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**COURSE SYLLABUS**  
**ENTP/FIN 6315-001, FALL 2016**  
**ENTREPRENEURIAL FINANCE**  
**The University of Texas at Dallas**

**Course Information:**

Course Number Section: **ENTP/FIN 6315-001**  
Course Title: **Entrepreneurial Finance**  
Term and Dates: **Fall 2016**  
Time: **Wednesday, 4:00-6:45 PM**  
Class Location: **JSOM 2.803**

**Professor Contact Information**

Professor: **Madison Pedigo**  
Office Phone: **972-883-4481**  
Email Address: **mpedigo@utdallas.edu**  
Office Location: **JSOM 4.202**  
Office Hours: **After class or by Appointment**

**COURSE PREREQUISITES:**

Prerequisite: FIN 6301.

**COURSE DESCRIPTION:**

The objective of this course is to build skills and knowledge in the financing and analysis of entrepreneurial ventures. Entrepreneurial Finance concerns not only the processes of financing and investing in start-up companies, but also the changes to the initial financing mix that may be required as start-up companies mature and grow. Topics include valuation, capital structure, forecasting, the market for venture capital and private equity, the decision to go public or remain private, alternative financing arrangements, and the differential marketability and liquidity of the securities used to finance non-public firms.

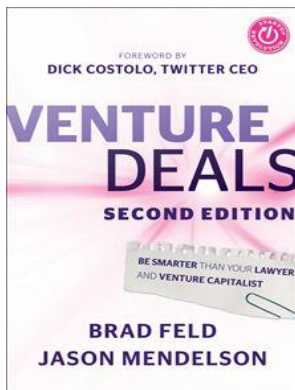
**STUDENT LEARNING OBJECTIVES/OUTCOMES:**

We will rely on case studies, outside readings, class lectures, guest lectures, and the assigned text book to cover the above topics. We will also use material from the optional reference, but the information will be covered as part of lecture so you do not need to purchase the optional textbook. Guest lecturers are expected to include all or some of the following: entrepreneurs, VC's, angel investors, private equity firms, corporate investors, attorneys, and other investment professionals. Students need to participate in all class discussions. Two cases will require individual written submissions. You will work in groups on two of the cases, which will also require written submissions. You will need to determine who you want to team with and sign up for a group using the group formation tool in eLearning by **9/7/16**. (Also see the Grading Information and Group Project Sections below regarding team activities.)

Upon successful completion of this course, students will be able to:

1. Identify sources of start-up and growth capital and be able to choose appropriately
2. Value companies as they evolve from seed stage to late stage private companies. This includes analyzing, evaluating and assessing the present and future value of an entrepreneurial venture and including any impact on the proposed or associated capital structure.
3. Analyze financial statements and apply financial tools and techniques to the projection of cash flows for new and developing ventures
4. Discuss terms typically found in an investor term sheet and their impact on the company and on ownership in future financing rounds
5. Design exit strategies and make tradeoffs in assessing growth through internal/external financing, acquisition, or IPO
6. Understand how to assess a license or strategic partnering agreement

### **REQUIRED TEXTBOOK AND MATERIALS:**



- **Venture Deals**, by Brad Feld and Jason Mendelson, Second Edition ISBN 978-1118443613. (~\$33)
- **Cases:** A package of 16 business cases and reading assignments are required that are organized into 10 assignments. (If you include the research report and the group presentation, the course includes a total of 12 assignments). Reference the case and reading assignment list below, and the list of assignments and class schedule later in syllabus. Two cases are individual written assignments that require a written analysis to be submitted in advance, followed by discussion in class. Two cases are group written assignments that require you to work with your group to prepare a written analysis that is submitted in advance and then discussed in class. The remainder of the cases are reading and analysis cases that require reading and preparation in advance and discussion in class, but do not require you to turn in a written analysis.
- A list of the required cases and reading assignments is provided on the next page.



