INSTRUCTOR INFORMATION
Instructor: Dr. Raymond Jones
Office: 403-F in McGee Business Building
Office Phone: 936-468-1893
Dept. Phone: 936-468-4103
Email: raymond.jones@sfasu.edu
Office hours: During F2F office hours I am also available to meet Virtually via Zoom
  • Monday – 8AM-9:30am, 10:45-11, 12:15-1:00pm, 2:15-3pm
  • Tuesday –11:00 to 2:30pm (Virtual)
  • Wednesday - 8AM-9:30am, 10:45-11,12:15-1:00pm, 2:15-3pm

Course description
Entrepreneurial Finance focuses on issues critical to emerging businesses such as financial forecasting, sources of financing from formal to informal, financial management and financial problems unique to the firms in uncertain and high growth environments

Course Objectives:
This course is for aspiring or active entrepreneurs who wants to understand how to secure funding for their company. This course will demystify key financing concepts to give entrepreneurs and aspiring entrepreneurs a guide to secure funding. Examine the many financing options available to get your new venture funded. Learn the basics of finance, valuations, dilution and non-dilutive funding sources. Understand capital structure for new ventures, term sheets and how to negotiate them, and the differences between early-stage versus later-stage financing. Develop an understanding of how to develop winning investor pitches, who and when to pitch, how to avoid common mistakes that limit the effectiveness of the pitch, and how to ‘get to the close’.

Key questions answered within the course include:
• When to raise outside capital?
• What kind of investors invest by stage and where to find them?
• What are your fundraising options?
• What are the key components of the term sheet?
• How to perform company valuations?
• How to pitch to investors?
• What techniques help the entrepreneur ‘get to the close’?

Student Learning Objectives:
1. Identify and evaluate fundraising options that are appropriate to the type and stage of development of the venture
2. Understand and differentiate the key components of the financial valuations
3. Understand and perform several different approaches to company valuations
PROGRAM LEARNING OUTCOMES:
You may access the program learning outcomes for your major and particular courses in the Curriculum Management Handbook at http://www.sfasu.edu/academics/colleges/business/welcome/faculty-resources.

COURSE/WORK EXPECTATIONS
This is not your typical course! The point is that I know you all can do great and professional work, therefore, I provide an environment that has uncertainty, ambiguity, and fluidity built into the course to challenge you to do your best. The environment is not unlike the real world where there are NO RUBRICS. This may make you feel uncomfortable, nervous, scared, angry, mad, excited, happy, accomplished, etc. The point is that I expect you to challenge yourself, engage in the course, and expect the best from yourself.

My Philosophy of Teaching:
Learning should be an enjoyable experience for both the students and the instructor. The learning process is greatly facilitated by active involvement of both the students and the instructor. I expect you to help me create a positive learning atmosphere by actively participating in the discussion.

Additionally, for a positive learning environment to exist, an atmosphere of acceptance is vital. We should all try to keep an open, but questioning, mind about ideas that our peers present in the class. Before we criticize what appears to be a “silly” idea, we must remember that the person who “invented” the hula-hoop got rich! However, before we accept others’ ideas uncritically, we need to remember that Thomas Watson, Senior, founder of IBM, expected that the total worldwide market for computers would never exceed five (that’s right, five – not five billion, but five), machines!

Teaching Platform
This course uses Brightspace - Note that all course assignments will be accepted only through the Brightspace site and after the first week of the semester, it is assumed that all students can use the tools outlined in the Brightspace (DL2) Student Guides.

COMMUNICATION
The four primary communication functionalities in this course:

1. Course Announcements: This is the primary means by which I communicate important information to the entire class. Note, anything posted here will also be sent to your email. Make a habit of checking the course at least every 24 hours. Read all messages from me promptly, as they may include important information regarding assignments or the course and e-mail me with any questions or concerns. This will include general news, announcements, and updates to the course.
   a. Note: Students are expected to check the course website at least every 24 hours.
   b. Forwarding: I highly recommend setting-up you’re the News feed so that it forwards to your email or device that you use frequently as to stay as up-to-date as possible with new communications from me.

2. Questions and Answers: If you have general course content related questions please use this discussion forum to ask them. You are able to post a question or a comment to discussion forum, which I or other students can reply to.

