### Prof. Duke K. Bristow, Ph.D.

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**Office Hours: TBA**

**FBE 437 Monday and Wednesday**

**12-2:30 p.m. ACC 236**

**4 units 30 enrollment capacity**

## ENTREPRENEURIAL FINANCE: Financial Management for Developing Firms

(Syllabus subject to change)

**Text. Stancill:** “Entrepreneurial Finance: For New and Emerging Businesses.” Southwestern College Publishing. Available at the bookstore and online: [www.textbookforuscfbe437.com](http://www.textbookforuscfbe437.com). Your feedback on this text is sought. I do not benefit financially from the use of this text.

This course follows somewhat that which was taught by Prof. Stancill for many years. Prof. Stancill is thanked for the use of his materials and his contribution to the study and teaching of entrepreneurial finance. To his work I add my own experiences with companies from start-up to Fortune 100 size and in roles from intern, to entrepreneur, to investor, to corporate director.

**L# Day/Date Materials Reading Assignment – Topic(s)**

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| **1. W May 18** | Slides Chap 1& 2 | **Introduction**  **Chapter 1: Doing A Start Up** |
|  |  | **Chapter 2: Packaging and Financing A Start Up** |
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| **2. M May 23** | Slides Chap 3 | **Chapter 3: Managing Profit and Financial Stmts.** |
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| **3. W May 25** |  | **PPM Workshop**  ***PPM EXECUTIVE SUMMARY DUE.*** |
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| **M May 30** |  | **Memorial Day Holiday** |
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| **4. W Jun 1** | Slides Chap 4 & 5 | **Chapter 4: Cash Flow Forecasting and Analysis**  **Chapter 5: Growing a Firm** |  |
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| **5. M Jun 6** | Sliders Chap 6 | **Chapter 6: An Entrepreneurial Capital Budgeting Model** Including: Risk Analysis in Capital Budgeting(Other Capital Budgeting Models) |
| **6. W Jun 8** | Slides Chap 7 | **Chapter 7: Capital Structure and Leverage**  ***REVENUE MODEL DUE.*** |
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| **7. M Jun 13** | Slides Chap 8 | **Chapter 8: Raising Funds Externally: An Overview of Investment Banking.** |
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| **8. W Jun 15** | Slides Chap 1 thru 8 | **Review** |
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| **9. M Jun 20** | During Class | Mid-Term Exam |
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| **10. W Jun 22** | Slides Chap 9 | Chapter 9: Long-term Finance: Sweetened Issues and Convertibles. |
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| **11. M Jun 27** | Slides Chap 10 | **Chapter 10: Intermediate Term Finance.**  ***VC CRITIQUE DUE.*** |
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| **12. W Jun 29** | Slides Chap 11 | **Chapter 11: Short-term Financing & Equipment Leasing** |
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| **M Jul 4** |  | **Independence Day, University Holiday** |  |
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| **13. W Jul 6** | Slides Chap 12 | **Chapter 12: Letters of Credit** |
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| **14. M Jul 11** | Slides Chap 13 | **Chapter 13: Cash Management and Money Market** **Securities**  ***PPM CASH FLOW MODEL DUE.*** |
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| **15. W Jul 13** | Slides Chap 14 | **Chapter 14 : Management of Accounts Receivable** |
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| **16. M Jul 18** | Slides Chap 15 | **Chapter 15 External Expansion: Criteria for a LBO and Finding a LBO** |
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| 17. W Jul 20 | Slides Chap 16 | **Chapter 16 Acquiring a Firm: Valuing a Closely Held Firm and Technical Aspects of Acquiring a Firm** |
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| **18. M Jul 25** | Slides Chap 18 | **Chapter 18: Managing the Multiplier and Your Company’s Image**  ***PPM FINAL DRAFT DUE.*** |
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| **19. W Jul 27** |  | **REVIEW** |
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| **20. TBA** | See www.USC.edu | **FINAL EXAM** - Rooms to be announced |

**NOTE TO STUDENT:** This course deals with the real world of financial management as it applies to entrepreneurial firms. To keep abreast of what is happening - now and in the future - I suggest you subscribe to and **read** the Wall Street Journal and one of the weekly business magazines; The Economist would be best. You may subscribe at the best price at: WSJStudent.com. Indicate you are at USC.

