

Entrepreneurship 542 A/B: Venture Capital Investment

Class Hours: Wednesdays, 5:30-8:30 PM, Balmer 307

Instructor: Rebecca Lovell

Course description: The course provides an overview of the world of venture capital. Though the capstone of the class is the Venture Capital Investment Competition (more on that below), the curriculum is more broadly designed to provide students with the tools to evaluate early-stage investment opportunities.

As you'll see from the syllabus, it is interactive and integrative—every session will involve student activity, and every subsequent week will build on the materials covered previously. Guest speakers include entrepreneurs, VC's and prior VCIC competitors, and students will engage with them on a weekly basis. Through team-based exercises, Q&A and role play, you'll get into character as a venture capitalist. We will cover such basics as business planning, valuation, term sheets, the investment life cycle, and negotiations. The class will not have a course pak; readings will be topical online research as recommended by industry experts—the more research you do, the more you'll get out of the class.

What is VCIC? The premier entrepreneurial strategy competition for over 60 of the top international business schools, the VCIC® is entering its 12th year (<http://www.vcic.unc.edu/>). Turning the traditional business plan competition on its head, students pose as venture capitalists managing a \$150M fund. Student teams will read and evaluate business plans, interview CEOs, make an investment decision, and construct and negotiate a term sheet—all in a fish bowl, under observation by venture capitalist judges. The intramural competition at the UW is **January 10**. The winning team will compete at a regional competition in early February, and 8 regional champions will move forward to the international competition at UNC, April 16-18. The UW has a strong tradition, winning world championships in 2004 and 2006, and a 2nd place finish in 2008.

Syllabus (subject to change)

1) Intro to competition-- Wednesday, September 24

- Content: Class goals, expectations, overview of competition
- Activity: Evaluate business plan summaries, regroup for Q&A.
- Deliverables:
 - **Have read** VCIC website, choose a few blogs from resource list.
 - **Before next class:** send in questions you'd ask VCs and VCIC winners.

2) Meet VCs, VCIC winners Wednesday, October 1

- Content: Overview of VC industry and investment activity
- VC Panel: Day in the Life of VCs (*Marker, Piper, Goldberg*)

- VCIC guests: 2006 and 2008 teams (confirmed: Howard, Boyer. *Additional: Ha, Sabella, Meighan*)
- Deliverables:
 - **Have read:** panel recommendations (tbd)

3) Business plans: success factors, red flags. **Wednesday, October 8**

- Content: “Think like an investor” overview
- Guest speaker: Wishpot, Company Presentation. Todd Humphrey (confirmed)
- Activity: Q&A with Wishpot. Assess pro’s and con’s in assigned teams. Reconvene and discuss.
- Deliverables:
 - **Have read:** Wishpot website, biz plan.

4) Valuation, **Wednesday, October 15**

- Guest speaker: Doug Bevis (to be confirmed)
- Company presentation- Pitchbook, CEO John Gabbert (to be confirmed)
- Activity: Q&A with Pitchbook. In assigned teams, discuss valuation for Pitchbook, assess pro’s and con’s. Revisit valuation for Wishpot. Reconvene and discuss.
- Deliverables:
 - **Have read:** (speaker's recommendation). Have researched Pitchbook website, biz plan.
 - **Before next class:** form teams for rest of the quarter/competition. Can work on gap filling at CIE reception.

5) Term sheet terms, **Wednesday, October 22**

- Guest speaker- Kristin Nelson
- Company presentation- Healionics, Rob Brown (to be confirmed)
- Deliverables:
 - Discuss appropriate terms for Healionics, assess pro’s/cons and valuation. Teams will need to discuss possible terms for prior plans, in or out of class.
 - Have read: Feld’s term sheet blog
- **Activity:** CIE reception-- 6-8:30. Break class by 7:15 to join.

6) The life cycle of the investment **Wednesday, October 29**

- Content: Cap table, yield curve, exit. Guest speaker- Lance Young (to be

confirmed)

- Company presentation, Billing Revolutions- Andy Kleitsch
- Activity: Q&A with Andy in self-selected teams, focusing on valuation, exit expectations, cap table. Work through life cycle of investment in own teams.
- Deliverables:
 - **Have read:** (Lance's recommendation). Have researched Billing Revolutions. Revisit each business plan and discuss investment decision.
 - **Before next class:** Advise of investment decision for assignment of VC expert.

7) Term Sheets with VCs. **Wednesday, November 5**

- Deliverables:
 - **Have read** (*skimmed*) *Wilmerding*
- Activity: Teams meet with individual experts to review selected term sheet. VCs/attorneys to be confirmed.

Peter Parsons	Madrona
Scott Greenburg	Ignition
Dan Rosen	OVP
Joe Whitford	Seapoint
Geoff Entress (confirmed)	Integra or Frazier

8) Negotiating. **Wednesday, November 12.**

- Guest speaker: Tom Huseby (to be confirmed)
- Deliverables:
 - **Have prepared:** revisions to term sheet based on expert feedback
 - **Have read:** (Tom's recommendation)
- Activity: Divide class in half. Teams take turns role playing entrepreneur/judges or VCIC team. Teams negotiate with "entrepreneurs" and get feedback from "judges." Trade roles.

9) Mock VCIC. **Wednesday, November 19**

- Guests- 4 entrepreneurs, 4 VC's (Len Jordan confirmed) and/or VCIC alum (Chris, Andy, Rebecca confirmed).
- Deliverables: Have prepared initial questions for each of 4 entrepreneurs.

- Activity: 10 minutes of Q&A with each entrepreneur. Each entrepreneur will have ≥ 1 observer judge. 5 minutes debrief with judge after Q&A session, then team has the next 15 minutes to regroup. Lather, rinse, repeat until each of 8 teams has had Q&A with all 4 entrepreneurs and gotten feedback from 4 judges/pairs of judges.

10) Wrap Up. Wednesday, **December 3**

- Questions on competition, intramural
- Speaker rankings
- Depending on competition structure-- presentation best practices (90% chance negotiation vs. presentation at regional; 99% chance at international)

January 10 Intramural

February Regional Competition date TBD

April 16-18 International Competition at UNC