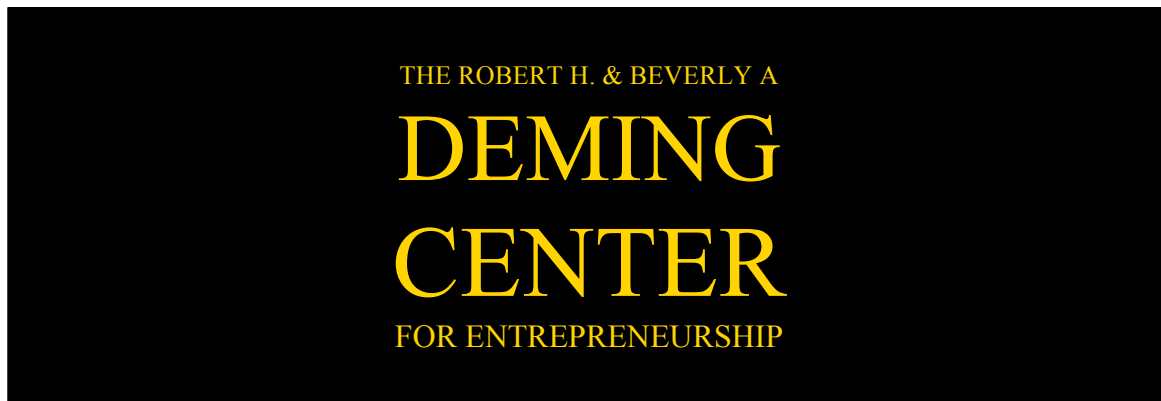


is proud to be affiliated with:



**Section 800: Tuesday and Thursday                      9:30 - 10:45 a.m.                      Koelbel S110**

**Instructor:**    [J. Chris Leach](#)  
Professor of Finance  
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**Office Hours: T, W, Th 8:00 a.m. – 9:00 a.m. and by appointment**

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**COURSE OBJECTIVES:**

MBAX 6110 examines the financial concepts, issues, methods and industry practices relevant to entrepreneurial decision-makers. The course addresses a variety of topics including financial valuation, sources of funding, structures and legal issues in arranging financing, the private and public venture capital markets, and preparation for, and execution of, an initial public securities offering. Students successfully completing the course will more clearly understand the segments of the capital markets specializing in start-up and growth financing and demonstrate basic financial analysis skills related to business planning, venture survival and valuation. Classroom activities include lectures, numerous case discussions and guest speakers (which may be outside of the scheduled class sessions).

**COURSE MATERIALS:**

The course textbook, *Entrepreneurial Finance*, (jointly authored by Leach and Melicher) is available from Cengage Learning and is stocked in the campus-affiliated bookstores. While the text is in the third edition, the first and second editions are also acceptable for this particular course which is oriented toward cases rather than chapter exercises (that have changed across editions). Previous and international versions of this textbook are widely available at significant discounts. Individual chapters can be purchased through IChapters.com. I also keep multiple free loaner copies available on a 1-week-at-a-time basis.

Cases specific to this course are available online from Harvard at:

<http://harvardbusinessonline.hbsp.harvard.edu/relay.jhtml?name=cp&c=c28603>

It would benefit you to have easy access to basic corporate finance, financial accounting and managerial accounting texts for reference, particularly when working on the cases containing financial statements, ratios and projections.

**REQUIREMENTS:****(1) Group Case Work:**

Students must form groups during the first week of the course. The groups are expected to meet outside of class to prepare case write-ups. When only one case is covered in a given class meeting, each group is required to hand in a typewritten analysis of the one case. When there are two assigned cases for a given class meeting, each group is free to choose which of the two cases it wishes to prepare for typewritten submission. Each member of the group is still responsible for reading the other case and being prepared for class discussion.

All case write-ups should consist of an executive summary with content not exceeding one (1) single-spaced ten (10) point one-inch-margin page which may be accompanied by up to three (3) pages of figures and tables. For grading purposes, each report must be **FOLLOWED** by a separate title page that includes the names of all group members. No group member names should appear on other pages of the report. While you may freely reference outside sources, including other groups of students, each written executive summary and all exhibits must be the group's own product and **no portion can be copied or extracted from existing or other groups' write-ups.**

**(2) Group Case Presentation:**

Each group is responsible for conducting one 20-minute case presentation. There are 11 presentation cases. If you sign up with less than the target number of members (announced on the first day of class), I may appoint the remaining members of your group as necessary to make sure everyone has a group. The sign-up sheet is already posted on my door. I expect these presentations to be professional, i.e., well organized, succinct, analytical and persuasive. The presentation group will defend its position before the entire class during an open questions period following the presentation. Student comments during this open questions period contribute to the participation component of the grade.

