

Fall Semester 2023

New Venture Creation and Fund Raising

Introduction to Entrepreneurship: Turning vision into reality.

Entrepreneurs have been starting new ventures for generations. If in the past success was more a function of tenacity and a measure of the idea underpinning the business, in today's hyper-competitive, market-focused and highly competent world, errors can quickly doom the best of companies. A systematic, entrepreneurial orientation is the common denominator among successful ventures in this new economy.

Entrepreneurship is typically approached as a way of thinking and acting, as an attitude or behavior. Our emphasis will be on entrepreneurship as a manageable process that can be applied in almost any organizational setting. We will explore the following factors involved in new venture creation and growth including the business, technological, financial, legal, human, and ethical considerations in order to foster innovation and new business formation in a variety of settings. Additionally, we will provide the background and tools necessary for a solid foundation in terms of the role of entrepreneurs and entrepreneurship needed to function effectively in 21st Century global economy.

Creating new technologies and commercializing them into new products and services is a key competitive advantage of Israel. This course will combine both an academic and practical view of the challenges facing entrepreneurs. We will focus on the key issues and the basic questions to be addressed in the formal venture development process: the creation, evaluation, development and launch of a new business or venture.

Additionally, we will learn about venture capitalists to understand the process, tools, and methods they use to make investments in startup companies.

Learning Outcomes:

By the end of the Course, Students will:

- ... understand the venture creation process and be able to develop a new (technology) venture.
- ... develop an entrepreneurial mindset.
- ... gain analytical tools they will use throughout their career.
- ... gain hands-on experience in venture creation and fund-raising techniques.
- ... develop and pitch an original venture.
- ... develop communication and team building skills by working in teams.

Final Term Project:

The Final term project will include two parts and be the culmination of the semester's learning objectives. The students will be divided into teams of 4 and work on the development of a new venture throughout the semester. Each team will be required to submit an original business plan (not more than 10 pages), an executive summary (not more than 2 pages), and an investor presentation (not more than 12 slides) by the end of the semester.

On the 'final' day, each team will pitch their startup to a panel of outside entrepreneurs and investors who will judge the performance and give guidance on each team's project grades.

Case Studies:

We will examine the challenges of venture creation, and early-stage fundraising, plus delve into the terms, offerings, and operations of startup accelerators.

This case helps students understand the journey founders take from the launch of a business idea to their first significant financing decision. It familiarizes you with the concept of structured experimentation and typical milestones founders seek to achieve in their first few years of operation.

Read, analyze and respond to the questions for the case. Remember, your answer is less important than the rationale you developed to reach that answer. Put emphasis and focus on the rationale!

Length: Up to 2 pages (Not including cover sheet or other supporting documents)

Team work

Submission date: Session 5 and 10

Quizzes: There will be 3-4 quizzes based on the weekly reading assignment or previous classroom discussion. Each quiz will be approximately 10 minutes long, and will be administered at the beginning of sessions 3, 6, 9, and 12.

Attendance/Participation: Each person brings a unique set of experiences, a unique perspective and knowledge to the classroom, and I would like all class participants to tap into this diverse pool of resources and benefit from it. Therefore, we will have in-class discussions. Constructive contribution to the class discussions and active listening are important elements of this course. It is therefore essential that you be fully prepared to participate actively in class by reading the assigned material prior to the class session.

Effective participation includes: (1) providing insightful questions and comments on concepts from lectures and readings; (2) sharing your experience or point of view with the class; (3) building on points raised by others; (4) clarifying issues; and (5) relating ongoing topics to previous class discussions. Please keep in mind that I will base your score on the quality of your comments and not their quantity.

Critically Important: if for whatever reason you don't understand something that's being said or discussed, PLEASE ask! If you still don't understand at the end of class, or need further clarification, PLEASE ASK ME! Don't let the opportunity to learn or understand the material pass you by!!

Assessment and Grade Distribution

Grade weight	Assignment	Requirements
25%	Final Venture Presentation	You will ideate, develop, and present a new entrepreneurial venture over the course of the semester.
25%	Final Business Plan, Exec Sum and PPT	
30% (15% x2)	Case Study 1 Case Study 2	Read, analyze, and respond to the questions for each case. Your outcome choice is less important than the rationale you develop in reaching that choice.
10%	3-4 short quizzes	3-4 quizzes based on the weekly reading assignment or previous classroom discussion, 10 minutes each, will be administered according to schedule.
5%	Class participation	Read mandatory articles for class, participate in in-class exercises and

		discussions. Complete assignments in and out of class.
5%	Teamwork Assessment	Determined by you and your peers

Required readings:

1, Selected Weekly Readings compiled by Saul Orbach, as per Moodle

2, Selected Chapters from Text book: Thomas H. Byers, Richard C. Dorf, and Andrew J. Nelson, Fourth Edition, Technology Ventures, From Idea to Enterprise, Fourth Edition, McGraw Hill

3, Each Class Participant should go online and purchase the following four pamphlets or e-books (\$3.99 each) from www.1x1Media.com (follow the link at the bottom of each book page to your preferred seller site):

- 1, Startup Valuation
- 2, Cap Tables
- 3, Term Sheets
- 4, Convertible Notes

Please download the companion files for each book as well.

4, Stones Unturned: An Investor's Guide to Due Diligence in Early Stage Companies.

By Hambelton Lord, Christopher Mirabile, Seraf Compass

<https://land.seraf-investor.com/due-diligence/>

You will be assigned weekly reading materials (available on the Moodle, or from the list above). The readings generally should not take more than 1-2 hours / week.

