

**Commerce 4FW3  
Finance for Entrepreneurs  
Fall 2019 Course Outline**

**Finance and Business Economics  
DeGroote School of Business  
McMaster University**

***COURSE OBJECTIVE***

This course is intended for students who wish to enhance their skills and knowledge in those areas of business that lead to successful entrepreneurship and/or small business management. The focus will be on those financial issues and decisions of particular concern to sole proprietors, partnerships, family-owned businesses and small non-public corporations. This will include the financial aspects of the relationship between the firm and its owners. The course is intended to be non-technical in order to be accessible by students with a variety of backgrounds.

***INSTRUCTOR AND CONTACT INFORMATION***

**Lecture C01 & C02**

Instructor: D. Pitman Office: TBA Office Hour: TBA	Teaching Assistant: TBA Office: TBA Office Hour: TBA
---	---

**Course website:** [avenue.mcmaster.ca](http://avenue.mcmaster.ca)

***COURSE ELEMENTS***

Credit Value: 3	Leadership: Yes	IT skills: No	Global view: Yes
A2L: Yes	Ethics: No	Numeracy: Yes	Written skills: Yes
Participation: Yes	Innovation: Yes	Group work: Yes	Oral skills: Yes
Evidence-based: Yes	Experiential: No	Final Exam: Yes	Guest speaker(s): No

---

## ***COURSE DESCRIPTION***

---

This course is intended for students who wish to enhance their skills and knowledge in those areas of business that lead to successful entrepreneurship and/or small business management. The focus will be on those financial issues and decisions of particular concern to sole proprietors, partnerships, family-owned businesses and small non-public corporations. This will include the financial aspects of the relationship between the firm and its owners.

Lectures (three hours)

Prerequisite(s): Students in a third or fourth year non-Commerce program or the Minor in Innovation

Antirequisite(s): COMMERCE 4FO3. Not open to students registered in any Commerce, or Engineering & Management program; or the Minor in Finance or Innovation

---

## ***LEARNING OUTCOMES***

---

Upon successful completion of this course, students will be able to complete the following key tasks:

- Understand the components of a sound business model;
- Develop and write a business plan;
- Decide whether the venture should be a proprietorship, partnership or corporation;
- Measure and evaluate financial performance;
- Prepare a cash budget;
- Explain how the time pattern of cash flows relates to the value of the venture;
- Identify various sources of financing; and
- Develop an exit strategy.

---

## ***COURSE MATERIALS AND READINGS***

---

### **Required:**

Textbook: Entrepreneurial Finance, 6th Edition, Leach and Melicher. Available at the bookstore

Further reading materials may be announced by the instructor during the course.

---

## ***EVALUATION***

---

Learning in this course is facilitated primarily through lectures and in-class discussions. Students are expected to be prepared for class and to contribute to class discussion (a component of the evaluation). A component of the evaluation is based on group work.

Missed tests/exams will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF. Late assignments will be penalized 5% for each day they are late. Your final grade will be calculated as follows:

### **Components and Weights**

<b>Class Participation (Individual)</b>	5%
<b>Assignment (Group)</b>	20%
<b>Midterm Exam</b>	30%
<b>Final Exam</b>	45%
<b>Total</b>	100%

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy.

[www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf](http://www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf)

### **Class Participation**

Participation in-class is worth 5% of the final course grade. Students are expected to be prepared for class and to actively contribute to class discussion. Not only does participation enhance mastery of the course curriculum individually but it also enhances the learning experience for the class generally. Assessment for participation will be on a self-reported basis. At the end of term, each student will be required to submit to Avenue a summary on their participation throughout the class. The instructor will post a summary template in which students will record participation weekly. Participation will be assessed commencing the third week of class.

## **Assignment**

The assignment is to be completed in groups (maximum 3 people) and is worth 20%. The assignment will be posted on Avenue 2 weeks prior to its due date.

## **Midterm & Final Exam**

Both the midterm (30%) and final exam (45%) are closed book. Potential question types include multiple choice, short answer and problems requiring calculations. The final exam will not be comprehensive. The midterm will be held in class and the final exam will be scheduled by the registrar's office during the final examination period.

