Course	**ENTP/FIN 3360-001** Entrepreneurial Finance
Instructor	Madison Pedigo
Term	Fall 2013
Meeting Time	Tues/Thurs 2:30-3:45
Location	JSOM 2.801

Professor Contact Information

Email: mpedigo@utdallas.edu
Office hours: After class or by appointment
Office Location: JSOM 2.411

Course Prerequisites

Prerequisites: FIN 3320

Course Description

The objective of this course is to build skills and knowledge in the financing of entrepreneurial ventures and understand the process of financing entrepreneurial ventures from the perspective of the entrepreneur and from the investor. Entrepreneurial Finance concerns not only the processes of financing and investing in start-up companies, but also the changes to the initial capital structure that may be required as start-up companies mature and grow. The course also addresses analysis of financial statements, the projection of cash flows, cash flow management, valuation, and alternative financing arrangements and methods (including bootstrapping, angel investors, venture capitalists, and IPO's).

Student Learning Objectives/Outcomes

1. Understand the motivation and roles of participants in entrepreneurial finance.
2. Develop basic pro-forma financial statements for a new venture or project.
3. Estimate the market value of a new venture or project.
4. Study exit and turnaround strategies.
5. Gain an appreciation and skills for analyzing an entrepreneurial company.

Required Textbooks and Materials

Entrepreneurial Finance; South-Western (Cengage Learning) 4th ed., by Leach and Melicher (2012) **ISBN 13: 978-0-538-47815-1**

Calculator: The TI-BA II Plus Professional Calculator or TI BA II Plus Calculator is preferred.

Assignments & Academic Calendar**

Unit	Date	Description	Chapters	Problem Set Assigned/Due; Research Report	Homework Assigned	Homework Due At Beginning of Class
1	8/27/13	Course Overview	-			
2	8/29/13	Entrepreneurial Finance Introduction	1		Ch 1- None	
	Monday, 9/2/2013	Holiday	-			
3	9/3/13	Business Plan	2		Ch 2- Exercises/Problems 2, 3, 4, Pages 70-71	
4	9/5/13	Organizing and Financing a Venture	3		Ch 3- Exercises/Problems 2, 10, Pages 113-115	
5	9/10/13	Guest Lecture- Business Plans	3		Ch 4 -Exercises/Problems 1, 2, 5, 6 (A-E), Pages 141-142	Ch2 H/W Due
6	9/12/13	Measuring Financial Performance, Cont.	4			Ch 3 H/W Due
7	9/17/13	Evaluating Financial Performance	5	Individual Research Report Topics Due	Ch 5- Exercises/Problems 3, 4, 5A, 6, Pages 180-180	Ch 4 H/W Due
8	9/19/13	Review for Exam 1	1 - 5			Ch 5 H/W Due
9	9/24/13	Exam 1 (Chapters 1-5)				
10	9/26/13	Guest Lecture- Financial Planning	6	Problem Set 1 Assigned- (Chapter 6 Material)- Koka Kola- To Be Uploaded to eLearning.	Ch 6- Exercises/Problem 8 A-C only, Page 225	
11	10/1/13	Guest Lecture- Evaluating Financial Statements				
12	13/3/13	Review Exam 1; Financial Planning	6		Ch 7- Exercises/Problems 3, 10, 13, Pages 261-263	Ch 6 H/W Due
13	10/8/13	Cost of capital	7	Problem Set 1 Due- Koka Kola Assignment		
14	10/10/13	Guest Lecture- Securities Law	8		Ch 8- Exercises/Problems 1, 3, Page 293	Ch 7 H/W Due
15	10/15/13	Valuing Early Stage Ventures	9		Ch 9- Exercises/Problems 6 A-C, Pages 344-346	
16	10/17/13	Venture Capital Valuation Methods	10		Ch 10- Exercises/Problems 1, 3, 4 A-C, 8 and 9, Pages 382-383	Ch 8 H/W Due
17	10/22/13	Venture Capital Valuation Methods	10	Teams Finalized		Ch 9 H/W Due
18	10/24/13	Review for Exam 2	6 - 10			Ch 10 H/W Due
19	10/29/13	Exam 2 (Chapters 6-10)				
20	10/31/13	Professional Venture Capital	11	Individual Research Report Due From Each Student	Ch 11- None	
21	11/5/13	Other Financing Alternatives	12		Ch 12- Exercises/Problems 1 and 2, Page 451	
22	11/7/13	Securities Structures and Determining Enterprise Value	13	Problem Set 2 Assigned- Wok Yow Imports- Page 484.	Ch 13- Exercises/Problems 1 A-D, 3, 8, 12, 13, Pages 481-482	
23	11/12/13	Harvesting ; Financially Troubled Ventures	14 - 15		Ch 14- Exercises/Problems 1, 2A, 3 A-E, and 5, Pages 523-526	Ch 12 H/W Due
24	11/14/13	Group In Class Presentations of Selected Research Report(s)		Problem Set 2 Due- Wok Yow Imports; Group Presentation Due From All Teams		Ch 13 H/W Due
25	11/19/13	Group In Class Presentations of Selected Research Report(s)				
26	11/21/13	Group In Class Presentations of Selected Research Report(s)		Peer Evaluations Due		
-	11/25 - 11/30	Fall Break				
27	12/3/13	Review for Exam 3	11 - 15			Ch 14 H/W Due
28	12/5/13	No class- Study Time				
29	12/10/13	Exam 3 (Chapters 11-15)	11 - 15			

