San José State University
College of Business, MBA
Bus 276, New Venture Finance, Section 1, summer 2017

Course and Contact Information

Instructor: Bahram Parineh
Office Location: BT 460
Telephone: (408) 924-3942
Email: Bahram.parineh@sjsu.edu
Office Hours: Wed/Fri 5:00pm-6:00pm
Class Days/Time: Wed/Fri 6:00pm-10:00pm
Saturday 9:00am-6:00pm
Classroom: BBC 021
Prerequisites: BUS 270

Course Format
This course will utilize a classroom lecture, textbooks, video, software, business simulations, plus several student presentations will be required.

Lectures will typically be supported by PowerPoint slides, website, video links - which are for presentation support only; slides may or may not be posted and do not replace the reading, software, research material. All students are required to access the Canvas system on a daily basis for homework assignment details and submissions, announcements, and grading information.

Faculty Web Page and MYSJSU Messaging
Course materials such as syllabus, course schedule, handouts, reader notes, assignment instructions, etc. can be found on the Canvas learning management system course website. You are responsible for regularly checking with the messaging system through MySJSU to learn of any updates.

Course Description
Basic principles of finance (financial function, accounting, legal, fundraising, valuation, automation, digitization, and more) applied to new ventures and small businesses. Topics include incorporation, venture capital, business models, financial analysis, valuation, capital structure, cash flow forecasting, statistics, option pricing models, and exit strategies.

Course Goals
MBA Program Learning Goals
Goal One: Business Knowledge
Understand basic business principles and demonstrate discipline-specific competencies as applied to local and global environments.

Goal Two: Communication
Communicate ideas clearly, logically, and persuasively in oral and written format, using technology appropriately.

Goal Three: Ethical Awareness
Recognize, analyze, and articulate solutions to ethical issues that arise in business.

Goal Four: Leadership, Teams and Diversity
Comprehend the challenges and opportunities of leading and working in diverse teams and environments.

Goal Five: Critical Thinking
Comprehend, analyze, and critically evaluate complex and unstructured qualitative and quantitative business problems, using appropriate tools and technology.

Goal Six: Innovation
Recognize, analyze, and articulate strategies for promoting creativity and innovation.

**Required Texts/Readings**

**Textbook**
Business Model Generation  
Author: Alexander Osterwalder & Yves Pigneur  
ISBN: 9780470876411

Venture Deals: Be Smarter than your Lawyer and Venture Capitalist, 2nd Edition  
Author: Brad Feld, Jason Mendelson  
ISBN: 9781118443613

Venture Capital, Private Equity, and the Financing of Entrepreneurship  
Author: Josh Lerner, Ann Leamon, Felda Hardymon  
ISBN: 9780470591437

**Other Readings**

Startup Owner's Manual, Steve Blank  
Lean Startup, Eric Ries  
Mindware, Richard Nisbet  
The Startup of You, Reid Hoffman

**Other equipment / material requirements (optional)**

Laptop computer, Pencil and paper
A computer (lab or personal) is required for use during Microsoft Excel labs, financial modeling, valuation, and other projects. Several assignments require internet research and use of financial software (i.e. Bloomberg, CapitalIQ, VentureSource, CrunchBase). Some paper versions of quizzes and exams will be available for students. Use of phones and other networked cellular devices is not permitted.

Course Requirements and Assignments
SJSU classes are designed such that in order to be successful, it is expected that students will spend a minimum of forty-five hours for each unit of credit (normally three hours per unit per week), including preparing for class, participating in course activities, completing assignments, and so on. More details about student workload can be found in University Policy S12-3 at http://www.sjsu.edu/senate/docs/S12-3.pdf.

TEAM PROJECT: Several homework assignments require student teams to meet physically or virtually outside class hours. Each team is responsible for setting meeting schedules and formats consistent with its members’ commuting, work and family obligations; therefore these obligations will not be acceptable excuses for lack of participation or contribution by any team member.

PRESENTATIONS: Every student is responsible for making graded verbal presentations to the class: discomfort with public speaking is not an acceptable excuse for not completing these assignments.

Accommodations for presentations by registered disabled students will be made if you contact me at the start of the semester as noted below.

HOMEWORK: Homework assigned may require submission (most is submitted), and will be tested in pop quizzes on the date it is due. No make-ups are available for pop quizzes.

