



ENT 511

Funding New Ventures

Fall 2022

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Our goal is to provide students with a deeply experiential and transformative learning experience in a vibrant urban environment. We empower students with a philosophy of entrepreneurial thinking, passion, and action-orientation that they can apply to their lives, their jobs, their communities, and their own ventures.

We ignite student passions and empower students to achieve extraordinary goals. As Canada's pre-eminent and largest entrepreneurship program, we deliver innovative educational programs and support multi-disciplinary experiences across campus with local, national, and global impact. We provide access to world-class support and funding for our students' new ventures and are deeply embedded within our community.



Course Description:

Entrepreneurial finance is concerned with financial decisions of entrepreneurs and entrepreneurial firms, capital structure decision-making and governance issues in high risk environments, and the ways to exit venture investments. The rapid development of private equity and venture capital industries, and the general emphasis of entrepreneurship as a central driver of economic prosperity, has given rise to a set of questions that are different from the questions posed in the context of large firms with widely diversified investors. This course will address these questions using both explicit-knowledge lectures as well as tacit-knowledge experiential learning. This course is designed for students who are thinking about pursuing a career as an entrepreneur or who envision a career in the private equity, venture capital, or investment banking industries where they will be exposed to deals with small to mid-sized firms.

Course Overview:

The objectives of the course include an examination of the perspectives of both the firm seeking investment and the fund providing investment. On the entrepreneur's side we will be examining the process by which firms grow, the funding requirements this generates, and the mechanisms through which firms can obtain capital for this purpose. We will look at where the firm can go for funding, and how each funding source can be successfully approached. On the investor's side we will be examining the investment goals and operating strategies of a variety of funding providers (angel investors, professional fund managers, commercial bankers, etc.), and the mechanisms they use to make and manage investment deals. We will look at how the goals of an investor align with or differ from those of the entrepreneur seeking investment, and how this affects the role each investor plays in the marketplace.

Course Objectives:

Upon completion of this course, students will be able to:

- Understand the drivers of funding needs in a new venture
- Translate growth objectives into a specific financing plan and pro forma statements
- Understand the range of financing alternatives available to a new venture
- Critically assess the terms and conditions of a private investment deal.

Students will also have achieved the following formal learning outcomes:

- TRSM Goal 1: Communication — Students will be able to express ideas and information effectively and accurately using a range of media commonly used in business environments.
- TRSM Goal 3: Critical Thinking — Students will be able to synthesize, analyze, and interpret a range of information using quantitative and qualitative techniques for the purpose of making sound and ethical business decisions.
- TRSM Goal 4: Group and Individual Dynamics — Students will be able to effectively self-manage and perform effectively within heterogeneous teams.
- TRSM Goal 7: Financial Theories and Analysis — Students will be able to apply basic accounting and financial concepts and forms of analysis to analyze and interpret business situations and decisions.

Prerequisite(s):

FIN401. Exclusion: FIN510

Teaching Methods:

This course may incorporate the following teaching/learning methods: readings from academic journals and professional publications, student-led discussion seminars, lectures, guest speakers, videos, presentations. Class attendance and active participation is essential; if you do not intend to participate fully, do not take this course. A D2L forum will be established for sharing questions and ideas outside of regular class times. You are encouraged to make use of it.

Plagiarism:

TMU has access to several plagiarism prevention and detection services. These are tools to assist instructors in determining the similarity between students' work and the work of other students who have submitted papers to the site (at any university), internet sources (such as AI systems), and a wide range of books, journals and other publications. They give instructors some assurance that students' work is their own. No decisions are made by these services; they generate an "originality report" that instructors must evaluate to judge if something is plagiarized.

Even when an instructor has not indicated that a plagiarism detection service will be used, or when a student has opted out of the plagiarism detection service, if the instructor has reason to suspect that an individual piece of work has been plagiarized, the instructor is permitted to submit that work in a non-identifying way to any plagiarism detection service.

You agree by taking this course that your written work will be subject to submission for textual similarity review to such services. Students who do not want their work submitted to these plagiarism detection services must, by the end of the second week of class, consult with their instructor to propose alternate arrangements. In accordance with university policy, if your alternative is not acceptable and you still are not comfortable using these detection services, you have the option to not take this course.

