

Instructor: Steve Johnson

Office: SHB 210F

Email sjj008@shsu.edu (best way to contact me)

Telephone: 936-294-1283



Office Hours:

- **Wednesday**
The Woodlands Center campus, TWC 210,
- from shortly before 6:00 pm
- **Tuesday and Thursday**
Huntsville campus, SHB 210F,
- from about 10:30 am - 10:50 am

If these times are not convenient for you and you have questions about the course material, please schedule an appointment with me. In addition, if I am in my office and the door is open, I am usually (90%+ of the time) available.

Emails:

I will try to answer your emails as soon as possible. However, I do not usually check my email between late Friday afternoon and Sunday morning. The rest of the time, from Sunday afternoon until early Friday afternoon, I will usually

be able to answer your emails within 24 hours, unless I am out of town and do not have access to a secure web connection.

IDEA Objectives:

1. Learn fundamental principles, generalizations, and theories.
2. Developing specific skills and competencies needed by business professionals.

Course-specific objectives:

This course provides an introduction to the creation, use, and forecasting of financial statements for use by entrepreneurs and small businesses. You will acquire some very useful tools for solving real-world finance problems in this course, including some rather sophisticated Excel modeling techniques. These skills are useful in other business settings as well.

To summarize, you will learn how to:

- 1) make financial statement forecasts.
- 2) use financial statement forecasts to predict cash shortfalls.
- 3) use financial statement forecasts to value a small business/ entrepreneurial venture.

You will also learn about a number of financial concepts that are useful in entrepreneurship.

What this course will require and why this course is challenging:

1. This course requires a background in **finance (FINC 3320), accounting, and mathematics (prerequisites for FINC 3320).**

i. A background in **finance** is required because this course extends many of the topics covered in FINC 3320 to entrepreneurial and small businesses. In this course, we will look at time value of money, interpreting financial statements, forecasting financial statements, cash flow forecasting, debt and equity financing, and valuation.





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ii. A background in **accounting** is required because we will be analyzing firm performance by examining information contained in the firm's financial statements. Income statements, balance sheets, current assets, specific line items from the financial statements, cash flow vs. earnings, and the matching principle are all topics that are very important in this course.

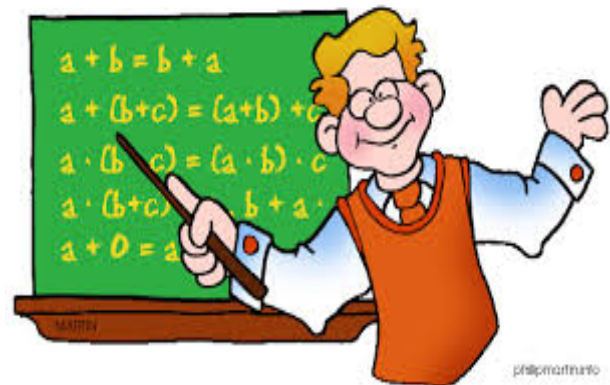
iii. A background in **mathematics** is required for this course. Financial statement analysis, financial statement forecasting, and the valuation of a small business and/or entrepreneurial venture, **all** require the use of math. Some of the mathematics that we will use in this course includes, but is not limited to:

- 1) Setting up **word problems**
- 2) **Solving** equations
- 3) The use of **exponents** and solving equations with exponents
- 4) A basic knowledge of **graphs**.

5) An understanding of the **maximum** and **minimum** functions, and

6) An understanding of the **slope** and **intercept** of a line

These are **all** important mathematical skills for this course.



2. This course **will require intellectual effort beyond that** required by many other courses.

i. This course draws heavily from material covered in previous courses. To be successful in this course, you will need to **recall** and **apply** material learned in finance, accounting, economics, and mathematics to forecast financial statements.

ii. These problems will be **both quantitative and conceptual**. Many problems in finance involve **at least three steps**:

1) **Set up** a problem from finance as a set of **mathematical equations** to solve.

2) **Solve** the equation from step #1.

3) **Interpret** the results of the solution from step #2.

3. By taking this course, you will learn how to **find answers to your own questions**. We will learn how to find multiple types of information from a number of different websites. Some of the types of information you will be able to access after taking this course include, but are not limited to the following: stock prices, foreign exchange rates, business news, financial terms and concepts, and commodity prices.

