

## SYLLABI

Basic data of module	
<b>Academic Unit:</b>	<b>Faculty of Management, Program: Enterprise and Innovation Management</b>
<b>The name of the subject which you lecture</b>	<b>Venture Capital and Financial Management</b>
<b>Level :</b>	<b>Master</b>
<b>Status</b>	<b>Mandatory</b>
<b>Year:</b>	<b>I</b>
<b>Semester:</b>	<b>I – st</b>
<b>Number of hours :</b>	<b>3</b>
<b>ECTS:</b>	<b>6</b>
<b>Time /location:</b>	
<b>Lecturer (title/name):</b>	
<b>Contact details (e mail/phone of the lecturer):</b>	
Subject description	
<b>Subject description</b>	This course will provide students with a deep understanding of the entrepreneurial financing industry and the types of financing throughout the funding continuum from investors, venture capital, and private equity funds. We will examine each type of financing from various perspectives, including the entrepreneur, fund manager, and limited partner (to the extent applicable), so that the student gains an understanding from all sides of the coin. Based on this perspective, the course will cover fund structures and fundraising, relationships between general and limited partners, operational issues, assessing opportunities and investment decisions, post-investment activities and value creation, and value realization (exit). Special attention will be given to understanding valuation issues, term sheets, and timelines, as well as the foundation of the actual investment.
<b>The aim of the subject:</b>	The aim of this course is to develop students' knowledge about the perspective of enterprise capital, the process of fund-raising, and understanding the successful accumulation of enterprise capital. Additionally, one of the objectives of this course is to examine the nature of relationships between investors and entrepreneurs to better comprehend how to ensure the proper and successful alignment of interests.
<b>Expected of the learning outcomes:</b>	After successfully completing this course, students will be able to: <ol style="list-style-type: none"> <li>1. Understand enterprise capital, including assessing financing resources and the decision-making process.</li> <li>2. Familiarize themselves with the partnership valuation process and alignment of interests.</li> <li>3. Evaluate an early-stage company for investment purposes.</li> <li>4. Grasp the distinction between the economic and control aspects of various terms.</li> <li>5. Understand how enterprise capital adds value after investment.</li> <li>6. Assess when and how to exit from a company.</li> <li>7. Acquire fundamental legal aspects of venture capital investments</li> </ol>

<b>The segregated students overload (must correspond with the learning outcome)</b>			
<b>Activities</b>	<b>Hours</b>	<b>Days/weeks</b>	<b>Total</b>
<b>Lectures</b>	<b>3</b>	<b>15</b>	<b>45</b>
<b>Theoretical exercises / laboratory</b>	<b>1</b>	<b>15</b>	<b>15</b>
<b>Internship</b>			
<b>Contacts with teacher / consultations</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Field exercises</b>			
<b>Midterm, Test</b>			
<b>Homework</b>	<b>1</b>	<b>13</b>	<b>13</b>
<b>Studying (at the library or at home)</b>	<b>2</b>	<b>15</b>	<b>45</b>
<b>Final preparation for the exam</b>	<b>3</b>	<b>10</b>	<b>30</b>
<b>Time spent on evaluation (tests, quiz and final exam)</b>			
<b>Projects and presentations</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total</b>			<b>150</b>
<b>Teaching methodology and learning methodology</b>	The primary mode of instruction will be through lectures and class discussion of case studies. In order to achieve the objectives of the course, guest lecturers from the industry related to the entrepreneurship capital industry will also be used.		
<b>Evaluation method (criteria to pass exam)</b>	<p>Evaluation and the grading structure for students will be based on the following three activities:</p> <ol style="list-style-type: none"> <li>1. Class Engagement – 10% of the Grade: <i>Classroom engagement involves actively participating in discussions on the topics covered during the instructional process. Within this module, students are obligated to conduct research related to the upcoming discussion topics for each class.</i></li> <li>2. Assigned Research Topics Weekly – Up to 40% of the Grade: <i>Based on student-centered teaching techniques, students must research the specified topic for each week and submit written content of up to two pages for each topic. The prepared material should be uploaded within specified deadlines.</i></li> <li>3. Entrepreneurship Capital Project – Up to 40% of the Grade: <i>In groups of up to three students, a project related to initiating a new business for potential entrepreneurship capital investors must be prepared. Besides the obligatory oral presentation, requirements include: An executive summary in writing (maximum 800 words), A term sheet for the issuance of net capital.</i></li> <li>4. Presentation of the Project Before Other Formed Groups as Potential Investors – Up to 10% of the Grade: <i>The worked-out projects must be orally presented before peers and the instructor within a maximum duration of 40 minutes.</i></li> </ol> <p>A student passes the course if they accumulate 50 points from all assessment formats.</p>		
<b>The teaching/learning tools/ IT</b>	The use of a board, computer, projector, various platforms such as themes, office, etc..		