3. ZOOM: If you feel that you would benefit from a live discussion we can schedule to meet via Zoom during my office hours.

4. E-mail: Direct email to me is only to be used for private/personal matters. If I receive a individual email from you regarding general course content I will refer you back to the Course Announcements or Frequently Asked Questions. Please note, I will do my best to respond to you as quickly as possible, but always within 24 hours.

Course Material
Three paperback (or ebooks) available at Amazon.com
- Founder’s Pocket Guide: Friends and Family Funding $7.99 ($3.03)
  a. ISBN 978-1-938162-11-4
The lowdown: Can you get through this course without these books, maybe, but I purposely chose these books because of their quality, conciseness, practicality, and price. So, get them.

Readings, videos, etc. from other sources may assigned to each week, per course schedule. Content notes and supplemental materials will be posted online. Additional material, which may include video segments or articles will be assigned and tested on. Often, this material will reflect content that is either new or just identified as relevant to the course, and is therefore not specified on the syllabus.

**Policies, Course Procedures, and Method of Instruction**

**Blended delivery, Modules, and Course Pace**

This course will be taught using blended-delivery methods (F2F, online, and Zoom). Although the method provides freedom and flexibility for students, it is different from a "correspondence course." Specifically, this course is NOT self-paced but has a set schedule and deadlines that must be met. In addition, it has a standardized process that must be followed and it has scheduled times and defined availability windows for completing assignments and exams.

The course consists of several lessons, each pertaining to a different topic and is sometimes associated with a book chapter and, often, additional material. A link is available for each topic. In order to keep students on track, Topics are released on scheduled dates, per course calendar and syllabus. This Topic links are very important: They provide information and links to lecture notes, additional readings, or assignments.

**Teams.**

There will be several team projects in this course. The instructor will initially select teams based on your individual information and experience relating to the topic for the assignments. These projects will require team members to meet outside class (these meetings can be held in any format you wish, i.e., Face-to-Face, Zoom, Skype, using Google Docs, other Wikis, over the phone, etc.). Note that group work is the basis of for a significant percentage of your grade so you should plan and set aside time to meet with your team throughout the semester. Peer evaluation will be implemented. Peer evaluation will be implemented and have significant impact on your final grade.

**Times & dates**

a. All times noted in this syllabus are U.S. Central time. If you are outside this time zone, make sure to adjust the times and deadlines you go by, to reflect adherence with the syllabus schedule.

b. Also note that all dates are written according to U.S. conventional format (month / day):
1/21 = Jan. 21st

**Sundown Rule**

During the semester, students have five business days from the time grades are posted to inquire about a grade on any graded component. The purpose is to resolve any question as soon as grades are posted rather than wait till the end of the semester. Make sure you check your grades on Brightspace frequently and contact me immediately with any questions.

**SFA ACADEMIC INTEGRITY POLICY: (University Policy 4.1)**

Abiding by university policy on academic integrity is a responsibility of all university faculty and students.

Definition of Academic Dishonesty

Academic dishonesty includes both cheating and plagiarism. Cheating includes, but is not limited to (1)
using or attempting to use unauthorized materials on any assignment or exam; (2) falsifying or inventing of any information, including citations, on an assigned exercise; and/or (3) helping or attempting to help another in an act of cheating or plagiarism. Plagiarism is presenting the words or ideas of another person as if they were one's own. Examples of plagiarism include, but are not limited to (1) submitting an assignment as if it were one's own work when is at least partly the work of another person; (2) submitting a work that has been purchased or otherwise obtained from the Internet or another source; and/or (3) incorporating the words or ideas of an author into one's paper without giving the author credit. Penalties may include, but are not limited to reprimand, no credit for the assignment or exam, re-submission of the work, make-up exam, failure of the course, or expulsion from the university. Please read the complete policy at http://www.sfasu.edu/policies/student_academic_dishonesty.pdf

If you engage in academic dishonesty related to this class, you will receive a grade of zero on the test or assignment. The professor reserves the right to assign the student a failing grade in the course. In addition, the case will be referred to the Dean of Students for appropriate disciplinary action. This policy is intended to protect the honest student from unfair competition with unscrupulous individuals who might attempt to gain an advantage through cheating.

