

Syllabus for BU310
***ENTREPRENEURIAL FINANCE
FOR SMALL BUSINESS***

Course Term: Spring 2006

(Required Course for the Entrepreneurship Certificate Program; Elective Course for all Majors)

Instructor: Rob Hull, Professor of Finance Website: <http://www.washburn.edu/sobu/rhull/>

Office: 311-I Henderson Phone: 785-670-1600 E-mail: rob.hull@washburn.edu

Meeting Time: 11:00 to 12:15 Tuesdays, Thursdays Room: LLC253

OFFICE HOURS

Days and Times:* *Tuesday from 12:30 to 3:00 p.m.; Thursday from 4:30 to 7:00 p.m.*

By Appointment: *Flexible*

Anytime: *E-mail: rob.hull@washburn.edu (checked regularly)*

*PLEASE NOTE. Office Hours can be pre-empted due to university meetings and out-of-town conferences; thus, it is always best to make all appointments in advance.

REQUIRED MATERIALS

Adelman, Phillip, and Alan M. Marks. *Entrepreneurial Finance: Finance for Small Business*. Third Edition. Upper Saddle River, NJ: Prentice Hall, Inc.

OPTIONAL (BUT RECOMMENDED) MATERIALS

Fortune, The Wall Street Journal, Business Week, and other similar business and financial readings typically found in all university libraries. Also, the Small Business Research portal website (<http://www.smallbusinessportal.co.uk/njournals.htm>) lists many relevant journals.

PREREQUISITES

MA 110 or MA 116 or consent; BU260 and junior status. Also, some computer skills are needed because the course covers practical applications involving a computerized spreadsheet primer focusing on Microsoft Excel.

CATALOG DESCRIPTION

BU310 - Entrepreneurial Finance for Small Businesses: The financial aspects of the management of small business and entrepreneurial firms (sole proprietorships, partnership, small private corporations). Prerequisites: MA110 or MA116 or consent; BU260 and junior status.

COURSE DESCRIPTION

The course covers the financial aspects of small business entrepreneurship for owners of sole proprietorships, partnerships, and small nonpublic corporations. We focus on: (1) updated financial statement coverage; (2) forecasting definitions and formulas; (3) equipment replacement by using the low cost model; (4) application of operation techniques to examples of small businesses including capital budgeting and working capital management; (5) use of financial statements for horizontal, vertical and ratio analysis; and, (6) basic math formulas for readers with limited mathematical backgrounds. Practical applications will include the time value of money and a computerized spreadsheet primer using Microsoft Excel. We cover (in varying degree) the following topics: economic concepts of finance, management functions, business organizations and ownership, elements of a business plan, problems with financial statements, vertical analysis, horizontal analysis, ratio analysis, profitability, bankruptcy, break-even analysis, forecasting, pro forma financial statements, current working capital management, effective rate of return, time value of money, techniques of capital budgeting, risk management, investment strategies, pension planning, and estate planning.

COURSE OBJECTIVES

- (1) Cover the major financial, managerial, ethical, and planning fundamentals of small business entrepreneurship.
- (2) Obtain a practical understanding of the advantages and disadvantages of various forms of business ownership. This entails application and analysis of financial statements for each type of business ownership.
- (3) Apply materials from traditional corporate finance texts to small businesses. This includes learning the skills necessary to solve mathematical problems related to financial management decision-making.
- (4) Examine, learn, and apply working capital and inventory management techniques.
- (5) Examine, learn, and apply capital budgeting techniques to small businesses through application of the weighted average cost of capital as it exists for a small business owner.
- (6) Demonstrate the importance of the time value of money as a tool in both business planning and personal financial planning. Coverage in the course seeks to simplify the use of this tool.
- (7) Provide an in-depth discussion of risk management including personal investment vehicles that enable the entrepreneur to plan for retirement.

Assessment outcomes

By the end of the course the student should be able to:

- (1) Be more prepared to start up and successfully manage their own businesses.
- (2) Understand financial statements for small businesses.
- (3) Grasp fundamental finance concepts such as net present value and risk management.
- (4) Apply operational and interactive techniques for small business owners.

