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**BAFI 580B: VENTURE CAPITAL**

*Program: Full-time MBA*

*Course Outline*

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**COURSE INFORMATION**

**Division: Finance**

**Term/period: P4**

**Instructor: Will Gornall**

Email: will.gornall@sauder.ubc.ca

Phone: (604) 827 4372

Office hours: By appointment

**Teaching Assistant: Zhanbing Xiao**

Email: zhanbing.xiao@sauder.ubc.ca

Phone:

Office hours: By appointment

**Credit value: 1.5**

**Section number: All**

**Class meeting times: Mon Wed 14:00 – 16:00**

**Course duration: Mar 05 – Apr 04, 2019**

**Classroom location: HA 132**

**Pre-requisites: n/a**

**Tutorials / labs: n/a**

**Course website: canvas.ubc.ca**

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**BRIEF COURSE DESCRIPTION**

This course covers all the stages of investment in early stage high-growth companies, from the seed funding of a novel idea to venture capital rounds to a successful exit, be it an IPO or through M&A. We will concentrate on how investors and entrepreneurs make and should make important decisions at different stages. Some questions that we will discuss are the following: How do angels and VCs generate and process their deal flow and select companies? What are typical mistakes of entrepreneurs in raising capital and negotiating with financiers? How do VC funds operate and make decisions? How are VCs involved in business decisions such as recruiting talent and replacing CEOs? What are the important provisions of financial contracts between VCs and founders? How to value early-stage companies? The course is for both those who want to become entrepreneurs and thus likely consumers of angel and VC financing and those who want to pursue a career in the financial services industry. No prior knowledge of the VC industry is needed.

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**COURSE GOALS & LEARNING OBJECTIVES**

The course aims to familiarize students with the workings of venture capital funds and venture capital financing. Students will be acquainted with the theory and empirical evidence concerning venture capital markets. The course will cover contracting, fundraising, and financing choice in depth, with the aim of catering to students interested in raising venture capital financing as entrepreneurs, investing in innovative companies as angels, or working at venture capital or private equity funds.

This course aims to prepare students for work at a venture capital fund, at a startup, or at an asset manager investing in venture capital funds:

- 1) How the venture capital industry is structured
- 2) How venture capitalists source and select investments
- 3) How venture capital investment contracts (term sheets) are structured
- 4) How venture capitalists value companies
- 5) How to evaluate venture capital as an asset class

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**COURSE MATERIALS & REQUIREMENTS**

**Reading Materials:** None.

**Other Learning Resources:** None.

**Technology Requirements:** Laptop.

**Activity Fees:** None.

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**ASSESSMENT SUMMARY**

Assignments	40%
Tests/Exam	40%
Participation	20%

**ASSESSMENT DESCRIPTION**

**Final Exam: 40%**

There will be a closed book final exam. You are required to take the exam. The exam has not been scheduled yet.

**Graded Cases: 40%**

The course will have several graded cases which will be worked on in small groups. Each case should be submitted on Canvas by one group member. Late cases will not be accepted and will be given a score of zero.

**Participation: 20%**

*Attendance:* Please make every effort to attend the class meetings and come well-prepared. Students are expected to participate in discussion.

*Guest Speakers:* Attentive participation in the presence of guest speakers is particularly important. I want every guest speaker to walk away thinking "Those students were amazing; I should hire them." No electronic devices are permitted on days with guest speakers.

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**SCHEDULE**

<b>Class#</b>	<b>CLASS TOPICS</b>	<b>ACTIVITIES / READINGS</b>	<b>ASSIGNMENTS / DELIVERABLES</b>
<b>Class 1</b>	Overall review, Angels and VCs		
<b>Class 2</b>	Angels and VCs, VISITOR: Andrew Haughin	Prepare questions for visitor	
<b>Class 3</b>	Valuation		
<b>Class 4</b>	Contracting – Securities, VISITOR: Rich Osborn	Prepare questions for visitor	
<b>Class 5</b>	AudienceView Case Discussion, Contracting – Control	AudienceView Case Due	
<b>Class 6</b>	Contracting – FOR		
<b>Class 7</b>	Rebel Seed Case Negotiation	Rebel Seed Case Preparation Due	
<b>Class 8</b>	Rebel Seed Case Discussion, Financial Returns	Rebel Seed Case Debrief Due	
<b>Class 9</b>	Investment Selection, Deal Sourcing and Screening Case Discussion	Deal Sourcing and Screening Case Survey	
<b>Class 10</b>	Term Sheet Case Discussion, Exam Review	Term Sheet Case Due	

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**KEY REGULATIONS**

**Attendance:** As per RHL Regulations on Professionalism, Attendance and Behaviour, students are expected to attend 100% of their scheduled classes. Students missing more than 20% of scheduled classes for reasons other than illness will be withdrawn from the course. Withdrawals, depending on timing, could result in a “W” or an “F” standing on a student’s transcript. Students must notify their instructors at the earliest opportunity if they are expected to miss a class due to illness. A medical note from a licensed, local doctor is required if more than 20% of scheduled classes for a course are missed due to illness. Students are required to notify the Student Experience Manager if they are absent from two or more classes due to illness.

**Tardiness:** As per RHL Regulations on Professionalism, Attendance and Behaviour, students are expected to arrive for classes and activities on time and fully prepared. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving halfway through a scheduled class, or later, will be treated as absent for that class.

**Electronic Devices:** As per RHL Regulations on Professionalism, Attendance and Behaviour, laptops and other electronic devices (cellphones, tablets, personal technology, etc.) are not permitted in class unless required by the instructor for specific in-class activities or exercises. Cellphones and other personal electronic devices must be turned off during class and placed away from the desktop. Students who fail to abide by the RHL “lids down” policy will be asked to leave the room for the remainder of the class. Research has shown that multi-tasking on laptops in class has negative implications for the learning environment, including reducing student academic performance and the performance of those sitting around them.

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**ACADEMIC MISCONDUCT**

All UBC students are expected to behave as honest and responsible members of an academic community. Failure to follow appropriate policies, principles, rules and guidelines with respect to academic honesty at UBC may result in disciplinary action.

It is the student’s responsibility to review and uphold applicable standards of academic honesty. Instances of academic misconduct, such as cheating, plagiarism, resubmitting the same assignment, impersonating a candidate, or falsifying documents, will be strongly dealt with according to UBC’s procedures for Academic Misconduct. In addition to UBC’s Academic Misconduct procedures, students are responsible for reviewing and abiding by RHL’s policy on Academic Integrity.

**STANDARD REFERENCE STYLE**

The Robert H. Lee Graduate School uses American Psychological Association (APA) reference style as a standard. Please use this style to cite sources in your work unless directed to use a different style.

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**LATE ASSIGNMENTS**

Late submissions will not be accepted and will receive a zero.

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