

NANYANG TECHNOLOGICAL UNIVERSITY
NANYANG BUSINESS SCHOOL

BE3201
Entrepreneurial Finance

A) Course Aims/Description

The course is not only relevant for would-be entrepreneurs, but also for those considering a career in commercial banking, investment banking, private equity investment, venture capital investment, and corporate venture investment. This course differs from a typical corporate finance course in that it highlights the special and unique considerations when planning the financial needs of new ventures and young companies. Many typical avenues of funding (such as bank borrowing, issuing of bonds or issuing of liquid equities) for established or public listed companies are usually not available to small and young companies due to the lack of business track record. The analyses and requirements of investors who are considering providing finances to small and young companies may also be different from that of public equity investments. This course will enable students who intend to initiate entrepreneurial ventures after graduation to explore fund raising opportunities for their ventures from professional investors. This course will also benefit students who intend to pursue careers in the venture capital industry.

B) Intended Learning Outcomes (ILO)/Objectives

By the end of this course, you should be able to:

1. Describe the typical life cycle that a successful venture goes through.
2. Identify the various avenues of fund raising for a new, young, or private venture.
3. Formulate or evaluate a business plan as an entrepreneur or investor.
4. Explain the requirements, investment terms and conditions of a typical professional venture capital fund.
5. Illustrate how private ventures may be valued by the professional venture capital funds.
6. Explain the negotiation process between the entrepreneur and the professional venture capital fund.
7. Formulate the *Investment Terms Sheet* for the purpose of discussion and negotiation between the entrepreneur and the professional venture capital fund.
8. Demonstrate the importance of group work as founders of young ventures, and as members of investment team in a professional venture capital firm.

C) Course Content

Introduction To Finance For Entrepreneurs
Developing The Business Idea
Organizing And Financing A New Venture
Preparing And Using Financial Statements
Evaluating Operating And Financial Performance

Managing Cash Flow
 Projecting Financial Statements
 Types And Costs Of Financial Capital
 Valuing Early-Stage Venture
 Venture Capital Valuation Methods
 Professional Venture Capital
 Other Financing Alternatives
 Security Structures And Determining Enterprise Values
 Harvesting The Business Venture Investment

D) Assessment (includes both continuous and summative assessment)

| Component | Weightage | Group/ Individual |
|--|-----------|----------------------------|
| 1. Project (Event 1, Event 2, Event 3, Event 4, Event 5) | 50% | Group and Individual |
| 2. Final Examination | 50% | Individual |
| Total | 100% | |

| Week | Topic |
|--------------------------|---|
| 1 | <u>Seminar 1</u> Introduction To Finance For Entrepreneurs Developing The Business Idea |
| 2 | <u>Seminar 2</u> Organizing And Financing A New Venture Preparing And Using Financial Statements Evaluating Operating And Financial Performance |
| 3 | eLearning Week (No classroom session, Discussion Forum) |
| 4 | <u>Seminar 3</u> Managing Cash Flow Projecting Financial Statements Project Event 1 |
| 5 | <u>Seminar 4</u> Types And Costs Of Financial Capital Project Event 2 |
| 6 | <u>Seminar 5</u> Valuing Early-Stage Ventures Venture Capital Valuation Methods |
| 7 | <u>Seminar 6</u> Professional Venture Capital Other Financing Alternatives |
| <i>RECESS WEEK</i> | |
| 8 | <u>Seminar 7</u> Security Structures And Determining Enterprise Values Harvesting The Business Venture Investment |
| 9 | Project Event 3 |
| 10 | Project Event 4 |
| 11 | Project Event 5A |
| 12 | Project Event 5B |
| 13 | Project Event 5C |
| <i>FINAL EXAMINATION</i> | |