TOPIC OUTLINE BY CHAPTERS

- Ch. 1 Financial and Economic Concepts (pp. 1-24)
- Ch. 2 Financial Management and Planning (pp. 25-46)
- Ch. 3 Financial Statements (pp. 47-70)
- Ch. 4 Analysis of Financial Statements (pp. 71-96)
- Ch. 5 Profit, Profitability, and Break-Even Analysis (pp. 97-115)
- Ch. 6 Forecasting and Pro Forma Financial Statements (pp. 116-152)
- Ch. 7 Working Capital Management (153-188)
- Ch. 8 Time Value of Money (189-222)
- Ch. 9 Capital Budgeting (223-252)
- Ch. 10 Personal Finance (253-294)

APPENDICES

- Appendix A: Working with Spreadsheets (295-302)
- Appendix B: Time Value of Money (303-310)
- Appendix C: Answers to Even-Numbered Exercises and Problems (329-344)
- Appendix D: Case Study (329-344)

CD-ROM INFORMATION

The student CD contains two folders with each folder including Microsoft Office files. The contents of the folders are:

- (1) Excel: There is one file for each chapter.
 - (a) Each file contains the master document for each table and chart in the textbook.
 - (b) Spreadsheets have titles corresponding to the table number used in the textbook.
 - (c) The student has access to all formulas used to calculate the spreadsheets.
- (2) Favorite Bookmarks.

There are three files containing bookmarks. The financial file named financia.htm contains a number of high-quality financial websites. These include: www.morningstar.com, www.briefing.com, www.moneycentral.msn.com, www.quicken.intuit.com, www.internetnews.com, www.bloomberg.com, www.fidelity.com, and www.sec.gov).

CLASS FORMAT & ASSIGNMENTS

Class format consists of lecture, class discussion, practical exercises, videos, problem solving, and guest speakers. The anticipated dates for readings, exercises, and exams are given below.

WEEK	READINGS	EXERCISES (PROBLEMS)	EXAMS
1/17 to 1/19	Ch. 1	<u>1</u> : EX. 2,4,6	
1/24 to 1/26	Ch. 2	<u>2</u> : EX. 2,4,6	
1/31 to 2/2	Ch. 3	<u>3</u> : EX. 2,4,6,8	
2/7 to 2/9	Ch. 4	<u>4</u> : EX. 2,4,6,8,10,14	
2/14 to 2/16	Ch. 5	<u>5</u> : EX. 2,4,6,8,10	
2/21 to 2/23	Ch. 6	<u>6</u> : EX. 2,4,6,8,10,12	

2/28 to 3/2 **First Exam**

3/7 to 3/9	Deadline for Project Approval		
3/14 to 3/16	Ch. 7	<u>7</u> : EX. 2,4,6,8,10,12,14	
3/21 to 3/23	SPRING BREAK		
3/28 to 3/30	Ch. 8	<u>8</u> : EX. 2,4,6,8,10,12,14,16	
4/4 to 4/6	Ch. 8	<u>8</u> : EX. 18,20,22,24,26,28,30	
4/11 to 4/13	Ch. 9	<u>9</u> : EX. 2,4,6,8,10,12,14	
4/18 to 4/20	Ch.10	<u>10</u> : EX. 2,4,5,6,8,10,12,14,16,18	

4/25 to 4/28 **Second Exam**

5/2 to 5/4 Finish Up Projects: Deadline This Week

1:30 p.m. May 8th **Final Exam**

NOTE. Students are responsible for reading the assigned materials before class. As time allows, we will work the assigned exercises and problems. Typically, exams will only cover those problems that we work in class. If you are having trouble with any of the readings or problems, you can E-mail the instructor at rob.hull@washburn.edu. I will either respond individually or inform you that we will cover your concerns in the next class. You need not inform me in advance if missing a class, but you should arrange with a fellow classmate to exchange notes for the class missed. Time constraints do not allow me to make up lectures on an individual basis. Students are responsible for knowing the withdrawal policy including when withdrawal is allowed.

