

COURSE INFORMATION

Course title:	Venture Capital	Credits:	1.5
Course code:	BAFI 580B	Class location:	HA435
Session, term, period:	2021W, Period 4	Class times:	Mon Wed 14:00-16:00
Section(s):	001	Pre-requisites:	
Course duration:	Sep 07, 2021 to Oct 06, 2021	Co-requisites:	
Division:	Finance		
Program:	MBA		

INSTRUCTOR INFORMATION

Instructor:	Prof. Will Gornall	Office location:	HA 877
Phone:	(604) 827 4372	Office hours:	By appointment
Email:	will.gornall@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 financing decisions at different stages. Beyond the overall mechanics of the VC industry, we will focus on valuing start-ups, understanding term sheets, and venture capital as an asset class.

COURSE FORMAT

Class time will be used for a combination of lectures, case discussions, guest speakers, and activities.

LEARNING OBJECTIVES

This course aims to prepare students for work at a venture capital fund, at a start-up, or at an asset manager investing in venture capital funds. By the end of this course, students will be able to

- 1) Understand the basic mechanics of the venture capital industry
- 2) Value high-impact start-ups
- 3) Read venture capital term sheets and model how they impact ownership
- 4) Discuss the pros and cons of venture capital as an asset class

ASSESSMENTS

Summary

<u>Component</u>	<u>Weight</u>
Assignments	80%
Class participation	20%
Total	100%

Details of Assessments

Assignments

There will be three assignments, which will be group- and case-based. Assignment details and deadlines will be posted on the course webpage.

To ensure all students have equal access to information:

- a) I will ask students to email me about specific assignment questions and I will post the email exchange.
- b) Case questions received less than 24 hours before the case due date will not be answered.

The specific mark breakdown will be as follows:

20% Assignment 1 - Valuation

A case involving valuing an innovative company.

The specific case is to be decided.

Groups of up to 3.

20% Assignment 2 - Contracting

A case involving determining how much founders, employees, and investors are paid in a startup exit.

The specific case is to be decided.

Groups of up to 4.

40% Assignment 3 - Integration

A case designed to integrate the course material.

The specific case is to be decided.

Groups of up to 3. Groups cannot include students who worked together on a past case in this course.

20% Participation

Class participation will be based off of my notes, participation records completed by other students, recorded attendance, and recorded survey responses.

LEARNING MATERIALS

Required: Cases selected by instructor

Estimated cost of required materials: \$50

Additional materials recommended but not required: 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.

COURSE-SPECIFIC POLICIES AND RESOURCES

Missed or late assignments, and regrading of assessments

Missed Assignments

Missed assignments will be assigned an average mark equal to the average (weighted by syllabus weights) of the student's other course grades, minus 25 percentage points.

If a student contacts me at least 72 hours prior to the due date, I will consider waiving the submission of a single assignment and setting the assignment grade to equal that student's course grade.

Assignments waived due to an academic concession with (generally) be assigned an average mark equal to the average (weighted by syllabus weights) of the student's other course grades.

Late Assignments

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

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

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

Assignments submitted after the start of the class discussion (in the earliest section of the class) of that assignment will be considered missed.

Regrading of Assessments

Regrading requests must be submitted by email within 2 weeks of the date the respective grades were posted. Upon the receipt of such request, the entire assignment or exam will be regarded by a different person.

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 Course Policies and Resources

VC Job Referrals

VCs occasionally approach me looking to hire students. 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

VC Research Referrals

I have referred many students to volunteer positions at the Stanford Venture Capital Initiative. If you are interested, ask me. That opportunity uses material from the course, but it is separate from the course and will not impact your course grade.

Academic Dishonesty

All instances of suspected plagiarism or cheating will be forwarded to program administrators. I take plagiarism and cheating extremely seriously and forward several cases every year. All assignments will be checked for plagiarism and cheating, which may involve the transmission of assignments to U.S.-based web-servers.

Disclaimer

The preceding section on Academic Concessions and the following sections (excluding the Course Schedule) are required by the Sauder School of Business in unmodified form and are not authored by Prof. Will Gornall.

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.

COVID-19 Policies for Attendance & Academic Concessions:

If a student feels unwell, they should stay home and send a courtesy email to each impacted instructor and cc their program manager. The student should also submit an [Academic Concession Request & Declaration Form](#).

If a student suspects possible Covid-19 infection, they should use the BC Ministry of Health’s [self-assessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended.

If a student is required to self-isolate (e.g., while waiting for test results), they should follow the steps above (stay home, email instructor(s) and program manager, submit an [Academic Concession Request & Declaration Form](#), and follow BC Health Guidance.

Students who are required to quarantine, should get in touch with their Program Manager to discuss the possibility of academic concessions for each impacted course. The Program Manager will work closely with your instructors to explore options for you to make up the missed learning.