Recommended Readings:

There will be a list of resources and a bibliography of relevant books on the Moodle available on a wide range of topics for your review (at your discretion).

Case Studies

Each **TEAM** must purchase a case study package will be available for purchase from the Harvard Business Review (hbr.org) web site. (Cost: TBD) (as mentioned above)

Case Assignment Submissions:

Length: Up to 2 pages (Not including cover sheet or other supporting documents)

Team work

Case Study Assignment 1: TBD

Case Study Assignment 2: Investment Decision: Lovepop

As they prepare to graduate from Harvard Business School, the co-founders of greeting card company startup Lovepop need capital to cover the company's operating costs and must choose between two seed financing offers. One offer is from an angel group and the other from a startup

accelerator. Having bootstrapped the company's operations since its founding a year and a half earlier, the founders must weigh the differences in valuation and pros and cons of the accelerator program to determine which option is appropriate for Lovepop at this stage. In addition to addressing the challenges of early-stage fundraising, the case details the terms, offerings, and operations of startup accelerators.

Course Outline

Session	Date	Topic(s)	Submissions
1	??	<p>Course Introduction and Overview: New Venture Opportunity</p> <ul style="list-style-type: none"> • Venture Creation <ul style="list-style-type: none"> ○ Role of Venture Creation ○ Opportunity Identification • Venture Finance <ul style="list-style-type: none"> ○ Definition ○ Brief Overview <p><u>Case 1 Assignment: Gametime</u></p>	<p>Prior to class: Introductory student bio</p>
2	??	<p>Section 1: Market Research:</p> <ul style="list-style-type: none"> • Customer Discovery <ul style="list-style-type: none"> ○ Interviews ○ Surveys ○ Data Collection & Analysis 	
3	??	<p>Market Analysis:</p> <ul style="list-style-type: none"> • Market Size <ul style="list-style-type: none"> ○ Sizing Markets (TAM & SAM) • Market Analysis <ul style="list-style-type: none"> ○ Customer Segmentation • Competitive Analysis <ul style="list-style-type: none"> ○ Competitive Advantage ○ Interview 	
4	??	<p>Business Model</p> <ul style="list-style-type: none"> • New Venture Success Factors • Product Market Fit • Business Model Design • 	<p>Quiz 1</p>
5		<p>Strategy Development</p> <ul style="list-style-type: none"> • Differentiation • Positioning • Marketing Strategy • Sales and Selling • Go-to-Market Planning 	<p>Case 1 Due: Name?</p>
6	??	<p>Financial Planning</p> <ul style="list-style-type: none"> • Profit Models & Assumptions • Income Statement Projections • Cash Flow • Capital Requirements 	



		Case 2 Assignment: Lovepop	
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7	??	<p>Business Plan Materials Pitch Deck</p> <ul style="list-style-type: none"> • How to write a business plan • Executive Summary • Elevator Pitch • Building a strong presentation 	Quiz 2
	??	<p>Section 2: Venture Finance</p> <p>Funding Your Venture:</p> <ul style="list-style-type: none"> • Understanding your funding future • Pitching Investors • Funding Continuum • Comparing Funding Sources <p>Venture Capital -- The 5 roles of a VC Overview:</p> <ul style="list-style-type: none"> • <u>Funding</u>: Fund Creation and Fund Raising • <u>Sourcing</u>: Creating Deal Flow • <u>Investing</u>: Evaluating and Investing in companies • <u>Supporting</u>: Post-Investment Value Creation • <u>Exiting</u>: Value Realization <p>Investing in Equity:</p> <ul style="list-style-type: none"> • Convertible Notes 	
8	??	<p>Investing: Evaluating companies</p> <ul style="list-style-type: none"> • VC selection criteria • The VC process and timeline <p>Investing in Equity: Valuation and Dilution</p> <ul style="list-style-type: none"> • Understanding Valuation • Methods to determine valuation • Understanding Dilution • Pre and post money valuation initially, and in future fund-raising rounds 	
9	??	<p>Due Diligence, Term Sheets and Stock Transfer Agreements</p> <p>Due Diligence (DD)</p> <ul style="list-style-type: none"> • Purpose - Importance • Various types of DD • Timeline 	Quiz 3

10	??	<p>Cap Tables</p> <ul style="list-style-type: none"> • Definition • Working with a Cap Table • Understanding shares • Option pools • Representing rounds on the cap table • Interpreting Cap Tables 	Case 2 Due: Lovepop
11	??	<p>Term Sheets</p> <ul style="list-style-type: none"> • Economic Terms • Management & Control • Protection • Exit & Liquidity <p>Stock Transfer Agreements</p> <ul style="list-style-type: none"> • Finalizing the Investment Transaction • Overview of various agreements • Mapping to Term Sheet 	
12	??	<p>Funding Rounds, and Post investment Value Creation</p> <p>Funding Rounds</p> <ul style="list-style-type: none"> • Understanding a company's need for capital • How much, When, and Why • Planning your funding future • Understanding the characteristics of each round <p>Post investment Value Creation</p> <ul style="list-style-type: none"> • Ways VCs help companies grow • Resources available to increase portfolio value 	Quiz 4
13	??	<p>Entrepreneurs and VC's</p> <ul style="list-style-type: none"> • The same but different <p>Summary Closing Remarks</p> <p>Final Presentation Prep.</p>	
14	??	Final Presentations	Business Plan, Executive summary, and PPT due