**GRADING STANDARDS**

The final grade for this course will be based on the results of the midterm exam (40%) and the final exam (40%) with class participation, assignments and projects (20%). Meaningful participation is encouraged and if a student is close to the next higher grade and has participated well and meaningfully, the instructor reserves the right, at his discretion, to raise the student’s final grade to the next higher grade. The course will follow the Marshall curve with the standards below as an approximate guideline. If you do not want to be graded on a curve please drop the class. This is not an easy A class. It is a ton of work. But if you plan to start a firm or buy one or lead those who do it may be very useful based on what prior students have reported.

The approximate grading standards from prior classes have been:

# A 95 - 100%

A- 90 - 94 %

B+ 85 - 89 %

B 80 - 84 %

B- 75 - 79 %

C+ 69 - 74 %

C 63 - 68 %

D 56 - 62 %

F Below 55%

**ACADEMIC DISHONESTY**

All students at the University of Southern California have an inherent responsibility to uphold the principles of academic integrity and to support each other and the faculty in maintaining a classroom atmosphere that is conducive to orderly and honest conduct. Students must understand and uphold the rules printed in the Student Conduct Code in the USC SCampus handbook, regarding examination behavior, fabrication, plagiarism, and other types of academic dishonesty.

“The Use of unauthorized material, communication with fellow students during an examination, attempting to benefit from the work of another student, and similar behavior that defeats the intent of an examination, or other class work is unacceptable to the University.  It is often difficult to distinguish between a culpable act and inadvertent behavior resulting from the nervous tensions accompanying examinations.  Where a clear violation has occurred, however, the instructor may disqualify the student’s work as unacceptable and assign a failing mark on the paper.” (SCampus)

**DISABILITY**

“Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester.  A letter of verification for approved accommodations can be obtained from DSP.  Please be sure the letter is delivered to me (or my TA) as early in the semester as possible.  DSP is located in STU 301 and is open 8:30 a.m. – 5:00 p.m., Monday through Friday.  The phone number for DSP is (213) 740-0776.”

ATTENDANCE/CLASS PARTICIPATION/GRADE/PROJECTS/ASSIGNMENTS:

In order to received full credit for the class participation grade you must miss no more than 5 lectures and exhibit good participation in class. No one may sign you in except yourself; signing others in is cheating and will not be tolerated. The class is taught in a discussion with the students being active participants. If you don’t plan to come prepared please drop the course. Posting thoughtful questions and answers to Blackboard counts toward class participation. You should post your short bio and an updated resume on Blackboard by the end of the second week of classes. We will have a semester long project which will be broken into various assignments. You will write a private placement memorandum as part of this class and you will evaluate others who write PPMs from the view point of a venture or private equity investor or angel investor.

READINGS:

You are responsible for preparation for class participation and examinations:

1. Reading the assigned topics as outlined in the lecture schedule, from chapters in the required textbook. Read one week ahead of the lectures.

2. Reading the Wall Street Journal on a daily basis in preparation for class discussion. You will be examined on current events related to this class.

The midterm is worth 40% of your grade and the final exam is worth 40% of your course grade. Questions may include both qualitative and quantitative questions from material covered in class, and presented in the readings (textbook, articles posted, and the Wall Street Journal). Questions may be in essay or short-problem or multiple choice formats. There will be no make-up exams offered. If you miss an exam the next one counts for the one you missed. Bring a financial calculator and #2 pencils to each exam; they are not provided. .

EXAM POLOICIES:

• If you have pre-arranged trips on the day of exams, please drop the course. There will be no make-up quizzes or exams.

• All exams are closed-book and closed-notes. No talking during an exam.

• You are required to follow all instructions given on the cover sheet of each test. Failure to do so may result in not receiving credit for correct answers.

• It is your responsibility to check your quiz or exam to ensure that no pages are omitted. If your test is missing a page, ask the proctor for a new test. Requests for re-grades because pages are claimed to have been missing from a test will not be honored.

• Laptops, PDAs and wireless handhelds and cell phones may not be used in any quiz or exam. You should bring a financial calculator to perform calculations.

Authorized Absences:

Students who will be absent from a scheduled class meeting or examination because of an official University activity may be granted an official excuse in advance of the events by the dean or department chair. It is the responsibility of the activity sponsor to provide lists of eligible students in time for the administrator to give approval.

Unclaimed Paperwork:

Copies of exams unclaimed by a student will be discarded after four weeks and will not be available should a grade appeal be pursued by a student following receipt of final grades.

Use of recording or photographic equipment: You may not record any class or take video or photos with the prior written permission of the instructor.