4. **Required materials** include the **textbooks and a financial calculator**. **Note:** You will need the textbooks and a financial calculator for this course.

i. **Textbooks:** The following two textbooks are required.

1) Entrepreneurial Finance, 5th edition, by Leach and Melicher, ISBN 978-1-285-42575-7. The 4th edition, ISBN 978-0-538-47815-1, is very similar, but earlier editions are not.

2) Building Financial Models, 2nd edition, by Tjia. You will need the 2nd edition, not the 1st edition.

ii. **Calculator:** You will need a calculator that has the time value of money (TVM) functions. Graphing calculators usually have a menu of TVM functions. If you use any calculator other than a TI BA-2+ or TI-BA-2+ professional, I might not be able to help you since I always use the TI BA-2+.

Please bring your calculator to class and to exams. I will be using a Texas Instruments BA-2+.

Please do not bring any devices with wireless communication to the exam. If you have a **cell** phone it should be turned **completely off--not** just set to vibrate.

iii. There are also additional free, online reading materials that will be required reading.

Evaluation: There are 2 unit exams, a number of in-class exercises, one final exam, and a number of Excel projects in this course. The lowest exam score will be dropped. The final exam score is not dropped. The evaluation weights for each component of the course are as follows:

20%	2 exams (10 points each). The lowest score will be replaced by the final score divided by 2 if that improves the grade.
20%+	In-class quizzes, exercises, and participation
10%	Professionalism
30%	Excel projects (These vary in total points)
<u>20%</u>	Final exam (20 pt. total)
100%+	

In addition to the projects, I will assign additional practice problems. Exam problems are based primarily on lectures, handouts, practice problems, projects, and homework assignments, but may also include material from the required readings.

Exams and the final exam are closed-book (and closed-neighbor). You may not use any written/ pre-recorded notes for the in-class quizzes. You may bring one 3" x 5" note card with you to the exams. You may bring one 8.5" x 11" sheet of paper with you to the final exam. You may fill both sides of the card (or sheet of paper for the final) with notes. You will need a financial calculator for the exams and quizzes. I recommend the Texas Instruments BA-2+. I will use the TI BA 2+ in class. Laptops, palm pilots, and calculating devices with more power than a BA-2+ are not allowed on quizzes and exams.

Unit exams: There are two unit exams in this course. Note that the student is responsible for any announcements made in class. If you miss an exam due to a university-sponsored event or other excused absence, let me know ASAP and I will write an alternate version that you can take when you return.

The lowest unit exam score will be dropped.

Taking unit exams: There are several details to remember about taking unit exams.

- i. Unit exams are **closed-book** (and **closed-neighbor**).
- ii. You may bring one 3"x5" note card with you to the unit exams.
- iii. You may fill **both sides** of the card with notes.
- iv. You will need a financial calculator for the unit exams and the final exam. I recommend the Texas Instruments BA-2+. I will use the TI BA 2+ in class.
- v. **Laptops, iPads, and any type of calculating device with wireless communication capabilities are not allowed on the unit exams.**

Quizzes and in-class exercises

- i. Class will usually begin with a short quiz over any or all of the following: the required reading, math review problems, financial statement forecasting and analysis, and Excel programming. These will typically be multiple-choice, so you will need to bring a scantron.
- ii. We will usually go over the quiz in class after handing in the scantrons.
- iii. We will also frequently have other in-class activities. These will usually be group activities, although you may choose your group members yourself and you do not need to be in the same group every time.
- iv. You may **not** bring a notecard or sheet of notes to the quizzes.
- v. I will provide guidance regarding exactly what material you are expected to know for each quiz (and the exams and the final exam).
- vi. Note that it is possible, with perfect attendance and full participation, to get more than 100% of the in-class exercise portion of the class (i.e., more than 20 points total).

