FIN 374S: Entrepreneurial Finance  
Fall 2017

Course Information
Time: T/TH 12:30, 2:00  
Location: CBA 4.344  
BBA Upper Division

E-mail: Regina.Hughes@McCombs.utexas.edu  
Student Coach: TBA

Instructor Information
Instructor: Regina W. Hughes  
Office: CBA 2.222  
Office Hrs: W 9:30-11:30 am  
Phone: 512-471-4764 (not for messages)  
Cell Phone: 512-567-9286 (texts only)

I. Introduction
Entrepreneurial Finance is worthy of special study. After mastering the basic principles of Corporate Finance (Fin 357 for us) we can now discern between the concerns of investors and financial analyst of large public corporations. Investors and analysts use evaluation models that sometimes differ from the focus on smaller issues that dramatically affect the early-stage entrepreneur or new venture. You will employ the concepts and tools of finance with a special focus, such as thinking about investment opportunities as portfolios of real options- while they are particularly useful in a new venture setting, are also useful in the context of large public corporations. Entrepreneurial Finance and Private Equity are two sides of a similar coin. The goal of this course is to familiarize you with the new venture or entrepreneurial process of analyzing problems, weighing alternative actions, and choosing the best possible solution(s) to enhance wealth. The course is designed to model the new venture workplace and prepare you for a job as a future analyst of this type of investment opportunity. Private Equity firms greatly value the concepts and practices mastered throughout this course. Much of the educational process in this class takes place outside of the classroom; learning by doing gives us all a better understanding of this field. The academic description is “experiential learning”.

II. Goals
The primary goal of the course is to enhance your analytical and problem solving abilities. Through a combination of readings, lectures, class discussions, guest speakers and milestone presentations students should: (a) improve their speaking and business writing skills, (b) gain exposure to issues frequently encountered by business decision makers, (c) develop personal and professional skills valued by employers (e.g., time management, planning, collaboration, responsibility, and integrity), and d) discover that success in the workplace requires a combination of quantitative and qualitative skills.

III. Classroom Expectations
Active attendance, participation, and preparation are required, as some of our classroom activities are devoted to milestone presentations of our entrepreneurial ventures. Students are expected to attend every class, prepare every assignment, and participate in every class discussion. Specific information will be furnished for your Milestone Presentations. The Strengths Finder research tool will provide great value to your own assessments and your work in our class.
IV. Course Materials (Required)
1. Entrepreneurial Finance 2011 Stanford University Press by Janet Smith and Richard Smith ISBN 978-0-804707091-0 (available online) or available free of charge through the UT Library system as an online textbook.
2. Builder Profile 10 Assessment- available @ www.gallupstrengthscenter.com
Your assessment results are due to your instructor by September 12, 2017.

V. Grade Computation

- 2 Exams @ 20% each 40%
- Milestone assignments and presentations 1-5 @ 4% each 20%
- Milestone 6 Cash Flows and presentation 6%
- Final Pitch & Notebook 10%
- Attendance @ .5% each on days 10%
- Denoted by “A” on the schedule 10%
- Final Case 10%
- Builder Profile 10 2%
- Peer Evaluation 2%

Final letter grades will be assigned according to the following criteria:

A >94  A- 89-93.9  B+ 87-88.9  B 83-86.9  B- 80-82.9  C+ 77-79.9  C 73-76.9  C- 70-72.9, etc.

You will receive a numeric score for each assignment. Final grades will not be determined until the scores for all assignments are entered, as indicated above. The target GPA for the course is approximately 3.40. All course grades are final, except in the instance of a recording error.

Assignments that are submitted on a timely basis will be returned approximately two weeks after its submission. If you have a question about any grade assigned, you must submit the question in writing, within one week after the assignment is returned. Your inquiry should include your name, UT EID, the title of the assignment, and a written explanation of why you think the grade is incorrect. A reasonable discussion does not start with “my buddy got a higher grade”. I retain the right to raise or lower grades after review. Please do not come up after class to discuss your individual grade. Please come during office hours or leave the assignment with your explanation in my mailbox in the Finance Department, CBA 6222.

