

COURSE INFORMATION

Course title:	Venture Capital	Credits:	1.5
Course code:	BAFI 580B	Class location:	HA 133
Session, term, period:	2019W2, Period 4	Class times:	Mon Wed 14:00 – 16:00
Section(s):	001	Pre-requisites:	n/a
Course duration:	Mar 09 to Apr 08, 2020	Co-requisites:	n/a
Division:	Finance		
Program:	MBA		

INSTRUCTOR INFORMATION

Instructor:	Professor Will Gornall	Office location:	HA 877
Phone:	(604) 827 4372	Office hours:	By appointment
Email:	will.gornall@sauder.ubc.ca		

Teaching assistant:	Zhanbing Xiao
Office hours:	By appointment
Email:	zhanbing,xiao@sauder.ubc.ca

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.

COURSE FORMAT

Class time will be used for a combination of lectures, case discussions. Attendance is expected to accomplish the learning objectives below.

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

ASSESSMENTS

Summary

<u>Component</u>	<u>Weight</u>
Assignments	40%
Tests/Exam	40%
Participation	20%
Other	0%
Total	<u>100%</u>

Details of Assessments

Graded Cases: 40%

AudienceView Case	12%	Groups of 2-4
RebelSeed Case	12%	Groups of 1-2
Term Sheet Case	16%	Groups of 2-5

LEARNING MATERIALS

Reading Materials: None.

Other Learning Resources: None. If you want additional motivation for the course content, the following sources may be of interest:

- The book “The Venture Capital Cycle” by Gompers offers a textbook treatment of the VC industry.
- The book “Venture deals: Be smarter than your lawyer and venture capitalist” by Feld and Mendelson covers much of the course content on term sheets from a practitioner point of view.
- Axios (<https://www.axios.com/>), Pitchbook (<https://pitchbook.com/subscribe>), CB Insights (<https://www.cbinsights.com/newsletter>) offer information on deals and events in the venture capital world. The CB Insights newsletter is the least serious of these.

Technology Requirements: Laptop.

Activity Fees: None.

COURSE-SPECIFIC POLICIES AND RESOURCES

Missed or late assignments, and regrading of assessments

Assignments submitted more than 1 second late will be penalized 5%.

Assignments submitted more than 1 hour late will be penalized 10%.

Assignments submitted more than 10 hours late will be penalized 20%.

Assignments submitted after the start of the class discussion (in the earliest section of the class) of that assignment will be assigned a mark equal to 80% of the student's exam mark.

If you contact me at least 72 hours prior to the due date, I am generally happy to completely waive the submission of a single assignment and set your assignment grade to the final exam grade.

Academic Concessions

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](https://webforms.sauder.ubc.ca/academic-concession-rhlee) <https://webforms.sauder.ubc.ca/academic-concession-rhlee>. If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

Other Information

If you are interested in being referred to venture capitalists who approach me looking to hire students, complete the VC job referral survey here:

https://ubc.ca1.qualtrics.com/jfe/form/SV_5py7u8bc1QeXQhv

POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

Attendance

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a "W" or an "F" standing on the transcript.

Punctuality

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

Electronic Devices

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School's policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students' use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

Citation Style

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom.

UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

Academic Integrity

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President’s Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

COPYRIGHT

All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline. Audio or video recording of classes are not permitted without the prior approval of the Instructor.]

COURSE SCHEDULE

(Subject to change with class consultation)

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