



FIN 374S: Entrepreneurial Finance

Spring 2017

Course Information

TTH 2:00-3:15 p.m. (UTC 4.110)

TTH 3:30-4:45 p.m. (UTC 4.110)

Prereq: BBA Upper Division
Fin 357

TA: Justin Bosworth **Hours:** TBA

Instructor Information

Instructor: Regina W. Hughes

Office: CBA 2.222

Office Hrs: TTH 1:00-2:00 p.m. & W by appt.

Phone: 512-471-4764 (not for messages)

E-mail: Regina.Hughes@McCombs.utexas.edu

Note: I do NOT use Canvas email

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 analyst 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 EP10 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. Additional case material- Builder Profile 10, \$12, must be purchased by 1/24/17 @ gallupstrengthscenter.com

V. Grade Computation

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| 2 Exams @ 23% each | 46% |
| Milestone assignments and presentations 1-6 @ 4% each | 24% |
| Milestone 7 and presentation | 6% |
| Final Pitch & Notebook @ 5% each | 10% |
| Attendance/Participation @ .5% each on days indicated by "A" on the schedule | 10% |
| EP10 | 2% |
| Peer Evaluation | 2% |

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

A >93 A- 90-92.9 B+ 87-89.9 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. Final course grades may reflect the application of a small curve. 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.**

VI. Exams

Exams will be essay in-class assignments. Exam questions will come from both class lecture/discussion, assigned readings and other materials. You will receive a list of potential questions one week before each exam. No laptops, cellphones or other electronic devices will be allowed during the exam. During exams, you may not leave the room until you are finished (i.e., if you leave the room before the end of the exam period you will not be allowed to re-enter). Note: If you need disability accommodation for an exam, please comply with the requirements outlined in the "Students with Disabilities" section below.

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.** There is no guaranteed curve, so do not plan for one, and please do not ask for extra credit.

VII. Milestone Assignments

All students are expected to participate in the Milestones Project. Instructions are included on Canvas. The assignments are divided into seven separate Milestones each clearly explained with content and presentation requirements. Milestones 1 and 2 will be assigned and submitted on Canvas before the class has been identified with team assignments. Milestones three through seven will be completed by designated group however, each student will be responsible for posting his or her own portion of the assignment onto Canvas and for bringing a copy of it to class. Milestones one through six each count 4% of each student's grade, equally divided by oral and written contribution. If you are absent the day your group presents any milestone assignment, your oral portion of your grade will be "zero". The class will be organized into teams of approximately four to five students each, depending on class size. Groups are formed from the results of your EP10 Research Assessment. All group members must be an equal part of Milestone presentations 1-7. This rule does not apply to the team's Final Pitch.

Milestone Seven is the Financial Plan. Development and presentation of Milestone Seven 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 seven Milestone assignments. A notebook of all milestone assignments will be due before Final Pitch Day and becomes a part of that grade. Presentations will be made in a competitive environment with outside investors critiquing and giving feedback to each team. Expect this final portion of your grade to be the most challenging. Be prepared to seek investment. The grade for the final pitch and notebook will be a group grade.

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.

View class attendance as if you are being paid. Certain class days, 25 in total, are marked by an "A" on your semester 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 EP10 Assessment and the Peer Review are each worth 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. Anyone who needs additional assistance in mastering basic writing skills can receive help through the Undergraduate Writing Center in the Flawn Academic Center, Room 211, or by calling 471-6222. The website for the Writing Center is <http://www.uwc.fac.utexas.edu/>

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/ssd/>.*

B. Access to Canvas – All students must have access to the Canvas web site for this course. I will use this venue to post class notes, assignments, announcements, and grades. I will also use the E-mail feature of Canvas to correspond with you. Check the site (and your E-mail) 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, Room 1. For information on restricting directory information see:

<http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html>

C. Computers and Electronic Devices – The use of laptop/tablet computers to review cases during class and make presentations is acceptable. **All other uses are prohibited.** Other electronic devices and accessories (cell phones, MP3s, etc.) should be stowed away during the class session. **Violation of these policies, including texting and web surfing during class, will reduce your attendance/participation grade.**

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 two business days of its receipt.

Regina Wilson Hughes

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://www.mcombs.utexas.edu/BBA/Code-of-Ethics.aspx>. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. 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/sjs/> 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>:

- 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
- Further information regarding emergency evacuation routes and emergency procedures can be found at: <http://www.utexas.edu/emergency>

