

Course Name: Entrepreneurial Finance Module 3, Academic Year 2023-2024

Course Information

Instructor: Mohammad Ali Moradi

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Office Hours: Tuesday & Friday, 10:30-12:30 or by appointment

Teaching Assistant:

Email:

Classes:

Lectures: Tuesday & Friday 8:30-10:20

Venue: PHBS Building, Room ...

Course Website:

TBA.

1. Course Description

1.1 Context

Course overview:

Finance for entrepreneurs is fundamentally different from finance for public firms or SMEs. The objective of this course is to provide an understanding of entrepreneurial finance decisions from the perspectives of the entrepreneurs, the investors -venture capital and private equity as well as the policymakers. This course gives students an understanding of how financing from various sources finds its way to entrepreneurial ventures at different phases of the business life cycle. The sources of financing for business ventures typically include venture capital, angel financing, corporate finance, bootstrap, private equity funds, crowdfunding, bricolage, Initial Coin Offerings (ICO), and in some cases government-sponsored programs in the entrepreneurial economy and debt-based financing, and family-relatives-friends in the traditional economy. Understanding the types of financing provides a building block for business valuation using different methodologies to manage venture financing, more specifically entrepreneurial business valuation.

Prerequisites:

Students are required to have completed the prerequisite courses, as specified by PHBS.

1.2 Textbooks and Reading Materials

Lecture notes, selected articles, assignments, cases and other supplementary materials will be posted on the course website.

There are a growing number of books and articles that deal with entrepreneurial finance (citations detailed below). Because this is such a new area of academic inquiry, there is no a formal textbook for the course from which to distil all the critical information.

Textbook:

1. Leach, J. C., and Melicher, R. W. (2014). *Entrepreneurial finance*. 5th edition, South-Western, Cengage Learning.
2. Moritz, A., Block, J. H., Golla, S., and Werner, A. (Editors). (2020). Contemporary developments in entrepreneurial finance. Springer.
3. Audretsch, D. B., & Link, A. N. (2012). *Valuing an entrepreneurial enterprise*. Small Business Economics, 38, 139-145.

Selected Article:

1. Denis, D. J. (2004). Entrepreneurial finance: An overview of the issues and evidence. *Journal of Corporate Finance*, 10 (2), 301-326.
2. Fisher, G. (2012). Effectuation, Causation, and Bricolage: A behavioural comparison of emerging theories in entrepreneurship research. *Entrepreneurship: Theory and Practice*, 1019-1051.
3. Croce, A., Tenca, F., and Ughetto, E. (2017). How business angel groups work: Rejection criteria in investment evaluation. *International Small Business Journal*, 35(4), 405-426.
4. Pauwels, C., Clarysse, B., Wright, M., & Van Hove, J. (2016). Understanding a new generation incubation model: The accelerator. *Technovation*, 50, 13-24.
5. Ebben, J. J. (2009). Bootstrapping and the financial condition of small firms. *International Journal of Entrepreneurial Behaviour and Research*, 15(4), 346-363.
6. Momtaz, P. P. (2020). *Initial coin offerings*. Plos one, 15(5), e0233018.
7. Hoffman, D. L., and Radojevich-Kelle, N. (2012). Analysis of accelerator companies: An exploratory case study of their programs, processes, and early results. *Small Business Institute Journal*, 8(2), 54-70.

2. Learning Outcomes

3.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality research-oriented documents.	Yes: Projects, examinations, class presentations
	1.2. Our students will be able to professionally present their ideas and also logically explain and defend their argument.	Yes: Projects, examinations, class presentations
2. Our graduates will understand the fundamental concepts of entrepreneurship and entrepreneurial finance	2.1. Our students will present their understanding of fundamental concepts of entrepreneurship and entrepreneurial finance.	Yes: Projects, examinations, class presentations
	2.2. Our students will explain the fundamental concepts of entrepreneurship and entrepreneurial finance.	Yes: Projects, examinations, class presentations
	2.3. Our students will compare and contrast the fundamental concepts of entrepreneurship and entrepreneurial finance.	Yes: Projects, examinations, class presentations
3. Our graduates will be skilled in team work and leadership.	3.1. Our students will be able to lead and participate in group for projects, discussion, and presentation.	Yes: Projects, examinations, class presentations
	3.2. Our students will be able to apply leadership theories and related skills.	Yes: Projects, examinations, class presentations

4. Our graduates will be trained in ethics.	4.1. In a case setting, students will use appropriate techniques to analyze business finance problems and identify the ethical aspects, provide a solution and defend it.	Yes: Code of conduct for Projects, assignments, examinations
	4.2. Our students will practice ethics in the duration of the program.	Yes: Classroom code of conduct
5. Our graduates will have a global perspective.	5.1. Our students will have a good understanding of fundamental theories and ideas in their fields.	Yes: Projects, assignments, examinations
	5.2. Our students will be prepared to face problems in various economic settings and find solutions.	Yes: Projects, assignments, examinations
	5.3. Our students will demonstrate competency in critical thinking.	Yes: Projects, assignments, examinations

2.2 Assessment/Grading Details

1. Assignments 20%
2. Team Project 30%
3. Final report 20%
4. Final exam 30%
5. Attendance and effective and useful class participation +/- up to 10%

I am interested in your thoughts, reactions, comments, and questions about any of the material such as lectures and/or readings.

2.3 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honours, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Topics, Teaching and Assessment Schedule

1. Concepts of entrepreneurial finance
2. History of business financing
3. Financial system and business development
 - Institutions
 - Markets
4. Financing typology

- The conventional and modern institutions of business finance
 - Business venture finance in the venture life cycle
5. Financial technology and digital finance
6. Financing approaches and methods:
- Venture capital
 - Angels
 - Corporate finance
 - Accelerators
 - Crowd founding
 - Bootstrap
 - Bricolage
 - Initial Coin Offerings (ICO)
7. Valuation methodology:
- Traditional methodology
 - Valuing entrepreneurial venture methodology
8. Entrepreneurial financing Benchmarks

Week	Topic
Week 1	1.1. Introduction and overview 1.2. Concepts of entrepreneurial finance 1.3. Financial system and business venture development
Week 2	1.1. History of business financing 1.2. Financing typology 1.3. Digital Finance 1.4. Artificial intelligence and finance
Week 3	3.1. Venture capital 3.2. Angels 3.3. Corporate finance
Week 4	4.1. Accelerators 4.2. Crowdfunding
Week 5	5.1. Bootstrap 5.2. Bricolage
Week 6	6.1. Initial Coin Offerings (ICO) 6.2. Fundamentals of valuation methodology: concepts, assumptions, financial ratios, and financial techniques
Week 7	7.1. Traditional methodology
Week 8	8.1. Valuing entrepreneurial venture methodology 8.2. Entrepreneurial finance Benchmarks
Week 9	9.1. Class presentation

4. Communication

Students must regularly monitor the course website to receive information related to this class. Course websites are my main electronic method of communicating, announcements, and deadlines regarding your assignments. Assignments will always be submitted online and due at regular times.

My email (moradi@phbs.pku.edu.cn) is one of the best means of contacting me. I will do my best to respond within 24 hours. If I do not reply within 48 hours, do not take it personally, and feel free to send a follow-up email in the very likely event that I genuinely did not see your original message because of receiving bulk messages.

5. Miscellaneous