

**Finance**  
**Course Number: 22:390:674**  
**Course Title: Evaluating New Business Ventures**

## OVERVIEW

During this course students will learn how to evaluate and value a new business from an investor perspective. The course will explore the fundamental characteristics that make a good business (and conversely a bad business) and how to value a business both pre and post revenue. Working in teams students will create integrated financial statements for a company and determine its value. Students will also be taught how to write and present (pitch) a business plan to investors while developing a thorough understanding as to investor needs, methodologies and concerns. Early stage fundraising techniques and intellectual property will be also covered.

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## COURSE MATERIALS

### **Venture Deals**

Second Edition, hardcover  
By: Brad Feld, Jason Mendelson  
John Wiley & Sons, Inc.  
ISBN: 978-1-118-44361-3

### **Business Plans that Work: A Guide for Small Business**

Second Edition, paperback  
By: Andrew Zacharakis, et al.  
McGraw-Hill  
ISBN: 978-0-07-174883-4

### **Recommended Equipment:**

A laptop computer that has Internet connectivity and is loaded with Microsoft Excel. Helpful website: <http://www.bplans.com>

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## LEARNING OUTCOMES

Students will learn how to:

- Do patent searches

- Conduct industry analysis
  - Conduct market analysis
  - Create go-to-market, supply-chain strategies
  - Build integrated financial statements in Excel
  - Conduct venture capital valuation in Excel
  - Create Capitalization tables from scratch in Excel
  - Write business plans
  - Understand and negotiate term sheets
  - Understand the different types of funding available to science and technology-based start ups.
  - Do one minute and twenty minute pitches
  - Solve unstructured problems and present the results to stakeholders.
  - Pitch ideas and investment proposals
  - Work in teams and meet deadlines
  - Make recommendations
  - Develop and present implementation plans
  - Communicate ideas effectively
  - Conduct industry and firm-level research
  - Identify key decision makers and their motivations
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## **METHODS OF INSTRUCTION**

Several methods of instruction are used including: lecture, videos, discussions of examples, cases, and project work.

Students are responsible for reading assigned material prior to class and coming prepared to engage in a discussion on the assigned topics. Discussion questions related to the readings may be posted in advance for some class sessions. Quality class participation is a significant part of everyone's learning process. Asking thoughtful questions, respecting the views of your fellow students and instructor, not interrupting others and sharing opportunities to participate with your colleagues will result in meaningful dialogue and learning.

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## **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](http://business.rutgers.edu/ai) for more details.

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## **PROJECT TEAMS: BUSINESS PLAN – HIGH GROWTH**

Students will form teams of 1-5 students and create a written business plan and oral presentation on a new business venture. This plan will outline the growth strategy for the company and will include a Marketing, Financial and Operations Plan.

On the final day of class, the teams will be required to turn in a written copy of their plan and present their business assessment to the class. Requirements for both the written copy and the team presentations will be provided in class.

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## **SUBMITTING ASSIGNMENTS**

Any assignments will be submitted directly to my email at [Q](mailto:Q) DO NOT SUBMIT ASSIGNMENTS THROUGH CANVAS.

Lecture slides, individual and team assignments and class announcements will be posted on canvas.

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## **CLASS COMMUNICATIONS**

All class announcements will be email to students via Canvas. Please make sure your primary email is up to date in the Rutgers system. Please also make sure you keep your email box clear to receive messages. This is especially important if you are forwarding your Rutgers mailbox to your personal email as these messages accumulate in the Rutgers mail box and the mailbox will eventually become full.

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## **EXPECTATIONS**

Professional conduct is expected at all times:

- Treat all participants in the class with respect
- Arrive on time and avoid early departures
- **Use laptops or other technology in the classroom only when appropriate for the activities for that session. Computers should not be used during lectures.**
- *No cell phones, or other electronic instruments are to be out or on during class*
- Do not distract others

- Submit all assignments on time, in a legible and professional manner (10 or 12 point, double spaced, with standard margins all around)
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## **GRADING POLICY**

Midterm Exam 50%

Business Plan 30%

Pitch 20%

The midterm exam will be administered during the class period and will be taken individually. The business plan and the twenty-minute pitch grade will be evaluated on a group basis.

