

Wharton School, University of Pennsylvania
Management Department

Venture Capital and Entrepreneurial Management

VERSION 1

MGMT 2640 -001, Spring 2023
Mondays and Wednesdays
Noon to 1:30 PM
Room: TO BE ANNOUNCED

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Syllabus as of November 25, 2022
Subject to Change

Course Overview and Design

This undergraduate elective course focuses on venture capital and the typical venture-backed start-up company based on conventions and practices in the United States with some reference to practices in non-domestic markets. The course is designed for the entrepreneur who is seeking venture capital and needs insight into the structure, practices and operations of venture capitalists. At the same time, students aspiring to a career in venture capital will find that the course provides insight into deal sourcing, assessment, valuation and structure, governance and exiting.

Venture capital and the companies that it supports continue to evolve in terms of their capabilities, business models and technologies. This evolution traces from the origination of the asset class in the 1970s and the role that it played in launching semi-conductor, personal computing and biotechnology companies. The pace of evolution, however, accelerated with the information technology revolution and associated dot.com downturn of 1998-2000. Venture capital practitioners and the entrepreneurial community in the new millennia have had to confront the impact of the genomics era in medicine, “internet 2.0” business models and social media and its market influence all in the milieu of recovery from the 2008 financial crisis. At the same time, the re-thinking of business models, the emphasis on “lean management,” and unabated globalization of business have all conspired to change the investment thought processes and, therefore, the approaches that entrepreneurs must take to capitalize their companies. That said, there are classical best practices that still prevail, but that must be conducted in an ever-changing environment. This principle will guide our teaching and learning in this course.

Complementing, and sometimes in opposition to the entrepreneur’s outlook, is the venture capitalist’s perspective, which explores issues of concern to investors in evaluating, structuring, and pricing venture capital investments. Insights gained from these class discussions will be valuable for students considering a career in venture capital, while also providing essential information for entrepreneurs. As we explore the venture capitalist’s perspective, we will address several aspects of the investment process including the term sheet content and structure, term sheet negotiation, valuation methods, and the impact of successive

rounds of financing on capitalization and ownership. These factors set the stage for the relationship between management and investors as well as the governance of the company.

The course is pragmatic in its orientation. It will cover eight principal areas relevant to the privately held, high-growth-potential start-up. These include:

- A brief overview of the venture capital industry today, as well as a discussion of the typical venture fund structure;
- Common organizational issues encountered in the formation of a venture-backed start-up, including matters relating to initial capitalization, intellectual property, and more;
- Formulation of the persuasive entrepreneurial and technology strategy in the light of the due diligence process;
- Valuation methodologies that form the basis of the negotiation between the entrepreneur and the venture capitalist in anticipation of a venture investment;
- The challenges of fundraising and financing strategies;
- Typical investment terms found in the term sheet and the dynamics of negotiation between the entrepreneur and the venture capitalist;
- Elements of compensation, both cash and equity that are common to venture-backed companies in the technology sector;
- Corporate governance in the context of a venture-backed start-up company and the typical dynamics that play out between VC and the entrepreneur in the post-financing phase.

The course is designed principally to address the interests of students who expect to embark on an entrepreneurial career expect to assume a managerial role with a venture-backed start-up company, or wish to pursue a career in venture capital. The course will touch upon a range of fields including finance, accounting, executive compensation, strategy and corporate law and will attempt to identify mainstream “best practices” in the area of high growth potential start-ups. Students completing the course will have a solid understanding of the questions and issues that typical start-up face with respect to capitalization.

Other Course Features and Resources

There will be a dedicated Canvas site for our course. Lecture notes, the Simulation Cases, and course materials that are not copyrighted by a third party, periodic announcements and a course blog will be posted on this Canvas site. In addition, the Lippincott Library provides access to numerous powerful data bases and other resources for venture financing that we will identify and review.

You will be able to access Study.net through Canvas. All third party copyrighted readings are found on Study.net. You should receive an email with log-in information from Study.net at the beginning of the semester. Please contact customerservice@study.net with any logon issues.

Requirements and Evaluation

The reading assignments in the course are “front-loaded” because the entrepreneurial and venture capital processes are a never-ending simultaneous equation. This syllabus, the assignments, and the readings have been organized so that students can manage the requirements efficiently and in an iterative way. As a caveat, entrepreneurship and venture capital do not behave in a similar iterative way. As in all courses, the lectures and discussions in the classroom will be much more meaningful if the required readings have been studied in advance. From time to time, mid-course changes in presentations or materials may be made to achieve academic objectives.