POINT DISTRIBUTION

First Exam	30 percent
Second Exam	30 percent
Entrepreneurial Project	20 percent
Final Exam	10 percent
Class Participation	10 percent
TOTAL POINTS:	100 percent

EXAMS

Exams consist of a variety of testing methods including: an objective part made up of multiple choice and true/false questions; a mathematical part composed of problem solving; and, an essay part involving an analysis of important entrepreneurship issues. These questions will help the instructor measure how well students have mastered the educational objectives of the course. Exams will be kept by the instructor. The first and second exams will be handed back the next class period with time allowed to go over them in detail. Unless you have an excused absence, you are required to be in class then as this is the only allotted time for the instructor to go over the exam materials in detail. The final exam will be a take home exam. The deadline for turning in the final exam will be the final exam time set by the university.

CLASS PARTICIPATION

Student participation includes: (i) attendance, in-class discussion, quizzes, and problems; (ii) participation in computer assignments that apply class materials and focuses upon developing entrepreneurial skills; and, (iii) assigned reading of articles from financial publications (such as *Fortune* or *The Wall Street Journal*) and/or designated web sites.

ENTREPRENEURIAL PROJECT

See hand-out for more details on the Entrepreneurial Project.

EXPECTED GRADING SCALE

"A": 90-100 percent; "B": 80-89 percent; "C": 70-79 percent; "D": 60-69 percent; "F": below 60 percent. [NOTE. The instructor reserves the right to lower the expected grading scale.]

KANSAS STUDIES MINORS

This Course Seeks to Satisfy the Student Learning Outcomes for Kansas Studies Minors which states that Kansas Studies minors at Washburn University, upon graduation, are expected to have: “acquired knowledge of the natural environment of Kansas and how humans have interacted with that environment; acquired knowledge and appreciation of the diversity of the cultures, arts and literature of Kansas; acquired knowledge of Kansas history, economics and political processes.” This is accomplished through choosing a project that involves a Kansas business.

WEB SITE ENTREPRENEURSHIP CERTIFICATE PROGRAM

<http://www.washburn.edu/sobu/pages/entrep.htm#courses>

WITHDRAWAL POLICY

For semester courses a student may withdraw through the second week with no recorded grade. From the third through the eleventh week a "W" is recorded for any dropped course. Beginning with the start of the twelfth week, there are no withdrawals and a grade will be assigned for the course. For more details, go to <http://www.washburn.edu/schedule> and click on the appropriate semester and then search the calendar for withdrawal deadline dates.

Class Email List

Class materials not posted inside MyWashburn may, on occasion, be sent to all who activate their Washburn email accounts. You can get your Washburn email through various means including MyWashburn at <http://my.washburn.edu/cp/home/loginf>. All questions and problems about your Washburn account must be addressed to User Services from M-F, 8 a.m. – 5 p.m. You can also send questions to support@washburn.edu. I have been told you will have to go to MyWashburn at least one time in order to get your password set. I am notifying all students of the importance of completing the process to forward email from their official Washburn email address to their preferred work or home email address. The ultimate goal is to train students to use their campus mail for "official" university notifications because Washburn University email addresses are the official address used by the University for relaying important messages regarding academic and financial information. If you prefer to use an alternate email address at which to receive official University notices and class materials, you can access your MyWashburn email account, choose the "Options" tab, and select "Auto Forward" to complete the process to forward your mail.

ATTENDANCE POLICY, MAKEUP POLICY, AND OTHER POLICY ISSUES

Students are expected to attend class. Time constraints do not allow me to makeup lectures on an individual basis. However, you should arrange with a classmate to get notes and other class materials for the class you miss. You do not have to notify me if you will miss a class. You can email me at rob.hull@washburn.edu if you would like me to address any particular questions or problems during class time. You should check the course materials posted on MyWashburn to get copies of course materials such as formula sheets, solutions to assignments, and optional quizzes. At times, much of the class period will be spent on problems. Solutions to problems will be provided by either working them in class or by posting them on MyWashburn. The instructor will also communicate through email and are responsible for check their email periodically (I am not responsible for email messages sent that do not arrive due to factors beyond my control, like an overloaded mailbox).

DISCLAIMER

Due to guest speakers' schedules and other unexpected events, the instructor reserves the right to alter the planned schedule of readings and exercises. Class can be called off on short notice due to inclement weather. The instructor will notify student through email of any class cancellation or you can go to Washburn's website: <http://www.washburn.edu/index3.html>.

