

FLORIDA ATLANTIC UNIVERSITY™

Graduate Programs—COURSE CHANGE REQUEST

UGPC APPROVAL _____
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DEPARTMENT: MANAGEMENT PROGRAMS	COLLEGE: COLLEGE OF BUSINESS
COURSE PREFIX AND NUMBER: ENT 6428	CURRENT COURSE TITLE: ENTREPRENEURSHIP AND VENTURE CAPITAL
CHANGE(S) ARE TO BE EFFECTIVE (LIST TERM): SPRING 2012	<input type="checkbox"/> TERMINATE COURSE (LIST FINAL ACTIVE TERM):
CHANGE TITLE TO: CHANGE PREFIX FROM: TO: CHANGE COURSE NO. FROM: TO: CHANGE CREDITS FROM: TO: CHANGE GRADING FROM: TO: CHANGE DESCRIPTION TO:	CHANGE PREREQUISITES/MINIMUM GRADES TO*: ENT 6016 AND ADMISSION TO ANY GRADUATE PROGRAM AT FAU CHANGE COREQUISITES TO*: CHANGE REGISTRATION CONTROLS TO: *Please list both existing and new pre/corequisites, specify AND or OR, and include minimum passing grade.
Attach syllabus for ANY changes to current course information.	
Should the requested change(s) cause this course to overlap any other FAU courses, please list them here.	Departments and/or colleges that might be affected by the change(s) must be consulted and listed here. Please attach comments from each.

Faculty contact, email and complete phone number: Gary Castrogiovanni, castrogi@fau.edu, 7-3654

Approved by: Department Chair: <u><i>Gary Alden</i></u> College Curriculum Chair: <u><i>William Stuy</i></u> College Dean: <u><i>William Coats</i></u> UGPC Chair: _____ Graduate College Dean: _____	Date: <u>9/26/11</u> <u>9/26/11</u> <u>9-27-11</u> _____ _____	ATTACHMENT CHECKLIST ♦Syllabus (see guidelines for requirements: http://www.fau.edu/graduate/facultyandstaff/programscommittee/index.php) ♦Written consent from all departments affected by changes
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Email this form and syllabus to diamond@fau.edu one week before the University Graduate Programs Committee meeting so that materials may be viewed on the UGPC website prior to the meeting.

Entrepreneurship and Venture Capital
ENT 6428 (3 Credits)
Spring 2010
Thur. 7:10 – 10:00 p.m., BU 102
Prerequisites: None

Dr. Mishra
207 DeSantis Center
Phone : 561-297-0251
E-mail : cmishra@fau.edu

Course Description

Course provides an understanding of new venture finance and related issues including due diligence, valuation, financing, deal structuring, deal sourcing, all within an overall framework of strategic decision making for value creation. This is an elective course and prerequisites for this course include admission to the MBA program or admission to any graduate program at FAU and completion of ENT 6016.

Course Objectives and Student Learning Outcomes

The course is primarily geared to students who may be interested in starting a business, buying or selling or restructuring an existing one, playing a managerial role in a rapidly growing business, providing financial and other resources to entrepreneurial businesses, or pursuing careers in investment banking, venture capital, private equity, commercial banks, money management, management consulting, or new business development in larger companies.

This course is designed to give each participant an understanding of an investment perspective for a new venture and related issues including due diligence, startup valuation, financing, deal structuring, deal sourcing, within an overall framework of strategic decision making for value creation. The course provides a framework of tools, concepts, and exercises to enable you to make better investment and financing decisions.

Required Readings

A course packet is available through the Harvard Business School Publishing website at:
<http://harvardbusinessonline.hbsp.harvard.edu/relay.jhtml?name=cp&c=c25119>

Reference Books

Equity Finance: Venture Capital, Buyouts, Restructurings and Reorganizations, Volume 1, 2, and 3, Joseph Bartlett, Panel Publishers

Office Hours

before and after the class on Wednesday. Please e-mail me for an appointment prior to your coming from off-campus.