Students Requirements and Evaluation

The Coursepack includes Required Readings and Supplemental Materials. The session matrix identifies the two categories. The Required Readings are generally comprised of secondary source materials provided for background. The Supplemental Materials consist of examples of legal or business documents included for the purpose of illustrating the themes discussed in class.

The course is primarily in a term “simulation” and discussion format, supplemented by lectures. For each class there will be a submission of a portion of the simulation. During the class, two student teams will present their analysis and conclusions for the relevant portion of the simulation – one from the VC point of view, the other from the entrepreneurial point of view. All teams will be expected to submit their simulation analysis and all students come to class fully prepared to respond to the questions outlined in the simulation.

Depending on enrollment Students are asked to form a total of **TEN** simulation teams of **six to seven** members at the beginning of the course. Depending on enrollment, some teams may be permitted to have eight students Choose your teammates carefully – changes will not be allowed once your study group team has been formed. Study groups are expected to meet and develop each part of the simulation.

Participation is both structured and spontaneous. For the structured, the end of the syllabus list six Platonic Dialogs, each consisting of a series of questions. At the start of the term, the students select one Dialog and sign up for it on Canvas. On the appointed days, students should be prepared with well-considered answers for all of the questions. Otherwise, all students are expected to participate in class discussions; students should expect to be cold called.

Student Grades

The Wharton grading practices will be used. The final course grade will be computed as follows:

Five simulation memo submissions (teams) (40%)

Teams will be expected to evaluate the contributions of members using a form that will be provided by the instructor. Simulation 3 on Cap Tables and Valuation is mandatory for all teams. Teams may then select 3 of the remaining 4 to submit for scoring. There will be a peer review at the end of the term in order to identify “free-riders” whose grade will be affected.

Class contribution and attendance (10%)

Class participation is an important differentiator for final grading. There are four ways of accumulating participation points:

1. The TA will monitor and score class participation. Participation consists of asking well-formulated questions, carefully framed answers to questions posed by the instructors, and in-class dialog among the students when done thoughtfully and respectfully.
2. The course will also consist of six (6) “Platonic Dialogs” between the instructor and among the students. The Platonic Dialogs are used to introduce a major topic in the course by having the students offer their thoughts on the issues that are to be discussed on that topic. To promote useful exchange, each student must sign up for one Platonic

Dialog Group at the start of the semester. At the end of this syllabus are guidelines for preparation for a Platonic Dialog. Students in the respective groups should consider each of the questions and be prepared to contribute their thoughts, ideally supported from the assigned readings for that session or from experience. Contributions during the Dialogs will be noted by the TA.

3. In order to compensate for the limited time together, Canvas includes Discussion Boards. Entries onto Boards created by the instructor or creation of a Discussion Board by a student will count towards class participation. The TAs will drive Discussion Boards and monitor participation for course participation grading.

Attendance:

Attendance will be carefully monitored by the TAs and will conform to School policies. If you are ill or have a family emergence, these should be documented and noted with the TAs. Non-excused absences will affect final grades as follows:

2 or 3 missed classes: loss of one grade interval

For each missed class after 3 missed classes, loss of an additional grade interval

A two-part team assignment on venture technology analysis that will be performed by teams of 3 to 5 students (25%)

The instructor will provide in-depth instructions on this project on the first day of class. This assignment is intended to provide students with the insights and tools to explore technology opportunities from both an entrepreneurial and venture capitalist's point of view. For Part 1 of the project, each team will propose an area of interest, e.g., an application of blockchain or fintech, an area of medical diagnostics, etc. The choices of topic are limited only by the students' imagination. In the first half of the course, the teams will present an exhaustive analysis of venture capital transactions done in their field of interest during the past two years. The emphasis will be on the technology diligence and the factors that the VCs focused on in reaching their decision. Teams are also expected to draw trends and implications for future investing in that tech category. Teams will present their findings at mid-semester. For Part 2, the same teams will select one technology in their field of interest and do a deep dive on the analysis of that technology from a VC point of view. Teams will present their findings at the end of the semester.

Open-book take home exam (25%). This will be in essay form and is designed to synthesize course material.

