



BUSINESS SCHOOL

Course Outline 2016
INNOVENT 202: FINANCIAL MANAGEMENT AND MARKETING FOR
BUSINESS GROWTH
(15 POINTS)

Semester 1 (1153)

Course Prescription

Develops knowledge of financial management, financing, marketing and sales for innovation projects and high growth entrepreneurial ventures. Introduces financial analysis, valuation, financing and source of funds for new ventures, market analysis and evaluation of innovations in different stages of the innovation pipeline.

Programme and Course Advice

Prerequisite: Business 102 or MGMT 101 or 120 points of courses.

***Please note that the time allocated to the course will be split between
Financial Management and Marketing.***

Marketing Components

This part of the course takes an integrative approach to innovation and marketing. We explore key issues and tools related to bringing innovative new products/services/experiences to market.

Firms often spend great resources developing new products and services only to find that customer adoption is far less or slower than expected. Sometimes the problem is that the final product fails to deliver on its promises. More often, however, the problem is marketing related; the firm might not have involved marketing activities effectively and early on to understand evolving customer needs prior to committing R&D resources, and/or might not have properly estimated the product's market potential. This course will help students avoid such market failures and foster a cohesive understanding of how marketing activity at all phases of the innovation process can maximize the ultimate commercial success.

More specifically, through the use of design-thinking tools and process, the course will address the aspects of developing innovations that address the aspects of desirability, viability and feasibility.

Goals

To provide a basic understanding of, and introduction to, a market focused and design-based approach aimed at accelerating innovation.

Learning Outcomes

1. Expand thinking about innovation beyond the design and development of new products to other sources of value creation;
2. Strengthen individual and team capabilities to identify customer needs, develop value propositions, and business models, and define business opportunities;
3. Raise awareness of, and capabilities to work with, a set of core design tools.

Content Outline

Module 1: Discover & Comprehend – Desirability: what do people desire

Module 2: Ideate & Create – Viability: what is financially viable

Module 3: Experiment and Deliver – Feasibility: what is organisationally and technically feasible

Learning and Teaching

The marketing part of the course is based on experiential learning, i.e. you will learn about designing for desirability, viability and feasibility when actually doing it. Before each week, everyone should have completed the readings as well as individual and team work activities. Students are expected to attend all sessions, contribute to discussions and actively participate. Due to the interactive and team-based nature of the marketing sessions in this course, these sessions will not be recorded.

Learning Resources

The prescribed course material and articles will be available electronically on Canvas.

Students will need to acquire (and use) post-it notes, paper and pens so that work can be shared and analysed offline as well as online.

Teaching Staff

Marketing

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Assessment

Marketing Assignments

Individual application exercises (*4) (peer assessed): 20%

Team application exercises (*2) (50% peer moderated): 30%

Assessment	Proportion	Related learning outcomes to be assessed in marketing
Individual application exercises	20%	1, 2 and 3.
Team application exercises	30%	1, 2 and 3.
TOTAL	50%	

Financial Management Components

The financial management component of the course covers the funding and sources of finance for innovation based enterprises. The course also introduces tools for capital budgeting and valuation of new ventures and innovation projects, concepts of risk and return and uses of financial information and reports with particular reference to valuation theory.

Goals

To introduce students to the basics of Accounting and Finance, major tools of financial management and funding sources and options for the purpose of decision making.

Learning Outcomes

By the end of this course it is expected that the student will be able to:

1. To understand the structure and content of financial reports. To draw conclusions from the analysis of financial reports and information.
2. To understand the importance of 'cash flows' in the different stages of new project innovation and the firm lifecycle.
3. To understand and apply particular tools of analysis to value the firm and new innovation projects.
4. To understand how capital projects, new ventures and innovations might be financed.
5. To gain an understanding of various forms of 'risk', including financial and operating risks for new innovation projects.

Content Outline

- Topic 1. Introduction to Finance. Concepts of bootstrapping/ Angel/ VC finance
- Topic 2. Valuation of New Ventures and Innovations including introduction to:
 - Analysis of Financial Statements

- Time value of money
 - Capital budgeting / NPV/ IRR
 - VC method of early stage valuation
- Topic 3. Valuation gap between an Innovator and Investor. Funding and other mechanisms to close the valuation gap
- Topic 4. Cost of Capital for New Ventures and Innovations
 - Operating risk
 - Financial risk
 - Why is the cost of capital for new innovation projects high?
- Topic 5. Term Sheets for the financing of new ventures and innovations

Learning and Teaching

The class is scheduled to meet for three hours each week.