ADVISING SERVICES

As a Washburn student, you may experience difficulty with issues such as studying, personal problems, time management, or choice of major, classes, or employment. The Center for Learning and Student Success or CLASS (counseling, testing, learning assistance, career services, academic advising) is available to help students. If you feel you need someone with whom to discuss an issue confidentially and free of charge, you can contact CLASS in Morgan 122, by phone at 231-1010, ext. 1299, or by email at zzdpclas@washburn.edu. For more information go the website at www.washburn.edu/services/class.

STUDENT DISABILITIES STATEMENT

Student Services for Student with Disabilities office (SSWDO) is responsible for helping in arranging accommodations and for identifying resources on campus for persons with disabilities. Qualified students with disabilities must register with the office to be eligible for services. SSWDO **must** have documentation on file to provide services. Accommodations may include in class note takers, test readers and/or scribes, adaptive computer technology, and Braille materials. New requests for accommodations should be submitted two months or more before the date services should begin; however, contact SSWO when a need may arise. LOCATION: Disability Services, Morgan Hall, Room 150; Phone: 785-231-1010 ext 1629 (may leave voice mail 24 hrs a day or TDD: 785-231-1025). Finally, students may voluntarily identify themselves to the instructor for referral to SSWDO.

ACADEMIC MISCONDUCT

All students are expected to behave ethically. In this regard, you should be aware of the definition of academic misconduct at Washburn University: "Academic misconduct by a student shall include, but not be limited to, disruption of classes, giving or receiving unauthorized aid on examinations or in the preparation of notebooks, themes, reports or other assignments, or knowingly misrepresenting the source of academic work." For a complete copy of the Academic Impropriety Policy, contact the office of the Vice President for Academic Affairs, Morgan 270.

WRITING CENTER

A listing of Writing Center hours in Morgan 250 may be found by: calling (231-1010, ext. 1441); visiting: http://www.washburn.edu/services/zccwctr/wc_menu.html; or, email Roy Sheldon at roy.sheldon@washburn.edu.

Grade Appeal Procedure

The Washburn University grade appeal procedure can be found on page 58 of the *Washburn University 2005-2006 Catalog* or go to:

<http://www.washburn.edu/admin/vpaa/catalog/acad-policies.html#i>

and click on "Grade Appeal Procedure."

HAVE A GREAT SEMESTER!!!

PROJECT GUIDELINES

- (1) Choose a project related to entrepreneurship that you can write a ten-page paper on. Try to pick a practical project that relates to your prior, current, or future work situation(s). Projects related to starting a community or regional Kansas business are obviously ideal and will prove most valuable to the majority of students.
- (2) Check to see if the sources exist to support your topic. Sources can include your experiences, business owners, articles, and books.
- (3) Can you complete your project topic in one semester? Do not take on more than you can handle. Your project is only worth 20 percent of your grade and should not detract from your exam preparations.
- (4) Write an outline of your chosen topic. Can you adequately describe your project within the suggested ten pages? Extra supplements and appendices, if necessary, may extend the ten page maximum requirement.
- (5) Evaluate your outline. Ask yourself if your project would be more valuable if you narrow the focus. Remember: you will be graded on quality and not quantity. A shorter paper five to ten pages of quality is better than a longer paper of ten to fifteen pages that gives the appearance of simply summarizing statements from your sources.
- (6) Write a concise abstract that states the purpose of your topic, the motivation for choosing your topic, and how it will benefit you. This abstract should be the on first page of your paper as part of your introduction.
- (7) Identify and list your sources. List your sources on the last page of your written paper.
- (8) You should turn in your outline, abstract, and sources by the deadline so that I can give you feedback. If I see any serious problems, I will contact you. If I have any useful comments, I will try to give them to you when possible.
- (9) The written paper for your project is due by the week the semester ends. Consider making an extra copy as I keep all papers. If you turn in your paper early I will try to have it graded by the last week of class.
- (10) Some important criteria considered when grading projects include: (1) creativity (2) originality (3) application of class materials; (4) how much I perceive you have learned; and, (5) form (e.g., spelling, grammar, coherence of ideas, and sources).