

COURSE INFORMATION
ENTR 7335 - ENTREPRENEURIAL PROFIT & CASH MANAGEMENT
SPRING, 2023

INSTRUCTOR

Charles Becker

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Office Hours via [Calendly](#) (If no slots on Calendly are available, email me and we'll find a time.)

PREP MATERIALS

- Videos and handouts on Blackboard
- (Optional) Judith Orloff and Darrell Mullis: *The Accounting Game: Basic Accounting Fresh from the Lemonade Stand (Rev. ed.)*, Sourcebooks, Inc., 2008

COURSE OBJECTIVES

The broad objective of this course is to give you the skills to manage the profitability and cash flow of a business.

By the end of this course, you should be able to answer the following questions:

- Is a business idea financially viable?
- How much can you expect your business to have in: Revenues? Costs? Profits? Cash flow?
- What revenues will you need to break even? How long will it take to reach break-even? How will changes in prices or costs affect your break-even point?
- How can you manage profitability and/or cash flow? (Related questions: Which customers and/or parts of your business are more/less profitable? What are the keys to controlling costs? What are the keys to managing cash?)
- How much money will you need to *start* your business? How much money will you need to *grow* your business? How fast can you grow organically?
- How can you tell from your financial statements how your business might be improved? What key performance indicators (KPIs) will give you a quick indication of whether your business is on track?

ALIGNMENT WITH BAUER MASTERS PROGRAM LEARNING OBJECTIVES

Learning Objective	Whether/How Addressed
Functional Competence	Students will learn how to assess the feasibility of a business idea, how to choose key performance indicators, how to project profits and cash flow for an existing business, how to evaluate actual vs. budgeted performance, and how to determine the amount of funding needed to start and grow a business.

INSTRUCTIONAL PHILOSOPHY

- Experiential learning. We will present concepts in the context of applications, and learn by discussing practical examples and doing things.
- Open discussion. If you don't understand something said in class, or want more information on how it might apply to your personal situation, speak up. Guests are welcome, and everybody is invited to "put their two cents in."

ACADEMIC HONESTY

The University of Houston Academic Honesty Policy is strictly enforced by the C.T. Bauer College of Business. No violations of this policy will be tolerated in this course. A discussion of the policy is included in the University of Houston Student Handbook which can be downloaded at <http://www.uh.edu/dos/publications/handbook.php>. Students are expected to be familiar with this policy.

ACCOMMODATIONS FOR STUDENTS WITH DISABILITIES

The C. T. Bauer College of Business would like to help students who have disabilities achieve their highest potential. To this end, in order to receive academic accommodations, students must register with the Dart Student Accessibility Center (telephone 713-743-5400), and present approved accommodation documentation to their instructors in a timely manner.

AVAILABILITY OF COUNSELING SERVICES

Counseling and Psychological Services (CAPS) can help students who are having difficulties managing stress, adjusting to college, or feeling sad and hopeless. You can reach CAPS (www.uh.edu/caps) by calling 713-743-5454 during and after business hours for routine appointments or if you or someone you know is in crisis. Also, there is no appointment necessary for the "Let's Talk" program, which is a drop-in consultation service at convenient locations and hours around campus. http://www.uh.edu/caps/outreach/lets_talk.html

COURSE SCHEDULE

Week 1 (1/17)	Course introduction
Topics	<ul style="list-style-type: none"> • Introductions • Personal objectives for the course • Syllabus and grading
Prep materials	<ul style="list-style-type: none"> • Video: Intro to Profit and Cash Management
Assignments	
Week 2 (1/24)	Introduction to financial management
Topics	<ul style="list-style-type: none"> • How to test the feasibility of a business idea • Key performance indicators (KPIs) • Flash reports
Prep materials	<ul style="list-style-type: none"> • Video: Introduction to profit and cash management • Video: How to test the feasibility of a business • Video: Introduction to KPIs • Handout: Basics of accounting are vital to survival for entrepreneurs • Handout: Help, I'm not a numbers person • Handout: Unit economics • Handout: KPIs and flash reports
Assignments	
Week 3 (1/31)	Financial statements overview
Topics	<ul style="list-style-type: none"> • Entries and groupings on the income statement • Entries and groupings on the cash flow statement • Entries and groupings on the balance sheet • Interrelationship of the statements • Is income the same as cash flow? • Net income vs. EBITDA and FCF • "Short-form" calculation of cash flow • The balance sheet as a historical document • Current vs. long term balance sheet entries • Liquidity • What is "working capital"? • Using long term money for long term assets • Debt vs. equity
Prep materials	<ul style="list-style-type: none"> • Video: Introduction to the income statement • Video: Introduction to the cash flow statement • Video: Introduction to the balance sheet

