Building a VC Investment Thesis (1.5 Credits)

Learning Objectives & Course Overview

1. To understand the spectrum of investment theses, from very specific to more opportunistic
2. To understand the process of developing an investment thesis (different roles, who is involved, what resources are needed)
3. To start to build a perspective on a specific sector as an early stage (Seed / Series A) investor
4. This course will cover different sectors each time it is taught, and it is not meant to be a deep dive on any one particular sector

There will be 2-3 guest lectures where students will hear investors share their firm's investment thesis, so students get a varied perspective. Real company info will be shared in this class. As a result, class slides will be handed out in class but not shared electronically and class sessions will not be recorded.

Intended Audience:

- Aspiring investors who want to understand how investors develop an investment thesis
- Founders who want to understand how seed investors evaluate startups
- This course is not intended for students who want to deep dive on a particular sector or who want to specifically focus on growth and later stages of VC investing
- This course will not go deep into these topics: Strategic VCs (corporate/government/university), organizational structure (the merits of having a deep platform team) and governance of a fund (compensation, investment decision voting).

Pre-Requisites & Connection to Core

- **Co-Requisite: Capital Markets (or passing the exemption exam)**
- **Pre-Requisite: Foundations of VC (or passing the exemption exam) or Entrepreneurial Finance**
- Corporate Finance: How valuation methods differ for early stage vs. established companies
- Strategic Formulation: Competitive analysis
- Marketing: How to assess target market, customer acquisition cost, customer lifetime value

Faculty Bio

Angela Lee is an educator & entrepreneur. As Chief Innovation Officer and Associate Dean at Columbia Business School, she is focused on fostering teaching excellence and innovation across faculty. Angela teaches VC courses and The Leader's Voice. She started her career in product management and then was a strategy consultant at McKinsey. Angela has started 4 startups and is also the founder of 37 Angels, an investing network that has invested in 60+ startups and activates new investors through an investment bootcamp.

Angela has spoken at the White House and NASA and is regularly invited to advise decision-makers at the highest levels, including Prime Minister Trudeau. She is a sought-after expert on CNBC, Bloomberg TV, MSNBC and Fox Business. She was recognized by Inc. as one of 17 Inspiring Women to Watch in 2017, by Entrepreneur Magazine as one of 6 Innovative Women to Watch in 2015, and has been named by Alley Watch as one of 100 NYC Tech Influencers You Need to Know. She serves on the boards of Fresco Education Fund, Alice App, and Cariclub.

	Module overview	Assignments (due before class)
1	**Components of an investment thesis** • Different VC firm strategies • Different decisions to explore: industry, business model, stage, geography, founder demographics • Components of LP deck • High level introduction of funding types: venture capital, venture debt, revenue-based financing	Pre class survey Read case and respond to case questions
2	**Picking a funding type** • Student debate about venture capital vs. venture debt vs. revenue-based financing • Deeper dive into economics of picking a funding type • Additional funding types	Prepare for debate Respond to survey about investment thesis interest areas
3	**Broad or narrow investment thesis** • Student debate about broad vs. narrow investment theses • What are the benefits and drawbacks of a broad and narrow investment thesis? • Case discussion on investment theses	Prepare for debate Read case and respond to case questions
4	**Unicorns or Zebras** • Student debate about unicorns or zebras • Power law in VC • The economics of investing in unicorns vs. zebras	Prepare for debate
5	**Having an investment thesis that adapts** • Reacting to disruptive trends • Managing dynamic regulatory environments • Reacting to incumbent actions	Concept Check
6	**Investment Thesis Group Presentations** (to VC judges)	Investment Thesis

Grading

25%: Class participation

- If you are not present for Day 1, you will not be allowed to add the course. If you are enrolled and you do not attend Day 1, you will be dropped from the course.
- If you add the course at the last minute, you are expected to complete the pre-work
- If you miss a subsequent 3-hour session, the highest grade you will be able to receive is an HP-
- Please be on time and present for the entire class. Device usage (phones, laptops) will take away from your participation grade (when not used for learning as directed by the instructor)
- Students are expected to actively participate in discussions, pulling in insights from readings
- When guests are in the room and peers are presenting, be respectful. Listen, be engaged, and be prepared to ask thoughtful questions and provide feedback when appropriate.

40%: Individual Assignments

- All assignments are individual assignments
- The concept checks are graded 60% based on completion, 40% based on accuracy
- You will also be asked to grade group members on individual contribution to the group project

35%: Group presentation – Investment Thesis (no final exam)