Grade Determination

Venture Capital Investment Exercise	60%
In-Class Quizzes and Exercises	20%
Class Participation	20%

Venture Capital Investment Exercise

The exercise is based on a business plan assigned to each team to evaluate the risks, prepare a term sheet, and then make a brief presentation to a panel of venture capitalists.

Each team delivers an investment memorandum. Each team will be graded on how well the team identifies the key risk elements with the company, how well the team identifies the specific milestones whose achievement is critical for the company to be successful, and how well the team values the company and crafts a term sheet to mitigate the risks and incent the management to grow the company towards a successful exit.

Each student signs an NDA (Non Disclosure Agreement) to receive the business plan. All business plans will be collected at the end.

Individual grades will vary according to each member's contribution to the team effort. Each student will fill out a peer evaluation form at the end of the course.

In-Class Quizzes and Exercises

Each student is expected to read the case and assigned readings, and adequately prepare the class preparation questions before coming to each class. Each student is expected to take all in-class quizzes and exercises, and keep up with the class assignments on a weekly basis.

Academic Integrity

Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty is considered a serious breach of these ethical standards, because it interferes with the university mission to provide a high quality education in which no student enjoys an unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and places high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty. For more information, see University Regulation 4.001.

Americans with Disabilities Act

In compliance with the Americans with Disabilities Act (ADA), students who require reasonable accommodations due to a disability to properly execute coursework must register with the Office for Students with Disabilities (OSD) -- in Boca Raton, SU 133 (561-297-3880); in Davie, LA 240 (954-236-1222); in Jupiter, SR 110 (561-799-8010); or at the Treasure Coast, CO 117 (772-873-3441) – and follow all OSD procedures.

Class Participation

Each student is responsible for all in-class and e-mail announcements. *You must check your FAU e-mail account regularly.*

Effective participation is when a student provides regular and substantive insights into the problem and its solution while taking into consideration the ideas provided by others.

In assigning class participation grades, the following scale will be used:

0 points	Student is absent, unprepared or makes no comments
8 points	Student adds minimally to the discussion.
15 points	Student makes a significant contribution to the discussion.
20 points	Student provides regular and substantive insight

Tentative Schedule of Sessions

Jan 7		Introduction and Overview
	Additional Reading:	How Venture Capitalists Evaluate Potential Venture Opportunities
Jan 14 and 21	Case:	Paint-Pen Inc
	Additional Readings:	1. Note on Valuing Private Businesses 2. Note on Financial Statements and Ratios
	Class Preparation Questions:	1. Would you buy this company? Why or why not? 2. What additional information would you try to get and how? 3. What is the company worth?
Jan 21 And 28	Case:	Zipcar: Refining the Business Model
	Readings:	1. Business Model Analysis for Entrepreneurs 2. The Five Competitive Forces that Shape Strategy
	Class Preparation Questions:	1. What is the business model, and how has it changed between December'99 and May'00? 2. What do the data from actual operations in September say about how the business model is playing out in practice? Does this data give you comfort or concern? 3. What is the strongest argument Chase could make to a potential investor about the attractiveness of the venture?
Feb 4 & Feb 11	Case:	Walnut Venture Associates (A)
	Additional Readings:	1. Managing Risk and Reward in an Entrepreneurial Venture 2. Milestones for Successful Venture Planning
	Class Preparation Questions:	1. Why would an entrepreneur seek financing from an angel? 2. Evaluate the potential investment in RBS from Walnut's point of view. 3. As a Walnut investor, what critical issues do you see as requiring more investigation or due diligence on your part prior to investing, and how would you accomplish that?
Feb 18 and 25	Case:	Walnut Venture Associates (D)
	Additional Readings:	1. Note on Private Equity Securities 2. Pre-Money/Post-Money Valuation Online Tutorial (HBS product No. 803703)