COVID-19 Safety in the Classroom:

Masks: Masks are **required** for all indoor classes, as per the BC Public Health Officer orders. For our in-person meetings in this class, it is important that all of us feel as comfortable as possible engaging in class activities while sharing an indoor space. For the purposes of this order, the term “masks” refers to medical and non-medical masks that cover our noses and mouths. Masks are a primary tool to make it harder for Covid-19 to find a new host. You will need to wear a medical or non-medical mask for the duration of our class meetings, for your own protection, and the safety and comfort of everyone else in the class. You may be asked to remove your mask briefly for an ID check for an exam, but otherwise, your mask should cover your nose and mouth. Please do not eat in class. If you need to drink water/coffee/tea/etc, please keep your mask on between sips. Students who need special accommodation are asked to discuss this with the program office.

Seating in class: To reduce the risk of Covid transmission, please sit in a consistent area of the classroom each day. This will minimize your contacts and will still allow for the pedagogical methods planned for this class to help your learning.

Visit the following website for the most recent updates regarding Covid-19 protocol on campus: <https://students.ubc.ca/campus-life/returning-to-campus>

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

In-Person Regulations

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.

On-Line Lecture Regulations

During online lectures, students are not permitted to use any electronic devices other than the primary one used for attending the online lecture (e.g. laptop or desktop). Only Zoom should be open during the online lecture unless an instructor advises the use of another program/website for an in-class activity. Feedback from students indicates that personal devices are the number one distraction from effective learning and participation in the online learning environment.

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>.

Respect for Equity, Diversity, and Inclusion

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Metis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

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.

Academic Freedom and Students Studying from Outside Canada

During this pandemic, the shift to online learning has greatly altered teaching and studying at UBC, including changes to health and safety considerations. Keep in mind that some UBC courses might cover topics that are censored or considered illegal by non-Canadian governments. This may include, but is not limited to, human rights, representative government, defamation, obscenity, gender or sexuality, and historical or current geopolitical controversies. If you are a student living abroad, you will be subject to the laws of your local jurisdiction, and your local authorities might limit your access to course material or take punitive action against you. UBC is strongly committed to academic freedom, but has no control over foreign authorities (please visit <http://www.calendar.ubc.ca/vancouver/index.cfm?tree=3,33,86,0> for an articulation of the values of the University conveyed in the Senate Statement on Academic Freedom). Thus, we recognize that students will have legitimate reason to exercise caution in studying certain subjects. If you have concerns regarding your personal situation, consider postponing taking a course with manifest risks, until you are back on campus or reach out to your academic advisor to find substitute courses. For further information and support, please visit: <http://academic.ubc.ca/support-resources/freedom-expression>

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 and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor. Students may not share class Zoom links or invite others who are not registered to view sessions.

ACKNOWLEDGEMENT

UBC's Point Grey Campus is located on the traditional, ancestral, and unceded territory of the x^wməθk^wəyəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

ONLINE TEACHING TOOL & REQUIREMENTS

This course might be taught using Zoom for synchronous classes and office hours.

For this course, you might be required to use a Zoom account during synchronous classes and office hours. If you do not have a Zoom account, you can create one here: <https://zoom.us/signup>. Note: creating a Zoom account requires that you provide a first name, last name, and email address to Zoom. For privacy purposes, you may consent to using your existing email address and your real name. Alternatively, if you prefer, you may sign up using an alternative email address and an anonymized name that does not identify you (i.e. Jane Doe, jane.doe@email.com). If you have trouble creating an account, or accessing a Zoom session, please contact CLCHelp@sauder.ubc.ca. You will be required to provide the email address associated with your Zoom account in a Canvas quiz for identification purposes.

To help replicate the classroom experience, make sessions more dynamic and hold each person accountable, both students and instructors are required to have their cameras on during Zoom sessions. Students who require an accommodation with regard to the “camera on” requirement must contact their instructors in advance of the first class to discuss options. As professional graduate students, students are expected to conduct themselves professionally by joining sessions on time, muting mics when not speaking, refraining from using any other technology when in-session, attending in business casual dress (at a minimum), and participating from a quiet environment. Content from synchronous sessions will be selectively recorded per instructor discretion and made available to students on Canvas for a maximum duration of the course length. This is done to allow students the opportunity to return to lecture content to solidify learnings.

COURSE SCHEDULE

(Subject to change with class consultation)

Class	Synchronous Or Asynchronous	Date	Topic	Readings or Activities	Assessments due
1	Synchronous	8-Sep-21	Overall review, Angels and VCs		
2	Synchronous	13-Sep-21	Angels and VCs		
3	Synchronous	15-Sep-21	Valuation		
4	Synchronous	20-Sep-21	Contracting – Securities		Approximate due date of assignment 1
5	Synchronous	22-Sep-21	Contracting – Securities		
6	Synchronous	27-Sep-21	Contracting – Control		
7	Synchronous	29-Sep-21	Contracting – FOR		Approximate due date of assignment 2
8	Synchronous	4-Oct-21	Rebel Seed Case Negotiation		
9	Synchronous	6-Oct-21	Investment Selection		Approximate due date of assignment 3