MGSM847

Entrepreneurial Finance

Term 1 North Ryde 2018

MGSM Degree Programs

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Disclaimer

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General Information

Unit convenor and teaching staff Karl Rodrigues karl.rodrigues@mgsm.edu.au Contact via + 61 422 569 558 Block Class: January 27-28, February 2-4 2018
Credit points 4
Prerequisites MGSM840
Corequisites
Co-badged status
Unit description Entrepreneurial Finance examines the theory and practice associated with the financing of new ventures. This unit explores sources of funding, risk, venture capital financing terms and models, value creation, and exits. This study of entrepreneurial finance will enhance your ability to finance and launch new ventures, from both the viewpoints of the entrepreneur and external investors.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at https://www.mq.edu.au/study/calendar-of-dates

Learning Outcomes

On successful completion of this unit, you will be able to:

Critically analyse the financial aspects of new venture business strategy and planning to choose the best source of financing.

Critically consider the role of diverse mindsets of different cultures and markets in how investors may view opportunities.

Assess and integrate ethical, social and environmental considerations for responsible new venture financing.

Critically analyse stakeholder relationships to generate new venture finance strategies that create and deliver sustainable value across complex networks.

General Assessment Information

No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for disruption of studies is made and approved.

Assessment Tasks

Name	Weighting	Hurdle	Due
Group Case Presentation	15%	No	04/02/2018
Individual Work - Worksheet	20%	No	07/02/2018
Group Case Term Sheet & Report	15%	No	18/02/2018
Individual Work - Case Report	20%	No	25/02/2018
Examination	30%	No	Exam Week (19-24 March)

Group Case Presentation

Due: **04/02/2018**
Weighting: **15%**

Length:

30 – 45 minutes

Format:

Presentation including Q&A

Groups of up to six students (group size might be adjusted based on class size) will prepare the case studies for presentation (30 – 45 mins). Further details will be provided in class.

Criteria and standards for grading will be provided in class.

On successful completion you will be able to:

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- Critically analyse stakeholder relationships to generate new venture finance strategies

that create and deliver sustainable value across complex networks.

Individual Work - Worksheet

Due: **07/02/2018**
Weighting: **20%**

Format:

Worksheet

A worksheet of short answer and calculation questions will be handed out at the end of the final class. The answers must be submitted by 11:59pm on the due date. Subject to the provisions and evidence requirements within the University Disruption to Studies policy, failure to submit the answers on time will result in a zero mark for this assessment.

Criteria and standards for grading will be provided in class.

On successful completion you will be able to:

- Critically analyse the financial aspects of new venture business strategy and planning to choose the best source of financing.

Group Case Term Sheet & Report

Due: **18/02/2018**
Weighting: **15%**

Format:

Term Sheet and Report

An agreed Term Sheet and Report, based on the Presentation of group case studies from the earlier assessment task, must be submitted by 11:59pm on the due date**.** Further details will be provided in class.

Criteria and standards for grading will be provided in class.

Both Group Work assignments need to clearly identify the contribution of each team member to the group.

On successful completion you will be able to:

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new venture financing.

- Critically analyse stakeholder relationships to generate new venture finance strategies that create and deliver sustainable value across complex networks.

Individual Work - Case Report

Due: **25/02/2018**
Weighting: **20%**

Format:

Short Answers

An individual short answer question set, based on the Nordic Case Study, is to be submitted by 11:59pm on the due date. Further details will be provided in class.

Criteria and standards for grading will be provided in class.

On successful completion you will be able to:

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- Critically consider the role of diverse mindsets of different cultures and markets in how investors may view opportunities.
- Assess and integrate ethical, social and environmental considerations for responsible new venture financing.
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Examination

Due: **Exam Week (19-24 March)**
Weighting: **30%**

Format:

Open Book examination

Duration: 2.5 hours plus 10 minutes reading time
A 2.5 hour (plus reading time) open book exam will be comprised of a series of questions. The questions will be based on a Case Study provided to students during the teaching sessions.

