



**FIN 580**  
**Entrepreneurial Finance**  
**Module 4, 2020-2021**

**Course Information**

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**Instructor: Seungjoon Oh**

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Email: sjoonoh@phbs.pku.edu.cn

Office Hour: Monday 12:00-1:00pm (or by appointment via email)

**Teaching Assistant: TBD**

**Classes:**

Lectures: Mon & Thur 10:30-12:20

Venue: PHBS Building, Room 313

**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.

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

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

**Reference text:** *Venture Capital Valuation: Case Studies and Methodology* by Lorenzo Carver, Wiley Finance

**2. Learning Outcomes**

**2.1 Intended Learning Outcomes**

Learning Goals	Objectives	Assessment (YES with details or
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		<b>NO)</b>
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**

<b>Assessment task</b>	<b>Weighting</b>
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 be arranged during the last week of the class (week 9). Your team project includes a final report which should be turned in electronically by the one week after the 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</b>	<b>New Venture Financing: Considerations and Choice</b>  Introduction to Entrepreneurial Finance Venture Life Cycle Sources of New Venture Financing
<b>2-3</b>	<b>Venture Capital</b>  Development of the VC Market Organization of Venture Capital Firms VC Contracts Development of Corporate Venture Capital
<b>4-5</b>	<b>Valuation 1</b>  Venture Capital Valuation Methods Relative Valuation Precedent Transactions Analysis Discounted Cash Flow Analysis: Private company valuations  <u>Case Study</u> Valhalla Partners Due Diligence by Sahlman

<p><b>6-7</b></p>	<p><b>Valuation 2</b></p> <p>Venture Strategy and Real Options Valuing Growth Potential</p>
<p><b>7-9</b></p>	<p><b>Harvesting the Business Venture Investment</b></p> <p>Initial Public Offering Acquisition IPO Valuation</p> <p><u>Case Study</u> Brazos Partners and the Tri-Northern Exit by Rhodes-Kropf and Burbank</p>