ETM 58B – Special Topics: Entrepreneurial Finance

Course Overview
This course is intended to introduce future entrepreneurs and managers of start-ups to the issues they will face in financial management and valuation of a new venture through its lifecycle. The topics start off with taking an idea from its inception to a business plan and bringing it into reality with various financing options such as venture capital, angel investors and debt. The strategic financial decisions, evaluation of projects, risk assessment and forecasting within the venture will be analyzed. Valuation of firms, exit strategies and harvesting will be covered.

Required Reading
Required articles and case studies will be assigned as the semester progresses.

Recommended Texts
Entrepreneurial Finance (Fourth Edition), Leach and Melicher
Entrepreneurial Finance: Strategy, Valuation and Deal Structure, Smith, Smith and Bliss

Grading
• Homework (20%) – Four to five sets of problems will be assigned throughout the semester as a means of practicing quantitative methods studied in class.
• Case Study Reports (30%) and Discussions (10%) – The students are required to write brief analyses of three case studies and contribute to in-class discussions.
• Final (40%) – In-class final exam on the last day of classes.

Course Contents
After a brief introduction to basics of new venture development, we will delve into the financial issues relevant in a new venture. The topics include:

• Organizing and financing a new venture, considerations and choices,
• Venture capital, angel investors, debt financing,
• Project evaluation, real options and risk assessment,
• Measuring and evaluating financial performance,
• Financial strategy and capital structure,
• Governance, incentives and deal structure,
• Valuing early stage ventures, venture capital methods,
• Exit strategies and harvesting, valuation of an enterprise,
• Turnaround strategies for troubled ventures.