	<ul style="list-style-type: none"> • Video: How the statements relate • Video: Starting to ending balance sheet • Handout: The income statement • Handout: The cash flow statement • Handout: The balance sheet • Handout: Balance sheet formulas • (Optional: Orloff and Mullis: The Accounting Game)
Assignments	<ul style="list-style-type: none"> • FINANCIAL STATEMENTS ASSIGNMENT #1 • FINANCIAL STATEMENTS ASSIGNMENT #2
Week 4 (2/7)	Projecting revenues and costs
Topics	<ul style="list-style-type: none"> • How to project revenues for a new or young business • How to project costs • Did you miss any costs? • Library sources of budgeting information • Web and networking sources of budgeting information • Typical expense ratios by business types • Key expenses by business types
Prep materials	<ul style="list-style-type: none"> • Video: How to project revenues • Video: How to project costs for a startup • Video: How to project costs for an existing business • Handout: Projecting sales for a new business • Handout: Projecting costs for a new business • Handout: How to develop a pro forma income statement
Assignments	<ul style="list-style-type: none"> • COST RESEARCH ASSIGNMENT
Week 5 (2/14)	Evaluating cost levels
Topics	<ul style="list-style-type: none"> • Comparisons with previous performance • Comparisons with industry standards • Variance from budget • Which differences deserve attention?
Prep materials	<ul style="list-style-type: none"> • Video: How to evaluate cost performance • Handout: Evaluating costs • Handout: Cost assessment assignment (not graded)
Assignments	
Week 6 (2/21)	Break-even analysis and related topics
Topics	<ul style="list-style-type: none"> • Expense structure (F/V) and effects of volume change • Expenses structure and effects of price change • Contribution margin and price change

	<ul style="list-style-type: none"> • Operating leverage • Unit economics • Calculating break-even for profits • Calculating break-even for operating cash flow • Time to break-even as a business risk factor • Can we make expenses variable?
Prep materials	<ul style="list-style-type: none"> • Video: How cost structure affects profits
Assignments	<p>These are both ungraded, but you should do them as they feed directly into the exam(s).</p> <ul style="list-style-type: none"> • Handout: Volume and price change assignment (not graded) • Handout: Volume and price worksheet (not graded)
Week 7 (2/28)	Allocating costs to business units or customers
Topics	<ul style="list-style-type: none"> • Determining business unit profitability • Determining customer value • Managing customer profitability • Should some customers be fired?
Prep materials	<ul style="list-style-type: none"> • Video: How profitable are different parts of your business? • Video: How profitable are your customers? • Video: CLV and CAC
Assignments	<ul style="list-style-type: none"> • PRACTICE EXAM 1
Week 8 (3/7)	Midterm review and test prep
Topics	<ul style="list-style-type: none"> • Midterm review
Prep materials	
Assignments	<ul style="list-style-type: none"> • EXAM #1 (AVAILABLE 3/9-3/12)
Week 9 (3/14)	Spring Break
Week 10 (3/21)	The cash conversion cycle (and more)
Topics	<ul style="list-style-type: none"> • The cash conversion cycle • The effects of collecting early and paying late • Factoring • The effects of controlling inventory • The effects of leasing fixed assets • The effects of outsourcing capital intensive processes • Do you really need that asset?

Prep materials	<ul style="list-style-type: none"> • Video: Introduction to the cash conversion cycle • Video: How to manage cash: inventory • Video: How to manage cash: receivables • Video: How to manage cash: payables
Assignments	<ul style="list-style-type: none"> • JUDIE'S QUESTIONS (EFFECTS OF CHANGES)
Week 11 (3/28)	Projecting cash flow/funding needs
Topics	<ul style="list-style-type: none"> • Projecting funding needs at startup • Projecting funding needs for expansion • Asset intensity • Sustainable growth rate
Prep materials	<ul style="list-style-type: none"> • Video: How to project profits and cash flow • Video: How much funding do you need to start your business? • Video: How much funding do you need to grow your business? • Handout: How much funding do you need
Assignments	<ul style="list-style-type: none"> • FUNDING NEEDS ASSIGNMENT
Week 12 (4/4)	Ratio analysis
Topics	<ul style="list-style-type: none"> • Common operating and financial ratios • Identifying key ratios for your business
Prep materials	<ul style="list-style-type: none"> • Video: Introduction to financial statement ratios • Video: Value at the core • Handout: Operating and financial ratios • Handout: Bank handout on business ratios
Assignments	<ul style="list-style-type: none"> • PRACTICE EXAM 2
Week 13 (4/11)	Open
Week 14 (4/18)	Open
Week 15 (4/25)	Course review and test prep
Topics	<ul style="list-style-type: none"> • Course review
Prep materials	
Assignments	<ul style="list-style-type: none"> • EXAM #2, FINAL PROJECT

GRADING

Your course grade will have the following components.