**(3) Individual Work:**

Students must take the two quizzes scheduled to cover the valuation and legal sections of the course, complete any in-class individual exercises (mini-cases), and submit a conforming write-up for the individual capstone case. The individual capstone case write-up has the same length and style requirements as the group case write-ups.

**However, the capstone case analysis must be entirely individual work and involve no consultation with humans (including teaching assistants) other than the instructor. Prior to submission of the written analysis, discussion of the issues, details or even purpose of the capstone case is prohibited. You are free to use general written and electronic reference materials including those dealing specifically with the company considered in the capstone case (with appropriate attribution). You may not, however, consult an existing case write-up, case analysis, case summary or case teaching note for the capstone case. The final product must be entirely your own. If you have questions regarding these rules or possible exceptions (e.g., you did the case before), ask the instructor before you proceed.**

**(4) Attendance Requirement:**

Preparation for, and attendance at, the case discussion classes and guest speaker occasions is required. While I may not formally take attendance, I retain the option of monitoring compliance randomly with cold calls or attendance lists. Class participation in case discussions and guest speaker presentations is vital to the class's take-away and therefore will contribute to an individual's course grade. Absence from, or inadequate preparation for, case discussions and guest presentations can be detrimental to the class participation portion of a student's grade. While students are free to sit where they please each time in the classroom (there is no seating chart), please display name cards, particularly during guest speaker presentations.

**PREREQUISITES:**

For most, this is not an easy course. In particular, the course is about entrepreneurial **FINANCE** and therefore demands evidence of some eventual competency in financial analysis techniques. Do not take this course if you are unwilling to master the basic techniques of financial analysis. Additionally, there is a significant amount of outside preparation and group work required to complete the course successfully. Entering students should be comfortable with basic finance, accounting, probability and statistics and should be competent with a spreadsheet program.

**GRADING:** Final Grades will be based on the following weights:

Group Case Executive Summaries	25%
Group Presentation	10%
Individual Quiz Performance	25%
Individual Exercise Performance	1%
Individual Capstone Submissions	29%
Individual Participation	10%

Further information on grading:

- (i) Group Case Executive Summaries are evaluated on the basis of criteria set forth in the guidelines provided in the supplement [CASES.DOC](#). Typically, evaluations are taken from {minus, check minus, check, check plus, plus} with extremely rare appearances of the extremes {minus, plus}.
- (ii) Group Presentations are evaluated on the basis of the factors given in the [presentation grading sheet](#). Typically, presentation grades fall in the range of 8 to 10 out of 10.
- (iii) Individual Quiz Performances are evaluated out of 25 possible points with partial credit when numerical calculations or extended verbal answers are required.
- (iv) Individual Exercise Performance is zero or one, depending on whether the student correctly completes the given exercise (given an opportunity to revise).
- (v) Individual Case Executive Summaries are evaluated on the basis of 13 categories each worth 10 points for a total of 130 points. Category points range from 0 (no treatment) to 10 (“nailed it”). Accuracy, relevance and application within the summary are all considered in the points awarded. Total points awarded range usually from 35 (27%) to 130 (100%) out of the 130. While there is always room for a competitive determination of the 13 categories, a recent nonbinding *example* of the 13 categories is:

- 1) Grammar and Punctuation
  - 2) Punch (overall presentation and persuasiveness)
  - 3) Explicit Treatment of Assumptions
  - 4) Income Statement
  - 5) Balance Sheet
  - 6) Statement of Cash Flows
  - 7) Valuation Cash Flow
  - 8) Valuation (Explicit Period and Terminal Period)
  - 9) Translation to Market Relevant Data (e.g. Share Price)
  - 10) Non-DCF Valuation Comparisons
  - 11) Qualitative Incorporation of Valuation Results
  - 12) Scenario Analysis
  - 13) Qualitative Incorporation of Scenario Analysis
- (vi) Individual Participation evaluations usually range from a low of 8 (you came to class, asked at least a question or two during the semester and I recognize you) to 10 (you nailed an error in my comments or another groups' comments and were a regular constructive participant). I do not take formal attendance on a regular basis. While I encourage participation, the grading structure purposely does not provide a great deal of latitude on my behalf.
- (vii) My primary responsibility in awarding a final course grade is to signal the level of competence exhibited in the subject matter at the time of course completion. This signal is directed primarily to the recipient, but may also be received by those who subsequently view the recipient's transcript. In consideration of this responsibility, I reserve the right to increase the weight assigned to the Individual Case Executive Summary in cases where it would *raise* the recipient's final grade to a more appropriate reflection of their mastery of the subject matter at the time of course completion.
- (viii) The course grade distribution will target Leeds school norms for MBA electives (3.4 – 3.6).

