

Syllabus

Course description

Course title	Entrepreneurial Finance and Venture Capital
Course code	27180
Scientific sector	SECS-P/09
Degree	LM77 - Master Entrepreneurship and Innovation
Semester and academic year	First semester 2017-2018
Year	2
Credits	9
Modular	NO

Total lecturing hours	54
Total lab hours	
Total exercise hours	
Attendance	Highly recommended, although not compulsory as per national regulation
Prerequisites	Financial Analysis, Corporate Finance, or any Introductory course in Finance that covers the fundamentals of capital budgeting, investment valuation, firm valuation and financial markets.
Course page	http://www.unibz.it/it/economics/progs/master/entrepreneurship/courses/default.html

Specific educational objectives	<p>The course of Entrepreneurial Finance and Venture Capital provides a foundation for the financial management of a small business, and specifically businesses in innovative economic activity. The course focus in understanding the strategic aspects of entrepreneurial finance. The course explores entrepreneurial finance issues from the perspective of both the owner/manager and the professional investor (i.e. business angel or venture capital/private equity). The context of entrepreneurial finance is different than that of traditional corporate finance. Most entrepreneurial firms are at a relatively early stage of maturity and, by definition, are not publicly listed on stock exchanges. Entrepreneurial Finance is of growing importance every year, both domestically and internationally. Each year millions of new ventures are created in the world economy. Very often they are presented as moderately successful. Yet, most</p>
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	<p>ventures fail. Even among private equity and venture capital funded ventures, a category of ventures carefully screened by experienced investors, only about 20% go public through an initial public offering (IPO), and a similar percentage are acquired by other firms for a profit to the original investors. The course will have case studies of both successful and failed ventures. Students will learn a lot by studying bad management and failed companies, because difficult situations often bring out the best and worst in entrepreneurs and managers, and these situations provide great insights for students who aspire to be entrepreneurs. Academic research shows that institutional factors, financial market development, constructing and executing a business plan, raising the appropriate sources of finance along with problems finding enough talented staff, are the most important factors that could increase the probability of having a successful venture. The sources of financing for entrepreneurial ventures typically include bootstrap (self-financing), family-relatives-friends, angel financing, private equity funds, venture capital, and in some case government sponsored programs. The financial decisions of entrepreneurial firms at various phases of their life cycle will be examined, and the advantages and disadvantages of various sources of financing will be compared. A second focus of the course will be on developing important analytical skills. Throughout the course, analytical tools will be introduced and utilized. Financial analysis and planning, working capital management, various business valuation methods, business plan process and key steps, deal negotiations and deal structuring will be examined in the context of entrepreneurial firms, private equity and venture capital firms. In addition, investment analysis and due diligence issues will be explored.</p>
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Lecturer	Maurizio Murgia Office SER E501 Tel. 0417/013110 – email: maurizio.murgia@unibz.it http://www.unibz.it/en/economics/people/StaffDetails.html?personid=193&hstf=193
Lecturer's Scientific sector	13/B4 - SECS-P/09
Teaching language	English

Office hours	Please refer to the lecturer's web page
Lecturing assistant	-
Teaching assistant	-
Office hours	
List of topics covered	The main subject areas covered in the course are: Valuation of entrepreneurial firms (DCF methods), Private equity and venture capital valuation techniques, Real Option Valuation techniques, Financial decisions of entrepreneurial firms, Business plans and Due diligence, Private equity and Venture capital financial contracting and term sheet, Venture capital fund raising and investment strategies, Exiting private equity and venture capital investment through trade sale, merger or an IPO.
Teaching format	Background lectures, case study analysis, casework and class presentation by small groups.

Learning outcomes	<p>LEARNING OUTCOMES:</p> <p><u>Knowledge and understanding:</u></p> <ul style="list-style-type: none"> • Knowledge and understanding of the valuation methodologies to deal with business plan of a young innovative company and for raising private equity capital from investors such as business angels or venture capitalists. The process of valuation is critical and disputes over valuation are commonplace in the private equity and venture capital industry. <p>Another fundamental building block of the course is the structure of the financial contract to provide capital infusion to the entrepreneurial firm. To this end is important to understand the key securities that are used in entrepreneurial finance and the motivations for them.</p> <p><u>Applying knowledge and understanding:</u></p> <ul style="list-style-type: none"> • Ability to use modern technique of entrepreneurial finance and venture capital theory to structure a business plan, closing deal of stage financing, negotiating a term sheet, analysis and discussion of exit strategies, and corporate governance issues between investors, the entrepreneur and/or firm's founders. <p>The course combines the latest academic thinking with hands-on business practice and its main goal is that attending students should develop by the end of classroom activity an expanded ability to analyze and think about sound financial</p>
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management decisions, and to defend these decisions with analytical reasoning. This course will use a combination of lectures, technical notes, outside readings, case discussions, teamwork, to study Entrepreneurial Finance and Venture Capital. Class participation and active discussion is both expected and encouraged. Students are expected to have thoroughly read all the assigned material in advance of the class to ensure better understanding of the issues involved and to have meaningful class participation. Students should carefully read and be prepared to discuss all assigned cases. Students should expect to work intensively outside of class time and to prepare an average of one case study per week. Each case will come with guideline questions. Case studies and supplemental readings will be available at Course UNIBZ Library Reserve Collection page.

<p>Assessment</p>	<p><u>Attending Students</u></p> <p>Student final grade will be a mixture of: a) individual written (PC based) final exam (60%); b) individual business simulation on working capital and growth analysis (15%); c) average group grade from case study analyses and presentations (25%). Grades depend, in part, on attendance. Students are expected to be in class.</p> <p><u>Not Attending Students</u></p> <p>Not attending students must contact Course Instructor well in advance in order to design an individual learning process and a final assessment through a final exam test (100%) that covers all course material.</p>
<p>Assessment language</p>	<p>English</p>
<p>Evaluation criteria and criteria for awarding marks</p>	<p>Final exam is a written test at PC-Lab classroom. Students are allowed to access to MS-Office software and quality of written English is essential to earn the passing grade.</p>

<p>Required readings</p>	<ul style="list-style-type: none"> - S. Titman-J. Martin – Valuation – Second Edition, Pearson, 2011. - J. Lerner-A. Leamon and F. Hardyman, Venture Capital , Private Equity, and the Financing of Entrepreneurship, Wiley, 2012.
<p>Supplementary readings</p>	<p>Teaching Slides and case studies to be downloaded from Course UNIBZ Library Reserve Collection page.</p>