VI. Exams and Final Case
Exams will be take-home essay style. Exam questions will come from both class lecture/discussion, assigned readings and other materials. I do not give makeup exams (subject to applicable University policy). If you miss Exam I, the percentage weight of that exam will be applied to Exam II, subject to a 25-point penalty. So, for example, if you miss Exam I, and you make an 85 on Exam II, then your Exam II grade will be 85 and the replacement grade will be 60, (85-25). If you miss Exam II, then the grade you made on Exam I minus 30 points will be your Exam II grade. No late Exams will be accepted. Due Dates are on the semester schedule.

The Final Case will also be take-home style. You will work on it on your own time and submit your results by the Due Date assigned; a late penalty of five points per day will be enforced. More information on these assignments will be discussed in class. A total of 50% of your final grade comes from your exams and final case assignment.
VII. Milestone Assignments
All students are expected to participate in the Milestones Project. Instructions are included separately and on Canvas. The assignments are divided into Milestones each clearly explained with content and presentation requirements. Milestones 1 and 2 will be assigned and submitted on Canvas before classmates have been sorted into teams. Milestones 3 through 5 will be completed by designated groups selected/constructed by the instructor. Each student will be responsible for posting his or her own portion of each assignment as noted onto Canvas and for bringing a copy of it to class. Milestones 1 through 5 each count 4% of each student’s grade, equally divided by oral and written contribution. Milestone 6 is an in-depth analysis worth 6%. Your Final Pitch is worth 10% with the grade for your Project Notebook included. If you are absent the day your group presents any milestone assignment, your oral portion of your grade will be “zero”. Only University Excused Absences will apply when presentation days are missed. The class will be organized into teams of approximately five students. Groups are formed from the results of your BP 10 Assessment. All group members must be a part of Milestone presentations.

Milestone 6 is the Marketing and Financial Plan. Team development and presentation of Milestone 6 will be worth 6% of your overall grade. It will also be an integral part of your Final Pitch, worth 10% of your overall grade. The Final Pitch Assignment will develop from the first six Milestone assignments. A notebook of all milestone assessments will be due on Final Pitch Day and becomes a part of that grade. Think of your Notebook as both a Pitch Book and history of your research. Final Pitch presentations will be made in a competitive environment with outside investors critiquing and giving feedback. Expect this final portion of your grade to be the most challenging. Be prepared to seek mock investment as a part of your Final Pitch.

VIII. Class Attendance/Participation/Preparation (A/P/P)
This is a discussion-based and team-based course and students learn as much or more from interacting with each other than from the formal presentations by the instructor. When all students attend every class it is easier to develop a culture and atmosphere conducive to sharing experiences and discussing opinions. Formal attendance will be taken each class, and you are expected to participate actively in discussions and class exercises. You will be expected to be able to answer questions and ask relevant and thoughtful questions. Come to class prepared. No attendance credit will be awarded to those who are not attentive and respectful to guest speakers.

View class attendance as if you are being paid. Certain class days, 23 in total, are marked by an “A” on your schedule; plan to attend. You will receive .5 points for each of those days, maximum 20, that you attend. This gives a maximum of 10 total points to your final grade. The ONLY time an absence can be exempt from this policy is for observance of a religious holy day (see University policies below) or in the case of exigent circumstances. The Builder Profile 10 Assessment and the Peer Review are each worth a maximum of 2% points when completed as directed.

IX. Other Grading Criteria
The primary basis for grading written assignments is content; however, professionalism in presentation is also given substantial weight. The writing skills component of the analysis considers grammar, spelling, punctuation, appropriateness, clarity, and thought. The following book is recommended for aiding in the preparation of written work: Strunk, William, Jr. and E.B. White, “The Elements of Style,” Macmillan.
X. Additional Policies

A. Students with Disabilities – Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, http://www.utexas.edu/diversity/ddce/ssl/

B. Access to Canvas – All students must have access to the Canvas web site for this course. I will use this venue to post chapter slides, assignments, announcements, and grades. I will also use the Announcement feature of Canvas to correspond with you. Check the site regularly to ensure that you have the most current information. Please note the following:

Web-based, password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, and Room 1. For information on restricting directory information see:

http://www.utexas.edu/student/registrar/catalogs/2002-03/app/appc09.html

C. Computers and Electronic Devices – In accordance with Finance Department policy, the use of laptop and tablet computers are prohibited, except for making class presentations. All electronic devices (cell phones, MP3s, etc.) should be stowed away during the class session. Violation of these policies, including texting during class, will reduce your A/P/P grade. Consider this your warning notice, we will also discuss in class.