Note: The instructor will take great care to grade as fairly as possible and will strictly adhere to Wharton MBA program grading policies. Grades will NOT be discussed at the end of the course.

Lecture Notes

The PowerPoint slides used in class will be posted on Canvas prior to class. These will be posted in PPT to allow note taking directly on a laptop or tablet. The instructor is allowing use of electronic devices as a courtesy. If there is abuse of such use, e.g., non-coursework use during sessions, the instructor will consider elimination of this courtesy.

Required Texts

Coursepack: MGMT 2640 Venture Capital and Entrepreneurial Management, Spring 2023 edition, compiled by Stephen Sammut will be available on **study.net**. This course pack is based on reading selections made by Professors Raffi Amit and Douglas Collum for their offering of MGMT 2640 during the Fall term.

Class Cancellation and Make-up Days:

In the unlikely event that a class must be canceled, students will be contacted by e-mail. Generally, if a make-up class can be scheduled, it will be held on the preceding or following Friday in the AM. Make-up classes will be video recorded and posted.

NOTE: It is possible that the sessions scheduled for February 13 and 15 will be either pre-recorded or conducted via Zoom. More information will follow.

Communicating with the Instructor

The best way to contact the instructor is by e-mail. An appointment matrix will be posted on Canvas. The instructor prides himself in availability to students and welcomes opportunities to get to know students.

If for any reason you are unable to attend class, please notify the instructor in advance.

If students have concerns about the course or expectations, please feel free to discuss with the instructor. If you would prefer to communicate anonymously through a TA, that is perfectly acceptable.

Learning Environment

Students are expected to strictly adhere to **Concert Rules**, including:

- Class starts and ends exactly on time. Students are expected to be prompt.
- Beverages are acceptable; food is not
- If using electronic devices for class activity, be courteous and considerate of those around you.
- Students remain in attendance for the duration of the class, except in an emergency.
- Students display their Wharton issued name tent cards.

About the instructor

Dr. Sammut is Senior Fellow, Wharton Health Care Management and Lecturer, Wharton Entrepreneurship. He is currently Chairman, Industry Advisory Board of Alta Semper, a PE Fund focused on African healthcare. He is former Venture Partner, Burrill & Company, a San Francisco based life science venture capital fund and merchant bank. Mr. Sammut focused on international activity, with a special focus on global health venturing. He has been actively engaged in entrepreneurship, VC and PE domestically and internationally for nearly a half-century.

Over the last 30 years, at the Wharton School, he teaches or has taught venture capital management, corporate development, mergers and acquisitions, biotechnology entrepreneurship, intellectual property strategy, private equity in emerging markets, Israeli innovation, health care systems, and a special seminar on private sector participation in international health. He is faculty advisor to student-alumni organization called the Wharton Health Volunteer Program (WHVP) that provides *pro bono* consulting services to public health services and clinics in the developing world. WHVP was awarded the Health and Human Rights Leadership Award by Doctors of the World for its decade long work in developing world health systems.

Dr. Sammut is also Founder and Chair of the International Institute for Biotechnology Entrepreneurship, a non-profit organization offering intensive training programs throughout the world for managers of biotechnology companies. His global activity also includes the formation and oversight of health care management MBA programs in Africa and South Asia.

During his 45-year career, Mr. Sammut has been involved in the creation or funding of nearly 40 biotechnology, Internet, and information technology companies globally and has served on numerous public, private and non-profit boards. He is also active with the International Finance Corporation/World Bank Group where he co-authored a report on venture capital in China, serves as the principal consultant in the IFC's Technology Transfer Facility, and advises the health care section of the World Bank in program implementation in the developing world.

Dr. Sammut previously held the positions of Vice President of Development of Teleflex Incorporated where he created and managed acquisitions and alliances, and at S.R. One, Ltd., GlaxoSmithKline's venture capital fund. He was also Managing Director of Access Partners, a venture fund focused on formation of companies around university technologies and capitalized by corporate strategic investors.

Earlier in his career, he was Managing Director of the Center for Technology Transfer at the University of Pennsylvania, where he spun out over one dozen companies over a two-year period. He held a similar position at Jefferson Medical College. He is also co-founder and former CEO of the Philadelphia Organ Transplant Program, the largest transplant organ bank in the United States. He holds degrees in biology and humanities from Villanova University, attended Hahnemann Medical College for two years, and holds an MBA from the Wharton School of the University of Pennsylvania. He holds a doctorate from the Fox School of Business at Temple University where his dissertation research focused on organizational aspects of precision medicine implementation. He holds certificates in precision medicine from Harvard, fintech from Oxford, global health innovation from IESE and Implementation Research from the WHO.