**List of Cases/Notes: (All Cases/Topics, whether written or not, also require discussion in class each week).**

**Harvard Business School**

Handout	Returns to Angel Investors in Groups (In Class Handout)
9-297-028	Clarkson Lumber
811-046	The Changing Face of Angel Investing
814-036	Angellist
811-036	Risk and Reward in Venture Capital
811-093	Financing New Ventures
801-358	Term Sheet Negotiations for Trendsetter
812-033	PunchTab, Inc.
813-017	Convertible Notes in Angel Financing

**North American Case Research Association**

NA0054	Sula
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**Richard Ivey School of Business**

W12324	Frozen Food Products Case: Cost of Capital
W14598	Alibaba's IPO Dilemma

**Darden**

UV6972	The Early-Stage Term Sheet
UV6744	The IPO Issue Process Before and After the JOBS Act
UV0255	Calaveras Vineyards

**California Management Review**

CMR 617	The Present and Future of Crowdfunding
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- **Course Packet:** An online course pack is available at the link listed below:  
<http://cb.hbsp.harvard.edu/cbmp/access/51662160>

The online course pack will allow download of all cases together. For an extra fee, you will also have the option to print the cases. The UT Dallas bookstore is no longer ordering hard copies of case packs, although a hard copy of the case pack may be available through the Off Campus bookstore. Items listed as handouts will be provided during class.

### **Research Report and Group Presentation of Research Report**

- In addition to the cases and readings listed above, a Research Report and a Group Presentation of excerpts from the research reports are also required as part of this course.

### **SUGGESTED COURSE MATERIALS:**

Optional reference book that you may want to consider purchasing that will help with the financial theory we are covering. Pictures of the 4<sup>th</sup> and 5<sup>th</sup> editions of this textbook are shown below. (Two copies of the 4<sup>th</sup> edition are on reserve at the McDermott Library for two hour checkout).



- Optional- Leach and Melicher, “Entrepreneurial Finance”; 4<sup>th</sup> edition, ISBN # 13:978-0-538-47815, or 5<sup>th</sup> edition, ISBN # 978-1-285-42575-7.



## ASSIGNMENTS AND CALENDAR:

Class/Due Date	Unit #	Assignment #	Guest Speaker	Case/Assignment Name**	Type of Case/Assignment	Grade Weight	Optional Reference book	Comments
8/24/16	1	-	-	Course Intro	-	*	-	-
8/31/16	2	1	-	Clarkson Case	Reading and Discussion	*	Leach- Ch 4-5	Ratios; Basic Fin Stmt Interpretation; Sources and Uses of Cash
9/5/16	Labor Day							
9/7/16	3	2		Frozen Food Products Case; Reading- The Early Stage Term Sheet	Reading and Discussion; Teams Formed	*	Leach- Ch 7	Cost of capital, levered and unlevered, DCF, Capital Structure
9/14/16	4	3	TBD	Calaveras Vineyards Case	Individual Written Case Analysis; Also Discussed in Class	15%	Leach- Ch 9-10	Basic DCF and Multiples Valuations, Selection of COC and Beta, Credit Analysis, 5C's of Credit, M&A Setting
9/21/16	5	4	TBD	Reading- Changing Face of Angel Investing; Angellist	Reading and Discussion	*	Leach- Ch 3	Angel Investing; Incubators; Angellist; JOBS Act
9/28/16	6	5	TBD	The Present and Future of Crowdfunding; IPO Process Before and After the JOBS Act; Handout in Class - Returns to Angels in Groups	Reading and Discussion	*	Leach- Ch 3	Angel Investing; Crowdfunding
10/5/16	7	6	TBD	Reading- Risk and Reward in Venture Capital; Reading- Financing New Ventures	Reading and Discussion; Two Topics for Research Report Due	*	Leach- Ch 11; Venture Deals Book	VC Investing
10/12/16	8	7	TBD	Trendsetter Case	Group Written; Also Discussed in Class	10%	Leach- Ch 13	Detailed overview of Term Sheets and detailed analysis of competing Term Sheets
10/19/16	9	8	TBD	PunchTab Case; Reading- Convertible Notes in Angel Financing	Reading and Discussion	*	None	Angel Versus VC Financing; Convertible Notes; Caps on Convertible Notes
10/26/16	10	9		Alibaba IPO; Alibaba F1 Filing	Group Written; Also Discussed in Class	10%	Leach- Ch 8, 14	IPO; Securities Laws; Valuation
11/2/16	11			None	None	*		TBD
11/9/16	12	10	TBD	Individual Research Reports Are Due; Discuss Venture Deals Textbook	Individual Written Research Reports Are Due	15%	N/A	Venture Deals Book
11/16/16	13	11	TBD	Sula	Individual Written Case Analysis; Also Discussed in Class	20%	Leach- Ch 6	Capital structure, Valuation, Financial Ratios
11/21-11/25	Fall Break							
11/30/16	14		-	Group Presentations Begin	Group Presentations Begin			
12/7/16	15	12	-	Group Presentations Continue	Group Presentations Continue; Peer Evaluations Due	15%		
				*Participation in all class discussions/activities		15%		
		** All assignments are due at the beginning of class on the date shown in the first column. The instructor may revise the schedule or the assignments during the semester, and if so, any changes will be discussed in class.						