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The scheduled course contact hours are in compliance with the required course credit hours (http://info.sjsu.edu/web-dbgen/narr/catalog/rec-13692.14082.html) and the required course culminating experience (http://info.sjsu.edu/web-dbgen/narr/catalog/rec-13692.14089.14090.html).

See Tentative Course Schedule

Grading Policy

See Tentative Course Schedule
University Policies

General Expectations, Rights and Responsibilities of the Student

As members of the academic community, students accept both the rights and responsibilities incumbent upon all members of the institution. Students are encouraged to familiarize themselves with SJSU’s policies and practices pertaining to the procedures to follow if and when questions or concerns about a class arises. See University Policy S90–5 at http://www.sjsu.edu/senate/docs/S90-5.pdf. More detailed information on a variety of related topics is available in the SJSU catalog, at http://info.sjsu.edu/web-dbgen/narr/catalog/rec-12234.12506.html. In general, it is recommended that students begin by seeking clarification or discussing concerns with their instructor. If such conversation is not possible, or if it does not serve to address the issue, it is recommended that the student contact the Department Chair as a next step.

Dropping and Adding

Students are responsible for understanding the policies and procedures about add/drop, grade forgiveness, etc. Refer to the current semester’s Catalog Policies section at http://info.sjsu.edu/static/catalog/policies.html. Add/drop deadlines can be found on the current academic year calendars document on the Academic Calendars webpage at http://www.sjsu.edu/provost/services/academic_calendars/. The Late Drop Policy is available at http://www.sjsu.edu/aars/policies/latedrops/policy/. Students should be aware of the current deadlines and penalties for dropping classes.

Information about the latest changes and news is available at the Advising Hub at http://www.sjsu.edu/advising/.

Consent for Recording of Class and Public Sharing of Instructor Material

University Policy S12-7, http://www.sjsu.edu/senate/docs/S12-7.pdf, requires students to obtain instructor’s permission to record the course and the following items to be included in the syllabus:

- “Common courtesy and professional behavior dictate that you notify someone when you are recording him/her. You must obtain the instructor’s permission to make audio or video recordings in this class. Such permission allows the recordings to be used for your private, study purposes only. The recordings are the intellectual property of the instructor; you have not been given any rights to reproduce or distribute the material.”
  - It is suggested that the greensheet include the instructor’s process for granting permission, whether in writing or orally and whether for the whole semester or on a class by class basis.
  - In classes where active participation of students or guests may be on the recording, permission of those students or guests should be obtained as well.
- “Course material developed by the instructor is the intellectual property of the instructor and cannot be shared publicly without his/her approval. You may not publicly share or upload instructor generated material for this course such as exam questions, lecture notes, or homework solutions without instructor consent.”

Academic integrity

Your commitment, as a student, to learning is evidenced by your enrollment at San Jose State University. The University Academic Integrity Policy S07-2 at http://www.sjsu.edu/senate/docs/S07-2.pdf requires you to be honest in all your academic course work. Faculty members are required to report all infractions to the office of Student Conduct and Ethical Development. The Student Conduct and Ethical Development website is available at http://www.sjsu.edu/studentconduct/.
Campus Policy in Compliance with the American Disabilities Act

If you need course adaptations or accommodations because of a disability, or if you need to make special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. Presidential Directive 97-03 at http://www.sjsu.edu/president/docs/directives/PD_1997-03.pdf requires that students with disabilities requesting accommodations must register with the Accessible Education Center (AEC) at http://www.sjsu.edu/aec to establish a record of their disability.

Accommodation to Students' Religious Holidays (Optional)

San José State University shall provide accommodation on any graded class work or activities for students wishing to observe religious holidays when such observances require students to be absent from class. It is the responsibility of the student to inform the instructor, in writing, about such holidays before the add deadline at the start of each semester. If such holidays occur before the add deadline, the student must notify the instructor, in writing, at least three days before the date that he/she will be absent. It is the responsibility of the instructor to make every reasonable effort to honor the student request without penalty, and of the student to make up the work missed. See University Policy S14-7 at http://www.sjsu.edu/senate/docs/S14-7.pdf.