XI. Additional Comments

The requirements and recommendations for succeeding in this course are outlined in this syllabus. Since no extra-credit is available, I encourage you to follow these policies and utilize office hours to maximize your understanding of the assignments and their specific requirements. The aforementioned policies provide the basic guidelines and code of conduct for this course. They are designed to reduce confusion and establish an equitable framework for the entire class. As a matter of principle, I will enforce these policies equitably. The “spirit” of the course is just as important as the “rules and regulations.” My goal is to create a cooperative classroom environment in which we learn from each other. To that end, I welcome your constructive comments and suggestions as we progress through the course. Your feedback is an important element of course delivery and development. The academic term is “experiential”.

Barring an emergency, I will be available during office hours and at additional times. I encourage you to visit with me regarding the class assignments, concerns with the course, or just to say “hello.” I am also accessible via telephone or E-mail. I will make every effort to return your call or respond to your E-mail within one business day of its receipt. I have given you my cell number to use for texting. When you text, remember to include your name and the message “please check your email”. I only check OUTLOOK. Thank you.

Hook ‘em Horns,

Regina Wilson Hughes
**University-Mandated Syllabus Disclosures**

**Important Notifications**

**Students with Disabilities**

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, [http://diversity.utexas.edu/disability/](http://diversity.utexas.edu/disability/).

**Religious Holy Days**

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

**Policy on Scholastic Dishonesty**

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at [http://my.mccombs.utexas.edu/BBA/Code-of-Ethics](http://my.mccombs.utexas.edu/BBA/Code-of-Ethics). By teaching this course, I have agreed to observe all faculty responsibilities described there. By enrolling in this class, you have agreed to observe all student responsibilities described there. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at [http://deanofstudents.utexas.edu/conduct/](http://deanofstudents.utexas.edu/conduct/) to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

**Campus Safety**

Please note the following recommendations regarding emergency evacuation, provided by the Office of Campus Safety and Security, 512-471-5767, [http://www.utexas.edu/safety](http://www.utexas.edu/safety):

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform the instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Behavior Concerns Advice Line (BCAL): 512-232-5050 (or [https://operations.utexas.edu/units/csas/bcal.php](https://operations.utexas.edu/units/csas/bcal.php)).
- Further information regarding emergency evacuation routes and emergency procedures can be found at: [http://www.utexas.edu/emergency](http://www.utexas.edu/emergency).
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<th>TOPIC</th>
<th>CHAPTER</th>
<th>DUE TODAY</th>
<th>DUE NEXT CLASS</th>
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<tr>
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<td>31-Aug</td>
<td>Introduction</td>
<td>1</td>
<td>Read Chapter 1</td>
<td>Read Chapter 2 &amp; 3</td>
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<td>Lecture/Discussion</td>
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<td>Ch 2 &amp; 3</td>
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<td>Builder Profile 10 Results- bring printed copy to class</td>
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<td>Interviews, Research</td>
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<td>Read Chapter 4</td>
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<td>A</td>
<td>14-Sep</td>
<td>Interviews, Research</td>
<td></td>
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<td>A</td>
<td>19-Sep</td>
<td>Lecture/Discussion</td>
<td>4 &amp; 5</td>
<td>Ch 4 &amp; 5</td>
<td>Groups Assigned</td>
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<td>Class Case Study</td>
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<td>Your charming presence</td>
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<td>Assign Questions for Exam I- Due Sept 28</td>
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<td>A</td>
<td>26-Sep</td>
<td>Lecture/Discussion</td>
<td></td>
<td>Milestone 3</td>
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<td>EXAM I</td>
<td>1-5</td>
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<td>A</td>
<td>3-Oct</td>
<td>Guest Speaker</td>
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<td>Your charming presence</td>
<td>Milestone 4 posted to Canvas and ready to present in class</td>
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<tr>
<td>A</td>
<td>5-Oct</td>
<td>Lecture/Discussion</td>
<td></td>
<td>Milestone 4</td>
<td>Read Chapters 6 &amp; 7</td>
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<td>Lecture/Discussion</td>
<td>6 &amp; 7</td>
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<td>Lecture/Discussion</td>
<td>8 &amp; 9</td>
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<td>Lecture/Discussion</td>
<td>10 &amp; 11</td>
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<td>Assign Questions for Exam II- Due Oct 24</td>
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<td>A</td>
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<td>Research</td>
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<td>EXAM DUE - same reqs as Ex I</td>
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<td>Research</td>
<td></td>
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<td>Lecture/Discussion</td>
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<td>A</td>
<td>7-Nov</td>
<td>Pitch Day- Rehearsals</td>
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<td>We will discuss what is due for tomorrow!</td>
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<td>A</td>
<td>9-Nov</td>
<td>Pitch Day</td>
<td></td>
<td>Capstone Final Pitch</td>
<td>Read Chapters 12 &amp; 13</td>
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<td>14-Nov</td>
<td>Lecture/Discussion</td>
<td>12</td>
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<td>A</td>
<td>16-Nov</td>
<td>Lecture/Discussion</td>
<td>13</td>
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<td>Final Case Assigned- Due November 30</td>
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<td>21-Nov</td>
<td>Lecture/Discussion</td>
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<td>28-Nov</td>
<td>Lecture/Discussion</td>
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<td>30-Nov</td>
<td>Guest Speaker</td>
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<td>Round Table Discussion</td>
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<td>A</td>
<td>7-Dec</td>
<td>Wrap-up</td>
<td></td>
<td>Awards</td>
<td>no more assignments due</td>
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</table>

