

University of Notre Dame
Mendoza College of Business

FUNDING NEW VENTURES

Course Number MGTE 30520

Spring 2007

Instructor: David H. Brenner
Class Times: Wednesday, 3:30 p.m. to 6:15 p.m.
Classroom: DeBartolo 318
Office: Gigot Center for Entrepreneurial Studies – 234 MCOB
Office Hours: Immediately after class or by appointment
Contact Info:
Office: 616-454-4033
Cell: 616-340-1331 [before 10 p.m. ET]
e-mail: dbrenner@ideaworksllc.com or dbrennel@nd.edu
Fax: 616-454-4474 (office)

REQUIRED COURSE MATERIALS

Art of the Start by Guy Kawasaki. Penguin Group. ISBN 1-59184-056-2 available via Amazon.com for \$26.95 or less

COURSE OBJECTIVES

This course examines the financing process of a new venture, from bootstrapping with personal resources or credit card debt to equity investment by angel investors or venture capitalists. Financing a start-up business is a challenging and time-consuming endeavor; it's imperative to understand the decision process and expectations from the perspective of the entrepreneur and the funding source. Students will "learn by doing" through active participation in different scenarios to understand how either side approaches a prospective deal, which will include an assessment of the merits and the intrinsic value of a particular enterprise. Student-teams will produce a two-page investor summary and make a PowerPoint presentation for funding, and the students-audience will conduct the interview with professional investors judging the audience. Components of the summary will include the business opportunity, the proposed solution, sales projections and pro-forma statements, with detailed explanations of the sources and uses of funds plus milestones of progress. Demonstrating a reasonable working knowledge of the new venture funding process and the most likely sources of funding for a particular start-up company will be key objectives of the course.

GRADING CRITERIA

1) Class Participation	15%
2) Homework & Pop Quizzes	35%
3) Written Two-Page Business Summary (final draft)	25%
4) Oral Presentation	<u>25%</u>
Total	100%

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Additional Comments on Grading Criteria:

Class Participation: This will be based on the quality of comments and degree of active participation in classroom exercises. The student is expected to be engaged in the topic, and his/her participation in class with the instructor, guest lecturers and student presenters will be evaluated.

Homework: Each student will complete a total of 3 homework assignments for one or more real world examples of start-up companies seeking funding. These examples will be provided by the instructor. The student will be asked to creatively apply the concepts from a particular article, chapter or reference source to the funding scenario. All assigned homework must be submitted to the instructor via email. Emphasis will be on brevity, clarity and ability to apply the concepts described in assigned reading or in class to a particular funding scenario. In the circumstance of an excused absence, the student should e-mail any outstanding homework to the instructor prior to class. Under **no** circumstances will the submission of more than a single homework assignment be accepted on or after the last day of class.

Pop Quiz: Pop quizzes may be given based on the reading material and class discussion.

Attendance: Attendance in class is very important to the student's success in understanding the course materials and guest lecturers in this course. A maximum of one absence is permitted to accommodate extraordinary and unavoidable situations. A student may expect to have five (5) percentage points subtracted from a final grade for any further unexcused absences. Make-up quizzes or other work due to absence is at the discretion of the instructor.

TEAM WRITTEN BUSINESS PLAN SUMMARY WITH FUNDING PROPOSAL

Teams: Students will be formed into teams of 3-4 members by week 2. When the teams are completed, each team will then appoint a team leader and notify the instructor on or before **January 24, 2007**. Notification of team composition by email is preferable.

Business Concept: Each team will submit a short explanation of the proposed new business concept requiring funding by **Wednesday, January 31, 2007**. This summary must answer these questions: 1] What is your new business idea? 2] Who needs it, and why?; 3] What are the required team skills to execute the business plan?; 4] Why is now the right time for this new venture?; and 5] How will this company (and its investors) make money? Each question should be answered with a sufficiently clear and interesting answer that encourages the reader to want to know more. Be concise without hype, but sell the idea with logic and passion. Maximum one page in length.

Written Business Summary with Funding Plan: Each team will be responsible for submitting a written funding plan on an entrepreneurial or emerging growth business opportunity of its choice, pending instructor approval. Each team will summarize the new business opportunity, evaluate its potential and devise the most prudent and feasible funding plan. It is preferable for each team to identify its own business opportunity, though the Gigot Center may provide some leads from the McCloskey business plan competition or other sources. It is the responsibility of each team to prepare the written business summary consistent with guidelines provided by the instructor,

University of Notre Dame Mendoza College of Business

determine the key success factors, identify the necessary resources, specify the sources of funds and proposed spending in key areas, highlight key milestones and outline the likely exit strategy options for the investors. Summaries may not exceed two (2) pages in length. Instructor will provide examples of past business summaries and discuss guidelines in class. Students will use 8 ½" x 11" papers, single spaced with one inch margins and 12 point font. Each team may submit a rough draft of their proposed summary by **no later than February 14th** for instructor feedback and suggestions for improvement for the final draft. The final draft must be submitted by the final class on **March 7th**. Clear articulation of the business opportunity linked to the proposed funding source will be an important part of the final grade. This summary should be of sufficient quality to generate genuine interest from a professional venture capitalist, active angel investor or demanding bank loan officer. Written summaries will be reviewed by professional investors, in addition to the instructor.

Oral Presentation: Each team will orally present their funding pitch to the class on either February 28 or March 7, 2007. The purpose of this exercise is to stimulate a deeper understanding of the information required by investors and the most likely questions to be asked. Each team will be given up to 10 minutes to articulate the key points of their plan and up to 10 minutes to respond to the questions from the rest of the class. The presenting team will assume the role of the new venture entrepreneur/management team. The class will play the role of the proposed funding source, for example, as a commercial lender, angel investor or venture capitalist. Professional investors will be present during these presentations to assess the performance of the audience and to provide feedback. A secret ballot of the class will determine best team presentation.

Expectations of your Team Work: You are expected to carry an equal weight in the work product of this team project. This type of team structure simulates the skills set required for an entrepreneur to get a group of individuals to see his/her vision and motivate them to execute a successful business plan worthy of serious investment consideration.

Team Peer Evaluations: Each student will submit a Team Peer Evaluation at the end of the oral and written project. This will be a confidential evaluation to be shared only with your instructor. **Individual grades on both the oral and written presentations may be adjusted, on the basis of peer evaluations, as appropriate.**