

## Syllabus - New Venture Finance

### MGT 481 | Fall 2021 | 3 Credit Hours

Craig Armstrong, Alston 155, 205-394-7499 (for texting)



Course GroupMe Join QR Code:

## When and Where

Lecture: 11:00 am - 12:15 pm, Bidgood 17, August 19 - December 2, 2021; the entire course is hosted online at [Prof Craig Armstrong - New Venture Finance Fall 2021](#).

Office hours: Wednesdays, 12pm - 4pm by Zoom; Also by appointment. Text me at 205-394-7499 to set up an office hours session, and I'll send you a link.

## Course Catalog Description

Provide students with working knowledge of financing mechanisms such as friends and family, venture capital, angel investments, and debt instruments for creating and operating a new venture; valuation methods for determining pre- and post-money; creating capitalization tables to track equity ownership assignments and investment rounds.

## Pre-requisites

MGT 300 and MGT 386

## Strongly Suggested Texts

Three paperback (or ebooks) available at Amazon.com

- [Founder's Pocket Guide: Friends and Family Funding](#) \$7.99 (\$3.03)
  - ISBN 978-1-938162-11-4
- [Founder's Pocket Guide: Startup valuation](#) \$7.99 (\$3.99)
  - ISBN-13: 978-1938162046
  - ISBN-10: 1938162048
- [Founder's Pocket Guide: Term sheets and preferred shares](#) \$7.99 (\$3.99)
  - ISBN 978-1-938162-06-0

The lowdown: You can probably get through this course without these books, but I purposely chose these books because of their quality, conciseness, and price.

## Course objectives

This course is for aspiring or active entrepreneurs who want to understand how to secure funding for their company. This course will demystify key financing concepts to give entrepreneurs and aspiring entrepreneurs a guide to secure funding. Examine the many financing options available to get your new venture funded. Learn the basics of finance, valuations, dilution and non-dilutive funding sources. Understand capital structure for new ventures, term sheets and how to negotiate them, and the differences between early-stage versus later-stage financing. Develop an understanding of how to develop winning investor pitches, who and when to pitch, how to avoid common mistakes that limit the effectiveness of the pitch, and how to 'get to the close'.

Key questions answered within the course include:

- When to raise outside capital?
- What kind of investors invest by stage and where to find them?
- What are your fundraising options?
- What are the key components of the term sheet?
- How to perform company valuations?
- How to create milestones to delineate the progress of the new venture?
- How to pitch to investors?
- What techniques help the entrepreneur 'get to the close'?

(Adapted from <https://www.coursera.org/learn/startup-funding>)

## Learning outcomes

Accordingly, student learning objectives include *at a minimum* the following:

- Recognize and anticipate situations where entrepreneurs should raise outside capital
- Identify appropriate types of investors by stage and recognize where to find them
- Identify and evaluate fundraising options that are appropriate to the type and stage of development of the venture
- Understand and differentiate the key components of the term sheet
- Perform several different approaches to company valuations
- Understand the components of an effective pitch to prospective investors
- Recognize, evaluate, and select situation-appropriate techniques that help the entrepreneur 'get to the close'

## Activities and assignments

**Note: These are tentative activity and assignment listings.**

You will turn in a graded activity every week of the semester beginning the week of August 24. In addition to the practice quiz, which is provided to help reinforce what you've learned after viewing the assigned readings and video, you'll have a graded assessment activity. This could be in the form of a written analysis, a brief case write-up, or an additional quiz. All assignments are due by 11:59 pm, Sunday, of that weekend. The points I've assigned to each module are intentionally set so that messing up on any one particular assessment won't crush your grade (or your soul). **Four assignments each worth 7 points, four worth 8 points, and four worth 10 points (4x7 + 4x8 + 4x10) = (28+32+40) = 100 total points for the course.**

1. [Financial Analysis](#) Assessment due August 29, 7 points
2. [Pro Forma Financials](#) Assessment due September 5, 7 points
3. [Working Capital Management](#) Assessment due September 12, 7 points
4. [Overview of Sources of Financing](#) Assessment due September 19, 7 points
5. [Founders](#) Assessment due September 26, 8 points
6. [Friends and Family](#) Assessment due October 3, 8 points
7. [Early Stage Valuation](#) Assessment due October 10, 8 points
8. [Angel Investors](#) Assessment due October 17, 8 points
9. [Venture Capital](#) No Assessment (yet) Likely extra credit opportunity, points negotiable
10. [Cap Tables](#) Assessment due October 31, 10 points
11. [Term Sheets](#) Assessment due November 7, 10 points
12. [Harvest](#) Assessment due November 14, 10 points
13. [Search Funds](#) Assessment due November 21, 10 points

## Exams and Assignments

There are no exams or final exams. I expect you to submit all work on time and that the work you submit is your own work.

## Grading Policy

I follow the conventional grading policy of A+ > 96.99999, A > 92.99999, A- > 89.9999, etc. I do not round up. I will give you feedback and grades as soon as possible after you've submitted a quiz or assignment. I rarely use Blackboard for courses, so you are expected to keep track of your own scores and figure out your current class standing. I will occasionally update grades on Bb.

## Policy on Missed Exams and Coursework

I do my best to give students sufficient advance notice on due dates for assignments. So I generally will not award credit for missed or late assignments. If you are a few hours late submitting an assignment, submit it late for consideration for partial credit.

## Attendance Policy

This is an online course during a pandemic. I expect you to remain engaged with the course and the work throughout the semester. Let me know if you find yourself falling behind and I will try to help.

## Notification of Changes

The instructor will make every effort to follow the guidelines of this syllabus as listed; however, the instructor reserves the right to amend this document as the need arises. In such instances, the instructor will notify students in class and/or via email and will endeavor to provide reasonable time for students to adjust to any changes.

## Statement on Academic Misconduct

Students are expected to be familiar with and adhere to the official [Code of Academic Conduct](#) provided in the Online Catalog.

## Statement On Disability Accommodations

Contact the [Office of Disability Services \(ODS\)](#) as detailed in the Online Catalog.

## Severe Weather Protocol

Please see the latest [Severe Weather Guidelines](#) in the Online Catalog.

## UAct Statement

The [UAct website](#) provides an overview of The University's expectations regarding respect and civility.