



The Leon Recanati Graduate School of Business Administration

Entrepreneurial Finance 1231.3939

Prerequisites: N/A

Parallel requirements: N/A

Summer– 2023

Section	Day	Hour	Exam date	Lecturer	Email	Telephone
	20/08- 24/08	<u>5:15-8:45pm</u>	<u>N/A</u>	Dr. Robyn Klingler- Vidra	Robyn.Klingler.Vidra@kcl.ac.uk	+44(0)750 6700825

Teaching Assistant: mayafinger1@gmail.com

Office Hours: Please contact the course convenor to set a time.

Course Units

1 course unit = 4 ECTS units

The ECTS (European Credit Transfer and Accumulation System) is a framework defined by the European Commission to allow for unified recognition of student academic achievements from different countries.

Course Description

The module provides students an opportunity to explore a variety of topics and techniques relating to entrepreneurial financing. The course will examine different sources of funding available to high-growth ventures, including debt and equity. Students will gain a stronger understanding of finance options over the venture life cycle, including techniques around deal filtering, valuations, and deal terms. The course is designed to add value to would-be entrepreneurs, employees at growing startups, and those keen to work in entrepreneurial finance (e.g., at family offices, angel syndicates, and venture capital firms).

The module aims to interrogate and answer the following questions: What are the types of entrepreneurial finance available? How do venture capitalists employ deal filtering models? How are start-ups valued? At what terms should start-ups (not) negotiate? The full startup lifecycle will be considered, from a fundraising perspective, from formation (and initial external financing versus bootstrapping considerations) through the exit planning.

Course Objectives

Upon completion of the course, the student will be able to:

1. To deepen your understanding of, and appreciation for, the entrepreneurial finance process.
2. To extend your ability to identify and analyze different forms of financing available to entrepreneurial firms.
3. To introduce revenue and expense forecasting, and valuation techniques, for new ventures.
4. To develop your understanding about the non-financial aspects of entrepreneurial finance.
5. Develop and apply your engagement with deal filtering models or “scorecards”.
6. Engage with deal terms.
7. Enhance verbal skills through “pitch” presentations and negotiation simulations.

Evaluation of Student and Composition of Grade

Percentage	Assignment	Date	Group Size/Comments
40%	Pitch presentation (group)	24/08/2023	Grade given for quality of group content and delivery, incorporating feedback from peers.
10%	Questions asked in class to other groups following presentations	24/08/2023	Each group will need to ask at least 2 questions of each other presentation.
50%	Investment memo (group)	23/08/2023	Three-pages maximum; to explain deal selection rationale and valuation strategy.

*Participation in all classes of a course is mandatory.

* Students who absent themselves from classes or do not actively participate in class may be removed from the course at the discretion of the lecturer. (Students remain financially liable for the course even if they are removed.)

Course Assignments

The course will include a mix of analytical techniques, empirical evidence, group work and a dynamic simulation. The course aims to deliver practical, actionable knowledge on entrepreneurial finance in a global, contemporary setting. It employs case studies to illustrate key concepts and methods.

The assessment will be based on a group presentation and three-page investment memo. The group project will culminate in the formulation and presentation of an early-stage equity investment pitch. Each group will pitch their investment proposal in no more than 10 minutes. Specific requirements to be conveyed in class. To prepare the presentation, students must rely on course material and publicly-available information on the target company. In addition to the pitch presentation, groups will each need to prepare an investment proposal (**3 pages max, Times New Roman, 1.5 spacing**) that details an investment opportunity they would submit to their LPs prior to investment. The memo is required to consist of the deal filtering model they have used to select and score the company, and an outline of the

valuation and proposed deal terms. The memo will need to explain *why* they have reached various decisions in both the filtering and proposed investment terms, rather than simply naming the terms.

Grading Policy

In the 2008/9 academic year the Faculty instituted a grading policy for all graduate level courses that aims to maintain a certain level of the final course grade. Accordingly, this policy will be applied to this course's final grades. Additional information regarding this policy can be found on the Faculty website.

