

UNIVERSITY OF NOTRE DAME
MENDOZA COLLEGE OF BUSINESS

FUNDING NEW VENTURES
MGT 70520
SPRING 2007 – Module 3

Instructor: Mark D. Noeldner
Class Times: Wednesday, 5:00 p.m. to 8:50 p.m.
Classroom: 134 MCOB, ND Campus
Office: Gigot Center for Entrepreneurial Studies – MCOB 2nd Floor
Office Hours: Wednesday, 8:50pm until 9:15pm in MCOB Classroom,
or by scheduling an appointment with instructor
Contact Info:
Work: 574-284-6356
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REQUIRED COURSE MATERIALS

Articles and Case Studies will be handed out, or posted on class web site, or at the ND Copy Shop.

Recommended Books (they are not required):

(These books are related to Financing and Entrepreneurship and are in the ND Hesburg Library)

- 1) Venture Capital at the Crossroads by W. D. Bygrave & J. A. Timmons. Harvard Business School Press, ISBN: 0875843042
- 2) The Portable MBA in Entrepreneurship (2nd Edition), W. D. Bygrave (ed.), 1997 John Wiley & Sons

COURSE SUMMARY AND OBJECTIVES

This course examines financing the start-up of a new venture, along with other business financing methods. Financing a startup business can be a challenging and time consuming process. By the conclusion of the course, students will have developed a business plan, which will focus on the funding portion of the plan. Components will include: an executive summary, sales projections, profitability analysis, capital expenditures, as well as a pro-forma income statement and balance sheet. Key objectives will be investigating different capital structures and in detailing the sources and uses of funds in a new venture.

GRADING CRITERIA

1. Class Participation/Homework	40%
2. Oral Presentation of Business Plan	30%
3. Final Written Business Plan	<u>30%</u>
Total	100%

Additional Comments On Grading Criteria:

Class Participation: This will be based on the quantity of quality comments in class. You are **expected to be engaged** in the topic, and your participation in class with the instructor, guest lecturers, and student presenters will be evaluated. Consider the environment to be a professional business meeting.

Homework: Each student will complete a total of three (3) homework assignments. These can be completed on any of the Weekly Cases. I ask that you creatively apply the concepts in the chosen case to an entrepreneurial funding scenario. Assigned homework will be submitted to the instructor in a typed, **one** page memo format. Please use a bullet point format whenever appropriate. **Emphasis will be on brevity, clarity, and ability to apply the assigned case to a funding scenario.** In the circumstance of an excused absence, an e-mail of the homework to the instructor prior to class is acceptable.

Attendance: Attendance in class is very important to your success in understanding the course materials and the message of the guest lecturer. A maximum of one absence is provided to accommodate extraordinary and unavoidable situations. You may expect to have five (5) percentage points subtracted from your final grade for any further unexcused absences.

Team - Written “Funding” Business Plan:

Teams: Students will be formed into teams of two or three members. When the teams are completed, each team will then appoint a team leader, and notify the instructor of this. If a student would prefer to prepare a funding plan and presentation individually, please discuss this with the instructor prior to the summary submission deadline.

Written Funding Plan: Each team will be responsible for submitting a written funding plan on an entrepreneurial or emerging business opportunity of its choice, pending instructor approval. Each team is to identify a new business opportunity, evaluate its potential, develop a written business plan and make a decision as to whether it would be prudent to fund the business plan. It is the responsibility of each team to find its own business opportunity, determine the key success factors, assemble the necessary resources, **EMPHASIZE THE APPROPRIATE FUNDING STRUCTURE**, determine whether the risk is worth the reward, and finally articulate an exit strategy for the investor(s).

Alternate Option to Writing a Business Funding Plan: As an alternative to writing a complete Business Funding Plan from inception, we will have selected Business Plans from this year’s Notre Dame Business Plan Competition. We will obtain a list of business plans from the Competition Staff in the Gigot Center for Entrepreneurial Studies. You, or your team, may select any available Business Plan from this list.

The requirements under the Alternate Option are as follows: 1.) write a detailed Funding Plan for class for the chosen Business Plan. 2.) Provide a formal presentation of the “Funding Plan” to the originating Business Plan authors. 3.) Sign a Confidentiality Agreement.