Student Technology Resources (Optional)

Computer labs for student use are available in the Academic Success Center at http://www.sjsu.edu/at/asc located on the 1st floor of Clark Hall and in the Associated Students Lab on the 2nd floor of the Student Union. Additional computer labs may be available in your department/college. Computers are also available in the Martin Luther King Library. A wide variety of audio-visual equipment is available for student checkout from Media Services located in IRC 112. These items include DV and HD digital camcorders; digital still cameras; video, slide and overhead projectors; DVD, CD, and audiotape players; sound systems, wireless microphones, projection screens and monitors.

SJSU Peer Connections (Optional)

Peer Connections, a campus-wide resource for mentoring and tutoring, strives to inspire students to develop their potential as independent learners while they learn to successfully navigate through their university experience. You are encouraged to take advantage of their services which include course-content based tutoring, enhanced study and time management skills, more effective critical thinking strategies, decision making and problem-solving abilities, and campus resource referrals.

In addition to offering small group, individual, and drop-in tutoring for a number of undergraduate courses, consultation with mentors is available on a drop-in or by appointment basis. Workshops are offered on a wide variety of topics including preparing for the Writing Skills Test (WST), improving your learning and memory, alleviating procrastination, surviving your first semester at SJSU, and other related topics. A computer lab and study space are also available for student use in Room 600 of Student Services Center (SSC).

Peer Connections is located in three locations: SSC, Room 600 (10th Street Garage on the corner of 10th and San Fernando Street), at the 1st floor entrance of Clark Hall, and in the Living Learning Center (LLC) in Campus Village Housing Building B. Visit Peer Connections website at http://peerconnections.sjsu.edu for more information.

SJSU Writing Center (Optional)

The SJSU Writing Center is located in Clark Hall, Suite 126. All Writing Specialists have gone through a rigorous hiring process, and they are well trained to assist all students at all levels within all disciplines to
become better writers. In addition to one-on-one tutoring services, the Writing Center also offers workshops every semester on a variety of writing topics. To make an appointment or to refer to the numerous online resources offered through the Writing Center, visit the Writing Center website at http://www.sjsu.edu/writingcenter. For additional resources and updated information, follow the Writing Center on Twitter and become a fan of the SJSU Writing Center on Facebook. (Note: You need to have a QR Reader to scan this code.)

SJSU Counseling Services (Optional)

The SJSU Counseling Services is located on the corner of 7th Street and San Fernando Street, in Room 201, Administration Building. Professional psychologists, social workers, and counselors are available to provide consultations on issues of student mental health, campus climate or psychological and academic issues on an individual, couple, or group basis. To schedule an appointment or learn more information, visit Counseling Services website at http://www.sjsu.edu/counseling.

Lucas College and Graduate School of Business Mission

We are the institution of opportunity in Silicon Valley, educating future leaders through experiential learning and character development in a global business community and by conducting research that contributes to business theory, practice and education.

MBA Program Goals:
(Not all program learning goals are covered in every course)

Goal One: Business Concepts
Develop a strategic level understanding of the key functions of business including marketing, accounting, finance, and organizational behavior.

Goal Two: Analysis and Decision Making
Understand decision making methods including decision trees, expected value, risk and uncertainty, and the value of information.

Goal Three: Cultural and Ethical Awareness
3a. Understand the major issues facing multinational corporations in the management of their international operations—particularly those of an intercultural nature.
3b. Explain the ethical, legal, and social consequences that ensue when ethics and the law are disregarded in favor of other objectives.

Goal Four: Leadership and Teams Skills
Comprehend the factors that contribute to effective leadership of teams and understanding of the skills and behaviors necessary to be an effective team member.

Goal Five: Global Change and Dynamics
5a. Demonstrate an ability to understand and adapt to global market changes
5b. Demonstrate an ability to integrate knowledge and develop innovative solutions to remain competitive given industry dynamics (strategic integration).

Goal Six: Communication Skills
6a. Demonstrate an ability to plan, prepare, organize, and present effective oral presentations.
6b. Demonstrate the principles and processes of effective written communications.

Lucas College and Graduate School of Business Policies:
To ensure that every student, current and future, who takes courses in the Boccardo Business Center has the opportunity to experience an environment that is safe, attractive, and otherwise conducive to learning, the College of Business at San José State has established the following policies:

Eating:
Eating and drinking (except water) are prohibited in the Boccardo Business Center. Students with food will be asked to leave the building. Students who disrupt the course by eating and do not leave the building will be referred to the Judicial Affairs Officer of the University.

