

Spring 2024

## **MGMT 645-102: New Venture Finance**

Mark Annett

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**Class Time & Location:** Thursday 6 – 8:50 PM in Central Avenue Building (where the Martin Tuchman School of Management and Library are located) Room 2006 ([CAB 2006](#) Building 11 on Map)

**Office Hours:** Tuesday and Thursday 12:00-1:30PM and by appointment

**Financing New Venture  
MGMT-645  
Spring -2024**

- In Person: Central Avenue Building (CAB) – Adjunct Room 3022
- <https://njit-edu.zoom.us/my/mark.annett.office.hours?pwd=SmNFUTd6VnJLOC80VW9sVEg3N2V0dz09>

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### Course Overview

This course is designed to provide students with an understanding of the problems and opportunities posed by financing and growing a technology-based business. Students will study financial conditions of the new businesses and examine the effect of growth upon cash flow while exploring optimal sources of capital.

(Special Note: this course is taught as an active learning class, where you will engage directly with the material through discussions, problem-solving, and hands-on activities, rather than just passively listening to lectures.)

### Required Course Materials

1. Textbook: *Entrepreneurial Finance* by Smith, Smith and Bliss, Stanford University Press  
2011 ISBN: 978-0-8047-7091-0
2. Additional Materials provided on [canvas.njit.edu](https://canvas.njit.edu) course site

### Course Learning Outcomes

Upon successful completion of this course, the student should be able to:

- LO 1. Apply entrepreneurial finance concepts and quantitative methods to analyze a startup opportunity.
- LO 2. Identify the goals and priorities of both entrepreneurs and funders in funding a company.
- LO 3. Conduct market research in order to understand the larger market context that a startup is operating within and present that information to guide and shape the startup.
- LO 4. Evaluate the sources of funding along each stage of development of a startup, from initial development through a public offering.
- LO 5. Practice the concepts and methods for valuation using the tools that you will learn.
- LO 6. Assess risks by modeling risk scenarios and then understanding how these risks will impact the Pro Forma Financial Statements.
- LO 7. Write clear and concise prose explaining new venture finance plans.

## Program Learning Outcomes

In addition to content specific course objectives, the course intends to help students develop a wide range of analytical, communication, interpersonal, and technology skills, namely:

Competencies	Outcome
LC 1 Develop an Understanding of Business Concepts and the Technical Knowledge to Solve Business Problems	LO 1.1 Our students will demonstrate the knowledge and application of business fundamentals
	LO 1.2 Our students will demonstrate the ability to solve business problems using current technology
	LO 1.3 Our students will demonstrate the ability to use technology for effective project management
LC 2 Develop Effective Communication Skills	LO 2.1 Our students will demonstrate the ability to deliver effective presentations enhanced by technology
	LO 2.2 Our students will demonstrate the ability to write clear and concise reports based on relevant information
LC 3 Interact Effectively in Teams	LO 3.1 Our students will demonstrate the ability to understand and use team building behaviors to accomplish group tasks
LG 4 - Develop Ethical Reasoning Skills	LO 4.1 - Our students will demonstrate the ability to identify ethical dilemmas and make decisions grounded in ethical principles

## Course Website

Please go to CANVAS. The Canvas site is where most course materials are posted. Make sure you have an NJIT UCID and password so that you are able to access Canvas. I will use Canvas to post announcements and supplemental materials throughout the semester. **So, please be sure to check the site (canvas.njit.edu) frequently. Please contact helpdesk (973-596-2900) for problems associated with Canvas.**

## Course Deliverables/ Final Grade Components

Grades will be determined as follows:

Component	Weight
Participation	35%
Class Participation in Active Learning	20%
Exercises/Learning Activities	15%
Quizzes	15%
Project Deliverables – Note: Active Learning activities are designated with	50%
Complete the Business Model Canvas (BMC)	Per Points
Big Picture Market Research (Document)	Per Points
Big Picture Market Research (Presentation)	Per Points
Where-to-Play	Per Points
Reality Check Your Reverse Engineering Valuation (REV)	Per Points
Complete your REV	Per Points
Complete Year 1-3 of your Pro Forma	Per Points
Bloomberg Terminal Valuation	Per Points
Risk Assessment	Per Points
Create and Present your Pitch Deck	Per Points
Create a Term Sheet	Per Points
Final Presentation	Per Points

## Preferred Upload

Word Docs, PowerPoint, Excel (or text entry) are preferred, then PDFs.

## Final Grades

Grades are a reflection of the level of understanding of course content. Therefore, to achieve the grade of A or B in this class expect to:

- Be prepared. This means actively participating in discussions, exercises, and activities to further understanding.
- Turn in all course deliverables in a timely and professional manner.

With less preparation and participation expect the grade of C or lower.