STUDENTS WITH DISABILITIES
To obtain disability related accommodations, alternate formats and/or auxiliary aids, students with disabilities must contact the Office of Disability Services (ODS), Room 325 in the Human Services Building, 468-3004/468-1004 (TDD) as early as possible in the semester. Once verified, ODS will notify the course instructor and outline the accommodation and/or auxiliary aids to be provided. Failure to request services in a timely manner may delay your accommodations. For additional information, go to http://www.sfasu.edu/disabilityservices/.

WITHHELD GRADE POLICY (University Policy 5.5)
At the discretion of the instructor of record and with the approval of the academic unit head, a grade of WH will be assigned only if the student cannot complete the course work because of unavoidable circumstances. Students must complete the work within one calendar year from the end of the semester in which they receive a WH, or the grade automatically becomes an F, except as allowed through policy related to active military service. If students register for the same course in future semesters, the WH will automatically become an F and will be counted as a repeated course for the purpose of computing the grade point average. Please refer to the complete policy at http://www.sfasu.edu/policies/course-grades.pdf.

PROFESSIONAL CONDUCT (University Policy 10.4)
Classroom behavior should not interfere with the instructor’s ability to conduct the class or the ability of other students to learn from the instructional program (see the full Student Conduct Code at http://www.sfasu.edu/policies/student-conduct-code.pdf.) Unacceptable or disruptive behavior will not be tolerated. Students who disrupt the learning environment may be asked to leave class and may be subject to judicial, academic, or other penalties. This prohibition applies to all instructional forums, including electronic, classroom, labs, discussion groups, field trips, etc. The instructor shall have full discretion over what behavior is appropriate/ inappropriate in the classroom. Students who do not attend class regularly or who perform poorly on class projects/exams may be referred to the iCare Early Alert Program. This program provides students with recommendations for resources or other assistance that is available to help SFA students succeed.

Additional information on professional conduct:
Students will be treated as professional, mature adults and are expected to behave in this manner during class. Students who engage in unprofessional behavior will be warned first, and if the problem persists they will be asked to leave the classroom. Unprofessional conduct includes excessive talking among class members during class, sleeping during class, working on activities unrelated to class, showing a lack of respect for the rights of others (classmates, guest speakers, teacher), excessive tardiness, consistently leaving class early, and disruptive behavior during exams. Students who continue to engage in
unprofessional behavior will be **permanently removed from the class with a grade of “F”**.

**Grade Components**

All exams, quizzes, and assignments are due only as scheduled on this syllabus and course calendar. Grading will be based on the following:

<table>
<thead>
<tr>
<th>Graded Content</th>
<th>Points Available</th>
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</thead>
<tbody>
<tr>
<td>Individual meeting with Professor Jones</td>
<td>5</td>
</tr>
<tr>
<td>Course Contribution</td>
<td>5</td>
</tr>
<tr>
<td>Quizzes (10 @ 2 points each)</td>
<td>20</td>
</tr>
<tr>
<td>Financing Interview Assignment</td>
<td>5</td>
</tr>
<tr>
<td>Pro Forma Financials</td>
<td>5</td>
</tr>
<tr>
<td>Friends and Family Investing</td>
<td>5</td>
</tr>
<tr>
<td>Startup Valuation</td>
<td>5</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>5</td>
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<tr>
<td>Capitalization Table</td>
<td>5</td>
</tr>
<tr>
<td>Term Sheets</td>
<td>5</td>
</tr>
<tr>
<td>Investment Options</td>
<td>5</td>
</tr>
<tr>
<td>Customer Funding</td>
<td>5</td>
</tr>
<tr>
<td>Final Project</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
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**Team project. All team based points are subject to peer evaluation. Individual grades will vary as a function of peer evaluation.**

All grades will be weighted on a straight scale as follows:

**Course Grading Scale –**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
<th>Points</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>90%</td>
<td>90 points</td>
</tr>
<tr>
<td>B</td>
<td>80%</td>
<td>80 points</td>
</tr>
<tr>
<td>C</td>
<td>70%</td>
<td>70 points</td>
</tr>
<tr>
<td>D</td>
<td>60%</td>
<td>60 points</td>
</tr>
<tr>
<td>F</td>
<td>&lt;60%</td>
<td></td>
</tr>
</tbody>
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**Notes:**
1. Grading curves will **not** be given for assignments or exams. Grades will also **not** be rounded up for any circumstances.
2. Extra credit will **not** be given on an individual basis for any reason. That being said, there **may** be opportunities for extra credit throughout the semester offered to the entire class to be determined and administered as the instructor sees fit.
3. Late assignments will **not** be accepted for any reason. (See section discussing exceptions)
4. Students will also **not** be able to redo assignments for credit.

