



Entrepreneurial Finance

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Contents refer to:

©2011, *Smith J.K., Smith R.L., Bliss R.T., Entrepreneurial Finance. Strategy, valuation & deal structure*; Stanford University Press

Goals

- The aim of the course is to present the concepts of applied corporate finance in a situation of launching a business, based on innovation. In this case, models and tools that are normally used for companies with a history behind (and often listed on stock markets) may not be applied in the same way
- The business plan is the document in which strategic decisions (regarding either assets side or liabilities side) are translated into financial figures useful for evaluation
- The theme of the evaluation of a private owned company is developed in practice from entrepreneurs' perspective so as investors' (private equity funds, business angels,...) perspective



Learning Objectives

- How new venture finance and corporate finance differ
- Which financing choices are feasible and why
- Tailoring the business plan to its purpose
- How real options relate decision trees to important milestones
- How milestones and real options relate to strategy and the value of an opportunity
- The basics of financial modeling and assessing the cash needs of a venture
- Value new venture opportunities using standard valuation methods
- The entrepreneur's point of view on value creation



Contents

- **Getting Started**
 - Introduction (Ch. 1)
 - New Venture Financing: Considerations and Choices (Ch. 2)
- **Financial Aspects of Strategic Planning**
 - New Venture Strategy and Real Options (Ch. 4)
 - Developing Business Strategy Using Simulation (Ch. 5)
- **Financial Forecasting and Assessing Financial Needs**
 - Methods of Financial Forecasting (Ch. 6)
 - Methods of Financial Forecasting: Integrated Financial Modeling (Ch. 7)
 - Assessing Financial Needs (Ch. 8)
- **Valuation**
 - Foundations of New Venture Valuation (Ch. 9)
 - Valuation in Practice (Ch. 10)
 - The Entrepreneur's Perspective on Value (Ch. 11)



Learning materials

- Smith Janet Kiholm, Smith Richard L., Bliss Richard T., *Entrepreneurial Finance. Strategy, valuation & deal structure*. Stanford Economics and Finance, Stanford University Press, 2011
- Lecturer's slides
- Cases on www.sup.org/entrepreneurialfinance



Lessons and office schedule

Lessons

- Tuesday 17.05 – 19.45
- Wednesday 17.05 – 19.45

Office hours

- Monday 15.00 – 17.00
- Tuesday 15.00 – 17.00



Calendar

- Lessons
 - From 06 October
 - To 23 December

 - From 11 January
 - To 15 January
- No lesson
 - 07/10
 - 03/11 Holiday
 - 08/12 Holiday
- Extra lesson
 - Monday 30/11



Exams

- Winter session (from 18/01 to 19/02)
 - 20/01/2016 to be confirmed
 - 03/02/2016 to be confirmed
 - 17/01/2016 to be confirmed
- Summer session (from 30/05 to 08/07)
 - 07/06/2016 to be confirmed
 - 28/06/2016 to be confirmed
 - 18/07/2016 to be confirmed
- Autumn session (from 29/08 to 23/09)
 - 06/09/2016 to be confirmed
 - 20/09/2016 to be confirmed



Exams

- ORAL exam
- AVERAGE DURATION: around 20 minutes
- CONTENTS: all the program



What you can find on the website?

- End-of chapter questions and problems
- Interactive cases, including spreadsheets where useful
- Technical appendices
 - Reviews of basic statistics, time value, and option basics
 - Business plans and using integrated financial statements
- All figures from the book
 - Excel figures are downloadable as spreadsheets
 - Excel templates can be modified for other uses
- *Venture.SIM* simulation software can be downloaded
 - Includes a short tutorial that also covers some basic Excel
- Glossary of entrepreneurial finance terms
- A list of useful websites