MGMT 264 SESSION SCHEDULE FOR SPRING SEMESTER 2021

<i>Sess</i>	<i>Date</i>	<i>Topic</i>	<i>Case/Activity</i>	<i>Deliverable</i>	<i>Preparation and Required Readings</i>	<i>Supplemental Readings</i>
1 - 2	<p>Wednesday January 11</p> <p>And</p> <p>Wednesday January 18</p> <p>BOTH SESSIONS WILL BE VIRTUAL</p>	<p>Course introduction and The structure of the VC industry</p>		<p>Students must select and sign up for a Platonic Dialog Group by Friday, January 13, 11:59 PM. Participation in each group is limited so first-come first served.</p>	<p>The course pack designates required readings and supplemental readings for future reference. The course pack is rich with insights. At the very least read the first few required readings but it will serve you well to get through as much as possible.</p> <p>1. Note on the Venture Capital Industry 2. Demystifying Venture Capital Economics Part 1 3. Demystifying Venture Capital Economics Part 2 4. Behind the Scenes at a VC Fund, Part 3: Fund Structure, Fundraising, Investor Relations and FAQs 5. Does Venture Capital Foster the Most Promising Entrepreneurial Firms?</p>	<p>6. Where Is Venture Capital Headed in 2022? 7. The Great VC Pullback of 2022 8. The Rise of Alternative Venture Capital 9. What Comes After the Easy Money Era Ends for Cash-Burning Tech Companies in Silicon Valley 10. Need Advice on Navigating a Tough Startup Market? Start Here. 11. The Upside of a Downturn 12. How Far Will High-Flying Tech Investors Fall? 13. Reckoning Looms for Past VC Excesses As Market Forces Valuation Reset 14. Nontraditional Investors React to Current Market Headwinds 15. Coronavirus: The Black Swan of 2020 16. The Tech Start-Up Economy Is Broken</p>
3 - 4	<p>Monday, January 23</p> <p>And</p> <p>Wednesday, January 25</p> <p>IN PERSON CLASSES WILL RESUME</p>	<p>Company formation: structures, ownership, and issues</p>	<p>Platonic Dialog Group # 1 (Session 3)</p>	<p>Simulation Teams must be formed by Friday January 20, 11:59 PM and identified on Canvas</p> <p>Technology Sector Teams must be formed by Wednesday, January 25</p>	<p>17. Legal Forms of Organization 18. Legal Protection of Intellectual Property 19. The Process of Forming the Company Chapter 3 of High-Tech Start-Up 20. How to Start a Startup</p>	<p>21. How Much Should You Raise in Your VC Round? And What Is a VC Looking at in Your Model? 22. How to Raise Money 23. How Do Startup Accelerators Work? 24. 6 Pros and Cons of Joining a Startup Accelerator 25. Is a Startup Accelerator Right for You 26. How to Do Crowdfunding in 2021: With Expert Tips and Examples from Successful Campaigns</p>

				11:59 PM and identified on Canvas		<p>27. How to Choose a Co-Founder</p> <p>28. How to Split Equity Among Co-Founders</p> <p>29. Founder's Guide to Allocating Co-Founder Equity</p> <p>30. Startup Equity Calculator: How to Split Fairly Among Founders</p> <p>31. What is an Employee Option Pool?</p> <p>32. Financing New Ventures</p> <p>33. How to Manage Equity Dilution as an Early-Stage Startup</p> <p>34. Raising Money for Your Startup? Here Are 6 Things You Absolutely Must Do</p> <p>35. A Guide to Seed Fundraising</p> <p>36. How to Decide the Size of Your Employee Option Pool</p> <p>37. 9 of the Biggest Mistakes Startup Entrepreneurs Make</p> <p>38. The Very First Mistake Most Startup Founders Make</p> <p>39. Dividing Equity Between Founders</p> <p>40. Selecting and Protecting a Company Name</p>
5	Monday, January 30	One assigned team to present company formation section of simulation; part 1 of diligence lecture	Simulation Part 1: Company Formation See CANVAS under Assignments Platonic Dialog Group # 2	Post Sim 1 write-up by Sunday, January 29 at 11:59 PM	<p>41. How Venture Capitalists Evaluate Potential Venture Opportunities</p> <p>42. Criteria Used by Venture Capitalists to Evaluate New Venture Proposals</p> <p>43. Game Analysis of Cooperation between Start-Up and Venture Investors</p>	<p>44. In Search of the Next Big Thing</p> <p>45. How Venture Capitalists Make Decisions</p>
6	Wednesday, February 1	Part 2 of diligence lecture	Each team proposes technology sector topic by 11:59 PM			
7 - 8	Monday,	Part 3: Due Diligence				