Always post to Canvas and be ready to present in class unless otherwise noted.
Milestones are always due posted to Canvas prior to the beginning of class unless otherwise noted.
Attendance is taken every classday and relies on your Namecard properly displayed.
20 of the 23 identified days are required for perfect attendance. Three tardy arrivals equal an absence.
Any unauthorized use of electronic devices negates your class presence.
Milestone Project Instructions - Deep in the Start-Up of Texas

Milestone 1: Interview an Entrepreneur & Give Five Ideas for a Company

Interview an entrepreneur in an industry or business that interests you. Focus on how and why this person started his or her business. Write a ¾ page (single-spaced, 11 font, Calibri) summary of your interview and post it to Canvas under M1. You MUST interview a real person. This person can be someone you have worked with or hope to work with; it should not be a relative. Austin is teaming with Entrepreneurs and there are some good websites to help you.

Here are some suggestions of questions to ask:

- Person’s background and career path- be sure to include name, business name, address, etc.
- How did you find the person and why did you choose to interview him or her?
- What motivated this person to become an entrepreneur?
- What inspired him or her to pick the product/service or industry?
- How did he or she know it was the right time or the right environment to launch the business?
- What steps did he or she take to get started?
- Who helped along the way?
- What problems had to be overcome?
- Does Entrepreneur’s future plans include a sell-off, IPO, merger, etc.?

Also, include in a separate paragraph describing the five ideas that you have for a company. Include who all you think your target market might be- for example- age group, family status, income, education, location, etc. You will post your assignment on Canvas under M1 and bring a printed copy to class.

ALSO, be prepared to make a 1-minute, (60 second) presentation in class going over the highlights of your interview. The Document Camera will be available for pictures. Everyone may not be called to present.

Milestone 2: Research Three Geographic Areas good for start-ups; one must be Austin. Pitch a (existing) Phone app or identify a franchised business opportunity already addressing your “pain” (we will begin to wince every time we say “pain”)

Describe an app, website, or resource that saves time, money or something else you value – explain what it is, how you use it, and why others should use it too. WHATEVER YOU CHOOSE MUST CURRENTLY EXIST IN THE MARKETPLACE. OR, research a franchised business opportunity and pitch that model. I am NOT asking you to make up something at this point. I genuinely want you to share with the class something that you think works well and that is a good example of a company that is solving a “pain in the market”. Write a 250-word synopsis of your analysis and turn it in on Canvas under M2 and bring a printed copy to class. If you research a franchise, bring a picture from the Internet about the company. ALSO, be prepared to deliver a 1-minute, (60 second) pitch about your chosen geographic areas and/or product. The Document Camera will be available for pictures or demonstrations. We will pass around a sheet for everyone to write down the name of his or her found existing app.