<b>The distribution of the theoretical and practical part of the studies</b>	60% Theory, 40% Practical teaching
<b>Literature</b>	
<b>Basic literature</b>	<ol style="list-style-type: none"> <li>1. Venture Capital and the Finance of Innovation (3rd edition) by Andrew Metrick and Ayako Yasuda, 2020, John Wiley &amp; Sons, Inc, NY.</li> <li>2. Venture capital, private equity, and the financing of entrepreneurship: the power of active investing, Lerner J.. John Wiley &amp; Sons. 2012.</li> <li>3. Private Equity and Venture Capital in Europe, by Caselli S., Elsevier Academic Press, Massachusset US, 2010;</li> </ol>
<b>Additional literature</b>	<ol style="list-style-type: none"> <li>1. Cornwall, J.R., Vang, D.O. and Hartman, J.M. (2020). Entrepreneurial Financial Management: An Applied Approach, 5th Edition, Taylor and Francis. (Free e-book via King's Library online) Feld,</li> <li>2. Brad and Jason Mendelson. (2011) Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist. John Wiley &amp; Sons. Chapter 4.</li> <li>3. Gonzalez-Uribe, Juanita, Robyn Klingler-Vidra, Su Wang, and Xiang Yin. (2022) "Failed Venture Capital Fundraising Campaigns and Startup Growth: The Value-Add of Venture Capital Due-diligence for Venture Performance." NBER Summer Institute.</li> <li>4. Klingler-Vidra, Robyn. (2018) The Venture Capital State: The Silicon Valley Model in East Asia. Ithaca, NY: Cornell University Press.</li> <li>5. Lerner, Josh (2009). Boulevard of Broken Dreams: Why Public Efforts to Boost Entrepreneurship and Venture Capital Have Failed – and What to Do About It. Princeton: Princeton University Press.</li> </ol>
<b>The teaching/learning plan</b>	
<b>Week</b>	<b>Lecture units</b>
<b>I</b>	<p><b>Presentation – Introduction of students to the course syllabus, Entrepreneurial Finance (Overview and history) Entrepreneurial Finance (or generally private capital):</b></p> <p>Definition and history of entrepreneurial capital, Continuation of financing: Comparison of types and objectives of financing: Initial stage capital, Self-financing, financing from family and friends, Incubators/Accelerators, Investors, Entrepreneurial capital (VC), etc.</p> <p>Learning outcomes no.1</p>
<b>II</b>	<p><b>Private Capital Cycle—Fundraising and Fund Selection</b></p> <p>Various types of private capital, who potential investors are, Angel Investors, Donations, Pension Funds, Corporations, Sovereign Wealth Funds, Intermediaries, Limited Liability Company, Limited Partnership Agreement, Fund Characteristics, Fund Management, General Partners' Activities, Types of Investments, Alignment of Interests, etc..</p> <p>Learning outcomes no.1</p>
<b>III</b>	<p><b>Deal Sourcing and Evaluation</b></p> <p>Finding the agreement, Specialization versus Diversification, Attraction towards finding agreements, Entrepreneur's perspective, agreement</p>

