

Venture Capital
EEE 4653/EEE 5653 –Spring 2010
2:30-3:45 MW Classroom Building 319

INSTRUCTOR: Vance H. Fried
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OFFICE HOURS: MW 9:30-11:00, MW 1:30-2:00

COURSE PREREQUISITES: EEE 3023, FIN 3013

COURSE MATERIALS: 1) *Finance Any Business Intelligently*, Dileep Rao, Interfinance Corporation (2008) and 2) other materials to be handed out in class or posted on the course website.

COURSE DESCRIPTION: This course explores finance from the standpoint of an entrepreneur seeking financing for a mid to high potential venture. Major topics include: making financial projections for start-ups, assessing how much money a venture requires, understanding different financing sources, and locating and negotiating both debt and equity financing. As time allows, we will also cover financial analysis and cash management for entrepreneurial ventures, turnarounds, acquisitions, and initial public offerings

COURSE CONDUCT: The assigned readings from the text are meant to familiarize you with the key concepts for the course. There will be some lecture, but the bulk of class time will be devoted to activities aimed at helping you see how to apply the concepts in a variety of settings. We will have some guest speakers throughout the semester. Much of the course requires group work. Except for the Financing Plan, the group work will be done in class, but will often require individual preparatory work (e.g. reading an assigned case) outside of class.

EEE 4653 GRADING CRITERIA: The grading scale will be 90=A, 80=B, 70=C, 60=D, below 60=F. Grades will be based upon the following components:

Individual performance		
Quizzes (total)	13%	
Exam 1	13%	
Exam 2	13%	
Exam 3	13%	
Final –Part 1	13%	
Final—Part 2	<u>7%</u>	
		72%
Group performance		
Quizzes (total)	6%	
Financing Plan	<u>22%</u>	
		<u>28%</u>
		100%
Adjustments		
Peer Evaluation		+3% to -3%
Class Participation		+2% to -5%

EEE 5653 GRADING CRITERIA: The grading scale will be 93=A, 85=B, 77=C, 70=D, below 70=F. Grades will be based upon the following components:

Individual performance		
Quizzes (total)	12%	
Exam 1	12%	
Exam 2	12%	
Exam 3	12%	
Final –Part 1	12%	
Final—Part 2	<u>6%</u>	66%
Group performance		
Quizzes (total)	2%	
Financing Plan I	16%	
Financing Plan II	<u>16%</u>	34%
		100%
Adjustments		
Peer Evaluation		+3% to -3%
Class Participation		+2% to -5%

QUIZZES: On a regular basis, you will take short quizzes over the reading material assigned for the day. No notice will be given of these quizzes. These quizzes will be taken individually. Often, you will also take the quiz as a group after completing the individual quiz.

EXAMS: There will be three in-class exams spread out over the semester. They will cover all the readings assigned plus material we covered in class.

FINANANICNG PLAN: In a group, you will prepare a written financing plan for the venture of your choice. (EEE 5653 students will prepare two financing plans). The financing plan will include power point slides for an oral presentation (with notes as appropriate) and a full set of pro forma financial statements. More information about the plan will be provided later in the semester.

FINAL EXAM: The final will be in two parts. The first part will be similar to the three prior exams. It will not be comprehensive. The second part will be a critique of the financing plans of other groups in the class. Both parts of the final exam will be administered during the regularly scheduled university exam period.

PEER EVALUATION ADJUSTMENT: At the end of the semester, each individual will rate the helpfulness of all of the *other* members of their group. The individual's peer evaluation adjustment will be the average of the adjustment points they receive from other group members. The total adjustments for your group will equal zero. This means that the peer evaluation scores will produce differences in grades only *within* groups. Consequently group members can't help everyone in their group get a higher grade by giving them high evaluations. The only way to help everyone in the group get a higher grade is to help the group do an excellent job on the group activities.

If your group indicates that your contribution to the Financing Plan was poor, **your grade for the Financing Plan will be reduced** to 70% of the group grade. If at least half of your group indicates that your contribution was failing, your grade for the Financing Plan will be reduced by more than 70%. **In extreme cases, you may receive a ZERO for the Financing Plan.** Please advise me by e-mail if at any point you think a group member is likely to receive a "poor" or "failing" rating. I will notify the group member of this concern, but will not give them your name. You cannot give a group member a "poor" or "failing" rating unless you have notified me in advance.

CLASS PARTICIPATION: You are expected to participate regularly in class, particularly in discussions within your group. You are expected to have read all assigned material and completed any out of class exercises BEFORE coming to class. You are expected to be courteous and helpful to other students, and to focus your efforts on the class. Texting, Facebooking, general web-surfing, Sodoko, crosswords, working on assignments for another class, and other disruptive activities are not allowed. At the end of the semester, I will award up to 2 points to your final grade for Class Participation. In cases where it appears that your class participation is poor, I may deduct up to 5 points. In deciding how many points to award, I will consider feedback from your group members, your performance on individual quizzes and my personal observation of your behavior.

ATTENDANCE: This course observes the attendance policy of the School of Entrepreneurship. Attendance is required. It is not an option. You are allowed two unexcused absences. If you miss more than two times, you will forfeit one letter grade in the course.

POLICY ON THE USE OF CASE DATA

Several times in the semester we will be using business cases.

- The data provided in the case will invariably be incomplete and old. Cases are used to build analytical and decision-making skills and to illustrate conceptual points, *not* to learn about recent decisions by a specific company;
- Do not overlook whatever data are available in the case;
- Believe the facts and data; you may be suspicious of stated opinions;
- If essential pieces of information are missing, make reasonable and *explicit assumptions*;
- You are **NOT** allowed to do independent research about the company or case prior to class discussion. Cases often depict the information available to the decision-maker at the point of the decision. Looking at "what happened" gives you the benefit (or bias) of hindsight, which will not be available when you have to make real decisions. I will consider such behavior as a **"VIOLATION OF ACADEMIC INTEGRITY"**.

Case learning is an individual journey of discovery (aided by class discussion). It is inappropriate and unethical behavior to discuss the case prior to class discussion with participants from previous classes (or sections), or to exchange material with those participants. I will consider such behavior as a **"VIOLATION OF ACADEMIC INTEGRITY"**.

MAKE-UP EXAMS: If you have a good reason for missing the regularly scheduled time for taking an exam, you can take a make-up if you make arrangements with me *in advance*. Quizzes cannot be made up.

SCHEDULE: The course schedule and reading assignments will be posted on the course website.

SCHOOL OF ENTREPRENEURSHIP: The School of Entrepreneurship offers a variety of courses, programs and general information for OSU students interested in entrepreneurship. (see <http://entrepreneurship.okstate.edu>)