Everyone may not be called to present-

By now, you should have completed your BP10 Assessment and turned in a copy of it to your instructor. Your instructor will create teams based on info provided and you will work with these classmates on the remainder of your milestones. We are roleplaying our Milestone Project; not all of you intend to become entrepreneurs. Should your career path involve private equity analyst, angel or VC analyst staff, you will benefit from this project perspective.

Hughes, Spring 2017
Milestone 3: Identify a Pain in the Market and Target your First Customer

As a team, identify a Pain in the Market and explain the pain to the class. Customers pay for value and wish to solve a problem they believe they have. Your task at this point is ONLY to identify the problem that you intend to solve. You do NOT present a solution. You must present the problem in a compelling and engaging way that grabs the class’ attention and makes them care about the problem and makes them want you to find them a solution (eventually). Once again, you are ONLY presenting the problem.

Use the tools and concepts highlighted in our text to identify and target your first customers. To focus your research, you MUST attempt to answer each of the following questions:

- What are the potential markets for the product or service?
- Of these potential markets, which customers are most likely to purchase at market introduction?
- How much do these customers typically buy, how do they buy, and how do they hear about the product or service? How often do they buy? What is their buying pattern?
- How can the new venture meet these customers’ needs?

After answering these questions through your research, identify who your first customers will be and create a profile of those customers. Are they college-educated, technology savvy, unmarried millennials with disposable income, etc.? DO NOT FOCUS ONLY ON YOUR OWN AGE GROUP. Your product or service should also reach “baby boomers”, the physically disabled, etc. Your research will reveal this.

Develop a presentation to be delivered in class that summarizes your answers to these questions. You ONLY have 3 minutes to identify the pain and present your target customer to the class. Include a Customer Matrix (if you do not know how to create this, “google” it). Highlight your presentation with a “picture” of your first target customer. You can paint a picture with words or with images or any creative way you want to express this, but the class should be able to understand the target demographics of your first customer through the summary you provide.

Customer Profile information for your matrix should include:
- Age * Income level * Education * Buying habits – when, where, how much * Where customer finds products/services
- How customer would like to purchase

Finally - Identify at least 3 potential competitors and list those in your presentation as well.

Each team must have no more than five slides or documents. You will present as a team to the class. Do NOT worry about logos or products or company names yet. I simply want to know what pain you are going to focus on solving.

Now that you are working as a team, begin a loose-leaf notebook project. Include a copy of today’s presentation slides. You will turn in the notebook later in the semester. The Document Camera will be available for pictures or demonstrations. Each member or your team will need to post his or her Synopsis under M3. Designate a team member to keep up with the notebook and its contents.

For this Milestone, Each team member must post on Canvas under M3, a one-page synopsis of your team’s performance, including your TEAM #. This synopsis is due by our next class period. You will bring a hard copy of your posted work to class.

Milestone 4: Rapid Prototype – Design your Product/Service & Create an Intellectual Property Form for your Business (two parts)

With your team, deliver a prototype of your product. Quite simply tell us what your business is. Now that you’ve identified the pain in the market, what is your solution? Describe your product or service and tell us how you will deliver this product or service into the market place. You must provide some kind of a “mock-up” or prototype of your product to present to the class. Should you have specific regulatory guidelines, you are welcomed to bring those as a handout for your instructor and only briefly discuss them at this point. You have 4 minutes as a team to explain your product to us. The Document Camera will be available for pictures or demonstrations. Creativity rewarded! This assignment also requires you to complete the provided Intellectual Property table. It is posted to Canvas. Each team should include a copy of the IP table in your notebook and bring one hard copy to class.

Hughes, Spring 2017
As a group, it is your job to provide the definitions and answer all of the questions posed in the table. Your IP strategy can make or break your business, so this is a very important part of your business consideration. At the very least, each of your companies will have at least one trademark, because as part of this assignment, you must NAME YOUR COMPANY. You may also give your product a different name. If your product name is your company name, explain why.

