

**Commerce 4FO3  
Small Business and Entrepreneurial Finance  
Fall 2022 Course Outline**

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

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***COURSE OBJECTIVE***

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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.

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***INSTRUCTOR AND CONTACT INFORMATION***

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**Section 1: Tues 7:00 pm – 10:00 pm**  
Class Location: DSB B107

**Prof. Sumit Bose, MBA CFP FMA CIWM FCSI**  
Instructor  
sbose@mcmaster.ca  
Office: TSH 615  
Office Hours: By Appointment

**Course website:** <http://avenue.mcmaster.ca>

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***COURSE ELEMENTS***

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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): Yes

## ***COURSE DESCRIPTION***

This course covers key aspects of successful entrepreneurship and/or small business management, including development of a business plan, organizing and financing a new venture, measuring and evaluating financial performance, short-term and long-term financial planning, creating and recognizing venture value, structuring financing for the growing venture, and exit and turnaround strategies.

## ***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;
- Be able to decide whether the venture should be a proprietorship, partnership or corporation;
- Be able to measure and evaluate financial performance;
- Be able to prepare a cash budget;
- Be able to explain how the time pattern of cash flows relates to the value of the venture;
- Be able to identify various sources of financing; and
- Develop an exit strategy.

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

- Avenue registration for course content, readings, and case materials* \$ FREE  
<http://avenue.mcmaster.ca>.
- Textbook: Entrepreneurial Finance, 7th Edition, Leah and Melicor.*

## ***COURSE DELIVERY AND TOOLS***

<b>LEARNING ACTIVITIES</b>	<b>DELIVERY</b>	<b>DESCRIPTION</b>	<b>TOOL(S)</b>
<b>Lecture Core Content</b>	In-person	Live in-person lectures	
<b>Readings</b>	Asynch	Textbook Chapters and Readings on Avenue	Textbook
<b>Class Discussions</b>	In Person	Participation Questions and cases discussed during Live Class	

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## ***COURSE OVERVIEW AND ASSESSMENT***

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A combination of lectures, discussion and problem solving. Students will be encouraged to think, analyze, evaluate, and problem-solve, not memorize. Students are expected to attend class on time and be prepared for the class, i.e., to have read the assigned reading and to have done the assigned problems.

Missed tests/exams will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF.

All work will be evaluated on an individual basis except in certain cases where group work is expected. In these cases, group members will share the same grade.

Your final grade will be calculated as follows:

### **Components and Weights**

<b>EVALUATION</b>	<b>WEIGHT</b>	<b>DESCRIPTION</b>
<b>Participation</b>	10%	Attendance and engagement in weekly class Contribution (individual)
<b>Assignment #1</b>	10%	Group Case Assignment (group)
<b>Mid-Term</b>	40%	Ch. 1-7, 9-12: Multiple Choice Exam with few short answer (individual)
<b>Term Project</b>	40%	Group Case Assignment (group): Business Plan
<b>Total</b>	<b>100%</b>	

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## ***COURSE DELIVERABLES***

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### ***Participation/ Class Contribution***

It is imperative that students prepare for every class. No class attendance results in zero mark.

**Name cards and class pictures are used to help give credit for your participation. You must have a name card with your full first and last name clearly written and displayed in front of you for every class.**

Your contribution is an essential component in the overall education process. Contribution takes place in many forms: asking informed questions in class, making intelligent comments, reading the case and being prepared to discuss the issues, actively listening to your peers and working with others. Please remember that quantity is no substitute for quality.

There will be ample opportunity to contribute to the class. The format of the in-class discussions of cases may take a variety of forms including: group analysis of single case issues during class, presentation of issues and leading discussions of the case issues.

**It is your responsibility to ensure that you take an active role in class. If this is a problem for you, I urge you to talk to me to discuss ways that you can make a contribution. The grading for the class contribution in each class is as follows:**

<b>Grade</b>	<b>Student Contribution</b>
<b>0</b>	Does not show up for class.
<b>1</b>	Attends class but says very little.
<b>2</b>	Makes a <b>significant</b> contribution to the class by making important points with a significant element of originality or demonstrating mastery of difficult theoretical issues or concepts; is always prepared having read and analyzed prior to class, the various aspects of the problems and issues involved, shares in class presentations, contributes to in-class group work.

Note that there is no partial (non-integer) participation grade awarded for a class. Students may be asked to share their detailed analysis with, or otherwise present their solutions to, the class in order for their contribution to be qualified as significant.

## **Group Assignment #1**

The group assignment is worth **10% of your final grade** and will cover the broader class theory and case material covered in lecture. It is to be completed by groups of 3-5 students. A representative of your group should submit the assignment (only one submission for each group) of your group's answer to the **Assignments Dropbox** on Avenue. Make sure all contributing group members' names are on the assignment. Each group member is expected to contribute to the assignment.

## **Midterm Examination**

This midterm examination will be written in class and that accounts for **40%** of your final grade. The exam will cover material from the text book, readings, lectures and class discussion. The multiple-choice exam will **NOT** cover case content material and will NOT cover optional readings. It will be a closed book examination covering chapters 1-7, 9-12. The format will be mostly M/C with a few short answers. Details will be provided closer to the midterm examination.

Any student missing this test is required to follow the procedures listed below in this course outline.

## **USE OF CALCULATORS AND COMPUTERS**

Students may use any calculator or computer during the term as aids.

