

Entrepreneurship
Course Number: 33:382:203
Course Title: Finance for Entrepreneurs and Small Business

COURSE DESCRIPTION

Finance for Entrepreneurs and Small Business is an introductory course in finance for students interested in entrepreneurship and small business management but who are not enrolled in the Rutgers Business School (RBS). The course is required of Rutgers students not enrolled in RBS who wish to pursue a minor in Entrepreneurship.

The course provides an overview of the financial concepts and tools used by small business owners to maximize the economic value of their businesses. Entrepreneurs vary in their level of financial literacy; however, all successful small business owners have sufficient knowledge of finance to optimize profitability and adequately plan for their cash flow and funding requirements. Half of all new ventures fail to survive past four years, with the most common cause of failure tied to financial or economic troubles.

We will discuss analytic frameworks that promote effective decision making, examine the ingredients used in financial forecasting, planning, and analysis, and study various approaches to valuing the small business venture. Importantly, we will learn how to assess the health of a business by interpreting its financial statements. We will also look at various sources of financing for small businesses and examine how the perspective of outside investors varies significantly from the entrepreneur. It is important for the entrepreneur to be aware of, and understand, such differences in order to maximize his economic interest in the venture.

The major objectives of this course are to help you:

1. Learn the “language of finance” so that you can speak credibly with financial professionals and potential lenders and investors.
2. Be able to read financial statements and use them to assess business performance and identify key financial and liquidity issues.
3. Understand key financial activities that must be addressed in a successful business such as margin management, liquidity management, capital raising, business valuation, etc.
4. Develop a tool kit for making effective decisions related to maximizing the economic value of the small business.
5. Learn to construct a financial model, analytics, and financial forecasts for the small business.
6. Understand how small businesses are valued and why entrepreneurs and outside investors often have divergent interests.

This course will place an emphasis on businesses that sell physical products, particularly when it comes to examining the management of profit margins and cash flow. However, the concepts we cover can easily be applied, with some adjustments, to service-based and software businesses.

We will not provide detailed information on the many administrative tasks involved in establishing and operating a small business, such as the various procedures and forms to use when applying for a small business loan, how specifically to set up a legal entity for your business, etc. Such one-time or occasional tasks are best learned at the time you need to complete them in “real life” and the more important goal of the course is to provide you with a conceptual foundation that will help you identify and resolve significant and recurring financial issues.

Acquiring an understanding of finance will help you succeed as a small business owner because without a sound financial footing, the best business plan, products, and strategy are not sufficient. This course can also begin to prepare you for a career in lending, finance, or venture capital. The lessons to be learned will increase your overall financial literacy and will help you effectively manage your personal finances.

COURSE MATERIALS

You will only need to purchase one book for this course: Berman and Knight. Financial Intelligence for Entrepreneurs, Harvard Business Press, 2008. ISBN 978-1-4221-1915-0

In addition, students should have access to a personal computer to complete homework assignments, the and the final project. Students are required to have access to Microsoft Excel, Word, and PowerPoint. Students are free to bring their laptop into class to view the lecture notes, to take additional notes, and to follow along with our Excel examples.

LEARNING GOALS AND OBJECTIVES

The class will include lectures on key topics as well as discussions and in-class experiential exercises. We will conduct various exercises in teams to reinforce key analytic concepts. Many of these exercises are designed as a sequence, with the mastery of one exercise providing the foundation for mastery of the next one. As a result, class attendance is very important to gaining mastery of the course content.

The course will expose you both to theories and analytic frameworks for use in financial management of small business ventures, and we will use supplemental reading material to study real life examples of small businesses facing significant financial issues.

Approximately mid-way through the semester, you will be assigned a group project consisting of a financial case analysis of an actual business designed to give you practice assessing the financial health of a business.

The final project will require you to prepare a robust financial forecast for a business of your choosing. This project will require you to synthesize the course content and apply it to a “real world” business situation. The end product will consist of a financial analysis that can be included as a component of a full-fledged business plan typically used by an entrepreneur.

PREREQUISITES

This course has no prerequisites. We will review the basic financial accounting needed as a foundation for the financial tools we will develop. However, in past semesters, students with prior exposure to financial accounting have generally had an easier time mastering the content of this course. Additionally, we will make extensive use of Microsoft Excel worksheets and the final course project will require you to prepare a financial forecast using Excel. While prior experience building and using Excel worksheets will be very helpful, we will devote segments of several classes to Excel tutorials. Therefore, it is critical to bring a laptop to class.

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy (<http://academicintegrity.rutgers.edu/>).

I will strongly enforce this Policy and pursue *all* violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, “On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment.” I will screen all written assignments through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large database of past work. Don’t let cheating destroy your hard-earned opportunity to learn. See business.rutgers.edu/ai for more details.

ATTENDANCE AND PREPARATION POLICY

You are expected to do all the assignments by their due dates, attend all classes, and be prepared for discussions in class.

