

Entrepreneurial Finance

FIN 374

Fall 2021

Class Meets:

3780: 2:00 PM – 3:30 PM

3785: 3:30 PM – 5:00 PM

Mondays and Wednesdays

CBA 4.348

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Office Hours: Monday 11:00 AM – 1:00 PM

Thursday 11:00 AM – 1:00 PM

Office:

Office Hours:

Course Description

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Entrepreneurial finance is distinct from corporate finance. Whether the business is a small business or startup that is designed to potentially become a massive company, the early financial challenges, strategies and information is different. How does an entrepreneur go from a blank white board to repeatable revenues and early profits (hopefully)?

Learning Outcomes

Students will be able to develop, assess and communicate financial information in an entrepreneurial context – which includes founder-led small businesses and startups designed for rapid scaling.

1. Understand translating business objectives to financial information and supporting data elements
2. How to source or generate supporting evidence underpinning financial information
3. Communicate financial information in a clear, concise, and relevant way
4. Assess new financial information for credibility, relevance, and alignment with overall business objectives
5. Create financial model
6. Create and maintain a capitalization table
7. Knowledge of main financial instruments used by early-stage investors
8. Assess common terms on the main financial instruments for fit with the business's objectives

Course Requirements

Required Materials

1. Levers, The Framework for Building Repeatability Into Your Business by Amos Schwartzfarb and Trevor Boehm. Available on Amazon.

2. Credit Suisse’s Total Addressable Market Size Guide - <https://guides.lib.utexas.edu/BRC>
3. Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist, by Brad Feld and Jason Mendelson. Available on Amazon.
4. Acquisitions Anonymous Podcast by Michael Girdley

Classroom expectations

Entrepreneurship is mostly a learn-by-doing discipline. Startups succeed when the founders establish a rapid, brutally honest, learning cycle and get the whole team focused on continuously learning and improving. Bring your curiosity and openness to your own entrepreneurial learning journey and support your classmates’ learning journeys. Success in this course stems from asking questions and conveying information in as clear and direct manner as possible. Don’t try to get fancy, it is not that kind of finance.

Major Assignments

1. Financial Analysis Project

Select a startup that is now publicly traded and based on its publicly filed financial documents (e.g., 10-K, 10-Q, etc.) determine the core financial and/or operational metrics that underpin its financial performance.

2. Financial Modeling Project

Build a financial model for a real or hypothetical startup based on as accurate-as-possible assumptions and publicly available information. Record a three-minute video pitch of the startup’s business and financial information as if you were providing an introductory pitch to a potential financial backer (investor, grant agency, etc.).

Grading for this Course

The following table represents how you will demonstrate your learning and how we will assess the degree to which you have done so.

Assignment	% of Grade
Financial analysis project	20%
Financial modeling project	20%
Video pitch	10%
Term sheet analysis	5%
Acquisition write-up	5%
Cap table model	5%
Entrepreneur stories write-up	5%
Class participation	30%

Course Outline

All instructions, assignments, readings, rubrics and essential information will be on the Canvas website at <https://utexas.instructure.com>. Check this site regularly and use it to ask questions about the course schedule.

Changes to the schedule may be made at my discretion and if circumstances require. It is your responsibility to note these changes when announced (although I will do my best to ensure that you receive the changes with as much advanced notice as possible).

Session	Date	Day	Topic	Reading Assignment	Project Assignment	
1	8/25	Wed	Course introduction	Levers		
2	8/30	Mon	Unit economics			
3	9/1	Wed	Financial statement analysis			
4	9/6	Mon	HOLIDAY			
5	9/8	Wed	Market sizing	Market Sizing Guide	Financial Analysis Project	
6	9/13	Mon	Expert speaker – Levers			
7	9/15	Wed	Entrepreneurial story - Manufacturing			
8	9/20	Mon	Pricing			
9	9/22	Wed	Entrepreneur story – Professional services			
10	9/27	Mon	Cash flow management			
11	9/29	Wed	Entrepreneur story – Artist			
12	10/4	Mon	Presentations – Day 1			
13	10/6	Wed	Presentations – Day 2	Venture Deals		
14	10/11	Mon	Entrepreneur story – Non-profit			
15	10/13	Wed	Cap tables			
16	10/18	Mon	Entrepreneur story – Retail			
17	10/20	Wed	Sources of funds & instruments	Acquisitions Anonymous	Cap table model	
18	10/25	Mon	Venture capital		Term sheet analysis	
19	10/27	Wed	Expert Speaker – Venture capital			
20	11/1	Mon	Exits		Acquisition write-up	
21	11/3	Wed	Expert Speaker – Angels		Financial Modeling Project (includes video pitch)	
22	11/8	Mon	Financial modeling			
23	11/10	Wed	Expert Speaker – Legal issues			
24	11/15	Mon	Just don't die			
25	11/17	Wed	Financial modeling in-class working session			
26	11/22	Mon	HOLIDAY			
27	11/24	Wed	HOLIDAY			
28	11/29	Mon	Entrepreneur story - Software			
29	12/1	Wed	Financial modeling presentations			
30	12/6	Mon	Financial modeling presentations			

Policies

Classroom Statements and Policies

Land Acknowledgment

I would like to acknowledge that we are meeting on the Indigenous lands of Turtle Island, the ancestral name for what is now called North America. Moreover, I would like to acknowledge the Alabama-Coushatta, Caddo, Carrizo &/Comecrudo, Coahuiltecan, Comanche, Kickapoo, Lipan Apache, Tonkawa and Ysleta Del Sur Pueblo, and all the American Indian and Indigenous Peoples and communities who have been or have become a part of these lands and territories in Texas.

