

MBA F720
Small Business and Entrepreneurial Finance
Fall 2019 Course Outline

Finance and Business Economics
DeGroote School of Business
McMaster University

COURSE OBJECTIVE

This course is intended for students who wish to enhance their skills and knowledge in those areas of business that lead to successful entrepreneurship and/or small business management. The focus will be on those financial issues and decisions of particular concern to sole proprietors, partnerships, family-owned businesses and small non-public corporations. This will include the financial aspects of the relationship between the firm and its owners. The course is intended to be non-technical in order to be accessible by students with a variety of backgrounds

INSTRUCTOR AND CONTACT INFORMATION

Lecture C01

Instructor: D. Pitman Office: TBA Office Hour: TBA	Teaching Assistant: TBA Office: TBA Office Hour: TBA
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Course website: avenue.mcmaster.ca

COURSE ELEMENTS

Credit Value: 3	Leadership: Yes	IT skills: No	Global view: Yes
Avenue: Yes	Ethics: No	Numeracy: Yes	Written skills: Yes
Participation: Yes	Innovation: Yes	Group work: Yes	Oral skills: Yes
Evidence-based: Yes	Experiential: No	Final Exam: No	Guest speaker(s): No

COURSE DESCRIPTION

This course is intended for students who wish to enhance their skills and knowledge in those areas of business that lead to successful entrepreneurship and small business management. The focus will be on those financial issues and decisions of particular concern to sole proprietors, partnerships, family-owned business and small non-public corporations. This will include the financial aspects of the relationship between the firm and its owners. The course is intended to be non-technical in order to be accessible by students with a variety of interests.

LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following key tasks:

- Understand the components of a sound business model;
 - Develop and write a business plan;
 - Decide whether the venture should be a proprietorship, partnership or corporation;
 - Measure and evaluate financial performance;
 - Prepare a cash budget;
 - Explain how the time pattern of cash flows relates to the value of the venture;
 - Identify various sources of financing; and
 - Develop an exit strategy.
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REQUIRED COURSE MATERIALS AND READINGS

Required:

Textbook: Entrepreneurial Finance, 6th Edition, Leach and Melicher. Available at the bookstore

Further reading materials may be announced by the instructor during the course.

EVALUATION

Learning in this course is facilitated primarily through lectures and in-class discussions. Students are expected to be prepared for class and to contribute class discussion (a component of the evaluation). A component of the evaluation is based on group work.

Missed tests/exams will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence. Late assignments will be penalized 5% for each day they are late. Your final grade will be calculated as follows:

Components and Weights

Class Participation (Individual)	5%
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Assignment (Individual)	15%
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Midterm Exam (Individual)	35%
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Business Plan Presentation	15%
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Business Plan Submission	30%
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Total	100%
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NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf

Class Participation

Participation in-class is worth 5% of the final course grade. Students are expected to be prepared for class and to actively contribute to class discussion. Not only does participation enhance mastery of the course curriculum individually but it also enhances the learning experience for the class generally. Assessment for participation will be on a self-reported basis. At the end of term, each student will be required to submit to Avenue a summary on their participation throughout the class. The instructor will post a summary template in which students will record participation weekly. Participation will be assessed commencing the third week of class.

Assignment

The assignment is to be completed individually and is worth 15%. The assignment will be posted on Avenue 2 weeks prior to its due date.

Midterm

The midterm (35%) is closed book. Potential question types include multiple choice, short answer and problems requiring calculations. The midterm will be held in class.

Start-up Business Plan

The objective is to prepare a financed-focused business plan that a professional investor would evaluate for funding purposes. The business plan needs to focus on an original or early-stage idea that has realistic potential to receive start-up funding. Students will work in groups (maximum 3 people).

There are three deliverables:

- A) Proposal: Submit start-up proposal on Avenue for approval (no associated marks)
- B) Presentation: A presentation version of the business plan. Submit Powerpoint slides on Avenue (15%)
- C) Business Plan Submission: A complete business plan document submitted on Avenue (30%)

Additional information including specific direction on content and organization will be provided early in the course.

Grade Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

LETTER GRADE	PERCENT	POINTS
A+	90-100	12
A	85-89	11
A-	80-84	10
B+	75-79	9
B	70-74	8
B-	60-69	7
F	00-59	0

Communication and Feedback

Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Administrative Assistant.

ACADEMIC DISHONESTY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at:

www.mcmaster.ca/academicintegrity

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

Language for Use in Courses with an On-Line Element

In this course we will be using Avenue. Students should be aware that when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure.

If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

MISSED ACADEMIC WORK

Missed Mid-Term Examinations / Tests / Class Participation

Where students miss a regularly scheduled mid-term or class participation for legitimate reasons as determined by the Student Experience – Academic (MBA) office, the weight for that test/participation will be distributed across other evaluative components of the course at the discretion of the instructor. Documentation explaining such an absence must be provided to the Student Experience – Academic (MBA) office within five (5) working days upon returning to school.

