



北京大學  
汇丰商学院

Peking University HSBC Business School

## COURSE CODE

# Entrepreneurial Finance

## Module 1, 2016-2017

### Course Information

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**Instructor: Seungjoon Oh**

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Office Hour: Wed 4:00pm-5:00pm (or by appointment via email)

**Classes:**

Lectures: Tue & Fri 1:30-3:20pm

Venue: PHBS Building, Room 319

## 1. Course Description

### 1.1 Context

Course overview:

The capital market for entrepreneurs is fundamentally different from the capital market for public firms. The objective of this course is to provide an understanding of entrepreneurs' financing decisions from the perspectives of both the entrepreneurs and the investors - venture capital and private equity. This course will address how to evaluate entrepreneurial business opportunities, structure financial decisions, and realize returns through IPO and M&A.

Prerequisites:

The course presumes that students have taken basic courses in accounting, economics, finance and econometrics before taking this course. Students are recommended to have completed the following courses: "Corporate Finance".

### 1.2 Textbooks and Reading Materials

Lecture notes, assignments, cases and other useful information will be posted on the course web page.

**Text book:** *Entrepreneurial Finance* by J. Chris Leach, and Ronald W. Melicher. 5th Edition, 2012, South-Western, Cengage Learning.

**Reference text:** *Entrepreneurial Finance: Finance and Business Strategies for the Serious Entrepreneur* by Steven Rogers. 2<sup>nd</sup> Edition

**Reference text:** *Entrepreneurial Finance: Strategy, Valuation, and Deal Structure* by Smith, Smith, and Bliss, Stanford University Press

## 2. Learning Outcomes

## 2.1 Intended Learning Objectives / Outcomes

Learning Goals	Objectives/Outcomes	Assessment
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	
	2.2. Students will be able to apply leadership theories and related skills.	
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	
	3.2. Our students will practice ethics in the duration of the program.	
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	
	5.3. Our students will demonstrate competency in critical thinking.	

## 2.2 Course specific objectives

## 2.3 Assessment/Grading Details

Assessment task	Weighting
Mid-term Exam	40
Final Team Project	40
Case study discussion and Assignments	12
Class participation	8
Total	100

### Team Project:

Students will be asked to form teams of 4-5 individuals prior to the start of the second session of the class to prepare a class presentation on a pre-specified topic. Presentations will start at week 6 and last until the end of the module. Your team project includes a final report which should be turned in electronically on or before the last day of week 9. Each team should choose a target firm for the following topic:

Topic: Venture Capital Investment

The objective of this project is to understand VC investment process by analyzing an existing small to medium sized firm. You group will prepare a paper on potential VC investment and present your valuation results and investment plan to the class. An outline of the topics your paper should cover will be provided.

## **2.4 Academic Honesty and Plagiarism**

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

## **3. Topics, Teaching and Assessment Schedule**

<b>Week</b>	<b>Topic</b>
<b>1-2</b>	<b>The Entrepreneurial Environment</b> <input type="checkbox"/> Introduction to Entrepreneurial Finance <input type="checkbox"/> Developing the Business Idea
<b>2-3</b>	<b>Organizing and Operating the Venture</b> <input type="checkbox"/> Organizing and Financing a New Venture <input type="checkbox"/> Preparing and using Financial Statements <input type="checkbox"/> Evaluating Operating and Financial Performance
<b>3-4</b>	<b>Planning for the Future</b> <input type="checkbox"/> Managing Cash Flow <input type="checkbox"/> Types and Costs of Financial Capital <input type="checkbox"/> Securities Law Consideration

<p><b>5-6</b></p>	<p><b>Creating and Recognizing Venture Value</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Projecting Financial Statements</li> <li><input type="checkbox"/> Valuing Early-Stage Ventures</li> <li><input type="checkbox"/> Venture Capital Valuation Methods</li> </ul> <p><u>Case Study</u> Valhalla Partners Due Diligence by Sahlman</p>
<p><b>6-7</b></p>	<p><b>Structuring Financing for the Growing Venture</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Professional Venture Capital</li> <li><input type="checkbox"/> Other Financing Alternatives</li> <li><input type="checkbox"/> Security Structures and Determining Enterprise Values</li> </ul>
<p><b>7-8</b></p>	<p><b>Exit and Turnaround Strategies</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Harvesting the Business Venture Investment</li> <li><input type="checkbox"/> Financially Troubled Ventures: Turnaround Opportunities</li> </ul> <p><u>Case Study</u> Brazos Partners and the Tri-Northern Exit by Rhodes-Kropf and Burbank</p>
<p><b>8-9</b></p>	<p><b>Team Project Presentation</b></p>