Class timeline, assignments, and due dates are subject to change at the discretion of the professor.

Grading Policy

Your final course grade will be calculated as follows:

Exam 1 Exam 2 Exam 3	50%
Homework	10%
Practice Quizzes	-
Participation	10%
Problem Sets (Two at 5% Each)	10%
Research Report (Individual written reports)	10%
Group Presentation of selected Research Report(s)	10%

The following scale applies to the overall course grade:

A+ :	98 +	C+ :	78-79
A :	93-97	C :	73-77
A- :	90-92	C- :	70-72
B+ :	88-89	D+:	68-69
B :	83-87	D :	63-67
B- :	80-82	D- :	60-62

F: Less than 60

Exams, Practice Quizzes, Problem Sets, Homework, Research Report, and Group Presentation

You must take exams on the scheduled date/time, and as a general rule, there are NO make-up exams. If you have a legitimate reason to be absent from one of the exams, you MUST discuss this with me in ADVANCE. The instructor reserves the right to determine whether it is a legitimate reason for missing an exam. There will be three exams during the semester. No final exam is required for this course. A SCANTRON is required for all exams.

Practice quizzes will be given intermittently during the semester to reinforce the material. These assignments will not count as part of your grade. We will work the quizzes during class, then review answers and you can self-grade your paper to highlight areas to study.

Homework will be assigned for most of the chapters and will be due about one week from the assignment date unless otherwise communicated. Homework will count as 10% of your grade.

Two problems sets (mini-cases) will be assigned during the semester that will together count as 10% of your grade.

Participation in class and class discussions will count as 10% of your grade (discussed further in a later section of the syllabus.)

An individual written research report is required on a topic related to the course, such as start-up financing, term sheet terms, trends in the venture capital industry, angel investment, evaluation of a VC firm, valuation techniques, or crowd sourcing, etc. The report topic needs to be approved in advance, but in general, this is a chance for you to dive deeper in an area of interest. Each student should submit two (or more) rank ordered report topics for approval by 9/17/13. Research Reports will be due on 10/31/13. Maximum length of Research Report is 10 pages including exhibits (typed, double spaced).

The class will be divided into small teams of ~5-7 team members as the semester progresses (exact number of students may vary by team). Students will have the chance to select their teams over the first ~4 weeks, and those without teams at that time will be assigned to teams by the instructor. The project will require close coordination with your team members. The team members will be collectively responsible for reviewing the Research Reports prepared by their individual team members, and developing a PowerPoint presentation that summarizes the highlights of one or more selected research reports. The team can elect to report highlights from one research report or from multiple research reports. The main purpose is to share the content and lessons learned with the rest of the class. Team will have 15 minutes to present with 5 minutes of Q&A. One team member will submit an electronic copy of the presentation by 11/14/13 on behalf of the entire team. The grades earned on Team Projects will be assigned equally to each group member, subject to individual adjustment based on the instructor's assessment of the student's presentation and based on the Peer Evaluation inputs (each team member must contribute equally based on their peer evaluation to qualify for the full team grade—as described in the peer evaluation note). All students will present as part of the team presentation. Students must sign up for a team online no later than October 22, 2013.

The majority of the content for this course will be taken from the slides and textbook. Occasionally, I may post outside readings, and if so, test questions may also be taken from this material.

Class Attendance and Participation

Ten percent (10%) of your grade will be based on attendance and/or active participation in class discussions. Attendance and/or class participation will be tracked. From time to time, it may be necessary to miss a class due to illness or personal matters. Inform the instructor in advance of these absences.

I will take attendance during each class. I will post slides on eLearning, but I may discuss points or work through examples in class (which may not be posted on eLearning), so attending and/or actively participating in class is highly encouraged (in addition to being part of your grade)!