Unit exam contents and study guide:
material:

Exams cover primarily the following

i. **Practice problems.** I will assign additional practice problems. These problems are usually not to hand in. We will go over most of these problems in class. I usually write Excel spreadsheet solutions for the quantitative problems and upload these spreadsheets to Blackboard after class. These spreadsheets contain all the steps to solving the problem. You can change any of the yellow-highlighted values to obtain a new practice problem.

ii. **Lectures.** I type lecture material into Excel during class. After class, I upload the lecture to Blackboard. Lectures include both **qualitative** and **quantitative** material.

iii. **In-Class Quizzes and Exercises:** Class will usually start with a short quiz (except on exam days). These quizzes are typically over the required reading, but may also other material, as announced in class. We will usually spend the majority of class time working in Excel. Absence from class will result in zero credit for that day's quiz and any other activities--with the exception of extreme circumstances (in which case, arrangements for work must be made ahead of time with the instructor).

iv. **Required readings:** I assign required readings from both the textbooks and from online sources.

v. **Study guide** I will provide a study guide before each unit exam. This study guide will contain specific items from categories i. - iv. above.

Excel projects: Each project will involve using Excel to solve different types of finance problems. These projects will help you to acquire some of the tools you need for solving problems in more advanced courses in business as well as provide you with a set of programs you may find useful when you work as a business professional.

The Excel projects are group projects. You may work on the projects in groups of at least 2 and no more than 4. I allow you to choose your own groups. You can be in a different group for each project if you like. You may also work alone.

To hand in projects, for classes held at the SHSU campus, someone from your group needs to come to my office before the project is due, and show me that your program works. Typically, projects will be due on a Friday, and I will schedule appointments before the project is due.

Final Exam:

- i. The final exam is **comprehensive**. It counts for 20% of your final grade and it can't be dropped. It will be given at the regularly scheduled time given in the schedule of courses.
- ii. The final exam is **closed-book (and closed-neighbor)**.
- iii. You may bring a **full 8.5" x 11" sheet of notes** to the final exam. You may fill both sides of the sheet with notes.
- iv. You will need a **financial calculator** for the final exam.
- v. **Communication devices, such as a cell phone with a calculator app, are not allowed on the final exam.**
- vi. **Study guide** I will provide a study guide before the final exam.

Attendance: All students are expected to attend class regularly and punctually.

- i. **Student attendance will be taken each class meeting.**
- ii. You are allowed six unexcused absences per semester. Note that students who are absent without an acceptable excuse receive 0 points from any class exercise or quiz on that day, in addition to 0 points for attendance.
- iii. **Absences totaling more than six class periods will result in a grade of "F" for the course.**
- iv. **Please come to class on time. Three late arrivals will be treated like one class period absence and will be included in determining the class attendance and participation score.**
- v. **Personal use of cell phones or personal communication using other devices during class is prohibited. However, if a cell phone does ring or vibrate noisily, I get to answer it.**

vi. **Penalties for ringing cell phones, etc.** Typically, disrupting class with a ringing or vibrating cell phone, talking or texting on a phone, or other, similar behaviors, will count the same as one tardy. Persistent and/or extreme disruptions of class may be penalized more strongly. If this occurs regularly, this behavior will also lower the "Professionalism" score as well.

vii. Excused absences are listed in the University Bulletin. **Any and all misconducts will be handled according to the procedures presented in the bulletin.**

Professionalism: Professional behavior will be rewarded. The potential positive impact is 10%, an entire letter grade.

There are several ways to assure that you will not get credit for professionalism. The classroom is your corporate office. Business-like behavior is both required and appreciated.

i. Unprofessional behavior, such as disrupting class by talking out loud with your neighbors, talking on a cell phone, etc., will result in a reduced professionalism score. Persistent use of computers or other electronic devices during class for any purpose other than the assigned task or for taking lecture notes will also result in a penalty to your "Professionalism" score.

ii. Extremely and/or consistently unprofessional behavior will result in a score of 0 or less for professionalism. ***If you behave in a way that would result in being fired from a job, you will not pass this course.***

iii. Because we are meeting in a computer lab, ***eating and drinking in the classroom are not allowed. Period. Food and drink are not allowed in the classroom. Period.*** If you take food or drink out of your bag in class, either finish it outside the classroom or throw it away. Not following these guidelines will have a **HUGE negative impact** on your professionalism score.

Study: This is an upper-division, 4000-level, university course. This course is taught at a higher level than the prerequisites (1000- and 2000- level courses and FINC 3320) for this class.