One page summary: A one page summary memo of your team’s proposed new business and/or Funding Plan must be given to instructor by the beginning of class on Wednesday, January 31, 2007.

Written Business ‘Funding’ Plan: The final written business funding plan for each group is due Wednesday, February 28, 2007. Written business funding plans are limited to a maximum of ten (10) pages. Exhibit pages are not included in the calculation of this total page limitation. A one to two page Executive Summary will precede your Business Funding Plan analysis. Use this Executive Summary to generate excitement and interest in funding your business plan. You will use 8 1/2” x 11” paper, single or double spaced using a 12 point font. The business funding plan should be bound. The depth of your analysis and the ability to professionally defend your decisions, insights, and recommendations will be an important part of your final grade. The final report should be of a quality that will pass the most critical venture capitalist, formal Angel investor, or demanding bank loan officer.

Oral Presentation: Each team will orally present their business funding plan to the class on February 21, 2007, or February 28, 2007. The purpose of this exercise is to simulate an entrepreneur’s understanding of the various sources of capital needed to fund an emerging company. Each team will be given a 15 to 20 minute time allotment to articulate the key points of their plan, present and justify their funding choices, and respond to the questions from the class. The team presenting will assume the role of the entrepreneur. The team will assign the class and instructor to play the role of a: grant provider, commercial lender, angel investor, or venture capitalist. A copy of the PowerPoint presentation shall be handed in to the Instructor prior to the presentation.

Teammate Evaluations: You will submit a Team Evaluation at the end of your oral and written project for each of your teammates. This will be a confidential evaluation that you will only share with your instructor. **Your individual grades on both the oral and written presentations will be adjusted, on the basis of the peer evaluations, prepared by your team members.**

Expectations of you as a member of your Team: 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 lead a group of individuals to see his/her vision, and motivate them to execute a successful business plan.

A real entrepreneurial business endeavor takes vision, planning, timing, salesmanship, hard work, and EXECUTION!

FUNDING NEW VENTURES

Session	Day	Date	Lecture/Event/Guest/Assignment
1	Wed	1/17	1 st Class. Introduction of Course & Content Lecture: Senior Secured Bank Financing Homework: 1.Student Questionnaire (In Class) 2.Personal Financial Statement (Handed out in class) 3.Case/Article: I
2	Wed	1/24	2 nd Class. Lecture: Bootstrap Financing & Community Economic Devel Guest Speaker: Jim Larkin–Irish Angel–Funding your Venture Homework: 1.Turn in Team Selections to Instructor. 2. Case/Article: I 3. One Page Case Memo Due
3	Wed	1/31	3 rd Class. Lecture: Angels and Equity / Asset-Based Lending Guest Speaker: Dave Brenner-Irish Angel-‘B’ Comp Training Homework: 1.Turn in One Page Outline of Business Plan Project 2.Case/Article: II
4	Wed	2/7	4 th Class. Lecture: Private Placement Debt/Mezzanine Debt Guest Speaker: Dan Dykens-Irish Angel-B Model Assumptions Homework: 1. Review of Instructor comments on One Page Outline 2. Case/Article: III 3. One Page Case Memo Due
5	Wed	2/14	5 th Class. Lecture: Acquiring Existing Businesses Homework: 1. Turn in REVISED Executive Summary derived from one Page Outline of Business Plan 2. Case/Article: IV 3. One Page Case Memo Due
6	Wed	2/21	6 th Class. Lecture: Venture Capital/Equity Investment Homework: 1. Case/Article: V 2. Early Groups of Oral Funding Plan Presentations
7	Wed	2/28	7 th Class. Last Class! EXAM WEEK. Lecture: Entrepreneurs – Traits & Time Frames Lecture: Oral Business ‘Funding’ Plan Presentations Guest Speaker: Class members Homework: Case/Article: VI Homework: 1) Written Funding Plans Due (2 copies) 2) Print-out of Power Point Presentations 2) Complete Team Peer Evaluations.
			Location: MCOB 134 Time: 5:00pm thru 8:50pm