



<b>Course</b>	<b>ENTP/FIN 3360-OU1</b> Entrepreneurial Finance
<b>Instructor</b>	Madison Pedigo
<b>Term</b>	Summer 2017
<b>Meeting Time</b>	Mon/Wed 3:00-5:15 PM
<b>Location</b>	JSOM 2.112

### **Professor Contact Information**

Instructor: Madison Pedigo  
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Office hours: After class or by appointment  
Office Location: JSOM 4.202

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### **Course Prerequisites, Co-requisites, and/or Other Restrictions**

Prerequisites: FIN 3320

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### **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).

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### **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.
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### **Required Textbooks and Materials**

Entrepreneurial Finance; South-Western (Cengage Learning) 6<sup>th</sup> ed., by Leach and Melicher (**ISBN 13: 978-1-305-96835-6**).

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

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### Assignments & Academic Calendar\*\*

Unit	Date	Description	Chapters	Due Dates
1	5/31/17	Course Overview	-	
2	6/5/17	Introduction to Entrepreneurship and Entrepreneurial Finance	1	
3	6/7/17	Feasibility Analysis and Business Plans	2	
4	6/12/17	Organizing and Financing a Venture + IP Overview	3	
5	6/14/17	Preparing and Using Financial Statements	4	
6	6/19/17	Evaluating Financial Performance	5, 6	Individual Research Report Topics Due
7	6/21/17	Exam 1 (Chapters 1-6)		
8	6/26/17	Financial Planning	6, 9	
9	6/28/17	Cost of Capital/ Angel Investors	7	
	7/3/17	No class		
	7/5/17	No class		
10	7/10/17	Guest Lecture, Financial Planning		
11	7/12/17	Valuing Early Stage Ventures	10	Tesla Valuation Exercise Assigned
12	7/17/17	Venture Capital Valuation Methods; Discuss Tesla Valuation Exercises	11	Tesla Valuation Exercise Due
13	7/19/17	Exam 2 (Primarily 6, 7, 9, 10 and 11 with some review of prior material from a specified list of topics)		
14	7/24/17	Guest Lecture- Securities Laws	8	Teams Finalized
15	7/26/17	Securities Structures and Determining Enterprise Value	14	Individual Research Report Due From Each Student
16	7/31/17	Professional Venture Capital; Harvesting; Review for Exam 3	12	
17	8/2/17	Team time in class; Some groups can volunteer to present early on 8/1 if desired.	-	
18	8/7/17	Group In Class Presentations of Research Report(s)	-	Peer Evaluations Due
19	8/9/17	Continue Group Presentations if needed; Exam 3 (Primarily Chapters 8, 12 and 14 with some prior material from a specified list of topics)		

**\*\*Class timeline, assignments, and due dates are subject to change at the discretion of the professor. A current class schedule that includes assignments will be included at the beginning of class lectures.**

## Grading Policy

Your final course grade will be calculated as follows:

Exam 1	}	50%
Exam 2		
Exam 3		
Mini Review Quizzes in Class		*
Tesla Valuation Exercise		5%
Participation (attendance, review quizzes, in class exercises)		15%**
Research Report (Individual written reports)		15%
Group Presentation of Research Reports		15%

\* Part of participation grade

\*\* Bonus points will be added for active participation in class discussions and for discussing current events related to entrepreneurial finance. See the discussion below on participation for additional details.

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		

## Course and Instructor Policies

### Exams, Practice Quizzes, Exercises, 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 may be given intermittently during the semester to reinforce the material. These assignments will not be formally graded, but they will count as part of your participation grade. If we have practice quizzes, I will post an answer key, and if time permits, we will also work through the quizzes during class.

Most of the practice quizzes will be worked during class, although some may be assigned as take home exercises. Other than the practice quizzes, homework will not be assigned.

A valuation exercise for a company (Tesla) will be assigned and required as part of the course that will consist of applying discounted cash flow and multiple valuations techniques to this company. Detailed instructions will be provided during class. The Tesla valuation exercise will count as 5% of your grade.

Participation in class and class discussions will count as 15% 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 rank ordered report topics for approval by 6/19/17. Research Reports will be due on 7/26/17. Maximum length of Research Report is 7 pages including exhibits (typed, double spaced).

The class will be divided into small teams of ~4-6 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 ~8 weeks of the course, 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 selected research reports. The team can elect to report highlights from one research report or from multiple research reports. The main purpose of the presentation is to share the content and lessons learned with the rest of the class. Each team will have 10 minutes to present with 5 minutes of Q&A. One team member will submit an electronic copy of the presentation on behalf of the entire team in eLearning by or before the beginning of class on 8/7/17. Also email to my UTD email address and bring to class on 8/7/17 on a USB drive. 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 7/24/17.

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**

Fifteen percent (15%) of your grade will be based on attendance and participation in class exercises or quizzes.

Bonus points will be given for active participation in class discussions throughout the semester.

Bonus points will also be given for bringing in information on and briefly discussing current events that relate to entrepreneurial finance. Examples might include a recent IPO, a key merger announcement, announcements by high profile startup companies, etc. A few minutes will be set aside at the beginning or end of most classes for discussion of current event topics.

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.

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## **Peer Evaluation**

An optional 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 8/7/17**. Late inputs of peer evaluations may or may not be accepted at the discretion of the instructor. The peer evaluation is an optional process. If you do not make an input, I will assume that all team members made equal contributions to the group presentation.

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## **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 8/7/17**.

<b>Group Member (list names alphabetically)</b>	<b>Presentation of Research Report(s) (80-120)</b>
<b>1</b>	
<b>2</b>	
<b>3</b>	
<b>4</b>	
<b>5</b>	
<b>6</b>	
<b>7</b>	

**Total**

**700**

## **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:** \_\_\_\_\_