GLOBAL SUMMER PROGRAMME 2027

FNCE213 ENTREPRENEURIAL FINANCE

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COURSE DESCRIPTION

The primary objective of this course is to provide an understanding of a wide variety of issues related to the financing of entrepreneurial firms with a focus on Venture Capital (VC) and Private Equity (PE). The approach will be based on the economics and finance of entrepreneurial firms and financial intermediation – tracking the corporate life cycle and financing pathways available to an entrepreneur at various stages from start-up to growth, IPO, and finally cashing out via Leveraged Buyouts (LBO).

LEARNING OBJECTIVES

By the end of this course, students will be able to:

- Explain how a start-up firm grows into a mature firm and what the major sources of financing are at each stage of growth (including traditional sources of financing such as bank loans, public grants, and 'family, friends, and fools'; un-intermediated finance such as business angels and corporate VCs; intermediated finance such as VC, buyout, and mezzanine)
- Apply various valuation techniques to real-world firms at different growth stages
- Illustrate how deal structures and allocation of ownership and control rights can affect the incentives of entrepreneurs and VC investors
- Analyze entrepreneurial financing cases and the potential risks and returns in each case
- Evaluate the investment potential of start-up and mature firms from a Private Equity and Venture Capital financing perspective

PRE-REQUISITES / REQUIREMENTS / MUTUALLY EXCLUSIVE COURSE(S)

This course does not have any pre-requisites.

ASSESSMENT METHODS

Class Participation	10%
Group Project	30%
Case Studies	20%
In class quiz	10%
Final Essay Assignment	30%
Total	100%

INSTRUCTIONAL METHODS AND EXPECTATIONS

Class sessions are of 3-hour lectures for three times per week. Lectures will include content discussions.

Class Participation: SMU education policy requires a class participation grade to promote learning through critical exchange of ideas and engagement of mind. You are strongly encouraged to participate.

Group Project/Case Studies: For the group project/case studies, there will be 6 teams. Each team will be required to make a 20-minute presentation for the group project followed by a 5 to 10 minutes discussion session. The group project brief and case studies' questions will be made available on ELEARN.

Quiz: There will be one in-class quiz. The time limit for the quiz will be 30 minutes. I do not give make-up quizzes. However, if you are officially excused because of a serious illness or family crisis or other reasons, you must contact me by email at least one week prior to the quiz for alternative arrangements.

Final Essay Assignment: There is a final essay assignment with two essay questions. Questions will be posted on ELEARN one week before its due date. Students are required to upload their typed essay on to the ELEARN on time. Late submissions may be subjected to a penalty deduction.

CONSULTATIONS

By appointment only.

RECOMMENDED TEXT AND READINGS

Roberto Ippolito: Private Capital Investing: The handbook of private debt and private equity Wiley
Mahendra Ramsinghani: The Business of Venture Capital 2nd Edition Wiley Finance Series 2020
Antonella Puca: Early-Stage Valuation: A Fair Value Perspective

UNIVERSITY POLICIES

Academic Integrity
All acts of academic dishonesty (including, but not limited to, plagiarism, cheating, fabrication, facilitation of acts of academic dishonesty by others, unauthorized possession of exam questions, or tampering with the academic work of other students) are serious offences.

All work (whether oral or written) submitted for purposes of assessment must be the student's own work. Penalties for violation of the policy range from zero marks for the component assessment to expulsion, depending on the nature of the offense.

When in doubt, students should consult the instructors of the course. Details on the SMU Code of Academic Integrity may be accessed at https://smu.sharepoint.com/sites/oasis/SitePages/DOS-WKLSWC/UCSC.aspx.

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Accessibility
SMU strives to make learning experiences accessible for all. If you anticipate or experience physical or academic barriers due to disability, please let me know immediately. You are also welcome to contact the university's accessibility services team if you have questions or concerns about academic provisions:

accessibility@smu.edu.sg. Please be aware that the accessible tables in our seminar room should remain available for students who require them.

Digital Readiness for Teaching and Learning (DRTL)

As part of emergency preparedness, instructors may conduct lessons online via the Zoom platform during the term, to prepare students for online learning. During an actual emergency, students will be notified to access the Zoom platform for their online lessons. The class schedule will mirror the current face-to-face class timetable unless otherwise stated.

LESSON PLAN		
LESSONS	TOPICS	REMARKS
LESSON 1 Introduction to Entrepreneurial finance and financing sources	• Overview of the course • Corporate Life Cycle Approach to Financing • Opportunity vs Risks • Different types of private capital financing available for firms • Fundamentals of PE and VC investment structures	Lecture notes and articles on ELEARN
LESSON 2 Fund raising and deal sourcing process	• Fund raising process and participants • VC and PE deal sourcing processes • Proprietary versus intermediary based deal sourcing strategies in VC and PE	Ramsinghani Chapters 12 and 15
LESSON 3 VC and PE Due diligence process	• Types of due diligence • Managing due diligence process • Internal and external stakeholders in due diligence • Managing advisors in due diligence	Ramsinghani Chapters 16, 17 and 18
LESSON 4 Relative and DCF Valuation	• Basics of financial statement and forecasting • Relative valuation and use of comparable and transaction multiples in PE and VC valuation • Discounted cash flow (DCF) approach	Ippolito Chapter 7
LESSON 5 VC Method	• VC investment process • VC valuation method • Executive Summary, Pitch Deck + Elevator Pitch • Case study I (TBA)	Antonella Puca Chapters 1 and 4
LESSON 6 PE Method	• Performance analysis and attribution • Pitfalls of IRRs & multiples • Incorporating risk into PE performance using PME • Overview of PE deal structuring and documentation	Ramsinghani Chapter 9 and industry articles on ELEARN
LESSON 7 LBO Valuation	• Mechanics of LBO • Steps in the LBO process • LBO Valuation Models	Lecture notes on ELEARN
LESSON 8	Industry guest speaker session (TBA) and Case Study II (TBA)	Reading articles on ELEARN
LESSON 9 PE Deal Management	• Majority versus Minority investments • Approaches to PE value creation • Board value creation in PE and VC • PE value chain analysis and essential skillsets • Exit strategies: Trade Sale, IPO, Secondary Buyouts, SPACs	Lecture notes and reading articles on ELEARN
LESSON 10	In Class Quiz and Field Trip (TBA)	
LESSON 11	Final Group Project Presentations	
LESSION 12	Final Essay Assignment	