Each student is expected to have read all assigned materials prior to the start of class and be prepared to discuss the ideas, concepts and issues they raise.

***Peer Evaluation* - A peer evaluation process will be utilized to adjust individual grades on the team assignment. The peer evaluation form is attached at the back of this syllabus and will also be provided on eLearning. The form should be completed individually and either emailed through eLearning or sealed in an envelope and turned in to me by or before 11/21/13. Late inputs of peer evaluations may or may not be accepted at the discretion of the instructor.**

Field Trip Policies
Off-campus Instruction and Course Activities

Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm. Additional information is available from the office of the school dean. Below is a description of any travel and/or risk-related activity associated with this course.

Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the *Rules and Regulations* of the Board of Regents of the University of Texas System, *Part 1, Chapter VI, Section 3*, and in Title V, *Rules on Student Services and Activities of the Course Syllabus Page 8, University's Handbook of Operating Procedures*. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SSB 4.400, 972/883- 6391).

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

Academic Integrity

The faculty and administration of the Jindal School of Management expect from our students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work. We want to establish a reputation for the honorable behavior of our graduates, which extends throughout their careers. Both your individual reputation and the school's reputation matter to your success.

The Judicial Affairs website lists examples of academic dishonesty. Dishonesty includes, but is not limited to cheating, plagiarism, collusion, facilitating academic dishonesty, fabrication, failure to contribute to a collaborative project and sabotage. Some of the ways students may engage in academic dishonesty are:

- Coughing and/or using visual or auditory signals in a test;
- Concealing notes on hands, caps, shoes, in pockets or the back of beverage bottle labels;
- Writing in blue books prior to an examination;
- Writing information on blackboards, desks, or keeping notes on the floor;
- Obtaining copies of an exam in advance;

- Passing information from an earlier class to a later class;
- Leaving information in the bathroom;
- Exchanging exams so that neighbors have identical test forms;
- Having a substitute take a test and providing falsified identification for the substitute;
- Fabricating data for lab assignments;
- Changing a graded paper and requesting that it be re-graded;
- Failing to turn in a test or assignment and later suggesting the faculty member lost the item;
- Stealing another student's graded test and affixing one's own name on it;
- Recording two answers, one on the test form, one on the answer sheet;
- Marking an answer sheet to enable another to see the answer;
- Encircling two adjacent answers and claiming to have had the correct answer;
- Stealing an exam for someone in another section or for placement in a test file;
- Using an electronic device to store test information, or to send or receive answers for a test;
- Destroying or removing library materials to gain an academic advantage;
- Consulting assignment solutions posted on websites of previous course offerings;
- Transferring a computer file from one person's account to another;
- Transmitting posted answers for an exam to a student in a testing area via electronic device;
- Downloading text from the Internet or other sources without proper attribution;
- Citing to false references or findings in research or other academic exercises;
- Unauthorized collaborating with another person in preparing academic exercises.
- Submitting a substantial portion of the same academic work more than once without written authorization from the instructor.

http://www.utdallas.edu/judicialaffairs/UTDJudicialAffairs-Basicexamples.html
Updated: August, 2011

Plagiarism on written assignments, especially from the web, from portions of papers for other classes, and from any other source is unacceptable.
During tests and quizzes, students in this section are not allowed to have with them any food or drinks, scratch paper, course materials, textbooks, notes, invisible ink pens, or electronic devices, including IPads, IPhones, IPods, MP3 Players, earphones, radios, smart phones, cameras, multi-function timepieces, or computers. When possible, students should sit in alternating seats, facing forward at all times, and remove any clothing which might conceal eye movements, reflect images of another's work, or hide course material for copying. Exam proctors will monitor any communication or signaling between

students by talking, whispering, or making sounds, or by using your hands, feet, other body movements, the test paper itself or your writing implement.

Students in this course suspected of academic dishonesty are subject to disciplinary proceedings, and if found responsible, the following minimum sanctions will be applied:

1. Homework – Zero for the Assignment
2. Case Write-ups – Zero for the Assignment
3. Quizzes – Zero for the Quiz
4. Presentations – Zero for the Assignment
5. Group Work – Zero for the Assignment for all group members
6. Tests – F for the course

These sanctions will be administered only after a student has been found officially responsible for academic dishonesty, either through waiving their right for a disciplinary hearing, or being declared responsible after a hearing administered by Judicial Affairs and the Dean of Student's Office .

In the event that the student receives a failing grade for the course for academic dishonesty, the student is not allowed to withdraw as a way of preventing the grade from being entered on their record. Where a student receives an F in a course and chooses to take the course over to improve their grade, the original grade of F remains on their transcript, but does not count towards calculation of their GPA.