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To document absences for health related reasons, please provide to Student Experience – Academic (MBA) office the Petition for Relief for MBA Missed Term Work and the McMaster University Student Health Certificate which can be found on the DeGroote website at <http://mbastudent.degroote.mcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form (MSAF) as this is for Undergraduate students only. University policy states that a student may submit a maximum of three (3) medical certificates per year after which the student must meet with the Director of the program.

To document absences for reasons other than health related, please provide Student Experience – Academic (MBA) office the Petition for Relief for MBA Missed Term Work and documentation supporting the reason for the absence.

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Such requests must be made to the Student Experience – Academic (MBA) office at least ten (10) working days before the scheduled exam along with acceptable documentation. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by Student Experience – Academic (MBA).

If a mid-term exam is missed without a valid reason, students will receive a grade of zero (0) for that component.

Missed Final Examinations

A student who misses a final examination without good reason will receive a mark of 0 on the examination.

All applications for deferred and special examination arrangements must be made to the Student Experience – Academic (MBA) office. Failure to meet the stated deadlines may result in the denial of these arrangements. Deferred examination privileges, if granted, must be satisfied during the examination period at the end of the following term. There will be one common sitting for all deferred exams.

Failure to write an approved deferred examination at the pre-scheduled time will result in a failure for that examination, except in the case of exceptional circumstances where documentation has been provided and approved. Upon approval, no credit will be given for the course, and the notation N.C. (no credit) will be placed on the student's transcript. Students receiving no credit for a required course must repeat the course. Optional or elective courses for which no credit is given may be repeated or replaced with another course of equal credit value.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Any student who is unable to write a final examination because of illness is required to submit the Application for Deferred MBA Final Examination and a statement from a doctor certifying illness on the date of the examination. The Application for Deferred MBA Final Examination and the McMaster University Student Health Certificate can be found on the DeGroote website at <http://mbastudent.degroote.mcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. Students who write examinations while ill will not be given special consideration after the fact.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within five business days of the missed examination.

Special examination arrangements may be made for students unable to write at the posted exam time due to compelling reasons (for example religious, or for part-time students only, work-related reasons):

- Students who have religious obligations which make it impossible to write examinations at the times posted are required to produce a letter from their religious leader stating that they are unable to be present owing to a religious obligation.
- Part-time students who have business commitments which make it impossible to write examinations at the times posted are required to produce a letter on company letterhead from the student's immediate supervisor stating that they are unable to be present owing to a specific job commitment.

In such cases, applications must be made in writing to the Student Experience – Academic (MBA) office at least ten business days before the scheduled examination date and acceptable documentation must be supplied.

If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write the test/examination at an approved location with an approved invigilator, as determined by the Student Experience – Academic (MBA) office.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within ten business days of the end of the examination period.

Note: A fee of \$50 will be charged for a deferred exam written on campus and a fee of \$100 for deferred exams written elsewhere. In cases where the student's standing is in doubt, the Graduate Admissions and Study Committee may require that the student with one or more deferred examination privileges refrain from re-registering until the examination(s) have been cleared.

STUDENT ACCESSIBILITY SERVICES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

POTENTIAL MODIFICATION TO THE COURSE

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of MBA F720 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

COURSE SCHEDULE

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LECTURE	DATE	CHAPTER	
<i>Entrepreneurial Environment</i>	Sept 12 th	1	Review Course Outline Introduction to finance for Entrepreneurs.
<i>Organizing and Operating</i>	Sept 19 th	2, 3	Developing Business Idea Organizing and Financing a New Venture
	Sept 26 th	4	Preparing and Using Financial Statements Class Participation Begins
	Oct 3 rd	5	Evaluating Operating and Financial Performance
<i>Planning</i>	Oct 10 th	6	Managing Cash Flow Individual Assignment Due
<i>Creating and Recognizing Value</i>	Oct 17 th	7 9	Types and Costs of Financial Capital Projecting Financial Statements
	Oct 24 th	10	Valuing Early-Stage Ventures Business Plan Proposal Due
<i>Structuring Finance</i>	Oct 31 st	11,12	Venture Capital Valuation Methods. Professional Venture Capital Midterm Review
	Nov 7 th		Midterm Exam (Chapters 1 – 7, 9 - 12
	Nov 14 th	13	Other Financing Alternatives
	Nov 21 st	14	Security Structures and Determining Enterprise Values
<i>Exit and Turnaround</i>	Nov 28 th	15	Harvesting Business Venture

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	Dec 5 th	16	Financially Troubled Ventures: Turnaround Opportunities? Business Plan Presentations & Submissions Due Class Participation Report Due
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