## **Communication and Feedback**

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #9 in the term. Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

---

## ***ACADEMIC INTEGRITY***

---

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the *Academic Integrity Policy*, located at:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity)

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

---

## **ONLINE COURSE COMPONENTS**

---

In this course we will be using Avenue. Students should be aware that when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure.

If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

---

## **REQUESTING RELIEF FOR MISSED ACADEMIC WORK**

---

Students may request relief from a regularly scheduled midterm, test, assignment or other course components. Please refer to the policy and procedure on the DeGroot website at the link below;

<http://ug.degroot.mcmaster.ca/forms-and-resources/misled-course-work-policy/>

---

## **STUDENT ACCESSIBILITY SERVICES**

---

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail [sas@mcmaster.ca](mailto:sas@mcmaster.ca).

For further information, consult McMaster University's Policy for Academic Accommodation of Students with Disabilities:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicAccommodation-StudentsWithDisabilities.pdf>

---

## **ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)**

---

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the RISO policy. Students requiring a RISO accommodation should submit their request, including the dates/times needing to be accommodated and the courses

which will be impacted, to their Faculty Office normally within 10 days of the beginning of term or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

<https://multifaith.mcmaster.ca/riso>

---

### ***POTENTIAL MODIFICATION TO THE COURSE***

---

The instructor reserves the right to modify elements of the course during the term. There may be changes to the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

---

### ***ACKNOWLEDGEMENT OF COURSE POLICIES***

---

Your enrolment in Commerce 4FW3 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

---

**COURSE SCHEDULE**


---

**COMMERCE 4FW3  
FINANCE FOR ENTREPRENEURS  
Fall 2019 Course Schedule**

<b>LECTURE</b>	<b>C01</b>	<b>C02</b>	<b>CHAPTER</b>	
<i>Entrepreneurial Environment</i>	Sept 9 <sup>th</sup>	Sept 4 <sup>th</sup>	1	Review Course Outline Introduction to Finance for Entrepreneurs.
<i>Organizing and Operating</i>	Sept 16 <sup>th</sup>	Sept 11/18 <sup>th</sup>	2, 3	Developing Business Idea Organizing and Financing a New Venture
	Sept 23 <sup>th</sup>	Sept 25 <sup>th</sup>	4,5	Preparing and Using Financial Statements. Evaluating Operating and Financial Performance <b>Class Participation Starts</b>
<i>Planning</i>	Sep 30 <sup>th</sup>	Oct 2 <sup>nd</sup>	6	Managing Cash Flow Midterm Review
	Oct 7 <sup>th</sup>	Oct 9 <sup>th</sup>		<b>Midterm in class (Chapters 1 - 6)</b>
<i>Creating and Recognizing Value</i>	Oct 21 <sup>th</sup>	Oct 23 <sup>rd</sup>	7 9	Types and Costs of Financial Capital Projecting Financial Statements
	Oct 28 <sup>th</sup>	Oct 30 <sup>th</sup>	10	Valuing Early-Stage Ventures
<i>Structuring Finance</i>	Nov 4 <sup>th</sup>	Nov 6 <sup>th</sup>	11,12	Venture Capital Valuation Methods. Professional Venture Capital
	Nov 11 <sup>th</sup>	Nov 13 <sup>th</sup>	13	Other Financing Alternatives <b>Group Assignments Due</b>
	Nov 18 <sup>th</sup>	Nov 20 <sup>th</sup>	14	Security Structures and Determining Enterprise Values
<i>Exit and Turnaround Strategies</i>	Nov 25 <sup>th</sup>	Nov 27 <sup>th</sup>	15	Harvesting Business Venture

	Dec 2 <sup>nd</sup>	Dec 4 <sup>th</sup>	16	Financially Troubled Ventures: Turnaround Opportunities? Exam Review <b>Class Participation Reports Due</b>
				<b>Final Examination Scheduled by the Office of the Registrar (Chapters 7, 9 - 16)</b>