Assignments (70)

- 10: Financial Statements Assignment #1 (All N-1)
- 10: Financial Statements Assignment #2 (Judie's Store)
- 10: Cost Research Assignment
- 10: Practice Exam 1
- 10: Effects of Changes (Judie's Questions)
- 10: Funding Needs
- 10: Practice Exam 2

Exams and Projects (160)

- 50: Exam 1
- 80: Exam 2
- 30: Project

In order to avoid confusion, all grades will be posted on Blackboard. Plus, you will receive an Excel document called "Grade Calculator" into which you can plug in your grades and calculate your average.

At the end of the semester, these grades will be totaled. Course grades will be assigned according to point totals as follows:

% of available points	Grade
94%	A
90%	A-
87%	B+
84%	B
80%	B-
77%	C+
74%	C
70%	C-
67%	D+
64%	D
60%	D-
Lower	F

CORRECTIONS ON ASSIGNMENTS

You are encouraged to try your best in this course. This means that we have changed the grading such that it is OK to get things wrong. For this reason, the assignments are graded in a special way.

For each assignment, you will receive a grade out of 10 points for attempting to complete it. However, you will also have a second chance to correct that assignment. If you choose to do corrections, those corrections will be worth 75% of the final grade for that assignment.

The way this works is that the first grade will be calculated like this:

$$(\text{First Grade} / 4) * 4 = \text{Final Grade.}$$

However, if you complete the corrections, the final grade will be calculated like this:

$$(\text{First Grade} / 4) + ((\text{Corrections} / 4) * 3) = \text{Final Grade}$$

For example, let's consider a few scenarios:

Scenario 1: You get 10/10 on Assignment 1 and decide not to do corrections:

$$(10 / 4) * 4 = 10 \text{ is your Final Grade}$$

Scenario 2: You get 5/10 on Assignment 1 and decide not to do corrections:

$$(5 / 4) * 4 = 5$$

Scenario 3: You get 5/10 on Assignment 1 and complete all corrections:

$$(5 / 4) + ((10/4) * 3) = 1.25 + 7.5 = 8.75 \text{ is your Final Grade.}$$

Important: It is up TO YOU to self-grade and decide whether or not to do the corrections. The answer key will automatically be uploaded after the assignment is due and the corrections will be due within a week. You may not get your official score back in time to do the corrections, so it is up to you to self-grade using the answer key and use that to submit your corrections.

If you do *not* turn in the assignment on time, you are not eligible to submit corrections.

PROJECT SUBMISSION

I suggest that you download and read through the project as soon as it is posted. I will give you one opportunity to submit your final project early and get feedback on it from me with no penalty to your grade. Check Blackboard for the Due Date of that. Make sure you do not confuse the place where you submit for feedback and the place where you submit for your final submission.

UNIVERSITY OF HOUSTON SYLLABUS LANGUAGE: SPRING 2023

Required Language for All Courses

COVID-19 Information

Students are encouraged to visit the University's [COVID-19](#) website for important information including diagnosis and symptom protocols, testing, vaccine information, and post-exposure guidance. Please check the website throughout the semester for updates. Consult the (select: [Undergraduate Excused Absence Policy](#) or [Graduate Excused Absence Policy](#)) for information regarding excused absences due to medical reasons.

Reasonable Academic Adjustments/Auxiliary Aids

The University of Houston complies with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, pertaining to the provision of reasonable academic adjustments/auxiliary aids for disabled students. In accordance with Section 504 and ADA guidelines, UH strives to provide reasonable academic adjustments/auxiliary aids to students who request and require them. If you believe that you have a disability requiring an academic adjustments/auxiliary aid, please contact [the Justin Dart Jr. Student Accessibility Center](#) (formerly the Justin Dart, Jr. Center for Students with DisABILITIES).