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## **Topics covered (subject to change):**

### **Course overview - syllabus, deliverables**

Overview of Business Plan components and best practices

Begin discussion of Intellectual Property

### **Intellectual Property – Patents, Copyrights, Trademark & Trade Secrets**

Disclosure Red Flags

The Non-Disclosure Agreement

The Patent Process

Licensing, Copyrights, Trademarks, Trade Secrets

Patent Searches

**Homework: Find the five closest patents to your idea, explain what makes your idea unique? Are there any critical outstanding patents that you could buy/license to make your idea more profitable? Are there any potential gaps?**

### **Industry Analysis**

Discussion of how to do an industry overview and Analysis

Porter, and PEST analysis – links to cash flow and risk

Examination of the industry supply-chain structure

Google search for existing products in the product market space

Advanced search techniques

Understanding the Key Drivers of Gross Margin and Profitability

Understanding the key industry success factors, and supply-chain bottle necks

Industry trends that impact cash flow and risk

**Homework: Complete industry analysis and Google search**

**Competitor Analysis / Product Market Analysis**

Comparative Analysis

SWOT analysis

Benchmarking to the competition

Competitor revenues/profits

Comparative Fundamental Analysis

**Go-to-Market Plan / Getting to Revenue**

Product Analysis

Price – strategic determinants of the selling price of the product or service

Product (or service) – what you are designing, developing, manufacturing, providing and selling Place (or channel strategy) – which channels you are using to sell your product or services (e.g. are you selling direct to customers over the Internet or are you selling through a retailer or other third party)

Promotion – what methods are you using to communicate what it is that you do to your market. This includes packaging, sales, brochures, exhibitions, advertising, direct mail, Internet marketing etc. Top down approach (the technologies are very early stage)

Marketing Plan

Distribution plan and the establishment of an efficient Supply-Chain

**Homework: Do the product market analysis and the marketing plan.**

**Business Forms, Government Agencies & Business Ethics**

Sole Proprietorship, Partnerships, LLCs and Corporations (C and S Corp)

SBA, IRS, Regulations

Overview of ethical frameworks and resources

## *New Venture Financing & Cap Tables*

Phase I, II, IIb, III, IV

Bootstrapping

Angels, Venture Capitalists, Preferred Stock, Hybrid Financing, Debt Financing, SBIRs, SBA Loans, STTRs Dilution and Cap Tables in EXCEL

**Homework: Complete your Cap Table in Excel**

## *Financial Statements Modeling in Excel*

Income Statement

Balance Sheet

Cash Flow Statement

Funding Required (Operating Cash Flows, Cap Ex, Net Additions to Working Capital)

**Homework: Complete your financial model**

## *Effective Idea Selling - Business Plans & How to Pitch*

Business Plan and Pitch best practices

Elevator pitches

**Homework: Create a 20 minute pitch – 10/20/30 rule**

## *Achieving Lean Innovation*

Moving an innovation from idea to adoption

Managing the new product development process

Why good managers are often bad innovators

Innovator's Method and other Lean Startup principles

Disruptive innovation, open innovation

Lean and agile methodologies

## *Growth Hacking*

The tools, channels, and mindsets, of the growth hackers use to achieve inexpensive and rapid growth

Using the internet and social media to build billions and billions of value

Airbnb, Dropbox, Instagram, Groupon, Pinterest, Zynga, WhatsApp

Creating self-perpetuating marketing machines

Identifying measurable and scalable channels

## COURSE SCHEDULE

### Evaluating New Business Ventures – MBA

Week	Activity	Venture Deals	BPTW
	<b>*** SCHEDULE IS SUBJECT TO CHANGE ***</b>		
1	S1: Introduction; Ownership, Gov't & Ethics; Business Plans	Read Ch. 1, 2	Read Ch. 1, 2, 3
2	S2: Patents, Trademarks, Copyrights & Trade Secrets	Read Ch. 14	
3	S3: Industry Analysis		Read Ch.4
4	S4: Product Description & Marketing	Read Ch. 13	Read Ch.5 & Ch.6
5	S5: Financing & Valuation (Cap Table)	Read Ch.7, 12	Read Ch. 9
6	S6: Financial Forecasting		Read Ch.10
7	S7: Guest Speaker	Read Ch. 9	
8	S8: Mid-Term		<b>In Class Mid-Term</b>
9	<b>NO CLASS</b>		
10	S9: Effective Idea Selling: Business Plans & Pitches	Ch. 11	
11	S10: Effective Idea Selling cont.	Read Ch. 3, 4, 5, 6	

12	S11: Operations, Facilities & Purchasing	Read Ch. 8	Read Ch.7 & 8
	S11: Term Sheets		Review Sample Term Sheet
13	S12: Achieving Lean Innovation	Read Ch. 10	Read Ch. 11
14	S13: Growth Hacking		
15	S14: Team Presentations		<b>Business Plans Due</b>

Suggested NeoForma Case Study Reading Schedule

<u>Week</u>	<u>Reading Assignment (due the following week)</u>
1	Prequel thru Month 2
2	Month 3 thru Month 5
3	Month 11 thru Month 14
4	Month 15 thru Month 19
5	Month 21 thru Month 24
6	Month 25 thru Month 26B
7	Month 27 thru Month 30
8	Month 31 thru Month 33
9	Month 36 thru Month 39
10	Month 40 thru Month 42
11	Month 45 thru Month 47
12	Month 49 thru Month 51
13	Month 52 thru Four Weeks Later
14	None

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## 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](http://ods.rutgers.edu).

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

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

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

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

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