You must conduct a trademark "knockout search" on all proposed trademarks (company name and product name) and you must verify if the domain name is available. You must then complete the rest of the IP table, based on your knowledge of your business and the four areas of Intellectual Property Protection.

Much of the information you need can be attained at the USPTO.GOV website (patents and trademarks) and the Library of Congress (copyrights). I prefer that you communicate your understanding of each element of the table in your own words, but if you do take the information directly from a source outside of the textbook, please provide a link or citation to your source.

Work with your group and discuss what legal form you all will use for your business (LLC, C-Corp, S-Corp, etc.).

Make sure to include the following information when stating your Choice of Entity: (include a copy in your notebook)

Name of your company will incorporate as a ______________ with a ___________ person board of directors in the state of _______________. The company is incorporating in State of ___________; it will be headquartered in ___________ (note HQ and place of incorporation are often different)

State your reason for choosing the entity you chose. For example: "Forming a ______________ entity enables ________________ (name of your business) to secure ________________ (type of funding) and ________________ (type of liability protection).

Then, individually, answer each question. Individually, in your own opinion

1. Does the founding team have the necessary operational skills? List each team member and duties associated.
2. Do the founders have the required start up capital? Do you think each can acquire his or her part?
3. Will the founders be able to run the business and cover their first year’s living expenses?
4. What concessions can each team member contribute?
5. Are the founders willing/able to assume personal liability for claims against the business?
6. Do the founders wish to have complete control over operations?
7. Do the founders expect initial losses? How will the founders cover these short falls?
8. Do the founders expect to sell the business some day?

Each student should post your answers to questions 1-8 on Canvas under M4.

Milestone 5: Identify the Core Values of your Business and Develop Your Plan- This includes your Marketing & Advertising Plan

Deliver a presentation on the core values of your business and pitch your business plan! Your business plan is a combination of your Marketing and Advertising Plans. All in 4 minutes per team! This is where you finally reveal your company name and introduce your company logo, which you have not yet publicly shared with the class.

Team Culture - list your team values, slogans, motto, philosophy – whatever you want to include that will communicate the culture that your team will embrace for your start-up enterprise or venture. It can be a list of your values, a motto like Google (Don't Be Evil), a mission statement, etc.

Tell your compelling story. Show us some KEY numbers and STRATEGIES. Then, as a group, cover the following questions and prepare a deliverable paper copy.

Hughes, Spring 2017
1) Write up your marketing plan. Include:

- Benefits of the product/service
- The target market
- The market niche
- The marketing tactics
- The company’s convictions and identity how you will uphold them
- An estimated sales projection based on your total estimated market
- How many customers do you reasonably expect that you could have?
- What is your anticipated price per unit for your product?

The business librarian, Loretta Wallace, has created for us a market research course. Information about advertising expenditures by both company and industry are available. Without using these amazing databases free of charge, it would cost you thousands of dollars to get access to these on your own. Be sure to footnote your research sites. Loretta Wallace is a scheduled speaker for our class before this milestone is due and will give us up to date links.

2) Develop an advertising, publicity, and promotion strategy possibly incorporating social media.

Pitch all of this to the class. Remember, you have 4 minutes as a team to explain everything! As a group, include your presentation slides in your notebook and bring a copy to class. Also, bring a copy of your marketing plan.

Milestone 6: Create Some Cash Flows!!!!!

This is the time where we will work on the Financials for your business. By now, our text is full of examples on how to best construct your company’s cash flows. That includes the time horizon and estimating your discount rate, CAPM, WACC, etc. Milestone 6 is our most important section and should have well developed scenarios. Use models discussed in class, found in your textbooks, presented by others, copied from successful start-ups, etc.

These cash flows can sometimes be overly complicated and too intricate for all board members to follow; that will not be true for us. Assume your audience is packed with VCs, Angels, or Private Equity Analyst. If these people like what they see in your cash flows, they will come back to see your final pitch presentation. Impress us with your numbers!

