

## Syllabus

### Course description

<b>Course title</b>	Entrepreneurial Finance and Venture Capital
<b>Course code</b>	27180
<b>Scientific sector</b>	SECS-P/08
<b>Degree</b>	Master in Entrepreneurship and Innovation
<b>Semester and academic year</b>	2. Semester academic year 2019-2020
<b>Year</b>	1 <sup>st</sup> study year
<b>Credits</b>	9
<b>Modular</b>	No

<b>Total lecturing hours</b>	54
<b>Total lab hours</b>	
<b>Total exercise hours</b>	24
<b>Attendance</b>	Suggested, but not required
<b>Prerequisites</b>	Basic concepts in finance as present value calculations, valuation and financial instruments.
<b>Course page</b>	<a href="https://www.unibz.it/en/faculties/economics-management/master-entrepreneurship-innovation/course-offering/">https://www.unibz.it/en/faculties/economics-management/master-entrepreneurship-innovation/course-offering/</a>

<b>Specific educational objectives</b>	<p>The course refers to the typical educational activities and belongs to the scientific area of Economics.</p> <p>The course of Entrepreneurial Finance and Venture Capital provides a foundation for the financial management of young companies, small business, and innovative firms. It will give a comprehensive overview on the methods, tools and contents relevant for the financial management of these firms. It focuses on understanding the strategic as well as technical aspects of entrepreneurial and innovation finance from the perspective of the owner, manager and investor.</p> <p>A first 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, various business valuation methods, business plan processes, deal negotiations and deal structuring will be examined in the context of entrepreneurial firms, private equity and venture capital firms.</p> <p>A second focus will be on specific capital budgeting and investment analysis tools for entrepreneurial and innovative firms. Specifically, advanced methods like real option approaches or monte-carlo methods will be introduced.</p>
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	<p>The third focus will be on specific financial markets for entrepreneurial and financial firms. Therefore, specific parts of the capital market like the business angel market, private debt, venture capital, private equity and the IPO market will be analysed. 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. Moreover, the relationship of venture capital and private equity firms with their investors will be analysed as well.</p> <p>Overall, students should be able to identify the financial management problems in entrepreneurial and innovative firms, know the relevant methods in analysing these problems, and identify viable solutions taking the strategic and institutional background into account.</p>
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<b>Lecturer</b>	Christoph Kaserer, office E3.10, e-mail, tel., lecturer's page
<b>Scientific sector of the lecturer</b>	SECS-P/08
<b>Teaching language</b>	English
<b>Office hours</b>	please refer to the lecturer's web page
<b>Lecturing assistant</b>	Rudi Tranquillini, office, e-mail, tel., lecturer's page
<b>Teaching assistant</b>	Not foreseen
<b>Office hours</b>	27
<b>List of topics covered</b>	<p>The main subject areas covered in the course are: Real investment analysis, Valuation of entrepreneurial firms (DCF, multiple methods, venture capital method), Financial decisions of entrepreneurial firms, Business plans and Due diligence, Private equity and Venture capital financial contracting and term sheet, Agency theory, Venture capital and private equity fund raising and investment strategies, Exiting private equity and venture capital investments, Financial performance of venture capital and private equity investments</p>
<b>Teaching format</b>	<p>Teaching will be done in a mixture of lectures, technical notes, exercises, outside readings and case studies. 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.</p>

<b>Learning outcomes</b>	<p>Knowledge and understanding valuation methods, how to deal with business plans of a young innovative company and how to raise equity capital from investors such as business angels or venture capitalists. The process of valuation is critical and disputes over</p>
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	<p>valuation are commonplace in the private equity and venture capital industry.</p> <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>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 exit strategies and corporate governance issues between investors, the entrepreneur and/or firm's founders.</p> <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 critically analyze and think about complex financial management decisions, and to defend these decisions with analytical reasoning.</p> <p>With these abilities at hand students will be able to communicate with the scholarly community, business practitioners and the society at large.</p> <p>In this way the students are prepared to make a relevant contribution in a knowledge based society.</p>
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<p><b>Assessment</b></p>	<p>Attending Students</p> <p>The final grade will be a mixture of: a) individual written final exam (75%); b) average group grade from case study analyses and presentation (25%). Grades depend, in part, on attendance. Attending students are expected to be in class.</p> <p>Not Attending Students</p> <p>Not attending students final assessment is through a final exam test (100%) that covers all course material.</p>
<p><b>Assessment language</b></p>	<p>English</p>

<p><b>Evaluation criteria and criteria for awarding marks</b></p>	<p>In the final written exam students have to master problems discussed in the classroom. Ability to understand the problem, applying the appropriate solution tools and presenting the correct solution in a comprehensible way are the relevant evaluation criteria. In this context, quality of written English is important to earn the passing grade.</p> <p>In the case study presentations the ability to structure the problem, identify the most important problems, proposing a solution and summarizing and presenting all of this to the classroom audience are the relevant criteria. Moreover, ability to work in team is also taken into account.</p>
<p><b>Required readings</b></p>	<p>A. Metrick – A. Yasuda, <i>Venture Capital and the Finance of Innovation</i>, 2<sup>nd</sup> edition</p> <p>J. Berk-P. De Marzo, <i>Corporate Finance</i>, 4<sup>rd</sup> edition, Pearson, 2015 (Required Chapters: 6-12, 14-15, 18-19, 20-22; chapters 6-9 are especially relevant for students with no finance background)</p>
<p><b>Supplementary readings</b></p>	<p>Teaching Slides and case studies will be either distributed during class time or available to download from Course UNIBZ Library Reserve Collection page.</p>