## **GRADING POLICY**

### **GRADING INFORMATION:**

The list of assigned readings and cases is provided under the Required Textbooks and Materials Section. Supplemental reading materials may be posted electronically. Advance preparation and enthusiastic participation in all class discussions is an important part of the learning experience in this course and will be evaluated.

### **RESEARCH REPORT**

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, analysis of a startup, 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 email me two (or more) rank ordered report topics for approval by **10/5/16**. Research Reports will be due on **11/9/16**. Submit in word format with embedded or attached exhibits. Maximum length of Research Report is 10 pages including exhibits (typed, double spaced).

### **FORMATION OF GROUPS**

A significant amount of the work in this course will be performed in groups. Students should form groups (~5-8 members) during the first two weeks of the course. It is important that you select your groups to include a diverse set of skills and make sure that at least one member is proficient in accounting, finance, and spreadsheet analysis. Students may sign up for a group using the signup sheet in eLearning. Students without teams at that time will be assigned to teams by the instructor. The team members will be collectively responsible for analyzing and preparing written solutions to the assigned group cases, and 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. For the presentation assignment, 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 from the research reports with the rest of the class. Each team will have 15 minutes to present with 5 minutes of Q&A. One team member will submit an electronic copy of each written assignment prior to the due date. 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 (for the group 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 **9/7/16**. Group grades will be individually adjusted based on the optional Peer Evaluations that are received (see Peer Evaluation Section below.) There are no quizzes or exams. The last individual written case assignment takes the place of a final exam.

All students will be required to read all of the cases, think about the questions posted in advance by the instructor, if any, and prepare for and participate in class discussions for every case and assignment, with a participation grade assigned based on the individual's participation (quality of comments, contributions to the overall discussion, and reasonable level of participation). For cases assigned to one or more groups, the group(s) assigned will be responsible for completing a written analysis of the cases (based on the questions posted by the instructor for each case). The assigned group will be graded on their written analysis of the case with participation in discussions graded individually. In general, there can be multiple answers to the case questions depending on interpretation, and points will be awarded based on your analysis, rationale and support, with individual assessment of participation. The Calaveras Vineyards and Sula Vineyards Cases and the Research Report will be completed individually. For the individual cases, grading will be based on your written analysis and



your participation in class discussion. Cases designated as reading and discussion should be read by all students with all students participating in class discussion of the case.

Overall, your grade will be based on your two individual written case assignments, participation and adding value to all discussions of the cases, guest lectures, and lectures, your individual research report, and your group's presentation of your team's research reports (or research report excerpts). Note that all assignments must be turned in using Microsoft Office (Word files for the case analyses with Excel files attached as appropriate), and PowerPoint slides for the group presentation. The group presentation must be in PowerPoint format (do not use Prezi or Adobe formats). Also see case analysis rubric that will be used in grading the individual and group written case assignments. The instructor may offer bonus points for extra work, and if so, this opportunity will be made available to all students.

### TESTS:

N/A

### FINAL EXAMINATION:

None. (The last individual written case assignment will take the place of a final exam.)