Be prepared to share your plan with your classmates in under 5 minutes during class and your group should have no more than five slides. Bring one hard copy to class and include one copy in your notebook. As a team post answers to the following questions and bring a hard copy of those answers to class.

Now that you have projected some cash flows, go back and review M5, then develop a Funding Plan for your Business-

1) Calculate how many personal resources you have to help fund a new venture. What is each individual member of your team willing to risk and contribute?

- Will you forego salary? For how long? Do you expect others to do so?
- Will you contribute a certain amount at the beginning? How much? Do you expect others to do so?

2) Determine ways to bootstrap the startup of the new venture.

- What will your initial expenses be and how will you keep them low?

3) Network to come into contact with potential “angels.”

Hughes, Spring 2017
How will you find and meet angel investors for your business? What resources are available to you as UT students (list at least 3)?
- Name at least two known "angels" that you will target to ask for funding.

3) Identify an attorney who can help structure any legal documents.
- Do NOT email any professors to ask for recommendations.
- DO ask fellow entrepreneurs for recommendations.
- Research law firms who are known for working with start-ups and pick the one you want to ask to represent you and list WHY you chose this particular firm.

4) Investigate the sources of debt financing in the community.
- What granting agencies are open to you through UT, through local, state, and federal governments (list at least one example from each source)?

5) Determine if any of the non-dilutive sources of funding are appropriate for your business.

Clearly answers to these questions will come from group discussion and individual thought. We have done all we can; it is now time to—(drum roll, please)

Deep in the Start-up of Texas

Milestone Capstone - Pitch your Business

Overall Expectations
- This is a FORMAL presentation of your business. You should ALL be dressed appropriately. I recommend business casual, but you can also choose to dress thematically in some way to represent your business.
- Your team pitch will be similar to the TV show: Shark Tank. You are PITCHING your company to a potential Angel Investor and you have 5 Minutes to convince the Angel that he/she should give YOUR TEAM (COMPANY) money to forward your business. We want to be competitive but not cutthroat. You will need to ask for MONEY!
- Think of our presentations more as a "Best In Show". We will call it "McCombs presents- Deep in the Start-Up of Texas". As you know, what starts-up here changes the world!
- The panel of guest judges will be comprised of entrepreneurs, faculty, VCs, PE Analyst and others in the Austin area. If you want your original interviewed entrepreneur from M1 invited, please let me know.
- You will have already turned-in your group notebooks. Be sure you have included slides from this pitch.

Presentation

Pick your BEST COMMUNICATORS to pitch your business. Everyone on your team should speak but you can have disproportionate time for your most persuasive speakers. Remember that this is a pitch to "real investors" who will be evaluating everything about your business and deciding whether or not to invest based on what you present.

- No more than 5 Minutes (there will be HARD STOP)
- You can be very creative for this part—videos/skits/commercials/props/mime are all allowed and there is no limit to your creativity other than what you MUST communicate within 5 minutes
- Your Pitch must address these broad questions and it MUST contain these 6 slides meaning 1-6:

Hughes, Spring 2017
1. What pain are you solving in the market? What is your product?
2. Who is your target market (i.e., who are your potential customers)? How big is your potential market?
3. Who are your competitors? How will you "best" them?
4. How will you brand yourself in the market place (i.e., what is your Unique Value Proposition)? This is a new question, be sure to answer it! This is a very critical part of your pitch.
5. How will you differentiate yourself from the competition?
6. How will you make a profit (i.e., how will you earn your revenue)?
7. Use summary cash flows, but have ready your full compliment from M6.

How much MONEY are you seeking from investors and why? Remember, you are requesting money. Even if your team is providing funding, you will still more than likely need to ask for outside support. What are you offering in exchange? Make that assumption for your presentation. Do not expect this to be a "fun" experience. It will be rewarding and you will be proud of your hard work.

You may have additional slides that you find necessary, but remember you have a HARD STOP at 5 minutes. Make sure you lead with the 6 required slides and then you can add additional material, as you deem appropriate.

**Assessments- Our invited guests will ask you questions and then give me a rank order of your performances. You will also rank your own classmates. Your final part of this entire Milestone project will be to critique two other Pitches.**

**Results will be discussed in a later class session.** This concludes your Milestone Project Instructions.