	valuation, Due Diligence, proper care checklist, the role of partnership, serial entrepreneurs and successful agreements, decision-making, etc. Learning outcomes no.1, 2
<b>IV</b>	<b>Investment in Capital: Valuation and Capacity Tables</b> Pre and post-money valuations, investment comparisons, net present value method, Monte Carlo Simulation, Regular net present value method, Entrepreneurial capital method, Options analysis, Firm valuation as options, Reducing complex issues to option analysis, Strengths and weaknesses of using option pricing to assess investment, Opportunities, option pricing to value private equity letters. Learning outcomes no.1, 6, 4
<b>V</b>	<b>Foundations of Entrepreneurship Agreement</b> This topic provides an overview of how entrepreneurship financing agreements are structured. Investor perspective discussions explore strategies around resources and entrepreneurship agreement structures. Learning outcomes no.3
<b>VI</b>	<b>Creation of Value After Investment</b> Ways in which venture capital helps companies grow Resources available to increase portfolio value. We will examine the perspective of an institutional capital firm regarding: Page 5/8 1) Priority of key investment criteria during the evaluation of entrepreneurs in the early stages; 2) Understanding how to create and maintain a strong flow of agreements; and, 3) Evaluating the economy of a venture capital fund. Learning outcomes no.2,3,5
<b>VII</b>	<b>Due Diligence</b> Term Sheets and Share Transfer Agreements, Due Diligence (DD) Purpose - Importance Different Types of DD Timeframe Learning outcomes no.2
<b>VIII</b>	<b>Achieving Liquidity - Exits and Distributions</b> Decision to exit the business, IPO or acquisition?, Exit Process, IPO Process, Private Equity Impact on IPOs, IPOs as exits from LBOs, Acquisitions, Other Ways to Exit, Partial Exits: Dividends, Loss-minimization exits, Share sales, Closures, Distribution details, Why distribute shares?, Dealing with distributions, etc. Learning outcomes no.6
<b>IX</b>	<b>Globalization of Entrepreneurial and Private Equity Capital</b> Private equity in developed markets, Historical experience, Industry since 2000, Why these differences?, European Private Equity Cycle, Fundraising, Investment, Other developed private equity markets, Private equity in emerging markets, Private equity in developing markets in the past, Deal identification and due diligence, Deal structuring Learning outcomes no.7
<b>X</b>	<b>Risk and Return</b> Why is evaluating private equity performance challenging?, How is performance typically measured?, Cash in hand, Internal rate of return, What are the issues with these measures?, The case of apples and oranges, Lack of standardization, Aggregation problem, Comparing private equity with public markets, Solving the measurement problem—harder than it seems, thinking about diversification, The asset distribution dilemma, What not to do: Elements of private equity diversification. Other forms of diversification.

	Learning outcomes no.1, 4
<b>XI</b>	<p><b>Impact of Private Equity on Society</b>  Consequences of venture capital, The impact of acquisitions, Valuation of 1980s acquisitions, Valuation of recent acquisitions, Some important caveats, Consequences of public interventions, Stimulus efforts, Regulatory initiatives, Taking stakes, etc  Learning outcomes no.4, 7</p>
<b>XII</b>	<p><b>People, Positions, and Culture - Private Equity Firm Management</b>  Working with private equity - What are they and how do you get one?, Analysts, Associates, Special Partners, General Partners, Other Professionals, The special case of venture capital, Management of the Private Equity Firm, Small-scale firms, Large-scale firms, Culture and Strategy, A special case: Corporate venture capital and affiliated funds, etc.  Learning outcomes no.1, 4</p>
<b>XIII</b>	<p><b>Boom and Bust</b>  The nature of industry cycles, Cycles and fundraising, Cycles and Investment Levels, Cycles and Investment Performance, What is behind the cycles?, A simple framework, The impact of changes, why does the private equity market react?, Effective cycle management, Implications for private equity groups, Implications for Public Policies, Decision-making, etc.  Learning outcomes no.1,7</p>
<b>XIV</b>	<p><b>Founding Capital and Entrepreneurs</b>  The Entrepreneur's Perspective, Alignment of Interests, Characteristics of a Good or Bad Fit, Relationship and Responsibilities, etc.  Learning outcomes no.1,2,4</p>
<b>XV</b>	<p><b>Project Presentation</b></p>
<b>Academic policy and the code of conduct:</b>	
<p>The student is obliged to follow the lectures regularly and to have correct behavior towards his colleagues and University staff, keeping calm and actively engaging in lectures and exercises is mandatory. During the hours of lectures and exercises, eating, whispering that interferes with class work and the use of mobile phones are PROHIBITED. At the same time, cell phones must be turned off or put on silent and not used during lectures or exercises. Lack of academic integrity (including plagiarism, copying another person's work, use of unauthorized exam aids, cheating, etc.) will not be tolerated. If there are doubts about the authenticity of the submitted work, the teacher has the right to ask the student to verify his/her work. This can be done through: repetition of work, written or oral testing, unexpected quiz or any other action deemed necessary by the lecturer.</p>	