**Individual Meeting with Professor Jones (Individual)**

A short meeting (10 min) during Dr. Jones’ office hours to discuss how you are doing in the course, why you took this course, your individual thoughts on entrepreneurship, or anything else you want to discuss. You must schedule this meet with the professor (or feel free to stop by during office hours) and it can be done anytime during the **FIRST EIGHT WEEKS OF THE SEMESTER.**

**Class Contribution (Individual)**

Attendance in this course is not necessarily mandatory, but there is a class contribution grade that you will not be able to earn if you are not present in class (i.e. working on these things related to weekly assignments).

**Why do I evaluate class contribution?** Some students are under the misperception that class contribution consists primarily of “showing up.” However, class is like work in that few organizations will pay you merely to “show up.” To receive the rewards you want (pay, in the case of a work organization; grades, in the case of class), you are expected to **add value** to your organization. Similarly, I do not reward students for merely showing up. Much of the value add in the class comes from the perspectives that you bring to the class’s discussion and the ideas that you share in class. When we discuss a case or a theoretical concept, you may bring a work perspective (having worked
in a similar organization), or a unique cultural perspective (especially for you non-Texans!). Thus, class contribution really includes active contribution to your and your colleagues’ learning.

**How do I evaluate class contribution?** I will assign contribution grades based on the quality of your contribution, not just the quantity. Some of the criteria I will use to evaluate contribution quality include:

- Do you ask insightful questions that facilitate class learning?
- Are your points relevant to the discussion?
- Do you draw clear implications of your analysis?
- Do you present your arguments logically and coherently?
- Have you considered relevant counter-arguments, or do they “take you by surprise”?
- Do you enhance the class’s understanding of the issues?
- Can you effectively critique others’ comments or act as a “devil’s advocate” in discussion?
- Did you take pop quizzes?

Please note that asking good questions (such as asking for clarification about concepts that weren’t clear to you when you read the text) also constitutes “contribution” in my opinion!

**Weekly Quizzes (Individual)**
Quizzes (10 x 2 points each)
Each Thursday afternoon a quiz will open on the moodle course page covers the week’s lecture contents. You will generally have until the follow class to complete. You are allowed to use your notes and other materials on the course page to complete the quiz, but you are strictly forbidden from getting help from other classmates. A missed quiz counts as zero points. See syllabus calendar for due times dates.

**Financing Interview Assignments (Individual or Team)**
The financing interview for this course include interviews with individuals currently in the position to provide entrepreneurs with the necessary financing needed to start their business or help their business grow. Additionally, you are allowed to also interview an entrepreneur and discuss how they funded their business and manage their finances. The purpose is to gain insights on the opportunities and challenges faced when starting new ventures. The assignment is due through the assignment tool (see submission guidelines). Note, this can be done individually or in groups of no more than two students.

**Pro Forma Financials**
Students will create a set of pro forma financials for an early-stage high potential venture.

**Friends and Family**
You will analyze a case study in which a young couple approach friends and family to provide financing to open their new venture.

**Startup Valuation**
Startup valuation assignment: Determine the value of a privately-held company. Present your valuation methods and rationales for your number to the class. Show us comparables.

**Crowdfunding**
Determine the amount needed for a crowdfunding campaign, which platform to use, and how you will design/plan that crowdfunding campaign.

**Capitalization Tables**
Prepare a cap table for an early-stage venture

**Term Sheets**
Write a term sheet for seed funding

**Investment Options**
You will read three business plans and choose one to finance. You will state why you are not financing the two
and why you chose your one. You will construct a term sheet for a Series A round of financing. Present the review of process of the three business plans and your term sheet to the class.

**Customer Funding**
Prepare a model for your business based on the customer funding models discussed in class.

**Final Project**
You will produce a cap table for a seed round of financing for a business and convert an F&F investment to equity. You will then need to prepare pro forma financials, a term sheet, and a new cap table that incorporates a Series A round of financing from a venture capital firm. You will present your work on the final day of lecture. This “capstone” team-based project will comprise the remainder of your points for this course.

