

Seed Stage Investing
Spring 2016, Half Block - Jan 19-21, 2016
 Uris 332

Learning Objectives

1. To understand and experience the process of angel investing in early stage startups. From this course, you will know the terms, process, and mechanics involved in each phase of investing
 - a. Sourcing deals
 - b. Conducting diligence
 - c. Valuing startups
 - d. Negotiating term sheets
 - e. Involvement post investment
2. To gain a high level understanding of NY seed stage investing landscape: different players in the ecosystem and resources available to investors and entrepreneurs

Course Overview

The course is very experiential. Learnings will be applied to companies that are currently fundraising and you will assess each company as if you were considering investing. There will be 2-3 guest lecturers (in addition to the startup pitches) from experts in the ecosystem so students get a varied perspective.

Day	Session overview	Assignments
Jan 19 9-4pm	NYC Startup Ecosystem: <ul style="list-style-type: none"> • Who the players are (VCs vs angels) • Value of accelerators 	Prior to Day 1, read two of the assigned readings: <ul style="list-style-type: none"> • Submit 100-250 word summary for each • Be prepared to summarize both in class in 30-60 seconds
	Due Diligence: <ul style="list-style-type: none"> • What angels look for in team, market, and product – common mistakes entrepreneurs make when pitching • How to estimate TAM, SAM, SOM • How to write a diligence memo • High value-add diligence questions and red flags 	
	Valuation: <ul style="list-style-type: none"> • How to value a company using the Berkus method, VC method, benchmarking/comps/multiples 	
Jan 20 9-4pm	Due Diligence Applied: <ul style="list-style-type: none"> • 7-8 real startups will pitch • The class will form diligence teams and spend 2-3 hours in diligence with the startups (see Final Project details below) 	Prior to Day 2, complete a 20 min check-in quiz to ensure that you understood the concepts taught in Day 1
	Term Sheets: <ul style="list-style-type: none"> • Priced equity vs. convertible notes • Lead vs. follow-on investor • Critical terms and how they impact negotiation (guest lecture by venture lawyer) 	
Jan 21 9-4pm	Presentations: <ul style="list-style-type: none"> • Each team presents a summary of their diligence and makes an investment recommendation 	
	Post Investment:	

	<ul style="list-style-type: none"> • What happens after the investment • Dilution • Cap table mechanics 	
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Co-Requisites & Connection to Core

- **Co-Requisite: Capital Markets**
- 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

Grading

30%: Class participation

- Be on time and present for entire class
- Actively participate in class discussions, pulling in insights from readings
- When guests are in the room, be respectful and prepared with thoughtful questions
- When your peers are presenting, listen, be engaged, and give them thoughtful feedback
- Device usage (phones, laptops) will take away from your participation grade

30%: Individual Assignments

1. **Prior to Day 1:** Read two of the assigned readings and:
 - a. Submit a 100-250 word summary for each
 - b. Be prepared to summarize both in class in 30-60 seconds
2. **Prior to Day 2:** Complete 20 min check-in quiz
3. **Due Feb 16:** Complete a cap table for a startup that raises two rounds of financing
4. **By Feb 9:** Grade your fellow team mates on contribution to group final project

40%: Group Final project (no final exam)

There are three portions of the group project:

- **Day 3:** Investment recommendation presentations
- **Day 3:** Peer assessment of presentationd
- **Due Feb 9:** Each team submits a diligence memo (4-5 pages long not including exhibits). Note that many diligence teams spend another hour on the phone with the founders the **week of Jan 25** filling in any gaps in diligence

Faculty Bio

Angela Lee is an educator & entrepreneur. As Assistant Dean at Columbia Business School, Angela is a highly rated professor of strategy, leadership and innovation. As Founder and CEO of 37 Angels, she evaluates early stage startups and teaches women how to invest in them. In all of her work, Angela is known for demystifying complex topics and curating opportunities.

Angela is a sought-after expert on CNBC, Bloomberg TV, and Fox Business Network and is regularly featured in media outlets such as Forbes, Huffington Post, and Fast Company. Entrepreneur Magazine recognized Angela as one of Six Innovative Women to Watch in 2015, and Alley Watch named her as one of 100 NYC Tech Influencers You Need to Know.