### **MISCELLANEOUS:**

(1) "If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303-492-8671, Willard 322, and <http://www.Colorado.EDU/disabilityservices>".

(2) "Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. See full details at [http://www.colorado.edu/policies/fac\\_relig.html](http://www.colorado.edu/policies/fac_relig.html)". Please advise me in advance of any conflicts with the course schedule and your religious observance. I will be happy to work with you on alternatives that do not interfere with your religious obligations.

(3) "All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council ([honor@colorado.edu](mailto:honor@colorado.edu); 303-725-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at <http://www.colorado.edu/policies/honor.html> and at <http://www.colorado.edu/academics/honorcode/>".

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### TENTATIVE COURSE OUTLINE:

<b>DATE</b>	<b>TOPIC</b>	<b>HAZARDS</b>
September 9	Introduction / What's Different?	
September 11	Cash Budgeting Lecture	Read Chapter 6
September 16	Direct Cash Budget Method ( <b>Case:</b> Hampton Machine Tool)	Read case before class
September 18	Indirect Pro Forma Method ( <b>Case:</b> Hampton Machine Tool)	(in-class exercises)
September 23	Basics of Valuation: Common Misperceptions	Read Chapter 9
September 25	Class Substitution (See Dec. 3)	
September 30	<b>Case:</b> Super Project (Qualitative)	No write-up: read case before class
October 2	Valuation I: Hard-Core DCF/NPV	Reread Chapter 9
October 7	<b>Case:</b> Super Project (Quantitative)	No write-up: reread case before class
October 9	Valuation II (Intro VC Shortcuts, Post-Money Valuations)	Read Chapter 10
<b>October 14</b>	<b>Projections and Valuation Quiz</b>	<b>Quiz (Individual)</b>
October 16	Valuation III (Enterprise Methods)	Read Chapter 13 (Enterprise Method)
October 21	<b>Case:</b> Icedelights (Reprise for Moyes's Students)	<b>Case (Group)</b>
October 23	Class Substitution (See Dec. 5)	<b>Case (Group)</b>

October 28	<b>Cases:</b> Steven R. Belkin, Heather Evans	<b>Case (Group)</b> , Read Chapters 11 & 12
October 30	<b>Case:</b> Meadowlands	<b>Case (Group)</b>
November 4	Introduction to Securities Law	Read Chapter 8
November 6	<b>Case:</b> Viscotech	<b>Case (Group)</b>
November 11	Design of Securities	Read Chapter 13 (Security Design Material)
<b>November 13</b>	<b>Securities Law Quiz</b>	<b>Quiz (Individual)</b>
November 18	<b>Cases:</b> Netscape, Times Mirror PEPS	<b>Cases (Group)</b>
November 20	Exit 101: Going Public or Selling Out	Read Chapter 14
<b>November 20</b>	<b>Individual Capstone Case Part 1 Due</b> , (Beginning of Class)	<b>Case (Individual)</b>
November 25	Fall / Thanksgiving Break	
November 27	Fall / Thanksgiving Break	
December 2	<b>Cases:</b> National Demographics (A), (B)	<b>Case (Group)</b>
December 3 (Wednesday)	Capstone Tutoring (w/Professor): 8:00 a.m. - 2:00 p.m.	
December 4	Venture Capital Guest Speaker	
December 5 (Friday)	Capstone Tutoring (w/Professor): 8:00 a.m. - 5:00 p.m.	
<b>December 9</b>	<b>Individual Capstone Case Part 2 Due</b> , (Beginning of Class)	<b>Case (Individual)</b>
December 11	<b>Cases</b> (no projections): Gobi Partners, New Profit, Inc.	<b>Cases (Group)</b>
Dec. 17(Mon)	Scheduled Final Exam Period: <a href="#">“Tesla’s Wild Ride”</a>	