We will conduct all of these steps in class. You should first use your notes and course files to guide your thinking and secondly use your instructor to talk through thinking. You will need to be in class to receive credit for each portion of the project.

Peer evaluations will be conducted for the project. Individual project grades will reflect the evaluations. **If you do not participate in the peer evaluation process, which is a team assignment, 15 points will automatically be taken off of your grade for the project.** For example, if your team received 20 out of 25 for the assignment and you as an individual did not participate in the Peer Evaluation, you will get 5 out of 25 for your final project grade.

If you would like to discuss with me problems or issues with your team, feel free to contact me. However, I most strongly encourage you to discuss such issues and try and resolve them amongst yourselves (this is the situation you will encounter when working with colleagues in real life….). Serious problems with a team member must involve documentation, and meeting with ALL group members. Removal of a member from a group is possible, but only as last resort. I will expect to see clear evidence that the underperforming member of the team has been made aware of the team’s concern, and you MUST involve me in the situation. In the event that a student is dropped from the team, he/she will be required to do the project on his/her own.

**ZOOM CONDUCT**
We will have synchronous (live) Zoom meetings individually and as a class throughout the semester. These meetings will be required, attendance will be taken, these will be used as part of your participation grade, and there are certain expectations in terms of conduct that you will need to adhere to:

When joining a class via ZOOM keep your camera on and...
- Dress and appear just as you would if attending class in person.
- Behave while Zooming as if sitting in a traditional classroom.
- Select a location that is a quiet room free of distractions (for yourself and others).
- Avoid public spaces with customers milling in the background, road noises, etc.
- Avoid using distracting virtual backgrounds (I will be the judge of distracting).
  - It is better to mute your microphone when not speaking, however please try to avoid or eliminate background disruptions: (Pets, Children, Roomates, TV, Music, Food, etc.)
- DO NOT share our meeting link with students who are not in the course. I will be using the waiting room feature, but sharing the meeting link to someone outside of class will be met with grade reduction.
<table>
<thead>
<tr>
<th>Date*</th>
<th>Topics, Readings, Videos, Discussions, Assignments</th>
</tr>
</thead>
</table>
| **Week 1 – 8/23** | - Introduction, Order Books, Log onto course Moodle Site  
  **The Big Picture of Entrepreneurial Financing** |
| **Week 2 – 8/30** | **Refresher on Acct. & Finance!**  
  Quiz #1 available from Wed to Mon |
| **Week 3 – 9/6** | **Customer Funded & Revenue Models**  
  Customer Funded Assignment  
  Quiz #2 available from Wed to Mon |
| **Week 4 – 9/13** | **Friends and Family**  
  Family/ Friends Investing Assignment  
  Quiz #3 available from Wed to Mon |
| **Week 5 – 9/20** | **Crowdfunding**  
  Crowdfunding Assignment  
  Quiz #4 available from Wed to Mon |
| **Week 6 – 9/27** | **Startup Valuations**  
  **Pro Forma Financials for Investors**  
  **Startup Valuation Assignment & Pro Forma Financials Assignment**  
  Quiz #5 & 6 available from Wed to Mon |
| **Week 7 – 10/4** | **Angle Investing and How Venture Capital Works?**  
  Quiz #7 available from Wed to Mon |
| **Week 8 – 10/11** | **Capitalization Tables**  
  Cap. Table Assignment  
  Quiz #8 available from Wed to Mon |
| **Week 9 – 10/18** | **Term Sheets**  
  Term Sheets Assignment – Due In-Class Thurs.  
  Quiz #9 available from Wed to Mon |
| **Week 10 – 10/25** | **Exits**  
  Quiz #10 available from Wed to Mon |
| Week 11 – 11/1 | Discuss Final Project  
   | Presentations on Financial Interviews |
|----------------|-------------------------------------|
| Week 12 – 11/8 | Work on Final Team Project |
| Week 13 – 11/15 | Work on Final Team Project |
| Week 14 – 11/22 | THANKSGIVING BREAK – NO CLASS |
| Week 15 – 11/29 | Final Project and Presentation Due |
| Finals Week 12/6 | Final Exam - TBA |