Statement on Learning Success

Your success in this class is important to me. We will all need to be adaptable because we all learn differently. If there are aspects of this course that prevent you from learning or exclude you, please let me know as soon as possible. Together we'll develop strategies to meet both your needs and the requirements of the course. I also encourage you to reach out to the student resources available through UT. Many are listed on this syllabus, but I am happy to connect you with a person or Center if you would like.

Statement on Flexibility

In acknowledgement of COVID 19 and its impact on the University of Texas at Austin community, this course will reaffirm one of the core values here at UT Austin: responsibility. Our responsibility to ourselves and each other is to put our humanity in the forefront of our academic pursuits. With that being said, this semester I commit to being adaptable in this time of great need, which is reflected in the course policies below around attendance, grading, and assignments/exams.

If you experience any hardships such as illness, accident, family crisis please know that these policies may be amended and therefore you should communicate with me as soon as you feel comfortable doing so. If for any reason you do not feel comfortable discussing with me, please visit [Student Emergency Services](#). For additional campus resources, please visit protect.utexas.edu.

Personal Pronouns

Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name, unless they have added a "preferred name" with the Gender and Sexuality Center, which you can do so here: <http://diversity.utexas.edu/genderandsexuality/publications-and-resources/>. I will gladly honor your request to address you by a name that is different from what appears on the official roster, and by the gender pronouns you use (she/he/they/ze, etc). Please advise me of any changes early in the semester so that I may make appropriate updates to my records. For instructions on how to add your pronouns to Canvas, visit <https://utexas.instructure.com/courses/633028/pages/profile-pronouns>.

Grading Policies

As I hope you can see, flexibility is built into the assignments to support your success in this course. If you miss a smaller assignment or don't do as well on your earlier journal entries, your grade will not be impacted significantly. Consequently, the final grades are firm, and no additional curve is available.

Grade	Cutoff
A	94%
A-	90%
B+	87%

B	84%
B-	80%
C+	77%
C	74%
C-	70%
D	65%
F	<65%

Late work and grade periods

No late assignments will be accepted. However, this semester each student will have an “End of the week” grace period for two (2) assignments to be used at your discretion. “End of the week” is defined as Saturday at 9pm, so as long as you submit the assignment before that time, you will have used one of your two allotted “end of the week” grace periods and no points will be taken for lateness.

(For example: The assignment is due Tuesday at noon. If you turn it in that Tuesday at 1:00pm, you will have used one of your “end of the week” grace periods. Similarly, if you turn it in on Friday at 3:00pm you will have used one of these grace periods.)

Absences

Being present is critical to achieving our goals for this course. You are welcome to utilize one (1) class absence during the semester as needed without explanation to me. In this case, you will be allowed to make up assignments or participation points you may have missed during this session. In addition to participating in synchronous meetings, you can earn participation points through assignments and asynchronous discussions. However, please keep in mind that if you miss multiple classes, you will begin to see a dip in your attendance and participation points.

If you are absent on the day that your team meets, you are responsible for providing your team with the necessary information to compensate for your absence. *It is crucial to keep in communication with your team members; you are responsible for letting both us and your team know if you cannot make it to a class.*

Excused Absence: Absences will be considered excused if they are for religious holidays or extenuating circumstances due to medical or family emergencies. If you plan to miss class due to observance of a religious holiday, please let us know at least two weeks in advance. You will not be penalized for this absence, although you will still be responsible for any work you will miss on that day if applicable. Check with us for details or arrangements.

If you have to be absent, use your resources wisely. Ask your team and other classmates to get a run-down and notes on any lessons you miss. If you find there are topics that we covered while you were gone that raise questions, you may come by during office hours or schedule a meeting to discuss. Email specific questions you have in advance so that we can make the most of our time. “What did I miss?” is not specific enough.

University Resources and Supports for Students

Services for Students with Disabilities

The university is committed to creating an accessible and inclusive learning environment consistent with university policy and federal and state law. Please let me know if you experience any barriers to learning so I can work with you to ensure you have equal opportunity to participate fully in this course. If you are a student with a disability, or think you may have a disability, and need accommodations please contact Services for Students with Disabilities (SSD). Please refer to SSD’s website for contact and more information: <http://diversity.utexas.edu/disability/>. If you are already registered with SSD, please deliver your Accommodation Letter to me as early as possible in the semester so we can discuss your approved accommodations and needs in this course.

The [Counseling and Mental Health Center](#) serves UT's diverse campus community by providing high quality, innovative and culturally informed mental health programs and services that enhance and support students' well-being, academic and life goals. To learn more about your counseling and mental health options, call CMHC at (512) 471-3515.