	Class	1. What do you think the investors are trying to accomplish?
	Preparation	2. What terms do you find most troubling and why?
	Questions:	3. Assume that in five years RBS is liquidated for \$3 million. If the deal proposal in the term sheet is accepted, who will receive the \$3 million? If RBS is liquidated for \$10 million or \$30 million in 5 years, who will receive the money?
Mar 11 And 18	Case:	Walnut Venture Associates (Contd.)
	Additional Readings:	1. Venture Capital Negotiations: VC vs. Entrepreneur 2. Note on Valuation of Venture Capital Deals
	Class Preparation	1. What would you try to renegotiate and what might you will be willing to give up to get what you want?
	Questions:	2. What is a reasonable valuation for RBS in June '98?
Mar 25	Team Deliverable	Business Plan Due Diligence and Research Presentation Due
	PPT Contents:	1. Market Analysis 2. Competition 3. Strategy 4. Management Team
	Preparation Guide:	1. How well the team understands and critiques each company's business model 2. How well the team identifies the key risk elements with the company 3. How well the team identifies the specific milestones
Apr 1		Entrepreneurs Q&A (Tentative)
	Team Deliverable	Due Diligence Questions Due
Apr 8	Team Deliverable	Investment Memorandum Due
	Report Contents:	1. Market Analysis 2. Competition 3. Strategy 4. Management Team Assessment 5. Due Diligence Questions 6. Deal Structure 7. Term Sheet
Apr 15 and 22	Team Deliverable	Final Team Presentations

Additional Reading

- Berry, T. (2008). *The plan-as-you-go business plan*. Irvine, CA: Entrepreneur Press.
- Castrogiovanni, G. (1996). Pre-startup planning and the survival of new small businesses: Theoretical linkages. *Journal of Management*, 22: 801-822.
- Chrisman, J., & McMullan, W. E. (2004). Outsider assistance as a knowledge resource for new venture survival. *Journal of Small Business Management*, 42: 229-244.
- Cornwall, J. (2010). *Bootstrapping*. Upper Saddle River, NJ: Pearson.
- Fiet, J., & Patel, P. (2008). Forging business models for new ventures. *Entrepreneurship: Theory & Practice*, 32: 749-761.
- Herron, L., & Sapienza, H. (1992). The entrepreneur and the initiation of new venture launch activities. *Entrepreneurship: Theory & Practice*, 17: 49-55.
- Holcomb, T., Ireland, R. D., Holmes, Jr., R. M., & Hitt, M. (2009). Architecture of entrepreneurial learning: Exploring the link among heuristics, knowledge, and action. *Entrepreneurship Theory & Practice*, 33: 167-192.
- Honig, B. (2004). Entrepreneurship education: Toward a model of contingency-based business planning. *Academy of Management Learning and Education*, 3 (3): 258-273.
- Honig, B., & Karlsson, T. (2004). Institutional forces and the written business plan. *Journal of Management*, 30: 29-48.
- Korunka, C., Frank, H., Lueger, M., & Mugler, J. (2003). The entrepreneurial personality in the context of resources, environment, and the startup process: A configurational approach. *Entrepreneurship: Theory & Practice*, 28: 23-42.
- Lévesque, M., Minniti, M., & Shepherd, D. (2009). Entrepreneurs' decisions on timing of entry: Learning from participation and from the experiences of others. *Entrepreneurship Theory & Practice*, 33: 547-570.
- McGrath, R., & MacMillan, I. (1995). Discovery-driven planning. *Harvard Business Review*, 73 (4): 44-54.
- McGrath, R., & MacMillan, I. (2000). *Entrepreneurial mindset*. Boston: Harvard Business School Press.
- McGrath, R., & MacMillan, I. (2009). *Discovery-driven growth*. Boston: Harvard Business Press.
- Mintzberg, H. (1973). Strategy-making in three modes. *California Management Review*, 16 (2): 44-53.