The final project will be marked down if it is not submitted by 11:59 pm of the due date, as follows: projects submitted after the due date but within 24 hours will be marked down one (1) letter grade; projects submitted more than 24 hours past the due date will be marked down two (2) letter grades.

Homework assignments must be submitted by the start of class the day that they are due. Late homeworks will only be accepted until they are reviewed, and will be penalized in grading as per the “Homework Assignments” section below.

If you miss a class, it is your responsibility to find out from classmates what materials were covered, what assignments are due, and what (if any) handouts were distributed in class.

I will attempt to do everything I can to use the class time effectively and ask that you do the same. This includes arriving, starting, and ending on time. Please respect your fellow students and professor and do not disrupt the class in any way.

For weather-related class cancellations, please check the New Brunswick "Campus Operating Status" page: <http://campusstatus.rutgers.edu> or by going to the main New Brunswick webpage at <http://nb.rutgers.edu>. Obviously, if the campus is closed due to weather conditions, then class will be canceled. If I have difficulty making it to class on time (or at all), even under normal operations in New Brunswick, I will attempt to alert you either by email and Canvas announcement the night before, or first thing in the morning of the class. So: if the weather appears marginal, please make sure to check your email and course Canvas prior to class.

HOMEWORK ASSIGNMENTS

Homework assignments will be given throughout the semester. These assignments will test your assimilation of the concepts taught both in class and through assigned readings. Homeworks will be posted to Canvas with any relevant instructions changes, clarifications.

Students must submit their homeworks VIA CANVAS before the start of the class on the day on which they are due. I will review the homeworks with the class at the start of the second lecture after which the homework was due.

Homeworks may be submitted late only up until the time I review the answers in class (see above); **however, homeworks will be marked down one full letter grade for each day late** (i.e. an assignment submitted that would otherwise have been marked an “A” had it been received on time, will be marked a “B” if it is turned in after the due date/time but within 24 hours of that due date/time; it will be marked a “C” if it is turned in after 24 hours but less than 48 hours after the due date/time).

CLASS PARTICIPATION

Participation is required and counts towards 20% of your class grade. The participation grade reflects **PARTICIPATION (not just attendance)**. Documented illnesses, emergencies, religious holidays and university engagements (such as a scheduled sports event) will be recognized as legitimate absences. It is best to contact me promptly in the case of a legitimate absence.

CLASS ADMINISTRATION

I make frequent use of the course Canvas site and will post new materials on an ongoing basis. You can access the Canvas with your NetID and password at canvas.rutgers.edu. I urge you to check the site frequently. Materials that I will post include copies of the PowerPoint presentations that I use in class, assigned homework, readings, and other files or links for the discussion of current topics.

I also use Canvas to make email announcements, and I expect that you check your email periodically. However, this assumes that you use the email account that you receive when you enroll at Rutgers. Otherwise, I will not be able to reach you with messages concerning exams, canceled classes, etc.

Some students with valid Rutgers NetIDs may not have valid e-mail addresses listed in Canvas. This may be because they chose not to have their e-mail address made available to others or if their NetID password is shorter than nine characters. In order for the student to receive emails and other Canvas notifications, s/he must update their personal information in the official student record system. Current students can update their personal information including email address at <https://cas.rutgers.edu>.

It is your responsibility to make sure you are able to receive email messages from me by properly administering your Rutgers email accounts.

Please make sure that you are receiving announcements made through the Canvas; if not, please notify me.

1. I would like to know each of you personally and make the class atmosphere as informal as possible.

2. I plan to call on students to participate in discussions, so please be prepared for this.
 3. Please feel free to contact me with any questions or concerns you have. Email is a great way to communicate, so don't hesitate to use it. I will try to help you on any day of the week as long as I am available.
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ELEVATOR PITCH

In business, it is critical to be able to quickly, efficiently and succinctly introduce yourself, your company and your unique position in the world to investors, potential mentors, fellow entrepreneurs, etc. To that end, you will develop an elevator pitch that you will deliver in class to your peers. We will go over the elements that make for a successful elevator pitch in class.

EXAMS

The two (2) Exams cover the concepts and analytic techniques covered in the class lectures as well as the in-class exercises. While I post PowerPoint lectures to the course Canvas, understanding the in-class exercises will be important for doing well on the Exams. In addition, the Exams will cover the assigned reading. Some of the exam questions will require calculations based upon topics we have covered in class. You will be expected to bring a hand-held calculator for use in the Exam. However, the use of laptops, iPads, PDA's, or any other device with WiFi or similar wireless communications is not allowed during Exams and can result in disciplinary action.

GROUP FINANCIAL CASE ANALYSIS

You will be asked to form into groups of 4-5 students and prepare a financial analysis of an actual business. I will provide you with a template to help you organize your analysis and I will also provide a list of businesses from which you may choose one enterprise to assess. More information on this project will be provided in class.