If you are experiencing a mental health crisis, call the CMHC Crisis Line 24/7 at (512) 471-2255.

The Sanger Learning Center

Did you know that more than one-third of UT undergraduate students use the Sanger Learning Center each year to improve their academic performance? All students are welcome to take advantage of Sanger Center's classes and workshops, private learning specialist appointments, peer academic coaching, and tutoring for more than 70 courses in 15 different subject areas. For more information, please visit <http://www.utexas.edu/ugs/slc> or call 512-471-3614 (JES A332).

BeVocal

BeVocal is a university-wide initiative to promote the idea that individual Longhorns have the power to prevent high-risk behavior and harm. At UT Austin all Longhorns have the power to intervene and reduce harm. To learn more about BeVocal and how you can help to build a culture of care on campus, go to: <https://wellnessnetwork.utexas.edu/BeVocal>.

Wellbeing Resources

[Longhorn Wellness Center](#) resources for self-care
[Virtual Mindfulness and Stress Reduction Activities](#)

Undergraduate Writing Center: <http://uwc.utexas.edu/>

Libraries: <http://www.lib.utexas.edu/>

ITS: <http://www.utexas.edu/its/>

Student Emergency Services: <http://deanofstudents.utexas.edu/emergency/>

UT University Health Services: <https://healthyhorns.utexas.edu/>

Important Safety Information

COVID-19 Update: While I will post information related to the contemporary situation on campus, you are encouraged to stay up-to-date on the latest news as related to the student experience.
<https://protect.utexas.edu/>

If you have concerns about the safety or behavior of fellow students, TAs or Professors, call BCCAL (the Behavior Concerns and COVID-19 Advice Line): 512-232-5050. Your call can be anonymous. If something doesn't feel right – it probably isn't. Trust your instincts and share your concerns.

The following recommendations regarding emergency evacuation from 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 shall inform their 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.
- Link to information regarding emergency evacuation routes and emergency procedures can be found at: www.utexas.edu/emergency

Title IX Reporting

Title IX is a federal law that protects against sex and gender-based discrimination, sexual harassment, sexual assault, unprofessional or inappropriate conduct of a sexual nature, dating/domestic violence and stalking at federally funded educational institutions. UT Austin is committed to fostering a learning and working environment free from discrimination in all its forms. When unprofessional or inappropriate conduct of a sexual nature occurs in our community, the university can:

1. Intervene to prevent harmful behavior from continuing or escalating.
2. Provide support and remedies to students and employees who have experienced harm or have become involved in a Title IX investigation.
3. Investigate and discipline violations of the university's [relevant policies](#).

Beginning January 1, 2020, Texas Senate Bill 212 requires all employees of Texas universities, including faculty, report any information to the Title IX Office regarding sexual harassment, sexual assault, dating violence and stalking that is disclosed to them. Texas law requires that all employees who witness or receive any information of this type (including, but not limited to, writing assignments, class discussions, or one-on-one conversations) must be reported. **I am a Responsible Employee and must report any Title IX related incidents** that are disclosed in writing, discussion, or one-on-one. Before talking with me, or with any faculty or staff member about a Title IX related incident, be sure to ask whether they are a responsible employee. If you would like to speak with someone who can provide support or remedies without making an official report to the university, please email advocate@austin.utexas.edu. For more information about reporting options and resources, visit <http://www.titleix.utexas.edu/>, contact the Title IX Office via email at titleix@austin.utexas.edu, or call 512-471-0419.

Although graduate teaching and research assistants are not subject to Texas Senate Bill 212, they are still mandatory reporters under Federal Title IX laws and are required to report a wide range of behaviors we refer to as unprofessional or inappropriate conduct of a sexual nature, including the types of conduct covered under Texas Senate Bill 212. The Title IX office has developed supportive ways to respond to a survivor and compiled campus resources to support survivors.

Emergency Evacuation Procedures

The following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety/>

University Policies

Academic Integrity

Each student in the course is expected to abide by the University of Texas Honor Code: **“As a student of The University of Texas at Austin, I shall abide by the core values of the University and uphold academic integrity.” Plagiarism is taken very seriously at UT.** Therefore, if you use words or ideas that are not your own (or that you have used in previous class), you must cite your sources. Otherwise you will be guilty of plagiarism and subject to academic disciplinary action, including failure of the course. You are responsible for understanding UT’s Academic Honesty and the University Honor Code which can be found at the following web address: <https://deanofstudents.utexas.edu/conduct/standardsofconduct.php>

Q Drop Policy

If you want to drop a class after the 12th class day, you’ll need to execute a Q drop before the Q-drop deadline. Under Texas law, you are only allowed six Q drops while you are in college at any public Texas institution. For more information about Q drops in general, see: <http://www.utexas.edu/ugs/csacc/academic/adddrop/qdrop>. For

COVID-19 Updates

For the most up to date information on learning during COVID-19, including guidance about safety, cloth masks in classrooms, and classroom guidelines, see <https://protect.utexas.edu/learning/>.