**Final course grades will be based on the following scale (there will be NO curve):**

### Grading Scale

A	B+	B	C+	C	D	F
90%	85%	80%	75%	70%	60%	<60%

## Late Assignments

This is probably the most important thing in the syllabus. If you are going to be late then tell me **BEFORE THE ASSIGNMENT IS DO!** Late assignments will always be marked down and will be significantly marked down if you don't let me know ahead of time (and I reserve the right to not grade them at all, if you didn't tell me ahead of time). I don't need to know the reason why it will be late. Just tell me it will be late and when you expect to deliver it by, which is anticipated to be ASAP. Don't make me chase you! I need you to be respectful so that I can plan when I do my work.

If you have an illness or an emergency that you would like me to consider, then it will need to be presented to the office of the Dean of Students, who will notify that they have verified the situation. I will not consider it otherwise.

## Email Etiquette

This is a business course, and the expectation is that you will conform to appropriate business letter writing practice in all of your email to me. The following are the basics.

- Put the course name (e.g. course name or course number) in the subject line
- Identify the subject of the e-mail with a brief but descriptive summary of the topic: include a proper salutation and the assignment details such as the title, homework, or test.
- Proofread your e-mail for proper sentence structure, capitalization, spelling and punctuation.
- Conclude the e-mail message with a proper closing (e.g. Regards, Sincerely) and your full name.

(Note: Do not e-mail requests for additional grade points unless there is an error in the grading. Please note that any grade discrepancies must be addressed within 2 weeks of the assignment due date. Grades are not 'given out' by the professor; they are 'earned' by the student. So, make sure that you 'earn' a grade that you can live with.)

## Academic Integrity

Learning is both an individual and a cooperative experience. Asking for and giving help freely in appropriate settings helps you learn. However, you should present only YOUR work as your own. University rules and standards define and prohibit “academic misconduct” by all members of the academic community including students. You are asked and expected to be familiar with these standards and abide by them.

Academic Integrity is the cornerstone of higher education and is central to the ideals of this course and the university. Cheating is strictly prohibited and devalues the degree that you are working on. As a member of the NJIT community, it is your responsibility to protect your educational investment by knowing and following the academic code of integrity policy that is found at: <http://www5.njit.edu/policies/sites/policies/files/academic-integrity-code.pdf>.

Please note that it is my professional obligation and responsibility to report any academic misconduct to the Dean of Students Office. ***Any student found in violation of the code by cheating, plagiarizing or using any online software inappropriately will result in disciplinary action. This may include a failing grade of F, and/or suspension or dismissal from the university.*** If you have any questions about the code of Academic Integrity, please contact the Dean of Students Office at [dos@njit.edu](mailto:dos@njit.edu).

## Accommodations

Educational access is the provision of classroom accommodations, auxiliary aids and services to ensure equal educational opportunities for all students regardless of their disability. If you are in need of accommodations due to a disability please contact Scott Janz ([oars@njit.edu](mailto:oars@njit.edu)), Associate Director of the Office of Accessibility Resources & Services (OARS), Kupfrian Hall 201, to discuss your specific needs. A Letter of Accommodation Eligibility from the OARS authorizing your accommodations will be required. Accommodations need to be requested in advance and will not be granted retroactively.

## Classroom Policies

ChatGPT will specifically be used in this class for at least one assignment. I believe that it is a valuable tool to facilitate your learning that you should feel free to avail yourself of. However, when you use it, you must use it collaboratively, because to do otherwise would be a violation of the academic integrity policy.

## Final Comments

**I reserve the right to change any aspect of this syllabus or the course schedule at any time**, as the need arises. Students registered for this course assume full responsibility for reading and understanding the course policies as stated above.

Week	Date	What is Covered	Related Reading	Deliverables
1	1/18	Introductions/Team Formation	1	Who is on your team
2	1/25	Sources of New Venture Financing	2:2.1	Quiz
		Business Model Canvas Business Bento	5	Business Model Canvas Presentation Mission and Value Statement
3	2/1	Investor Perspectives / Big Picture Research (Bring Laptop to Class)	10	Big Picture Research
		Angel Investing	3	Quiz
4	2/8	Where to Play	5	Where to Play
		Investor Comparables	10	Industry Comparables
5	2/15	Valuation Methods Overview	10	Quiz
		Entrepreneurs Guide to the SEC	On Canvas	Quiz
6	2/22	Reverse Engineer Valuation (REV) (Bring Laptop to Class)		REV and Marketing plan for years 1-3
7	2/29	Pro Forma Financials (Bring Laptop to Class)	<a href="#">Pro Forma videos</a>	Pro Forma Years 1-3
8	3/7			
9	3/14	Using Bloomberg Terminal for Valuation	10	Bloomberg Terminal Valuation
10	3/21	Spring Recess		
11	3/28	Early Growth Financing Venture Capitalists	3	Mapping BMC to Business Plan
		Modeling Risk	6	Individualized Risk Assessment based upon Pro Forma
12	4/4	Using Bloomberg Terminal for Valuation	6	Bloomberg Terminal Risk Assessment
13	4/11	Expansion / Exit Financing / Harvesting AND Business Ethics	2 & 13 Canvas	Quiz
14	4/18	Pitch Decks and Presentations		Pitch Deck and Presentation
15	4/25	Term Sheets	4	Term Sheet and Appendix A