You should attempt to form your own groups of five students each by the fifth week of class. If you are having trouble forming or joining a group, let me know and I will assign students to teams as required.

This assignment is conducted using student teams to provide you with a chance to discuss financial analysis concepts and techniques with your peers, which I believe will result in a more meaningful learning experience. All analyses will be done in the form of a PowerPoint presentation which each group will present to the rest of the students in the classes following the due date of the assignment (in an order which will be determined randomly beforehand). Each student is expected to participate in the presentation. This exercise is reflective of real-world situations in which you, as an entrepreneur, will be required to communicate effectively with partners, employees, suppliers, customers, and investors.

Except under extenuating circumstances, all members of your team will receive the same grade for the assignment. I know that some students may have possible concerns about teammates who don't fully contribute to the group's work. If you have any serious problems with free-riders and/or slackers, then: (a) try to manage and discuss your concerns with the slacking individual, and (b) if that doesn't work, alert me promptly (you should not wait until the last few days before the project is due).

In extreme cases, non-performing team members may receive a failing grade for the assignment. You will have the opportunity to rate team members' contributions through an end-of-project peer evaluation. A copy of the peer evaluation is attached to this syllabus. Note that the peer evaluation is not meant to substitute for taking timely and proactive steps concerning non-performing team members.

GRADING POLICY

Students will be evaluated on (a) class attendance, (b) homework assignments, (c) exam(s), and (d) the group final project. There is no final exam.

The weightings will be as follows:

● Participation	20%
● Elevator Pitch	10%
● Homework	10%
● Exams and quizzes	25%
● Group final project	35%
<hr/> Total	<hr/> 100%

Grading for each of the items above, in particular homeworks and exams, will be conducted in the following manner: Grades will not be initially scaled in any way. I will inform the students of the class's grade distribution and assign letter grades to the relevant ranges. At the end of the semester I will "normalize" all grades so that they numerically correspond to the letter grades/ranges set out below. This will result in the numbers being comparable with one another and allow weightings to be applied appropriately.

Your total weighted average score for the semester, calculated using the methodology described above, determines your letter grade for the semester, as follows:

A	90% and above
B	80% to 89% (B+ for 87 – 89%)
C	70% to 79% (C+ for 77 – 79%)
D	60% to 69%
F	below 60%

Upon request, I will make available an extra credit assignment, provided that you request the assignment no later than two weeks prior to the last class. Extra credit is not available as a means of adjusting a final course grade with which you are not satisfied.

COURSE SCHEDULE

NOTE CAREFULLY: This schedule and the various items within it are subject to change. You should check the course Canvas frequently to make sure you stay informed of upcoming assignments, exam dates, etc.

Topic	Assignment
Course Overview / Intro	
IS Con't.,Excel Tutorial; Basics of Model Building	Text--have read through Ch. 5
Balance Sheet	Text- Have read thru Ch. 12
Review of I/S & B/S; QUIZ # 1 , Introduction of Cash Flow	HW #1 – Cash Flow
Cash Flow Continued; Intro to Financial Ratios	Textbook – Chapters 13-17,
Elevator Pitches delivered in class	TBA
Exam # 1	TBA
ROI/Capital Budgeting	Financial Ratios/Forecasting/ROI
Spring Break	N/A
Working Capital Management; Free Cash Flow	TBA
QUIZ #2 ; Business Valuation	Groups Finalized for Final Project
Financing Sources	TBA
Exam # 2	
Open Topics; Group Presentations	Presentations Due electronically via email
Group Presentations; Course wrap-up	

SUPPORT SERVICES

If you need accommodation for a *disability*, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at ods.rutgers.edu.

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email dsoffice@echo.rutgers.edu]

[Rutgers University-Newark ODS phone (973)353-5375 or email ods@newark.rutgers.edu]

If you are *pregnant*, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email jackie.moran@rutgers.edu]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email TitleIX@newark.rutgers.edu]

If you seek **religious accommodations**, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email deanofstudents@echo.rutgers.edu]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email DeanofStudents@newark.rutgers.edu]

If you have experienced any form of **gender or sex-based discrimination or harassment**, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu/>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7 . You may also contact the Office of Title IX and ADA Compliance at (973)353-1906 or email at TitleIX@newark.rutgers.edu. If you wish to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email run.vpva@rutgers.edu]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu> .

If you are a military **veteran** or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of **mental health** services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of **physical health** services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]

If you are in need of *legal* services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to *English as a second language (ESL)* should contact the Program in American Language Studies for supports.

[Rutgers–Newark: PALS@newark.rutgers.edu]

[Rutgers–New Brunswick: eslpals@english.rutgers.edu]

If you are in need of additional *academic assistance*, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.

- Students must sign, date, and return a statement declaring that they understand this syllabus.]