Evaluation of the Course by Student

Following completion of the course students will participate in a teaching survey to evaluate the instructor and the course, to provide feedback for the benefit of the students, the teachers, and the university.

Course Site (Moodle)

The course site will be the primary tool to communicate messages and material to students. You should check the course site regularly for information on classes, assignments, and exams, at the end of the course as well. Course material will be available on the course site.

Course Outline*

Day	Date	Topic(s)	Required Reading	Submissions	Comments
1	20/08/2023	Entrepreneurial Finance and HBS case exercise	1. Mallaby's <i>The Power Law</i> (2022); 2. HBS Case study: 500 Startups	N/A	Case analysis of venture capital strategy
2	21/08/2023	Deal filtering models	1. Alemany and Andreoli <i>Entrepreneurial Finance</i> (2018) Ch 6 (pp. 148-172)	N/A	Groups to begin mapping their target company, based upon deal filtering techniques
3	22/08/2023	Valuation techniques and deal terms	1. Alemany and Andreoli <i>Entrepreneurial Finance</i> (2018) Ch 8 (pp. 214-245)	N/A	Groups to apply valuation techniques to develop the investment proposal
4	23/08/2023	Group work: 3-page investment memo and presentation	N/A	Investment memo (after class)	Feedback on investment memo and presentation slides

5	24/08/2023	The big pitch	N/A	Pitch presentation (before class)	Presentation: Maximum 5-slides for 10 minutes; followed by Q&A and peer feedback.
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*Subject to change

Required Reading

Alemany, Luisa and Job J. Andreoli. (2018) *Entrepreneurial Finance: The art and science of growing ventures*. Cambridge: Cambridge University Press. Chapters 6 and 8.

Mallaby, Sebastian. (2022) *The Power Law: Venture Capital and the Making of the New Future*. Penguin Random House. Chapter 1.

Siegel, Robert and Yin Li. (2014) "[500 Startups: Scaling Early-Stage Investing](#)", E528-PDF-ENG.

Recommended Reading

Cannon, Tom. (2019) *The Art of Startup Valuation, A Guide for Early-Stage and Pre-Revenue Startups*, Seedrs. April.

Cornwall, J.R., Vang, D.O. and Hartman, J.M. (2020). *Entrepreneurial Financial Management: An Applied Approach*, 5th Edition, Taylor and Francis. (Free e-book via King's Library online)

Feld, Brad and Jason Mendelson. (2011) *Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist*. John Wiley & Sons. Chapter 4.

Gonzalez-Uribe, Juanita, Robyn Klingler-Vidra, Su Wang, and Xiang Yin. (2022) "[Failed Venture Capital Fundraising Campaigns and Startup Growth: The Value-Add of Venture Capital Due-diligence for Venture Performance.](#)" *NBER Summer Institute*.

Klingler-Vidra, Robyn. (2018) *The Venture Capital State: The Silicon Valley Model in East Asia*. Ithaca, NY: Cornell University Press.

Lerner, Josh (2009). *Boulevard of Broken Dreams: Why Public Efforts to Boost Entrepreneurship and Venture Capital Have Failed – and What to Do About It*. Princeton: Princeton University Press.

Lerner, Josh and Ramana Nanda. (2020) "Venture Capital's Role in Financing Innovation: What We Know and How Much We Still Need to Learn", *Journal of Economic Perspectives*. 34(3): 237-60.

McKinsey & Co. Corporate Finance (2016) [Valuing high-tech companies](#).

Mullins, John. (2014) "VC Funding Can Be Bad for Your Start-up", *Harvard Business Review*. August 4.

Rogers, Steven. (2014) *Entrepreneurial Finance, Third Edition: Finance and Business Strategies for the Serious Entrepreneur*. Harvard Business School. 3rd Edition.

Sahlman, William A. and Daniel R. Scherlis. (1987) [Revised 2009] "A Method for Valuing High-Risk, Long-Term Investments: The "Venture Capital Method". *Harvard Business School Background Note* 288-006.