

UNIVERSITY OF WASHINGTON

Foster School of Business

Entre-Fin 557

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COURSE OBJECTIVE

This is an advanced finance course that seeks to provide students with an understanding of the issue financial issues facing entrepreneurs. Part I of Entrepreneurial Finance covers what might be called “small business survival skills,” including assessing financial performance, financial planning, identifying external financing needs and business valuation. Part II of the course will address the issues and challenges associated with one common source of financing for entrepreneurial enterprises: venture capital. In particular, we will analyze the terms and provisions of typical venture capital agreements, critically evaluate them and examine how they can be used to address the underlying risks and opportunities facing entrepreneurs and venture capitalists. We will also examine the structure of venture capital organizations and the issues associated with initial public offerings.

REQUIRED MATERIALS

- Cases and readings are available via links provided on the Canvas pages.
- Additional course materials and course announcements are available on Canvas.

ONLINE CLASS (If so directed by UW authorities)

Due to the ongoing pandemic, at some point during the quarter Foster and UW authorities may direct us to go back online. In that case, here are a few guidelines for how we will conduct Zoom sessions.

- Please keep your microphone muted until you are ready to speak. This cuts down on the amount of background noise that is audible to the class.
- Please keep your video camera on. It is important for me (and the rest of the class) to be able to see your face and eyes in order to facilitate good discussions.
- Please note that, as discussed below, class participation is extremely important for the success of the class. After being used to in-person classes, Zoom can seem somewhat impersonal. It is easy at first to treat the class as if it were a YouTube video or a TV show and simply watch. It is important for all of us to recognize this and make the extra effort to ask questions, answer questions and make comments just as we do in an in-person format. If we all do this, we'll get used to Zoom quickly and use it to produce an excellent interactive class environment.

GRADING AND WRITTEN DELIVERABLES

Your grade will be based on the following deliverables and your daily class work. The deliverables will comprise 75% of our grade. The daily class work (i.e. participation) will comprise 25% of the grade. **For cases that are turned in, you should upload your write-up, in PDF format, to Canvas.** Please do not email me Excel or Word documents, because they are typically very time consuming to decipher online via Canvas.

Daily class work grades will be based on three things: 1) your presence -- it's hard to contribute to class learning when you are not part of the session, 2) my assessment of the extent to which you helped to make the class a productive learning experience, and 3) my assessment of the depth of your command of the material.

DAILY PREPARATION AND PARTICIPATION

Most of our class time will be devoted to discussion of assigned cases. To get the most out of class time you must prepare conscientiously and participate actively. Failure to participate robs others of your perspective and increases the chances that the discussion will not be relevant to your interests and abilities. **Furthermore, participation is an important part (25%) of your grade. Those who fail to participate actively are effectively taking a zero for a substantial fraction of their course grade.** Those who participate actively and consistently by asking questions both of me and of other students, engaging in class debates and volunteering to present their solutions will receive high participation grades. Those who participate only sporadically and make only 'off-hand' or less substantial contributions will receive low participation grades. So please participate actively.

So what is conscientious case preparation? Read the case carefully; identify the principal issues to be addressed; attempt to analyze these issues using the appropriate tools or techniques; and note any action recommendations implied by your analysis. Alternatively, if you find yourself hitting a roadblock, try to articulate what your problem is. Often identifying roadblocks is as valuable as a complete analysis.

For each case assigned you will note below that I have posed detailed discussion questions. The questions play several roles depending on the case. Usually the questions are simply to help you

get started on your analysis, and you should not feel constrained by them. Nor should you assume that answering all of the preparation questions necessarily constitutes a complete analysis. In other instances, I may give you additional information in the questions, or when the case is a mechanical one, I may ask you to perform specific calculations.

One extremely important thing to know about effective class participation is that it does *not* mean that you are expected to come to class with all the answers. The cases are designed to be difficult real-world situations. I don't expect anyone will have all the answers, even after conscientious preparation. Everyone will have some 'loose ends' in the case that they are uncertain about. If it were otherwise, there would be nothing for you to learn in class, and I would have been guilty of selecting a case that was too simple. Bringing these questions and uncertainties to class and asking about them is an extremely important part of good participation. Good questions are quite often more significant for our discussions than good answers. Thus, you should bring your questions to class so that we can all benefit from them. In the end, the test of whether you are learning the material, and progressing adequately, should be how you feel *after* the class discussion, not before. You are doing fine if after a class discussion you believe you could adequately handle a similar situation in the future.

If you are not prepared, please notify me before class so we can all avoid embarrassment. If you have spent several hours on the case, but still feel unsure of your opinions, count yourself prepared. **If you have made the effort, you should never feel embarrassed by the result.**