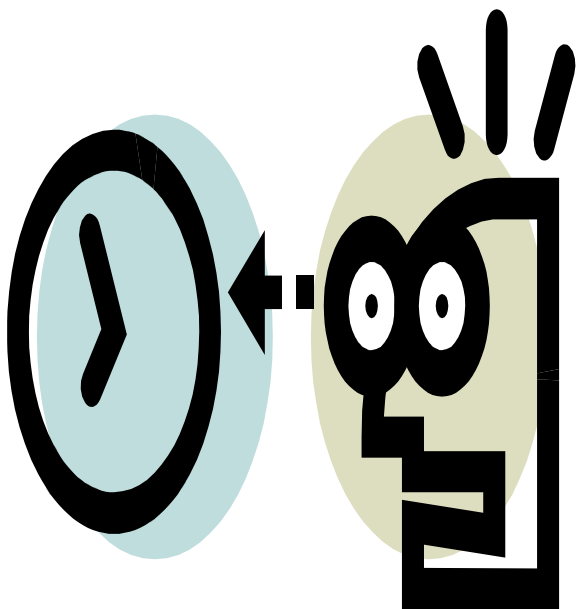
- i. You are expected to study from one to two hours outside of class for each hour in class. Reading chapters ahead of the lecture schedule, listening to any relevant mp4s, and reviewing your notes immediately after class will greatly enhance your learning of the material.
- ii. Be sure to check Blackboard and to download the class notes regularly.
- iii. If you have any trouble with any aspects of the course work, please feel free to stop in during my office hours. To see me outside office hours, it is advisable to make an appointment so that I can be at my office when you stop by.

Technology requirements: Every student in this course must have a working SHSU email account and check it regularly, at least once or twice a day. I will use SHSU to communicate with you outside of class. Every student in this course must also have access to Blackboard. I regularly post announcements and files on Blackboard. Every student will also need Excel.

University policies: Please see <http://www.shsu.edu/syllabus/> for the following:

- * University policy on academic dishonesty
- * Student absences on religious holy days policy
- * Students with disabilities policy
- * University policy on visitors in the classroom

Course Outline: Entrepreneurial Finance



This is a **tentative** course outline. There will almost certainly be changes in this schedule as the semester progresses. You are responsible for everything, including, but not limited to, reading assignments and announcements, presented in class. Note that the Excel case due dates are not listed here; they will be announced in class.

Dates	Chapters	Topics
H 24 Aug	Syllabus	Syllabus, math review
T 29 Aug H 31 Aug	Tjia 4, 6 + articles	Syllabus, math review, TVM, accounting for financial statement forecasting, Excel functions
T 05 Sep H 07 Sep	Tjia 7, 8, 9 + articles	Syllabus, math review, TVM, more accounting, more Excel functions, pilot model, circular references, plugs
T 12 Sep [H 14 Sep]	LM 4 + articles	More financial statements, more Excel, measuring financial performance; Online activity on September 14 [No class meeting on Thursday, September 14].
T 19 Sep H 21 Sep	LM 6 + articles	Financial planning, financial statements
T 26 Sep H 28 Sep	LM 6, 9 + articles	Financial planning, financial statements, valuation, TBA

T 03 Oct H 05 Oct	Review, Exam #1 H 05 Oct	Review for exam on Tuesday, October 3; Unit exam #1 on Thursday, October 5.
T 10 Oct H 12 Oct	LM 9 + articles	TBA, Valuation
T 17 Oct H 19 Oct	LM 9 + articles	TBA, Valuation
T 24 Oct H 26 Oct	TBA	TBA
T 31 Oct H 02 Nov	TBA	TBA
T 07 Nov H 09 Nov	TBA	TBA
T 14 Nov H 16 Nov	Review for Exam, Exam #2 H 16 Nov	Review for exam on Tuesday, November 14, Unit exam #2 on Thursday, November 16.
T 21 Nov H 23 Nov	TBA on T 21 Nov, Thanksgiving holiday	TBA on Tuesday, November 21; Thanksgiving holiday, Thursday, November 23 (No class on November 23).
T 28 Nov H 30 Nov	Review, TBA	Review for final exam, TBA
T 05 Dec	Final Exam	FINC 4315 01 Final Exam, Tuesday, December 5, 1:00 pm – 3:00 pm