Evaluation:

Students will receive the results of their first assignment work by Week 9. There is no final exam in this course. Grades will be posted securely on D2L Brightspace. It is your responsibility to check your own grades. Students who wish to be informed of their grades by an alternative method must obtain the agreement of the instructor by the start of Week 3.

Assignments and Grading**Quizzes – 25%**

A series of ten small quizzes will be scheduled throughout the semester, based on both the lectures and the assigned readings. They will take place at random times in class and you will be allotted 10 minutes to complete them. You must be present in class to complete these quizzes. Since these will be conducted in-class, once the first student leaves class, no later-arriving students will be allowed to complete them.

Pro Forma Forecast – 25%

The ability to accurately forecast the future financial condition of a venture is the essential foundation skill for all funding strategies. In this individual assignment you will forecast the income

statement and balance sheet for a venture based on its most recent financial statements and the strategic plans that the management team has provided to you. Your forecast will only be for a period of one year into the future.

Funding Strategy – 50%

This assignment will be done in groups. Your individual grade will be based on the overall group grade, but will be adjusted based on peer-assessment of your contribution. The assignment comprises two parts:

- **Report (40%)** – You will develop a funding strategy for a new venture in need of capital. This will include creation of proforma financial projections based on the venture's business plan, identification of the overall funding gap, rationale for dividing this gap into individual funding rounds, identification of target investors for the immediately upcoming round of financing, and specification of reasonable terms and conditions to be negotiated with such investors (including a current valuation of the venture).
- **Investor pitch (10%)** – You will develop a comprehensive pitch presentation for the targeted investors of the immediate next round. Then you will record the delivery of your pitch presentation for a hypothetical investor viewer.

Course Texts:

Recommended

- Bygrave, W., Zacharakis, A. & Wise, S., *Entrepreneurship (Canadian edition)*, John Wiley & Sons: Toronto ON (2014).

Class Schedule

Week	Topics	Pre-Readings	Deadlines
1	Introduction, business plans, financial statements	p. 365-409 “How to write...” (x2)	
2	Growth goals, proforma projections, the J-curve, funding gap	p. 457-487 “Tricky forecasts”	
3	Cost of capital, sources of capital, funding strategy	p. 558-568	Proformas
4	Internal funding sources	p. 618-635	
5	Incubators, crowdfunding, grants	Proforma practice	
6	READING WEEK		
7	Angel investors, venture capitalists, due diligence	p. 506-534 p. 568-592 “DD questionnaire”	
8	Valuation, terms and conditions, deal documentation	“Sample term sheet” “Terms & conditions”	
9	Private equity, investor pitching	“Pitch yourself” “Make your case” “The art of elevator” “Mothershill pitch”	
10	Investment banks, exit strategies	p. 593-608	
11	Commercial banks, franchising	p. 630-645 p. 207-215 “Franchising revised”	Funding strategy report and video
12	Graduate finance topics, the SR&ED program	“Guide T661” “T661 form”	
13	Additional topics by request Course review		

Critical Information:

- It is your responsibility to clarify any ambiguities that you may find in course materials or syllabus; when in doubt, ask.
- You should read things carefully for deadlines and course requirements so that you can be successful in this course. When you have fully read this syllabus please email me a picture of a dinosaur. Yes, really. This counts towards your class participation mark.
- Assignments are due at the start of class on the dates specified, without exception. If you are unable to submit on the due date, arrange for an early submission. Any absence from class does not excuse you from assignment deadlines.
- Ryerson requires that any official or formal communications from students be sent from their official Ryerson email account. Similarly, emails from the instructor will be sent only to your Ryerson account.

Technology Usage & Limits:

You are required to have equipment that meets Ryerson University's minimum technology requirement for remote learning. Details can be found at: www.ryerson.ca/covid-19/students/minimum-technology-requirements-remote-learning/

E-mail to the instructor should be reserved for questions or issues that are unsuitable for discussion on D2L, such as private or sensitive matters. Do not email your instructor with questions that are already addressed in this syllabus; you are expected to be aware of all this information. When e-mail is appropriate, you must use your official Ryerson account; other accounts will be ignored. You may not make recordings in the classroom nor use the materials posted on D2L for any purpose unrelated to this course without the express permission of the instructor.

