

**DEREE COLLEGE SYLLABUS FOR: MG 4173 ENTREPRENEURIAL FINANCE**

(Previously FN 4553 Entrepreneurial Finance – L6)

(Updated Fall 2021)

**UK LEVEL: 6**  
**UK CREDITS: 15**  
**US CREDITS: 3/0/3**

<b>PREREQUISITES:</b>	MG 3033 New Ventures Creation
<b>CATALOG DESCRIPTION:</b>	This course provides a rigorous and systematic study of theories and tools necessary for entrepreneurs to start build and harvest a successful venture. The course focuses on the understanding of financial planning specifics for new and small- scale businesses and the qualities required to obtain financing by primarily private investors.
<b>RATIONALE:</b>	Despite common underlying theory, entrepreneurial finance differs from corporate finance in several important aspects as far as investing and financing decisions are concerned. Differences exist in accessing capital, given that funding sources available to established businesses may not be available This course is appropriate for those students interested in the financial management of new ventures and small businesses.
<b>LEARNING OUTCOMES:</b>	Upon successful completion of the requirements for this module, the student will be able to:  1. Assess the role and the purpose of small business finance and the influences of the economic environment on entrepreneurship.  2. Apply finance theories, financial management tools and techniques available to entrepreneurs to forecast revenues and costs and integrate financial statements to create a new venture business plan.  3. Analyse and evaluate the different sources of finance available to new ventures, estimate the market value of the new venture using cash flows and other valuation methods and assess exit strategies available to entrepreneurs.
<b>METHOD OF TEACHING AND LEARNING:</b>	In congruence with the teaching and learning strategy of the college, the following tools are used:  ➤ In class exercises and real-life examples that help lecturer to illustrate basic concepts, and techniques used in entrepreneurial finance  ➤ Use of interactive cases that encourage students to identify the peculiarities and differences between corporate finance and entrepreneurial financial applications  ➤ Value new ventures taking into account uncertainty and flexibility in management  ➤ Short research activities that involve the use of web search or the use of financial data bases  ➤ Use of blackboard, where instructors post lecture notes, assignments instructions, timely announcements, as well as

	additional resources.						
<b>ASSESSMENT:</b>	<p><b>Summative:</b></p> <table border="1" data-bbox="578 170 1320 426"> <tr> <td data-bbox="578 170 1143 296">First Assessment: Individual project (Business development, financial forecasting and valuation, 1,800-2,200 words)</td> <td data-bbox="1143 170 1320 296"><b>50</b></td> </tr> <tr> <td data-bbox="578 296 1143 426">Final Assessment: In-class written examination (Two-hour, closed-book, problems/essays combination)</td> <td data-bbox="1143 296 1320 426"><b>50</b></td> </tr> </table> <p><b>Formative:</b></p> <table border="1" data-bbox="578 489 1320 525"> <tr> <td data-bbox="578 489 1143 525">One written examination</td> <td data-bbox="1143 489 1320 525"><b>0</b></td> </tr> </table> <p>The formative assessment aims to prepare students for the final written examination.  The “first summative assessment” tests Learning Outcomes 2 and 3.  The “second summative assessment” tests Learning Outcomes 1, 2 and 3.</p> <p>The final grade for this module will be determined by averaging all summative assessment grades, based on the predetermined weights for each assessment. If students pass the comprehensive assessment that tests all Learning Outcomes for this module and the average grade for the module is 40 or higher, students are not required to resit any failed assessments.</p>	First Assessment: Individual project (Business development, financial forecasting and valuation, 1,800-2,200 words)	<b>50</b>	Final Assessment: In-class written examination (Two-hour, closed-book, problems/essays combination)	<b>50</b>	One written examination	<b>0</b>
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Final Assessment: In-class written examination (Two-hour, closed-book, problems/essays combination)	<b>50</b>						
One written examination	<b>0</b>						
<b>INDICATIVE READING:</b>	<p><b>REQUIRED READING:</b></p> <p>Smith, J.k., Smith R. L., Bliss, R. T. (2011). <i>Entrepreneurial Finance: Strategy Valuation &amp; Deal Structure</i>. Stanford University Press</p> <p><b>RECOMMENDED READING:</b></p> <p>Amram, M. and Kulatilaka, N. (1999). <i>Real Options</i>. Harvard Business School Press.</p> <p>Anwar, M., Tajeddini, K., &amp; Ullah, R. (2020). Entrepreneurial finance and new venture success-the moderating role of government support. <i>Business Strategy &amp; Development</i>, 3(4), 408-421.</p> <p>Blank, S. (2013). Why the lean start-up changes everything. <i>Harvard business review</i>, 91(5), 63-72.</p> <p>Di Pietro, F. (2020). <i>Crowdfunding for Entrepreneurs: Developing Strategic Advantage Through Entrepreneurial Finance</i>. Routledge.</p> <p>Headd, B. (2003). Redefining business success: Distinguishing between closure and failure. <i>Small business economics</i>, 21(1), 51-61.</p> <p>Higgins, R. (2009). “Analysis for Financial Analysis”. <i>McGraw-Hill</i>, 9 ed</p>						

	<p>Sahut, J. M., &amp; Braune, E. (2021). Financial issues of entrepreneurship. In <i>World Encyclopedia of Entrepreneurship</i>. Edward Elgar Publishing.</p> <p>Timmons J. and Spinneli S. (2009). <i>New Venture Creation</i>. McGraw-Hill, 8<sup>th</sup> ed</p> <p>Additional library sources, including journal articles accessed through the library databases recommended by the instructor throughout the semester.</p>
<b>INDICATIVE MATERIAL:</b> (e.g. audiovisual, digital material, etc.)	<p><b>REQUIRED MATERIAL: N/A</b></p> <p><b>RECOMMENDED MATERIAL: N/A</b></p>
<b>COMMUNICATION REQUIREMENTS:</b>	Use of appropriate academic conventions as applicable in oral and written communications.
<b>SOFTWARE REQUIREMENTS:</b>	MS Office
<b>WWW RESOURCES:</b>	<p><a href="http://www.bloomberg.com">www.bloomberg.com</a></p> <p><a href="http://www.thomsonreuters.com">www.thomsonreuters.com</a></p> <p><a href="http://finance.yahoo.com/">http://finance.yahoo.com/</a></p> <p><a href="https://ec.europa.eu/eurostat/statistics-explained/">https://ec.europa.eu/eurostat/statistics-explained/</a></p> <p><a href="http://www.investinginbonds.com">www.investinginbonds.com</a></p> <p><a href="http://www.bis.org">www.bis.org</a></p> <p><a href="http://www.federalreserve.gov">www.federalreserve.gov</a></p>
<b>INDICATIVE CONTENT:</b>	<ol style="list-style-type: none"> <li>1. The basic principles of Entrepreneurial Finance</li> <li>2. New venture financing and development of Venture capital markets</li> <li>3. Financial Aspects of business plans</li> <li>4. New Venture funding sources: Angels, VCs, Crowdfunding, Asset Lenders, Vendor financing, M&amp;A, IPO</li> <li>5. Real Option Strategies for new ventures</li> <li>6. Forecasting the financial needs of new ventures</li> <li>7. Entrepreneurial valuation in practice</li> <li>8. Deal structure and harvesting</li> </ol>