

**Venture Investing Syllabus**  
**ENTRE 490B**  
**Spring Quarter 2012**

Alan Leong  
Time: Tu/Th 1:30pm – 3:20pm  
Location: Paccar Hall 295

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If you leave a message, please leave a phone number and times when we can reach you. We may do evening call backs.

To request academic accommodations due to a disability, please contact Disability Services (DSS) at 448 Schmitz Hall, (206) 543-8924, (206) 543-8924 (TDD). You may also email [uwdss@u.washington.edu](mailto:uwdss@u.washington.edu). If you have a documented disability on file with the DSS office, please have your DSS counselor contact me and we can discuss accommodations you might need in class.

**Overview:** This course covers two areas: 1) performing timely analyses and due diligence on business proposals; and 2) communicating your results in a clear, concise, and coherent fashion. This overall process is consistent with evaluating proposals in a number of different settings besides venture funding, e.g. banking and investment banking; mergers and acquisition; and corporate business development.

Your team will be required to meet weekly outside of class (starting with week 4) with a Fund Fellow (venture or research associate from a local Venture Capital firm).

**Readings:** Leong, Alan. & Jacroux, Richard. Introduction to Screening a Venture Proposal, v.1.0b Carnation, WA: Koyoti LLC, 2012. (Required – Free pdf)

Feld, Brad; Mendelson, Jason; & Costolo, Dick. Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist. Hoboken, NJ: John Wiley & Sons, 2011 (Strongly Recommended)

Gladstone, David & Gladstone, Laura. Venture Capital Investing: The Complete Handbook for Investing in Private Businesses for Outstanding Profits. Upper Saddle River, NJ: Financial Times Prentice Hall, 2004. (Optional)

The following books are supplemental and were recommended by your teaching team for understanding the VC and financing process. They are anecdotal and so you may wish to peruse before purchase or loan. Some of these books will also be available at the instructor's office.

Bangs, David. A Crash Course on Financial Statements for Small Business Owners. Madison, WI: Entrepreneur Press, 2010. (Optional)

Wilmerding, Alex. Term Sheets & Valuations: A Line By Line Look At The Intricacies Of Venture Capital Term Sheets & Valuations. Boston: Aspatore, Books, 2006. (Supplemental)

Zygmunt, Jeffrey. The VC Way: Investment Secrets from the Wizards of Venture Capital. New York: Basic Books, 2002.

Gupta, Udayan, *Done Deals: Venture Capitalists Tell Their Stories*. Boston: Harvard Business School, 2000.

Perkins, Tom. *Valley Boy: The Education of Tom Perkins*. New York: Gotham, 2007

Draper III, William. *The Startup Game: Inside the Partnership between Venture Capitalists and Entrepreneurs*. New York: Palgrave Macmillan, 2011.

Rivlin, Gary. *The Godfather of Silicon Valley: Ron Conway and the Fall of the Dot-coms*. New York: Random House, 2001.

**Homework:** You will analyze and screen on business proposals. Each assignment requires progressively deeper analyses. You will also be required to present in a very compressed fashion in class or within a professional setting.

<b>Requirement</b>	<b>Basic</b>	<b>Evaluator</b>
	<b>% of Grade</b>	
<b>Exam</b>	<b>15</b>	Instructor
<b>Final Project</b>	<b>25</b>	Instructor
<b>Class Participation</b>	<b>15</b>	Instructor, Fellows
<b>Assignments</b>	<b>30</b>	Instructors
<b>Peer Evals</b>	<b>15</b>	Team
<b>Total Percentage</b>	<b>100%</b>	

### **Grading Criteria and Method**

*Course Grade:* Your earned grade is based upon a percentage of the top score achieved in the class. The top score is assigned a value of 100%. Numerical grades are then based on the relation of your score to the top score. Specifically 100% = 4.0, 99% = 3.9; 98% = 3.7; and so on. This is not a curve as everyone can theoretically qualify for a certain grade range like over 3.8 or under 2.0.

#### **About the Final Paper**

You and your team will deliver a standard screening facesheet (under 2 pages) plus a full report. This should address: business model and case; competitive & technology positioning; intellectual property, serviceable and obtainable market, valuation and critical milestones; evaluation of the team; and your recommendation.

*Class Participation:* Class participation includes such behaviors as asking questions, listening attentively, participating in discussions, and class exercises. This class will have a vigorous atmosphere of critique and support. *Critique hard, but support harder.*

You and your team must also prepare for your weekly meetings with a Fund Fellow. You must prioritize your questions, designating one “most important” question to address to your assigned Fellow.

Week	Topics	Activities & Assignments
3/27 & 3/29	<i>Foundations</i> Basic Model, Fund Basics, Funding Life Cycle Assessing the Rider, Prescreening	HW 1 Due: Assessing the Rider
4/3 & 4/5	<i>Initial Assessment</i> Executive Summaries, Investor Presentation Valuation & Comps	In-Class Case: Carbonite
4/10 & 4/12	<i>Opportunity Assessment</i> Business Case Construction Technology Industry Analyses	HW 2 Due: Executive Summary Tips: Using Your Venture Associate
4/17 & 4/19	Final Recommendations Guest: Julie Sandler, Madrona	1st Meeting with Venture Associates HW 3: Due: Two Pager
4/24 & 4/26	<i>Exam</i> Nathan McDonald, Keiretsu Forum	HW 4 Due: Screening Report
5/1 & 5/3	TBA Final Presentation - Company I	
5/8 & 5/10	Final Presentation - Company II Final Presentation – Company III	Entrepreneurs / Investors Conference May 11 - 13
5/15 & 5/17	TBA <i>Final Student Presentations</i>	
5/22 & 5/24	<i>Final Student Presentations</i>	Discussants: Venture Associates
5/29 & 5/31	<i>Final Student Presentations</i>	Discussants: Venture Associates
6/5	Final Project Submission	Final Papers along with peer evals due at Coursekit Dropbox