Class Rules:

The University has many policies that govern how courses operate. As a student you are expected to know all of them (they are available on the Senate website).

In addition to those general provisions, here are a few specific rules to help you be successful in this course. Please note: if you stay in this course past the first week (or join late), you are **explicitly indicating that you have read and are agreeing** to abide by all the University policies and also these specific rules.

1. **Deadlines** are firm. Things are due at the date and time indicated either in the syllabus or as announced in class. This ensures all students are fairly treated the same.
2. If you miss a course assignment due to circumstances governed by the **Academic Consideration** policy (e.g., illness, *force majeure*), you must submit your documentation to your Program Office for verification. Until and unless that happens, you will be treated as a late submission.
3. Cases of valid Academic Consideration may be offered two **remedies**: a deadline extension, or having their grade weight rolled over onto other assignments, at the sole discretion of the instructor.
4. **Late submissions** without accepted and documented reasons for academic consideration are ordinarily not accepted (i.e., graded as zero). In the *rare* occasions where late work is accepted without verified academic consideration, it is penalized at one letter-grade per day late for up to three days. After that, the work will not be accepted at all.
5. Requests for **extensions** to deadlines will only be considered *before* the deadline has arrived. Do not request any extension for a deadline you have already missed.
6. Even students with **Access Centre** recommended accommodations must still request any relevant deadline extensions and get the approval of the instructor *before* the deadline arrives. Your Access Centre letter also says to do this. Requests made after the fact will be denied.
7. You are solely responsible for your submitted **assignment completeness**. No submissions may be amended after the deadline. Completeness includes ensuring that it is the correct file and version, that it contains all the material you intended to submit, and

that it can be opened and read by the person grading it. If it cannot be opened or read, it's a *zero grade*. Test your file before submitting!

8. You are solely responsible for your assignment **submission method**. If you think you might encounter last-minute technical problems, then submit your work *early*. Deadlines are firm, even if your internet goes down or the TTC is running late.
9. **Attendance** is really useful, but not mandatory. You are still expected to know about all things announced in class (e.g., changes to deadlines or assignment requirements) even if you were absent or not paying attention. Get a classmate to fill you in if you think you may have missed something important. Similarly, you are responsible for other important things that occur in class (e.g., pop quizzes). There are no “makeup” versions of graded assignments. If you miss them, you miss out on any associated grades.
10. There are no “**extra credit**” assignments or activities. The assignments described in the syllabus are the sole method by which you earn your grade in this course. Use well the opportunities they present.
11. No **grade inquiries** about the graded assignments will be entertained for the first 24 hours after grades are published. Use that time to try to understand for yourself how your work earned its grade. If you still wish to inquire further into your grade, you must file a *Grade Review Request* form (available on D2L) with your instructor.
12. For assignments graded using **rubrics**, the rubric itself will contain the majority of grading commentary that you will be given. If you carefully compare what the rubric asks for to what you submitted, your grade should be self-explanatory. If, after doing this, you specifically want to learn more about an element of your assignment grade (but not to dispute your grade), you are welcome to come to office hours to discuss it.

If, for any reason, one or more classes are conducted online (e.g., via **Zoom**) the following additional rules apply:

1. You must **login** to the ryerson.zoom.us website (or desktop app) *before* joining the class. This ensures you connect using your Ryerson Matrix ID. Anyone joining class directly without their Ryerson ID will be removed from the call.
2. You must display your correct name and a legible and **professional headshot** associated with your Ryerson Zoom login. Anyone without this will be placed into the Zoom waiting room until the situation is rectified. This may take some time, as the instructor's first priority is to attend to students who logged in properly. You will still be responsible for anything that happens in class during this time.
3. You are expected to have a **webcam** and turn it on at all times during classes unless directed otherwise by the instructor (e.g., to reduce bandwidth demands). You may use Zoom's “virtual background” or “blur” features to maintain your privacy when your camera is on.