Cell Phones:
Students will turn their cell phones off or put them on vibrate mode while in class. They will not answer their phones in class. Students whose phones disrupt the course and do not stop when requested by the instructor will be referred to the Judicial Affairs Officer of the University.

Computer Use:
In the classroom, faculty allow students to use computers only for class-related activities. These include activities such as taking notes on the lecture underway, following the lecture on Web-based PowerPoint slides that the instructor has posted, and finding Web sites to which the instructor directs students at the time of the lecture. Students who use their computers for other activities or who abuse the equipment in any way, at a minimum, will be asked to leave the class and will lose participation points for the day, and, at a maximum, will be referred to the Judicial Affairs Officer of the University for disrupting the course. (Such referral can lead to suspension from the University.) Students are urged to report to their instructors computer use that they regard as inappropriate (i.e., used for activities that are not class related).

Academic Honesty:
Faculty will make every reasonable effort to foster honest academic conduct in their courses. They will secure examinations and their answers so that students cannot have prior access to them and proctor examinations to prevent students from copying or exchanging information. They will be on the alert for plagiarism. Faculty will provide additional information, ideally on the green sheet, about other unacceptable procedures in class work and examinations. Students who are caught cheating will be reported to the Judicial Affairs Officer of the University, as prescribed by Academic Senate Policy S04-12.
This schedule is subject to change; Notice of changes will be posted on the Canvas system.

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topics, Readings, Assignments, Deadlines</th>
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</table>
| 1     | 6/2     | Introduction  
Types of Business Organizations  
Business Legal Requirements  
Statistics of US and Global Business Entities  
Entrepreneurship in the 21<sup>st</sup> Century |
| 2     | 6/7     | What is a Startup?  
Startup Owner’s Manual  
Customer Development  
Lean Startup Principles |
| 3     | 6/9     | Business Model Canvas, Part 1  
Value Proposition  
Customer Relationships  
Customer Segments  
Channels |
| 4     | 6/14    | Business Model Canvas, Part 2  
Key Resources  
Key Activities  
Key Partners  
Revenue Streams  
Cost Structure |
| 5     | 6/17    | BMC Presentation (30-45 minutes each)  
Special Guest Lecture |
| 6     | 6/21    | Introduction to venture capital  
Venture capital terminology  
Term sheets  
Venture Quiz 1 & Excel Lab 1 |
| 7     | 6/23    | Deal structuring and the private equity landscape  
Fundraising  
Venture Quiz 2 & Excel Lab 2 |
| 8     | 6/24    | Valuation primer  
Approaches to valuation and predictive validity  
Methodology and relevance  
Excel Lab 3 |
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| 9 | 6/28 | 409A valuation, Part 1  
Public company comparables  
Mergers and acquisitions data  
Weighted-average cost of capital / Beta analysis  
Capital asset pricing model  
Financial data, forecasting, assumptions, pitfalls |
| 10 | 7/5 | 409A valuation, Part 2  
Discounted cash flow analysis  
Enterprise value  
Option value |
| Other Potential Topics (TBD) | Options Tutorial: Public and private options, warrants, option pricing models.  
Stock-based compensation and taxes.  
Advanced functions for financial modeling. |

**Grading Criteria**

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<thead>
<tr>
<th>Task</th>
<th>% of Course Grade</th>
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<tbody>
<tr>
<td>BMC Project</td>
<td>25%</td>
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<tr>
<td>Valuation (DCF) Project</td>
<td>25%</td>
</tr>
<tr>
<td>Venture Terms / Valuation Quiz(s)</td>
<td>10%</td>
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<tr>
<td>Business Statistics Terms / Statistics Quiz(s)</td>
<td>10%</td>
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<td>Excel Labs</td>
<td>10%</td>
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<tr>
<td>Software Modules</td>
<td>5%</td>
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<td>Roundtable Participation / Debates</td>
<td>5%</td>
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<tr>
<td>Video Reflections</td>
<td>5%</td>
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<tr>
<td>Book Report</td>
<td>5%</td>
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| Total | 100% |