Criteria and standards for grading will be provided in class.

On successful completion you will be able to:

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Delivery and Resources

Required Text

Leach, J.C. & Melicher, R.W., Entrepreneurial Finance, 6th Edition, Cengage Learning, ISBN: 9781305968356

For information on textbook prices and online ordering, please refer to the Co-Op Bookshop webpage at http://www.coop.com.au_

Unit Materials & Other Readings

Aside from the assigned textbook readings from the prescribed text, all other reading materials are incorporated in the unit folder (as listed above under the heading 'Classes' and below under the heading 'Session Topics and Readings').

MGSM iLearn

The web page for this unit can be found at: https://ilearn.mq.edu.au/login/MGSM

Essential Readings (Provided in the MGSM847 Unit Folder)
New Venture Financing Stevenson. H.H., & Roberts, M.J. (2002). *New Venture Financing*, Harvard Business School Publishing, Boston, pp. 1–13.
Neverfail Computing (A) D'Heilly, D., Ebel, K., & Bygrave, W.D. (2004). *Neverfail Computing*, Babson College, Harvard Business School Publishing, Boston, pp. 1–22.
Funding New Ventures: Valuation, Financing and Capitalization Tables Roberts, M.J. (2005). *Funding New Ventures: Valuation, Financing and Capitalization Tables*, Harvard Business School Publishing, Boston, pp. 1–5.
Deal Structure and Deal Terms Roberts, M.J., & Stevenson. H.H. (2005). *Deal Structure and Deal Terms*, Harvard Business School Publishing, Boston, pp. 1–8.
SpiffyTerm Inc. Hellmann. T. (2001). *Spiffy Term, Inc.: January 2000*, Stanford Graduate School of Business, Harvard Business School Publishing, Boston, pp. 1–12.
The Failure Chronicles Various (2011). *Harvard Business Review*, Harvard Business Publishing
Group Case Studies

Jim Poss Hedberg, C.; Bygrave, W. (2004). *Jim Poss*, Babson College
FastIon Nanda, R., White, R. & Puzio, S. (2015). *Fast Ion Battery*. Harvard Business Publishing, Harvard University
eHarvest.com Hatch, J. & Cunningham, T. (2000). *eHarvest.com*, Ivey Management Services, Richard Ivey School of Business
HUSK Power Systems Loutskina, E.; Sinha, M.; Ransler, C. (2010). *HUSK Power Systems: Financing Expansion*, Darden Business Publishing, University of Virginia
Renovo Barnes, S. (2002). *The Renovo Story (A) – Venture Capital at the Cutting Edge,* Imperial College, London
Individual Case Study
Nordic Johnson, R. (2006). *Nordic Technologies AB*, IESE Business School

Unit Schedule

Block Class: January 27-28, February 2-4 2018

Session	Date	Topic	Reading
1	27th January 2018	Introduction and Context	Leach & Melicher (Textbook) Chapters 1, 2 & 3 New Venture Financing
2	27th January 2018	Planning	Leach & Melicher (Textbook) Chapters 4, 6 & 7 Neverfail (A)
3	28th January 2018	Valuation	Leach & Melicher (Textbook) Chapters 9 & 10 Funding New Ventures: Valuation, Financing and Capital Tables
4	28th January 2018	Venture Capital	Leach & Melicher (Textbook) Chapters 11

5	2nd February 2018	Term Sheets	Deal Structure and Deal Terms
6	2nd February 2018	Deal Financing Detail Workshop 1	Spiffy Term Inc.
7	3rd February 2018	Deal Financing Detail Workshop 2	
8	3rd February 2018	Harvesting and Exits	Leach & Melicher (Textbook) Chapters 15 (skim 16) The Failure Chronicles
9	4th February 2018	Presentations	
10	4th February 2018	Integration and Review	

Learning and Teaching Activities

Teaching Methods

A variety of teaching and learning strategies will be applied in this subject. These strategies include lectures and class discussions on the topics raised in the text, class discussions of case studies, and the application of the various entrepreneurial finance techniques to particular decisions scenarios. Assessment will be through written group case submissions, group case presentations, and a final exam.

Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central (https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- Academic Appeals Policy
- Academic Integrity Policy
- Academic Progression Policy
- Assessment Policy
- Fitness to Practice Procedure
- Grade Appeal Policy
- Complaint Management Procedure for Students and Members of the Public
- Special Consideration Policy *(**Note:** The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.)*

Undergraduate students seeking more policy resources can visit the Student Policy Gateway (https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit Policy Central (https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/study/getting-started/student-conduct

Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in eStudent. For more information visit ask.mq.edu.au.

Student Support

Macquarie University provides a range of support services for students. For details, visit http://students.mq.edu.au/support/

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- Workshops
- StudyWise
- Academic Integrity Module for Students
- Ask a Learning Adviser

Student Services and Support

Students with a disability are encouraged to contact the Disability Service who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources Policy. The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

PG - Capable of Professional and Personal Judgment and Initiative

Our postgraduates will demonstrate a high standard of discernment and common sense in their professional and personal judgment. They will have the ability to make informed choices and decisions that reflect both the nature of their professional work and their personal perspectives.

This graduate capability is supported by:

Learning outcomes

- Critically analyse the financial aspects of new venture business strategy and planning to choose the best source of financing.
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- Critically analyse stakeholder relationships to generate new venture finance strategies that create and deliver sustainable value across complex networks.

Assessment tasks

- Group Case Presentation
- Individual Work - Worksheet
- Group Case Term Sheet & Report
- Individual Work - Case Report
- Examination

Learning and teaching activities

- A variety of teaching and learning strategies will be applied in this subject. These strategies include lectures and class discussions on the topics raised in the text, class discussions of case studies, and the application of the various entrepreneurial finance techniques to particular decisions scenarios. Assessment will be through written group case submissions, group case presentations, and a final exam.

PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

Learning outcomes

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PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

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PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

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PG - Effective Communication

Our postgraduates will be able to communicate effectively and convey their views to different

social, cultural, and professional audiences. They will be able to use a variety of technologically supported media to communicate with empathy using a range of written, spoken or visual formats.

This graduate capability is supported by:

Learning outcomes

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PG - Engaged and Responsible, Active and Ethical Citizens

Our postgraduates will be ethically aware and capable of confident transformative action in relation to their professional responsibilities and the wider community. They will have a sense of connectedness with others and country and have a sense of mutual obligation. They will be able to appreciate the impact of their professional roles for social justice and inclusion related to national and global issues

This graduate capability is supported by:

Learning outcomes

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Changes from Previous Offering

Addition of a final examination.

Alignment with MGSM's mission-driven attributes

Leadership: The unit develops skills required of leaders with respect to the application and assessment of complex or ambiguous financial information in order to make well informed and robust investment decisions.

Global mindset: The unit enhanced my ability to assess the implications of strategic decisions from a whole of entity perspective, across a wide spectrum of stakeholders

Citizenship: The unit encouraged me to apply a true and fair view approach to reporting and disclosure where discretion exists related to accounting policies and financial strategies.

Creating sustainable value: The unit develops skills required to execute within the national innovation system and create or assess new entrepreneurial businesses.

Attendance Policy (MGSM)

The interactive environment of the classroom is central to the MGSM experience. Students are required to attend the full duration of all classes for the units in which they are enrolled. We recognise that exceptional circumstances may occur, such as unavoidable travel on behalf of your organization or the serious illness or injury of you or a close family member. Special consideration may be given for a maximum of 20% non-attendance for such circumstances as long as lecturers are contacted in advance, and supporting documentation provided, to request exemption from attendance. Failure to abide by these conditions may result in automatic withdrawal, with academic and/or financial penalty. The full Student Attendance Policy is published in the MGSM Student Handbook at https://students.mgsm.edu.au/handbook

Content Disclaimer

The content of this unit is provided for educational purposes only and no decision should be made based on the material without obtaining independent professional advice relating to the particular circumstances involved.