

**SAN JOSE STATE UNIVERSITY**

**BUSINESS 173C – ENTREPRENEURIAL FINANCE**

**Spring 2009**

<p><b>I. INSTRUCTOR:</b> Steve Bennet: Joined the San Jose State faculty in 2006 and has taught Entrepreneurial Finance (Business 173C), Corporate Finance (Business 170) and the new E-Lab course (Business 196). He is also on the Steering Committee of the Silicon Valley Center for Entrepreneurship (SVCE). Most of his time is spent in the new venture ecosystem as CFO and Investor of high growth start-up ventures. He earned an MBA from UCLA, a BS Economics from Wharton (University of Pennsylvania) and is a CPA.</p>		
<p><b>II. SECTION</b> Section 1</p>	<p><b>CLASS TIME</b> Monday 1:30 – 4:15 PM</p>	<p><b>CLASS ROOM</b> BBC 003</p>
<p><b>Office Hours</b></p>		
<p><b>Room:</b> BT 954</p>		<p><b>Office hours:</b> Monday 4:15 – 5:15</p>
<p><b>Phone:</b> 650-739-0520</p>		<p><b>Fax:</b> 707-202-2545</p>
<p><b>e-mail:</b> <a href="mailto:bennet_s@cob.sjsu.edu">bennet_s@cob.sjsu.edu</a> * * if enrolled in the course, all email communication should be through WebCT</p>		<p><b>Web:</b> <a href="http://sjsu6.blackboard.com/webct/">http://sjsu6.blackboard.com/webct/</a></p>
<p><b>III. COURSE TEXT AND OTHER MATERIAL:</b></p>		
<p><b>Required Materials</b> Course Reader (available from University Readers - <a href="http://www.universityreaders.com">www.universityreaders.com</a>)</p>		
<p><b>Optional Materials:</b> <i>The Case Study Handbook</i>; by William Ellet; Harvard Business School Press; ISBN: 978-1-4221-0158-2</p>		
<p><b>IV. COURSE CONTENT AND PREREQUISITES:</b></p>		
<p><b>Course Overview:</b> My favorite definition of entrepreneurship is “the relentless pursuit of opportunity without regard to resources currently controlled”. Finance is all about the allocation of scarce resources and maximizing the present value of future cash flows through the reduction of risk. The goal of Entrepreneurial Finance is to help students learn the skills necessary to manage this conflict. This course is intended for students interested in working in an entrepreneurial venture or on the investment side with a venture capital or private equity firm. It will also benefit students interested in working in large companies by providing an entrepreneurial perspective.</p> <p>Entrepreneurial finance involves the full life cycle of a company, from identifying opportunities, gathering the resources to execute the business plan, and harvesting the venture’s success. At the end of the course, you should be able to:</p> <ul style="list-style-type: none"> <li>• Evaluate if an opportunity is worth pursuing</li> <li>• Estimate a company’s future need for financing and appropriate sources</li> <li>• Critically evaluate the terms in a typical financing agreement</li> <li>• Understand the differences between exit strategies</li> <li>• Prepare pro forma financial forecasts and cash budgets for small businesses and start-up growth companies</li> <li>• Read and build a capitalization table</li> <li>• Valuation of enterprises under different methods</li> <li>• Understand how to manage rapid growth</li> <li>• Develop a business model</li> </ul> <p>We will spend a significant portion of our in-class time on real world case studies, which requires preparation and tolerance for ambiguity. Entrepreneurial ventures involve massive uncertainty and there is not always a formula or “right answer”. A number of guest speakers will help guide you through this maze of entrepreneurial finance.</p>		

<b>V. GRADING SCALE:</b>	
Case Write-ups (3)	75 (25 points each)
Business Model Presentation (Group Project)	20
Financial Plan (Group Project)	55
Final Exam	75
Class Participation, Quizzes and Homework	<u>75</u>
<b>Total points available</b>	<b><u>300</u></b>
Your final grade for the course is based on the distribution above and follows a standard 100 percent scale.	
<b>VI. PREREQUISITES:</b> Bus 170	
<p><b>VII. CASE STUDY WRITE-UPS</b></p> <p>You are responsible for submitting a two-page memo addressed to the major decision maker for three of the cases we will be discussing. This memo and supporting analysis is to be submitted through the assignments tab for the cases that you select and must be submitted prior to the start of class. Late submissions will be accepted at the instructor's discretion and will be penalized accordingly. I will provide study questions for each case that you can use as a guide to your analysis, but the assignment is NOT to answer the questions, but to provide a recommendation on a specific course of action backed up by supporting qualitative and quantitative analysis. You may work in groups to discuss the case, but write-ups are to be prepared and submitted individually. Please note that you are required to prepare for all case studies, not just the ones that you submit as write-ups.</p>	
<p><b>VIII. GROUP PROJECT</b></p> <p>A significant portion of the class grade will be derived from a multi-part group project on the development of a business model and financial plan for a new or existing venture. Groups of 3-5 will be self selected by students. You will be required to evaluate both your performance and other group members after completion of the final project. Extra credit may be earned by entering the Neat Ideas Fair (fall semester) or Business Plan Competition (spring semester). More information can be found at <a href="http://www.cob.sjsu.edu/svce/">http://www.cob.sjsu.edu/svce/</a></p>	
<p><b>IX. HOMEWORK/PARTICIPATION/QUIZZES</b></p> <p>Homework is included in the detailed course outline that is posted on WebCT. Any updates will be announced on WebCT. It is critical to prepare for the case study discussions. I recommend that you prepare in groups, but this is not required. In class assignments, homework and quizzes along with participation in class or online discussions will count towards the class participation grade. You are required to prepare for all case studies, not just the ones that you submit write-ups. I will allow one "free pass" if you email me through WebCT prior to the class that you are not prepared or won't be able to attend. With your "free pass" you will not lose any points for participation or quiz at that class session.</p>	
<p><b>X. CLASS ETIQUETTE and OTHER REQUIREMENTS</b></p> <p>Since we are preparing you to be successful in the business world, this class will be conducted in accordance with good professional behavior. You will be expected to arrive in class on time and be prepared to participate in case study discussions and ask questions to our guest speakers. It will also be your responsibility to get a summary of any missed classes from another student. You should also email me in advance through WebCT if you will not be able to attend a class or will need to arrive late or leave early.</p> <p>Attendance at the first two classes and completion of assigned homework is required to establish an accurate headcount and award available spaces to those on the waiting list. Students missing one or more of the first two classes, unless pre-excused by me, will be dropped to make room for students on the waiting list.</p> <p>Students are expected to adhere to COB Policies and Procedures.</p>	