Calculators are allowed during the exam; however, ***no calculator, computer, or device may be used to access the Internet during the time of a test or an exam.***

## **Term Project**

Students will look to create a business plan of a 'real life company' or 'start-up' implementing the different financial stages of a business cycle in class. The goal of this project is to have students determine if the business venture is financially 'feasible'. The project has the following learning outcomes:

1. Determine if the proposed venture is financially feasible
2. Explain the strengths and weaknesses of economic impact analyses
3. Thorough understanding and analysis of financials
4. Understand the relationship between 'financing' of the venture and its 'revenues'

Phase 1: Choose idea or investment opportunity – submit a proposal.

Phase 2: Present findings to instructor - Market analysis, project descriptions, review of completed business plan with financial support.

Phase 3: Submit the completed project online via A2L.

Specific details regarding format, structure, and process will be provided to students online and in class as it pertains to the term project (by each chapter).

## **GRADE CONVERSION**

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	LETTER GRADE	PERCENT
A+	90 - 100	C+	67 - 69
A	85 - 89	C	63 - 66
A-	80 - 84	C-	60 - 62
B+	77 - 79	D+	57 - 59
B	73 - 76	D	53 - 56
B-	70 - 72	D-	50 - 52
		F	00 – 49

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## **COMMUNICATING WITH YOUR INSTRUCTOR:**

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### **Communicating with Your Instructor:**

During the course, your instructor will interact with you on various course matters on the course website using the following ways of communication:

**Announcements:** The instructor will use **Announcements** on the Avenue Course Home page to provide you with course reminders and updates. Please check this section frequently for course updates from your instructor.

**Email:** If you have a conflict that prevents you from completing course requirements, or have a question concerning a personal matter, you can send your instructor a private message by email. The instructor will respond to your email within 24 to 48 hours. Make sure to add '4FO3 – C01' in the subject line of email.

**Zoom Meetings:** (In Case of classes moving to an online format, Online Virtual classes will be held via Zoom meeting. The link to register for the online class will be posted on Avenue. Students are required to join the online lectures with their full names for participation and attendance.) Students can also **request** a Zoom meeting by requesting the instructor by e-mail.

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## **COMMUNICATION AND FEEDBACK**

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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. All students must receive feedback regarding their progress prior to the final date by which a student may cancel the course without failure by default.

- *For Level 1 and Level 2 courses, this feedback must equal a minimum of 20% of the final grade.*
- *For Level 3 courses and above, this feedback must equal a minimum of 10% of the final grade.*

Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

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

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In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar [“Requests for Relief for Missed Academic Term Work”](#) and the link below;

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

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## **ACADEMIC INTEGRITY**

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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. **It is your responsibility to understand what constitutes academic dishonesty.**

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.

For information on the various types of academic dishonesty please refer to the [Academic Integrity](#)

[Policy](https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/), located at <https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/>

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations.

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### ***AUTHENTICITY/PLAGIARISM DETECTION***

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**Some courses may** use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

**All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster's use of Turnitin.com please go to [www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

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### ***COURSES WITH AN ON-LINE ELEMENT***

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**Some courses may** use on-line elements (e.g. email, Avenue to Learn (A2L), web pages, TopHat, MS Teams, etc.). Students should be aware that, when they access the electronic components of a course using these elements, 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 a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.



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## ***ONLINE PROCTORING***

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**Some courses may** use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

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## ***CONDUCT EXPECTATIONS***

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As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

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## ***ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES***

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Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or [sas@mcmaster.ca](mailto:sas@mcmaster.ca) to make arrangements with a Program Coordinator. For further information, consult McMaster University’s [Academic Accommodation of Students with Disabilities](#) policy.

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

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Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation 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.

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## ***COPYRIGHT AND RECORDING***

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Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

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## ***EXTREME CIRCUMSTANCES***

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The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

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

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Your enrolment in **Commerce 4FO3** 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.

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### ***COURSE EVALUATIONS***

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A course evaluation will be conducted near the end of the term. Students are asked to participate in this evaluation

**COURSE SCHEDULE**

**Commerce 4FO3  
Small Business and Entrepreneurial Finance  
Fall 2022 Course Schedule**

WEEK	LECTURE	DATE C01	CHAPTER	
1	<i>Background:</i>	Sept 6th	1	Review Course Outline Introduction to finance for Entrepreneurs.
2		Sept 13th	2, 3	Developing Business Idea Organizing and Financing a New Venture
3	<i>Organizing and Operating:</i>	Sept 20	4, 5	Preparing and Using Financial Statements. Evaluating Operating and Financial Performance.
4		Sept 27	6	Managing Cash Flow` <b>Group Assignment 1 Due: Oct 1st</b>
5	<i>Planning:</i>	Oct 4	7, 9	Types and Costs of Financial Capital Projecting Financial Statements <b>Term Project Proposal (Phase I)</b>
	Oct 10 to Oct 16			Midterm Recess – No Class
6		Oct 18	10	Valuing Early-Stage Ventures
7	<i>Creating and Recognizing Value:</i>	Oct 25	11, 12	Venture Capital Valuation Methods. Professional Venture Capital
8	<b>MIDTERM EXAM</b>	<b>Nov 1</b>		<b>Midterm Exam (Ch 1-7, 9-12)</b>
9		Nov 8	13	Other Financing Alternatives
11		Nov 15	14	Security Structures and Determining Enterprise Values <b>Group Presentations (Phase II)</b>
12	<i>Exit and Turnaround Strategies:</i>	Nov 22	15	Harvesting Business Venture <b>Group Presentations (Phase II)</b>
13		Nov 29	16	Financially Troubled Ventures: Turnaround Opportunities? <b>Group Presentations (Phase II)</b>
		<b>Dec 6</b>		<b>Term Project Due (Phase III)</b>