### Also Reference the Course and Instructor Policies Section below:

Additional information is included in the Course and Instructor Policies Section below. This includes but is not limited to a discussion of:

- peer evaluations
- due dates
- class discussion requirements
- required formats and submission instructions
- case analysis guidelines
- group project requirements
- Participation

### Grade Weightings:

Individual written analysis of two cases (Calaveras- 15%; Sula Vineyards- 20%)	35%
Group written analysis of two cases (Trendsetter - 10%; Alibaba- 10%)	20%
Written Research Report (an Individual Assignment)	15%
Group Presentation of Research Report Highlights	15%
Participation in all class discussions	<u>15%</u>
Total	100%



### Grading Scale:

Scaled Score	Letter Equivalent
97-100	A+
93-96	A
90-92	A-
87-89	B+
83-86	B
80-82	B-
77-79	C+
74-76	C
70-73	C-
>70	P
Less than 70	F
Incomplete	I

## **COURSE AND INSTRUCTOR POLICIES:**

### **INTERACTION WITH PROFESSOR:**

The professor will communicate with students in class and through the eLearning system and via regular UTD email. Students may send personal concerns or questions to the professor using the course Message tool or using UTD email. The professor will reply to student emails or Discussion board messages within 2 working days under normal circumstances, and will generally check eLearning email daily during the regular Monday through Friday week period.

### **SELF INTRODUCTION:**

Each student should post a Self-Introduction on the Discussion Board of eLearning prior to the first class session, and no later than the end of the first week of class. Guidelines are provided on the eLearning group formation section. This information will assist in the formation of groups for the course.

### **PEER EVALUATION:**

An optional peer evaluation process will be utilized to adjust individual grades on all group assignments. If peer evaluation inputs are not turned in, the assumption is that all group members did their fair share on the project, and therefore all will receive the same grade on the group project. If you elect to turn in a peer evaluation form (included at the back of the syllabus), please complete them individually and email them to me through the eLearning system by or before **12/7/16**. Late inputs of peer evaluations may or may not be accepted at the discretion of the instructor.

### **CLASS DISCUSSIONS:**

You will be expected to participate regularly in all discussions. A great deal of learning takes place when you share your experiences with others.

### **DUE DATES:**





Written assignments will be due on the date assigned and must be accessed and submitted through the Assignments icon in the corresponding session of the eLearning system. Late work will not be accepted without substantial penalty and only at the discretion of the instructor. Please reference the due dates for each assignment in the detailed schedule provided in this syllabus. If you have a conflict, you need to contact the professor before the due date and the professor will find an earlier date for you to turn in the assignment.

#### **DOCUMENT FORMATS:**

Effective written and oral communications are critically important in the business world. It is equally important that students "put their best foot forward" in classroom presentations and written assignments. Poor organization, convoluted sentence structures, mangled grammar and misspelled words have no place in effective communications, and will be considered in the evaluation of your work and ideas.

**ALL DOCUMENTS-** Your name (or the group identification and names of all group members for group assignments) the course number, and the date, should appear in a header at the beginning of each page of a document.

**GENERAL WRITTEN DOCUMENTS-** Any written assignments should be submitted in Word with an excel file attached as appropriate. Please label any excel spreadsheets or exhibits and appropriately reference in the Word document. A list of references should be attached for the research report. Cover pages, charts or exhibits, and lists of references are not included in the page count. The manuscript should use 11-12 point type, double-spaced, with 1" margins all around. Appropriate titles and section headings should be used. Number all pages. Put your name on your papers.

The Group Presentation Should be submitted and presented in Microsoft PowerPoint format.

**OUTLINE FORM RESPONSE-** Other than the research paper, all assignments may be completed in an outline format (as long as each item in the outline is thorough and completes a thought). Include the reference number (question 1, 2, 3, etc.) and a statement of the question followed by a prioritized list of the key items in your response.

**ESSAY FORM RESPONSE-** If you prefer, you can use a narrative response format on any written assignment. The research paper will also need to be in narrative format. When using a narrative format, the professor will expect a well-organized paper that addresses the case questions and uses section headings, bulleted lists, charts and exhibits as appropriate to clearly communicate your message.

#### **ELECTRONIC SUBMISSION INSTRUCTIONS:**

When you submit your assignments in eLearning system, the file name should identify the course, assignment name, your name or group ID, and date you submitted it. Use the format in the two examples shown below.

Individual Assignment: "Last Name-First Name---CalaverasCase-9-14-16.doc"

Group Assignment: "Group X-Trendsetter Case-10-12-16.doc"

The cover sheet of any written submittal must also include the names of all of the group members.