The first two hours of each week will likely be lectured based. This will provide the framework for the course and will cover the concepts and tools that underpin successful commercialisation of innovation.

Either a further lecture or a one hour tutorial will be scheduled for the remaining hour of each week.

Tutorials provide an opportunity for discussion, debate and critically, participation.

You are expected to attend all lectures and tutorials.

Learning Resources

Recommended text only

The recommended (referenced) text is:

“Entrepreneurial Finance” by Leach and Melicher, 4th edition

South Western Cengage learning

ISBN -13 978-0-538-47815-1 or

ISBN -10 0-538-47815-2

This is a good introductory textbook on start-up finance. We only recommend you purchase the text if you have a strong interest in start-up finance. In this respect the text provides more detailed information than we will cover in class.

Copies of the textbook are available for short-loan collection in the library.

Other reputable introductory finance textbooks also cover many of the key concepts we will discuss in class.

Other learning resources

To give ‘life’ to the study of financial management it is highly recommended that you read the business press in, for example, NZ Herald (www.nzherald.co.nz) and The National Business Review (www.nbr.co.nz). In addition the New Zealand Stock Exchange (www.nzx.com) website and Sharechat (www.sharechat.co.nz) can provide further resource material. This will assist in observing the working link between the various theories and its application to the market.

You should also review ***“Fuel for your Business”*** published by the NZ Venture Capital Association. Copies of this resource are available on short-loan at Kate Edgar.

Other readings may be provided as part of the course.

Teaching Staff

Financial Management

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Assessment

Financial Management Assignment

You will be required to undertake an individual assignment. The focus will be on the first three to four weeks of the material taught in the Financial Management section of the course.

Exam (Financial Management)

The final exam (2 hours) will cover all material from the Financial Management part of the course. The exam will be closed book, but calculators are allowed and will be required.

Assessment	Proportion	Related learning outcomes to be assessed in accounting and finance
Assignment (Financial Management)	12%	1, 2 and 3.
Exam* (Financial Management)	38%	1, 2, 3, 4 and 5.
TOTAL	50%	

* You are expected to achieve at least 40 marks out of 100 marks in the Exam (Financial Management) as a pre-requisite to passing the course.

Inclusive Learning

Students are urged to discuss privately any impairment-related requirements face-to-face and/or in written form with the course convenor/lecturer and/or tutor.

Student Feedback

Student feedback on course content and process is welcomed. We use this information to continuously identify ways to improve the value students receive from the course. We may ask students to provide formative mid-course evaluations/fast feedback.

Cheating and Plagiarism

The University of Auckland regards cheating as a serious academic offence.

Plagiarism is a form of cheating. In coursework assignments submitted for marking, plagiarism can occur if you use the work and ideas of others without explicit acknowledgment. Work can be plagiarised from many sources, including books, journal articles, the internet, and other students' assignments. A student's assessed work may be reviewed against electronic source material using computerised detection mechanisms. Upon reasonable request, students may be required to provide an electronic version of their work for computerised review.

The way of avoiding plagiarism is to reference your work properly. If you are in doubt about how to reference properly, ask someone – your lecturers, tutors and the Student Learning Centre are good places to start. Please refer to the following website for further information about academic referencing: www.cite.auckland.ac.nz/

The document *Guidelines: Conduct of Coursework* provides further advice on how to avoid plagiarism. It can be found at: www.business.auckland.ac.nz/conductcoursework

The penalties for plagiarism can be severe, including losing some or all of the marks for the assignment. Major offences can be sent to the University's Discipline Committee, where further penalties can be imposed.

Third Party Assistance with Coursework

While you are encouraged to improve your coursework writing skills and are permitted to seek assistance from third parties you are advised that there are important limits on the amount and type of assistance that can be given to you in completing your assignments, including group work. Third parties include fellow students, reading groups, friends, parents, SLC tutors, and paid-for professional editing services.

There is a set of guidelines which clearly indicates the type of advice and assistance that can be given. If you are seeking the assistance of any third party you are required to give a copy of the guidelines to the person prior to them helping or assisting you.

You are also required to only seek and accept help using a printed version of your work, not an electronic version. You must keep a copy of this printed version and produce it if required.

A copy of the guidelines is available at: www.business.auckland.ac.nz/thirdpartyassistance

Help with Academic Referencing

Acknowledgement of sources is an important aspect of academic writing. The University's Referen@ite website www.cite.auckland.ac.nz provides students with a one-stop online resource for academic referencing needs. Referen@ite explains the essentials of referencing and how to avoid plagiarism. It also includes practical tools to help students reference correctly, use references effectively in writing, and gives fast access to some major reference formats with examples.