily because they run out of money and are then unable to capitalize on market opportunities. At the same time, the funding options for entrepreneurs are more extensive than they have perhaps ever been. Entrepreneurs and the capital markets professionals that finance them both have the potential for tremendous reward, if they are successful in identifying, financing, and building high growth, profitable startup companies.

This course offers the academic tools, real world expertise, and practical knowledge necessary for teams to build financial plans for early stage companies and to make smart financing decisions. It is targeted to those who want to learn about and understand the unique issues related to starting and financing an entrepreneurial company from the earliest idea stage to bringing the investment to a conclusion on exit.

The best way to learn the ins and outs of entrepreneurial finance is to pursue an entrepreneurial idea and build a business around it. This allows the team to deal with issues that are real and to appreciate how the economic, technology, innovation opportunities play a role in the overall picture. Students are expected to be working on a business plan and to use the business plan as

the model for learning the entrepreneurial finance aspects of the course.

Grading

Since this is an advanced seminar and each student is responsible for his/her own learning as well as sharing of such learning with other participants. The final grade in the course will be determined as follows

Final Exam	25%
Mid-Term Exam	25%
Presentations	20%
Business Plan	10%
Cases/Reports	10%
Class Participation	10%

Working in teams is an important aspect of this course. Business Plan and Presentations are group assignments. Each student will rate his/her team members on scale of 1 to 5, with 5 being the best. Your individual grade for the group assignments will reflect the rating your team members gave you.

Grading Scale

90-100%.....	A
80-89%.....	B
70-79%.....	C
60-69%.....	D
< 59%.....	F

Pre- and Co-requisites:

We will make extensive use of economics principles, accounting principles and statistics principles and skills during this course. I will review but not re-teach some of these principles and skills. You may have to review and relearn others on your own. In past students who have not taken the basic finance and accounting courses at the Anderson have had difficulty understanding the concepts covered in this class. At the very least you should be taking these courses simultaneously with this class.

Examinations:

There will be one midterm and one cumulative final exam. You may use a calculator during the exam. Full credit will be awarded for all correct answers and partial credit will be awarded for partially correct answers as I deem appropriate. There will be no partial credit for multiple choice questions. You will have the option of looking at your graded exams.

Regrade Requests:

Please submit any regrade requests within a week of getting your corrected exam/grade. For re-grade the full exam will be graded again.

Class Participation:

There may be homework problems handed out, quizzes and other activities that are not listed on this syllabus required for the class participation. Also included will be class discussions and articles.

Attendance:

You are not required to attend every class and I will not penalize you for absences (apart from the points you may lose for class participation). However, in first couple of weeks of the class, I may take attendance and may drop a student who is regularly absent. I do this to give waitlisted students a chance to attend the class. Moreover, you are responsible for all material presented in class, regardless if you were present or not. This includes instructions on assignment format and turn-in procedures. If you miss a class, I will be glad to tell you what material you may have missed but I will not re-teach it.

Cell Phone and Laptop Usage:

Cell phone calls and texting is not allowed in the class. If you must use these devices do it outside of class. Using these devices not only affects your learning but also disturbs your fellow students. Laptops are permitted to be used only when we are doing problems in the class.

Conduct in the Class:

Conduct yourself in class in the same manner as you will in a business meeting. It's a good practice for your future jobs! Be professional and courteous to others. When others are presenting do not talk or laugh amongst yourselves.

How to do well in this course:

- Come to class. Participate in class discussions. Take notes. Get to know others in the class.
- Do all the assigned readings, homework assignments, and suggested study problems and questions.
- Participate in business plan/entrepreneurship competitions at UNM.
- Stay current! It is important that you review class notes on a routine basis in order to identify things you don't understand or may need help with. I recommend that you review your class notes at least once a week. Don't wait until the weekend prior to a test. That's not the best time to realize that you don't understand something.
- Make an appointment to meet me whenever you're having difficulty or have questions you would like to discuss outside of class.
- Form or join and participate in a study group.
- I want you to do well in the class and your future business endeavors. Being able to think on your feet in front of an audience is a much vaunted skill in any business. I will call you out in class and ask you questions or ask for your suggestions in solving problems. You should consider such cold calls as an opportunity to develop your public speaking skills. But, please no speeches!

ACADEMIC INTEGRITY

Anderson School of Management faculty, staff and students commit to values of trust, honesty, integrity, and accountability. We will not tolerate academic dishonesty. By enrolling in any course at Anderson, the student accepts the Anderson Academic Honesty Code and affirms the following pledge:

I will not lie, cheat, fabricate, plagiarize or use any other dishonest means to gain unfair academic advantage.

Any violation of the code of conduct will be taken very seriously and appropriate sanctions will be applied. FOR FULL TEXT OF ANDERSON'S ACADEMIC HONESTY CODE, please visit <http://www.mgt.unm.edu/honesty>

ADA Statement

Reasonable accommodation will be given to any individual with a legitimate disability. Please contact the instructor privately for arrangements. If you are a qualified person with disabilities who might need appropriate academic adjustments, please communicate with me as soon as possible so that we may make appropriate arrangements to meet your needs in a timely manner. Frequently, we will need to coordinate accommodating activities with other offices on campus. Course materials can be made available in alternative formats.

Instructor Drop Policy Example:

The instructor may drop a student, if the student regularly misses the class and/or misses assignments or exam. Any absence from exam needs to be explained within a week of the exam or the student will be dropped. This course falls under all UNM policies for the last day to drop courses, etc. Please see <http://www.unm.edu/studentinfo.html> or the [UNM Course Catalog](#) for information on UNM services and policies. Please see the [UNM academic calendar](#) for course dates, the last day to drop courses without penalty, and for financial disenrollment dates.