#### **CASE ANALYSIS GUIDELINES:**

Written assignments will require the analysis of case situations. Preparation for class discussions will also frequently require the analysis of a case situation. Case analysis assignments are designed to evaluate and develop your skills in:



- Identifying and analyzing key issues and drivers in the case, overall knowledge of case, and effectiveness in responding to questions, and demonstration of knowledge of financial analysis techniques where applicable.
- Effectiveness in supporting and reasonably defending your analysis and position whether your position is the best answer possible or not

For some cases, specific questions will be provided in advance of each assignment. In general, there are no “right” or “wrong” answers for a specific case – different approaches and insights are possible, depending on your individual perspective and approach. Regardless of your approach and conclusions, the professor expects you to make reasonable recommendations that: (1) address the identified issues; (2) follow logically from your analysis and conclusions; and (3) make sense (are feasible) in the context of the case situation. Please also see the Case Analysis Rubric that we be used in grading all case assignments.

### **GROUP PROJECTS:**

You will be required to work in a group, with ~4-8 students per group. Each student should post a Self-Introduction in the Discussion area of eLearning prior to the first class. This information will be used to set up my grade book and assist in the formation of groups for the course. Sign up on-line for a group **by 9/7/16**. If necessary, the instructor will assign students to group.

A discussion area will be set up on the discussion board for internal group communications.

### **ASSIGNMENT SUBMISSION INSTRUCTIONS:**

You will submit your assignments (in the required file format with a simple file name and a file extension) by using the Assignments tool on the course site. Please see the Assignments link on the course menu or see the icon on the designated page. You can click each assignment name link and follow the on-screen instructions to upload and submit your file(s). Please refer to the Help menu for more information on using this tool. **Please note:** each assignment link will be deactivated after the assignment due time. After your submission is graded, you may click each assignment’s “Graded” tab to check the results and feedback.

Cases will be assigned to each group. For group assignments, one group member will submit the assignment for the group by the due date. All students will be able to see the submission. All students should participate in discussion of the cases in class.

Locate the assignment in your eLearning course. You will submit your assignments in the required file format with a simple file name and a file extension. To submit your assignment, click the assignment name link and follow the on-screen instructions to upload and submit your file(s).

### **PARTICIPATION/ AND DISCUSSIONS:**

Students should review all lectures, guest lectures, and posted information, as well as reading the text book. Active participation in class discussions will be a significant portion of your grade. (Also see the Grading Policy Section)

For each case that is assigned to a group, the assigned group will be responsible for completing a written analysis of the case (based on the questions posted by the instructor). The assigned group will be graded based on their written analysis of the case and their effectiveness in supporting their



position. Please note, in general, there can be multiple answers to the case questions depending on interpretation, and points will be awarded based on your analysis and rationale and ability to support. Also see the Case Analysis Rubric that will be used for grading the case assignments.

Two cases are assigned as individual written assignments, with the remainder of the cases being either group written cases or individual cases that only require reading and class participation. For the two individual written cases, each student will be responsible for submitting a written response to questions posted in advance by the instructor. Each student will also be expected to participate in the discussion of these cases. The grading rubric will also apply to these cases on an individual basis.

All students will be required to read all of the cases (whether the case is assigned to a group or not), think about the questions posted by the instructor or by the lead group (for group cases), and prepare for and participate in class discussion of each case, with a participation grade assigned based on individual participation (quality of comments, contributions to the overall discussion, and reasonable level of participation).

## **UT DALLAS SYLLABUS POLICIES AND PROCEDURES:**

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus.

Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.



### **PEER EVALUATION FORM- Optional**

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 **12/7/16**.

<b>Group Member (list names alphabetically)</b>	<b>Trendsetter Case Due 10/12/16 (80-120)</b>	<b>Alibaba IPO Dilemma Due 10/26/16 (80-120)</b>	<b>Presentation of Research Report(s) Due: 11/30/16 (80-120)</b>
<b>1</b>			
<b>2</b>			
<b>3</b>			
<b>4</b>			
<b>5</b>			
<b>6</b>			
<b>7</b>			
<b>Total</b>	<b>700</b>	<b>700</b>	<b>700</b>

### **PEER EVALUATION COMMENTS**

<b>Group Member</b>	<b>Comments (please support and justify your assessment. Continue on reverse if necessary.)</b>
<b>1</b>	
<b>2</b>	
<b>3</b>	
<b>4</b>	
<b>5</b>	
<b>6</b>	
<b>7</b>	

**Signature:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_