

FIN 641: Entrepreneurial and Venture Finance (Fall 2021)

Class Hours: Tuesday, 6:00 to 8:45 pm
Class Location: All classes will be online using the **Zoom** platform. If the Covid pandemic conditions improve, maybe we can consider in-person classes later in the semester.
Instructor: Ben Bystrom
Office: BusAd E602j
Office Hours: E-mail or call me any time to discuss projects, assignments and lecture notes. If I don't pick-up my cell, leave a message and I will get back to you ASAP. Catching me before or after class is fine too. If your group would like to meet up on Zoom, just let me know and I am happy to do so.
Phone: Cell: 808-226-6049
E-mail: bbystrom@hawaii.edu

Textbook: *Entrepreneurial Finance*, By: J. Chris Leach and Ronald W. Melicher
(Purchasing the textbook is optional as a reference. Key concepts will be covered in my class notes, assignments and lectures.)

Class Notes: Lecture outlines/notes will be made available on Laulima. Expand on these notes as necessary during class lectures, discussions, and activities. Financial statements, case studies, excel models and other material will also be provided on Laulima.

Course Goals and Objectives:

- Provide practical financial skills for planning, launching, funding, operating, expanding and selling entrepreneurial/venture businesses.
- Topics covered will include:
 - Identifying a viable and profitable venture opportunity
 - Forming the business organization
 - Developing an efficient financial plan and policies (managing cash and growth)
 - Raising capital for growth (venture capital, equity, debt, asset-based financing)
 - Analyzing financial statements and ratios from a new venture perspective
 - Creating pro-forma financials for a fast growth venture business
 - Valuing and modeling (in excel) a new entrepreneurial company or venture
 - Developing exit strategies (IPO, private sale)
 - Pitching your venture business to equity investors.

Teaching Methodology:

- FIN 641 is taught via lecture, case studies, excel modeling and interactive class exercises based on real-world, practical market trades and dynamics. Assignments are developed to get students involved and learn from experience.
- Computers and Excel: Make sure to have your laptop with Excel open during all class meetings. An understanding of math and time-value-of-money functions in Excel is necessary so be sure to brush up a bit if you are rusty. Having a financial calculator handy is also a good idea.
- Consistent with the mission and academic focus of the Shidler College, in addition to learning about domestic U.S. ventures, we will also study the international venture eco-system with an emphasis on the Asia-Pacific region.

Grading:

The following factors will be used to measure students' progress through the course.

Assignments/Cases: In-class case and homework assignments will be done in both individual and group formats. These assignments help reinforce the financial concepts covered on exams.

Excel Project: There will be one computer-based assignment during the semester. It will provide an opportunity to apply the concepts and skills discussed in class. The assignment will involve spreadsheet application, analysis and a written executive summary (600-word limit). Detailed instructions will be provided in class.

Venture Presentation: Students will present a 15-minute (limit) oral presentation pitching a new business venture to potential equity investors. In addition to the oral presentation, requirements include: 1) a written executive summary (500 words maximum), 2) Equity issuance term sheet 3) your power point slides (20 maximum content) and any other key presentation material (e.g. excel spreadsheets, etc.) and 4) email me an excel file of your financials/valuation model. Detailed instructions will be provided in class.

Class Participation: Students are strongly encouraged to actively participate in class discussions. Note: quality (not just quantity) of participation is important. We will have in-class assignments (case studies and problems) and regularly discuss current events/market trends providing students with various opportunities to participate.

Your course grade will be based on a **reasonable curve** over the total points accumulated on all assignments. The following weights pertain to those assignments:

In-class Assignments	33%
Excel Project	20%
Final Venture Presentation	35%
Class Participation	12%

Note: All presentations, write-ups and excels should be Emailed to me (bbystrom@hawaii.edu) on the due date prior to class.

Attendance Policy:

While attendance is not taken, do your very best to attend because there are no make-ups for missed in-class assignments and presentations without an official written excuse.

Schedule of Events:

Below is the **tentative** schedule of events subject to changes depending on progress made during the course. Reading *Entrepreneurial Finance* text is optional. You are required to read my Lecture Notes and related material uploaded on Laulima prior to class so as to maximize the usefulness of classroom time. I will be asking students questions.

Session	Date	Day	Topic	Pre-reading Assignment
1	Aug-24	Tues	Identifying viable ventures Trends, opportunities and value drivers Optimal Business Form	Chps 1, 2, 3 Lecture Notes
2	Aug-31	Tues	Venture Financial Statement Analysis Cash Flow and Breakeven	Chp 4 Lecture Notes
3	Sept-7	Tues	Venture Financial Ratio Analysis Liquidity and Credit Analysis Raising Debt Capital	Chps 4 & 5 Lecture Notes Handout
4	Sept-14	Tues	Financial Planning and Policies Evaluating Venture's Financing Needs Developing Pro-forma Financials	Chps 5 & 6 Lecture Notes
5	Sept-21	Tues	Developing Pro-forma Financials Case Study	Chp 6 Lecture Notes and practice up on Excel
6	Sept-28	Tues	Cost of Capital and Risk Analysis	Chp 7 Lecture Notes
7	Oct-5	Tues	In-class exercises and case studies covering Chapters 1-7	
8	Oct-12	Tues	Evaluating and Expanding Pro-forma Financials Venture and Corporate Valuation	Excel Modeling Venture Valuation Notes
9	Oct-19	Tues	Venture and Corporate Valuation Methods In-class exercises	Venture Valuation Notes
10	Oct-26	Tues	Venture and Corporate Valuation Methods In-class exercises	Venture Valuation Notes
11	Nov-2	Tues	Holiday: Election Day	Don't forget to Vote!
	Nov-9	Tues	Raising Equity Capital Case Study	Venture Valuations Notes Handouts
12	Nov-16	Tues	Raising Capital with Securities Exit Strategies/Harvesting (IPOs, Private Sales)	Chp 8, Chp 14 Lecture Notes and IPO Case Study
13	Nov-23	Tues	Venture PowerPoint presentation methods Venture Capital and Financing Alternatives	Handout Chps 11 & 12 Lecture Notes
14	Nov-30	Tues	Venture Capital and Financing Alternatives In-class preparation for Venture Presentations	Chps 11 & 12 Lecture Notes
15	Dec-7	Tues	Student Venture Presentations	PowerPoint is due before the start of class. Write-up, term- sheet and Excel is due any time before Dec 15 th at 6pm.

Note: Scheduling of guest lectures is still being arranged. Time and subjects will be announced in class.
Potential topics: New Venture Businesses, Private Equity/VC Funds, Intellectual Property