The Jindal School of Management also reserves the right to review a student's disciplinary record, on file with the Dean of Students, as one of the criteria for determining a student's eligibility for a scholarship.

Judicial Affairs Procedures

Under authority delegated by the Dean of Students, a faculty member who has reason to suspect that a student has engaged in academic dishonesty may conduct a conference with the student in compliance with the following procedures:

(i) the student will be informed that he/she is believed to have committed an act or acts of academic dishonesty in violation of University rules;
(ii) the student will be presented with any information in the knowledge or possession of the instructor which tends to support the allegation(s) of academic dishonesty;
(iii) the student will be given an opportunity to present information on his/her behalf;
(iv) after meeting with the student, the faculty member may choose not to refer the allegation if he/she determines that the allegations are not supported by the evidence; or
(v) after meeting with the student, the faculty member may refer the allegations to the dean of students along with a referral form and all supporting documentation of the alleged violation. Under separate cover, the faculty member should forward the appropriate grade to be assessed if a student is found to be responsible for academic dishonesty;
(vi) the faculty member may consult with the dean of students in determining the recommended grade;
(vii) the faculty member must not impose any independent sanctions upon the student in lieu of a referral to Judicial Affairs;
(viii) the faculty member may not impose a sanction of suspension or expulsion, but may make this *recommendation* in the referral documentation

If the faculty member chooses not to meet with the student and instead forwards the appropriate documentation directly to the dean of students, they should attempt to inform the student of the allegation and notify the student that the information has been forwarded to the Office of Dean of Students for investigation**.**

The student, pending a hearing, remains responsible for all academic exercises and syllabus requirements. The student may remain in class if the student's presence in the class does not interfere with the professor's ability to teach the class or the ability of other class members to learn. (See Section 49.07, page V-49-4 for information regarding the removal of a student from class).

Upon receipt of the referral form, class syllabus, and the supporting material/documentation from the faculty member, the dean shall proceed under the guidelines in the *Handbook of Operating Procedures*, Chapter 49, Subchapter C. If the respondent disputes the facts upon which the allegations are based, a fair and impartial disciplinary committee comprised of UTD faculty and students, shall hold a hearing and determine the responsibility of the student. If they find the student in violation of the code of conduct, the dean will then affirm the minimum sanction as provided in the syllabus, and share this information with the student. The dean will review the student's prior disciplinary record and assess additional sanctions where appropriate to the circumstances. The dean will inform the student and the faculty member of their decision.

Email Use

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

Withdrawal from Class

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

Student Grievance Procedures

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the

respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the deal will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

Incomplete Grade Policy

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of **F**.

Disability Services

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:
The University of Texas at Dallas, SU 22
PO Box 830688
Richardson, Texas 75083-0688
(972) 883-2098 (voice or TTY)

Essentially, the law requires that colleges and universities make those reasonable adjustments necessary to eliminate discrimination on the basis of disability. For example, it may be necessary to remove classroom prohibitions against tape recorders or animals (in the case of dog guides) for students who are blind. Occasionally an assignment requirement may be substituted (for example, a research paper versus an oral presentation for a student who is hearing impaired). Classes enrolled students with mobility impairments may have to be rescheduled in accessible facilities. The college or university may need to provide special services such as registration, note-taking, or mobility assistance.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

Religious Holy Days

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum

of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

PEER EVALUATION FORM

The peer evaluation process is intended to provide group members with an opportunity to contribute to the evaluation of the performance of your team members on group activities. On the form below, you may rate the performance and contributions of your team members (including yourself) in the preparation of the group assignments from 80 to 120. (Note: the rating must fall within this range.)

1. Enter the names of your group members (alphabetically by last name and first initial). Include yourself.
2. Evaluate each assignment separately. Each team member will begin with 100 points on each assignment.
3. You may reallocate the total number of points among team members within a range of 80 to 120 points for each individual, based on their contributions to the group effort on that assignment.
4. The total number of points allocated on any single assignment must equal 100 times the number of members of the team. If you have five members on the team, the total for each column must equal 500.
5. I will calculate an overall assessment as a weighted average of the individual ratings, using the percentage weights indicated below.

Please sign the evaluation, place it in a sealed envelope, and turn it in at the instructor's office or email it to the instructor through the eLearning system on or before **11/21/13**.

Group Member (list names alphabetically)	Presentation of Research Report(s) Due: 12/4/13 (80-120)
1	
2	
3	
4	
5	
6	
7	
Total	**700**

PEER EVALUATION COMMENTS

Group Member	**Comments** (please support and justify your assessment. Continue on reverse if necessary.
1	
2	
3	
4	
5	
6	
7	

Signature: _____

Print Name: _____