This is a full term course that offers an overview of financial issues affecting entrepreneurial investments. By "entrepreneurial" investments I mean, in essence, high-risk/high-reward opportunities. These are often associated with small and rapidly growing ventures, but the subject goes beyond start ups and early stage investment situations. Entrepreneurial opportunities also occur in other forms of investments, for example, in various forms of corporate restructuring such as leveraged buyouts and work-outs. The course is case-oriented and aims at instructing the student in how "real world" professional investors and corporate managers operate to create wealth from such situations. Several guests from the real world of entrepreneurial finance will attend classes to offer students the benefit of their experience and observations. The course should be useful to those seeking careers in venture capital, private equity investing, distress investing, investment management or in senior management positions of entrepreneurial corporations.

The course is different from other related courses offered at Stern (such as Venture Capital, or E-Commerce, Private Equity Finance, or Securities Valuation). It covers a broader spectrum than small businesses and start ups, is not concerned with operational issues, and uses a market-investor approach to valuation. It is not mainly focused on Internet or "new-economy" investments, though these are discussed at some length. It also uses current events to illustrate cycles and euphoric tendencies and to illustrate procedural practices and relies heavily on outside guests to provide examples of career development and real world and current market insights.

The educational emphasis placed by the instructor throughout the course is on learning how to make good judgments about companies and investment opportunities under high degrees of uncertainty, and understanding the economic and legal processes and techniques involved in financing small or otherwise entrepreneurial business opportunities.
Instructor

Roy C. Smith (e-mail rsmith@stern.nyu.edu) is the Kenneth Langone Professor of Entrepreneurship and Finance, and Professor of International Business, a former partner of Goldman, Sachs & Co. and currently an active investor in small company and other entrepreneurial situations.

Course Readings

There are no assigned textbooks. Readings will consist of two course packets, consisting of readings and cases to be purchased from the bookstore.

Assigned Homework “Problems” and Write Ups

There are ten homework problems assigned during the course. These will be posted on Blackboard two sessions before they are due, and an “answer” will be posted on the due date and made available for five days after the due date. Students are to hand in their solutions to the problems, where their submissions will be recorded for credit. The problems will not be graded or returned – students are expected to compare their answers to the posted answers made available. These problems are designed to keep students up to date with some of the technical information presented, and to ask them to think about different issues are they occur in the syllabus.

Grading

Problems will account for 30% of the grade, two exams (midterm and final) will account for 50% between them, and classroom participation will account for 20%.