	February 6 And Wednesday, February 8	and Venture Capital Decision Making				
9	Monday February 13	Part 1 of Lecture on Capitalization Tables and Valuation NOTE: Possible pre-recorded or virtual session			46. A Note on Valuation in Private Company Settings 47. Note on Valuation in Private Equity Settings 48. Cap Tables, Share Structures, Valuations, Oh My! A Case Study of Early-Stage Funding 49. Startup Valuation "" The Ultimate Guide to Value Startups 2020 50. What Most People Don't Understand About How Startup Companies Are Valued 51. How Do VC's and Angels Value a Company 52. How Does an Early-Stage Investor Value a Startup? 53. Convertible Notes in Seed Financings 54. Pros and Cons of Raising Seed Financing via Convertible Notes vs. Preferred Stock 55. Understanding Convertible Notes 56. Frequently Asked Questions: Convertible Debt	57. How to Talk About Valuation When a VC Asks 58. How Funding Rounds Differ 59. Cram Downs Are a Character Test for VCs and Founders 60. The Case for Down Rounds 61. What's My Company Worth? 62. Want to Know How VC's Calculate Valuation Differently From Founders? 63. What's the Difference Between Pre-Seed and Seed Funding Rounds 64. What is Pre-Seed Funding? 65. Seed Funding: A Guide for Starting Up with Seed Fundraising 66. Quick Start Guide - Y Combinator 67. Simple Agreement for Future Equity - Post-Money Valuation Cap with Discount 68. ABC, Inc. Memorandum of Terms, Series A Preferred Stock Purchase Agreement 69. Term Sheet for Convertible Promissory Note Financing of ABC, Inc.
10	Wednesday February 15	Part 2 of Lecture on Capitalization Tables and Valuation NOTE: Possible pre-recorded or virtual session				
11	Monday, February 20	Interpreting valuation findings and implications for negotiation	Simulation Part 2: Due Diligence See CANVAS under Assignments Platonic Dialog Group # 3	Post Sim 2 write-up by Sunday, February 19 at 11:59 PM.		
12	Wednesday February 22	One assigned team to present cap table and valuation section of simulation Part 1 of Lecture on Term Sheets	Simulation Part 3: Cap Table and Valuation See CANVAS under Assignments Platonic Dialog Group # 4	Post Sim 3 write-up by Tuesday, February 21	70. "Ownership, Dilution, Negotiation, and Valuation" Chapter 7 of "High Tech Start Up" 71. Liquidation Preference in Startup Deals 72. The Impact of Dilution 73. Anti-Dilution Protection: What You Need to Know 74. Negotiating Term Sheets -	81. Plain Preferred Term Sheet 82. Term Sheet for Series A Preferred Stock Financing 83. Liquidation Preferences: What They Really Do 84. How to Navigate a Term Sheet in the COVID-19 Era 85. Why the Unicorn Financing Market Just Became Dangerous For
13	Monday February	Term Sheets Part 2				

