COURSE DESCRIPTION

Our class explores the role of a venture capitalist once they have decided to make an investment. We will examine the lifecycle of an investment from actually winning the deal through exit, all in the context of managing an early stage venture capital firm. Included in this will also require understanding the current venture capital landscape.

Additionally, we will discuss some different modes of venture capital, from angel through traditional early stage venture capital. Much of this discussion will come through discussions with guests from different parts of the venture capital ecosystem.

This class will focus on the intangibles, and will provide a hands-on understanding of:

1. How deals get competitive and how to win those deals
2. Discovering your value add to a company you have invested in
3. Managing a board and managing a cap table, and where the two roles might diverge
4. Building strong relationships with founders, short term and long term
5. The importance of ownership, and how to manage through up rounds, down rounds, and exits
6. Building and leading your own company (firm). Marketing, firm building, managing partner dynamic and transitions
7. Exits: Good and bad, bumpy and soft, M&A and IPOs. What to expect and what will surprise you anyway.

Intended Audience:

- Aspiring VC or angel investors who want to understand how to manage a portfolio of investments
- Aspiring VCs who want to understand a holistic view of building and managing an early stage VC firm
• Founders who want to understand how early stage investors can be expected to act throughout their time on your cap table

• Students interested in startups and in understanding the language and the market participants

While students will use some math skills, we encourage interested students to take the course even if they don’t consider themselves to be deeply numerate or technical.

PRE-REQUISITES & CONNECTION TO THE CORE

Pre-Requisite: Capital Markets (or passing the exemption exam)

Pre-Requisite: Foundations of VC (or passing the exemption exam) or Entrepreneurial Finance

<table>
<thead>
<tr>
<th>Core Course</th>
<th>Connection with Core</th>
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| Corporate Finance    | 1. Time value of money  
                      | 2. Risk               
                      | 3. Opportunity Cost   |
| LEAD                 | 1. Ethics             
                      | 2. Negotiations       
                      | 3. Influence and Persuasion |

REQUIRED COURSE MATERIALS

Selected cases, articles, books, blog posts, & podcasts, all of which are linked in the course roadmap below.

The only required book for the class is *Super Pumped: The Battle for Uber* by Mike Isaac.

FORMAT

*We’ll largely use the case study method, with some lecturing and interactive exercises. We’ll have multiple guest speakers.*
<table>
<thead>
<tr>
<th>Session</th>
<th>Topic(s)</th>
<th>Required Pre-Readings</th>
<th>Assignments Due (Type)</th>
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<tbody>
<tr>
<td>11/5</td>
<td>Being a good board member</td>
<td><a href="https://bothsidesofthetable.com/startup-boards-ee3ad0389040">https://bothsidesofthetable.com/startup-boards-ee3ad0389040</a> (Suster series)&lt;br&gt;<strong>Super Pumped</strong> by Mike Isaac</td>
<td>Case: <a href="https://store.hbr.org/product/uber-in-2017-one-bumpy-ride/117070">https://store.hbr.org/product/uber-in-2017-one-bumpy-ride/117070</a>&lt;br&gt;Guest: Mike Isaac, NY Times author</td>
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<tr>
<td>12/10</td>
<td>Group presentations</td>
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**PROJECTS AND METHOD OF EVALUATION**

**Group Project – “Building a new venture capital firm” - 40% of the grade**

- Due Date Phase 1: November 13th, end of day
- Due Date Phase 2: December 10th, prior to class

Soon after the drop/add period ends, the students will form student group and each group will act as a new startup venture capital firm.

Each student group will develop a strategy for starting up a new firm. Key factors in deciding how to do so would include:

- **Fund size**: How much do you want to raise? What are the costs and benefits of the amount you’re targeting?
- **Preferred LP base**: On whose behalf do you want to invest? (individuals, institutions, sovereigns, nonprofits)
- **Firm structure**: With whom do you want to invest? How will they be compensated? (same carry pool vs. "eat-what-you" kill)
- **Fund terms**: How will you design your firm’s structure? Rolling vs. closed, fees, carry, investment / commitment period, fund life / investment horizon.
- **Strategy**: On what stage, industry, geography, idiosyncrasies (e.g. first-time founders, underrepresented founders) will you focus?
- **Portfolio construction**: How do you expect to deploy your capital and build your portfolio? (avg. expected check size / diversification, targeted return)
- **Investment Approach**: What’s your animating view of the world? What’s the criteria for you to invest in a founder? How are you going to meet that founder?
- **Investment Terms**: What will you demand of startups with whom you invest? (e.g. board seat requirements, ownership shares)
- **Competitive Advantage**: Who are similar firms? How are you different and how will you protect that competitive advantage over time? Branding and collateral? (newsletters, podcasts, community, events). Why will founders pick you?
- **"Hill You’re Willing to Die On"**: What’s the thing your firm believes that nobody else does (yet)?
On the Phase 1 due date, each student group will submit a single paragraph on the firm, including the key team members and stage and sector being targeted, along with a short description of why.

The Phase 1 Due Date is November 13th.

Once approved, on the Phase 2 Due Date each student group will submit:

1) A five or six-page, double-spaced paper providing detailing their strategy for starting up a venture capital firm.

2) A slide presentation, which the student group will present live during the last class.

Depending on the size of the class and the number of groups, each group will have roughly 10 minutes to present/respond to questions.

In addition to the above, the paper and summary should address all the key factors referenced above as well as other factors the team considers relevant.

**Individual homework and in class assignments – 30% of the grade**

- Written preparation for a subset of the cases answering a few questions
- In-class debates
- Other work TBD

**Class Participation – 30% of the grade**

Every student is expected to have done the readings and analyzed the case in advance of each class section. You will be expected to discuss the case at length as well as be able to integrate the readings into your case analysis. Some classes will also have assignments of a few questions related to each case that are expected to be turned in at the beginning of the class there that case is discussed.

**ATTENDANCE POLICY**

Given that so much of the grade is determined through class participation, students are required to attend each class. Students should reach out to the instructor or TA regarding excused absences (for religious observances; personal, medical, and family emergencies; military service; court appearances such as jury duty). Unexcused absences will affect your course grade.