Excused Absence Policy

Regular class attendance, participation, and engagement in coursework are important contributors to student success. Absences may be excused as provided in the University of Houston [Undergraduate Excused Absence Policy](#) and [Graduate Excused Absence Policy](#) for reasons including: medical illness of student or close relative, death of a close family member, legal or government proceeding that a student is obligated to attend, recognized professional and educational activities where the student is presenting, and University-sponsored activity or athletic competition. Under these policies, students with excused absences will be provided with an opportunity to make up any quiz, exam or other work that contributes to the course grade or a satisfactory alternative. Please read the full policy for details regarding reasons for excused absences, the approval process, and extended absences. Additional policies address absences related to [military service](#), [religious holy days](#), [pregnancy and related conditions](#), and [disability](#).

Recording of Class

Students may not record all or part of class, livestream all or part of class, or make/distribute screen captures, without advanced written consent of the instructor. If you have or think you may have a disability such that you need to record class-related activities, please contact the [Justin Dart, Jr. Student Accessibility Center](#). If you have an accommodation to record class-related activities, those recordings may not be shared with any other student, whether in this course or not, or with any other person or on any other platform. Classes may be recorded by the instructor. Students may use instructor's recordings for their own studying and notetaking. Instructor's recordings are not authorized to be shared with *anyone* without the prior written approval of the instructor. Failure to comply with requirements regarding recordings will result in a disciplinary referral to the Dean of Students Office and may result in disciplinary action.

Recommended Language

Resources for Online Learning

The University of Houston is committed to student success, and provides information to optimize the online learning experience through our [Power-On](#) website. Please visit this website for a comprehensive set of resources, tools, and tips including: obtaining access to the internet, AccessUH, Blackboard, and Canvas; using your smartphone as a webcam; and downloading Microsoft Office 365 at no cost. For questions or assistance contact UHOnline@uh.edu.

UH Email

Please check and use your CougarNet email for communications related to this course. To access this email, [login](#) to your Microsoft 365 account with your CougarNet credentials.

Webcams

Access to a webcam is required for students participating remotely in this course. Webcams must be turned on (*state when webcams are required to be on and the academic basis for requiring them to be on*). (Example: Webcams must be turned on during exams to ensure the academic integrity of exam administration.)

Academic Honesty Policy

High ethical standards are critical to the integrity of any institution, and bear directly on the ultimate value of conferred degrees. All UH community members are expected to contribute to an atmosphere of the highest possible ethical standards. Maintaining such an atmosphere requires that any instances of academic dishonesty be recognized and addressed. The [UH Academic Honesty Policy](#) is designed to handle those instances with fairness to all parties involved: the students, the instructors, and the University itself. All students and faculty of the University of Houston are responsible for being familiar with this policy.

Title IX/Sexual Misconduct

Per the UHS Sexual Misconduct Policy, your instructor is a “responsible employee” for reporting purposes under Title IX regulations and state law and must report incidents of sexual misconduct (sexual harassment, non-consensual sexual contact, sexual assault, sexual exploitation, sexual intimidation, intimate partner violence, or stalking) about which they become aware to the Title IX office. Please know there are places on campus where you can make a report in confidence. You can find more information about resources on the Title IX website at <https://uh.edu/equal-opportunity/title-ix-sexual-misconduct/resources/>.

Security Escorts and Cougar Ride

UHPD continually works with the University community to make the campus a safe place to learn, work, and live. Our Security escort service is designed for the community members who have safety concerns and would like to have a Security Officer walk with them, for their safety, as they make their way across campus. Based on availability either a UHPD Security Officer or Police Officer will escort students, faculty, and staff to locations beginning and ending on campus. If you feel that you need a Security Officer to walk with you for your safety please call [713-743-3333](tel:713-743-3333). Arrangements may be made for special needs.

Parking and Transportation Services also offers a late-night, on-demand shuttle service called Cougar Ride that provides rides to and from all on-campus shuttle stops, as well as the MD Anderson Library, Cougar Village/Moody Towers and the UH Technology Bridge. Rides can be

requested through the UH Go app. Days and hours of operation can be found at <https://uh.edu/af-university-services/parking/cougar-ride/>.

Syllabus Changes

Please note that the instructor may need to make modifications to the course syllabus. Notice of such changes will be announced as quickly as possible through (*specify how students will be notified of changes*).

Helpful Information

Coogs Care: <https://uh.edu/dsa/coogscare/>

Student Health Center: <https://www.uh.edu/healthcenter/>