	27					
14	Wednesday, March 1	Term Sheets Part 3			<p>Focus on What's Important</p> <p>75. Control: The Critical Issue in Negotiating Financing Terms</p> <p>76 VC Negotiation Tricks: Simplified Term Sheets and Post-Money Valuations</p> <p>77. What Is It Like to Negotiate a VC Round?</p> <p>78. The Toxic Term Sheet: Founders Beware!</p> <p>79. Series A Preferred Memorandum of Terms</p> <p>80. 6 Investment Term Sheet Mistakes Founders Make</p>	<p>All Involved</p> <p>86. Investor-Protective Deal Terms May Keep Down Rounds at Bay</p> <p>87. Dual-Class Stock: A Founder Favorite Faces Growing Investor Disapproval</p> <p>88. Limit Dual-Class Share Structures Rather Than Shun Them</p> <p>89. Super Voting Stock: The Advantages and Pitfalls</p> <p>90. Price and Preference: Participating v. Non-Participating Preferred</p> <p>91. Navigating Down-Round and Dilutive Financings</p> <p>92. Mark Suster: The Authoritative Guide to Pro-ratas</p> <p>93. Memorandum of Terms for Preferred Stock (negotiated)</p> <p>94. Memorandum of Terms for Preferred Stock (non-negotiated Company favorable)</p> <p>95. Memorandum of Terms for Preferred Stock (non-negotiated investor favorable)</p> <p>96. Terms for Private Placement of Series Seed Preferred Stock</p>
	SPRING BREAK					
15	Monday March 13	Term Sheets Conclusion				
16	Wednesday March 15	International Venture Capital				
17	Monday March 20	Tech Sector Presentations – Part 1 All teams to be ready on either day.		All teams post presentations by Sunday, March 19 at 11:59 PM		

18	Wednesday March 22	Tech sector presentations				
19	Monday March 27	Tech sector presentations				
20	Wednesday March 29	Tech sector presentations				
21	Monday April 3	One assigned team to present Sim 4: Term Sheet Negotiation Governance and Exits Part 1	Platonic Dialog Group # 5	Post Sim 4 write-up by Sunday April 2 at 11:59 PM	100. The Fiduciary Duties of Founders 101. What You Need to Know About Startup Boards 102. How to Prepare for a Board Meeting to Make Sure you Crush It 103. What You Need to Know About Board Compensation 104. Board Compensation: 3 Charts on How Companies Pay Non-Investor Directors 105. 3 Considerations for Advisory Board Compensation 106. The Basic Responsibilities of VC-Backed Company Directors 107. Considering an IPO? First, Understand the Costs 108. Corporate Governance and Disclosure Practices of Venture-Backed Companies in U.S. Initial Public Offerings 109. SPACs: What You Need to Know 110. How Special Purpose Acquisition Companies (SPACs) Work	111. The Board Works for the Common Stock 112. 11 Quick Tips to Get More Value Out of Your Board 113. Pre-Series A Startup Boards 114. How Do You Compensate Directors of Startup Companies? 115. CEO Playbook for Early-Stage Board Meetings 116. The Secret to Making Board Meetings Suck Less
22	Wednesday April 5	Governance and Exits Parts 2	Platonic Dialog Group #6 (Session 21)			
23	Monday April 10	Sim 5 Presentation	Post Sim 5 write-up by Sunday, April 9 at 11:59 PM	Post Sim 5 write-up by Sunday, April 9 at 11:59 PM		
24	Wednesday, April 12	Corporate Venture Capital				

	TAKE HOME EXAM	Take home exam to be posted on Canvas by 11:59 PM on Monday April 17 Due: Monday May 1 by 11:59 PM				
25	Monday April 17	Selected technology teams make final presentations	Allow 20+5 Teams	All teams post final presentations by Sunday, April 16 at 11:59 PM		
26	Wednesday April 19	Selected technology teams make final presentations	Allow 20+5 Teams			
27	Monday April 24	Selected technology teams make final presentations	Allow 20+5 Teams			
28	Wednesday April 26	Selected technology teams make final presentations And Course Summation	Allow 20+5 Teams			
	Monday, May 1	Post take home final on Canvas under the designated assignment by 11:59 PM				

Platonic Dialogs: Preparation Guidance			
Group #	Session # / Date	Topic	Questions to consider
1	Session 3: Monday, Jan 23	Company formation	<ol style="list-style-type: none"> 1. How does an entrepreneur determine the best type of structure for his/her entity? 2. What are the issues in determining who participates as a founder of an entity and what their fair share of ownership should be? 3. Intellectual property is the foundation of this entity, how should the entrepreneur start the process? 4. What should the entrepreneur seek in the way of legal counsel and why? 5. What should be considered when recruiting a Board of Directors? An Advisory Board? 6. What is the importance of establishing milestones and an associated project plan? What are the best ways of establishing that process? 7. What is the process for planning on capital needs over time? 8. What role does exit planning play at the time of company formation? <p>Deeper Thinking:</p> <ol style="list-style-type: none"> 1. What kinds of experiences will improve your wisdom in company formation? 2. Are there ethical considerations in company formation?
2	Session 5, Monday, Jan 30	Due Diligence	<ol style="list-style-type: none"> 1. What is “due diligence” and what is its purpose? Why? 2. How does a venture capital firm go about preparing a due diligence strategy? 3. Generically, what are the critical issues for exploration in due diligence? 4. What considerations must an entrepreneur make when formulating a business model? A revenue model? 5. How does a venture firm assess the viability of a business model? Of a revenue model?

			<ol style="list-style-type: none"> 6. What comparison tools and techniques can be used in the due diligence process? 7. What are the key issues of diligence to be cited in the Investment Memorandum? 8. What approaches can be taken to compensate for concerns identified in due diligence? <p>Deeper Thinking:</p> <ol style="list-style-type: none"> 1. What kinds of experiences will improve your wisdom in the due diligence process? 2. Are there ethical considerations in due diligence?
3	Session 11, Monday, February 20	Valuation	<ol style="list-style-type: none"> 1. Can the valuation methodologies for established companies be applied to earlier stage entities? If so, How and in what way? 2. Is the concept of working from the future backwards in order to derive a present value a legitimate approach to valuation? 3. What are the challenges in the derivation of a “terminal value?” Do you place any credence in the concept? 4. What types of dilutional events will affect the valuation of a company when looking forward? 5. How can these events be predicted or documented in the valuation exercise? 6. Are there special considerations for valuation methods at different stages of a company’s development? 7. Once you’ve arrived at a valuation or valuation range, what is the best way of introducing it to the VC (from an entrepreneur’s point of view) or to an entrepreneur (from a VC’s point of view)? 8. Is the recent history of valuation of companies, especially “Unicorns” a rational approach to valuation? What have we seen reported in the financial literature? <p>Deeper Thinking:</p> <ol style="list-style-type: none"> 1. What kinds of experiences will improve your wisdom in

			<p>company valuation?</p> <p>2. Are there ethical considerations in valuation?</p>
4	Session 12, Wednesday, February 22	Term Sheets	<ol style="list-style-type: none"> 1. What is a term sheet and what purpose does it play? 2. Who prepares the term sheet and why? 3. How does the due diligence process relate to term sheet construction and content? 4. How does the valuation process relate to term sheet construction and content? 5. What are the major issues for negotiation in term sheets and why? 6. What approaches should be taken when negotiating terms sheets? 7. Are their codes of conduct or ethics associated with term sheet negotiation? 8. Once a term sheet is accepted, what happens next? <p>Deeper Thinking:</p> <ol style="list-style-type: none"> 1. What kinds of experiences will improve your wisdom in term sheet composition and negotiation? 2. Are there ethical considerations in term sheets?
5	Session 20, Wednesday March 29	Value-add and Governance	<ol style="list-style-type: none"> 1. What do we really mean by “value added activity?” Value from whose point of view? 2. How does the entrepreneur introduce the value-add strategy into the business plan? 3. Is there a relationship between due diligence and value-add activity? 4. What is the role of the VCs individually, the Board of Directors and the Advisory Board in building value? 5. What are the best ways of addressing failure to meet plan or other surprises from the entrepreneur’s point of view? 6. What are the best ways of addressing failure to meet plan or other surprises from the Board’s point of view? 7. What are the principles for “just” compensation? Is there even a legitimate notion of “just” compensation? 8. What are the Board/Management dynamics in negotiating

			<p>compensation? [MORE] Deeper Thinking:</p> <ol style="list-style-type: none"> 1. What kinds of experiences will improve your wisdom in value-add activity and corporate governance? 2. Beyond the fiduciary duties, are there ethical considerations in value-add activity and governance?
6	Session 21, Monday, April 3	Exiting	<ol style="list-style-type: none"> 1. What are the potential conflicts among and within the Board on the issues of exiting? 2. What are the potential conflicts between management and the Board with respect to exit planning? 3. What are the lessons from the exiting process, especially as related to IPOs, over the last two years? 4. When and how does the IPO process start? 5. What are the strategic considerations in planning or managing the company for acquisition? 6. Is there a preferred route towards exiting? Why and under what circumstances? 7. What happens to the proceeds associated with an acquisition? 8. What happens to the management team post exit? <p>Deeper Thinking:</p> <ol style="list-style-type: none"> 1. What kinds of experiences will improve your wisdom in planning and executing exits? 2. Beyond maximizing shareholder value, are there ethical considerations in exiting?