

START-UP

# Introduction to Venture Capital

How to get money for your Startup

Welcome to the world of Venture Capital. In this course you will learn how to seek money for your Startup, including advice from successful entrepreneurs and Venture Capitalists.



## ABOUT THIS COURSE

As an entrepreneur and founder of a start-up you will need money to build a successful company. You will need money to hire a great team, build a prototype, to enter a market, and grow your market share. Where can you get that kind of money? Easy. Venture Capitalists. How do you get that kind of money? Tricky. Good thing there is *Introduction to Venture Capital!*

This introductory course on Venture Capital will teach you how to get money for your Start-up. You will learn what Venture Capitalists are and how they think. You will learn what their motives are, how they invest and what they expect from you. Have you heard of that thing called a “Term Sheet”? Anyhow, we will show you what it is and what to pay attention to. Some tips and tricks and dos and don'ts should ease your life when you are going to handle a Venture Capitalist, while we also tell you what happens when a VC enters and exits your company.

This off-the-textbook course is truly practice-oriented! In addition to Professor Brettel's lectures, you will get first hand inside knowledge from experienced entrepreneurs and Venture Capitalists. *Introduction to Venture Capital* will be of great benefit in reaching your goal of successfully acquiring money for your Start-up!



## PREREQUISITES

This course should be suitable for all audiences, so there are **no mandatory prerequisites**. However, it is definitely beneficial if students have an interest in entrepreneurship and want to start (or have already started) a company. Understanding some basic math is beneficial as well.



## LEARNING OBJECTIVES

In this course you will learn

- What a Venture Capitalist is and why they do what they do.
- How to select and approach a Venture Capitalist.
- About the Venture Capital process and get basic knowledge on valuation and negotiation techniques.
- About the Term Sheet, its clauses and possible pitfalls.
- What changes when a Venture Capitalist enters your company
- How, when and why a Venture Capitalist exits your company
- How theory comes into play throughout this whole process



## INSTRUCTOR

Your instructor is **Professor Malte Brettel** of RWTH Aachen University in Germany. He is professor of Innovation Management and Entrepreneurship at RWTH Aachen University. His areas of research interest include entrepreneurial management and development, entrepreneurial marketing, entrepreneurial finance, and innovation management.



He has published several books as well as in many academic journals, such as in the *Strategic Management Journal*, the *Journal of Product Innovation Management*, the *Journal of Business Venturing*, and *Marketing Letters*.

In addition to his academic career, Professor Brettel has co-founded several of his own companies, has served as managing director in these companies and is an active business angel. He is also currently serving as a Vice-Rector for Industry Relations at RWTH Aachen University in Germany.



## SCHEDULE AND DEADLINES

Over 6 weeks, you will learn about the entire Venture Capital process. Each week you will listen to Professor Brettel's **video lectures** and supporting **expert interviews**. After each video you will be asked to complete a couple of **recap questions**. At the end of each week you will be given a short **homework case**. At the end of the course you will be given a **final online exam**. Each week's content and tasks will be released on **Mondays at 00:30 UTC time** and will be due on **Sundays at 23:59 UTC time**. In the following you will find an overview over the different topics:

**Week 1: Introduction – What is Venture Capital?**

You will learn what VC is and how it differentiates from other sources of early stage financing. Furthermore we will explain the VC fund structure and its implications.

*Start date: February 13<sup>th</sup> 2017*

*Due date: March 26<sup>th</sup> 2017*

**Week 2: The Venture Capital Process Part 1 – Selecting and Approach a VC**

You will learn if VC is the right source of financing for you in the first place. Afterwards you will be given a lot of helpful advice on how to best select and approach Venture Capitalists and increase your chances of making it to the next meeting.

*Start date: February 20<sup>th</sup> 2017*

*Due date: March 26<sup>th</sup> 2017*

**Week 3: The Venture Capital Process Part 2 – Valuation and Negotiation**

In this week we will teach some basic approaches on how to come up with a valuation for your Startup. Along with a Framework Tool, which is basically a checklist for your team, you will be given advice on how to be best prepared for negotiating a deal.

*Start date: February 27<sup>th</sup> 2017*

*Due date: March 26<sup>th</sup> 2017*

**Week 4: The Term Sheet Part 1 – Economic Terms**

Now we get to the Term Sheet. But before giving you important insight on the control terms, we explore how theory does explain the existence of Term Sheets in the first place.

*Start date: March 6<sup>th</sup> 2017*

*Due date: March 26<sup>th</sup> 2017*

**Week 5: The Term Sheet Part 2 – Control Terms**

Aside from the economic terms that define your deal there is a number of other terms that – can – tremendously impact your Startup. This week you will learn what they are and what to pay attention to.

*Start date: March 13<sup>th</sup> 2017*

*Due date: March 26<sup>th</sup> 2017*

**Week 6: The Post-Investment Phase**

If all goes well the VC is now on board. What happens in the time after the investment and how the VC will eventually exit your venture is the subject of week 6.

*Start date: February 20<sup>th</sup> 2017*

*Due date: March 26<sup>th</sup> 2017*

**Final Exam Date: April 3<sup>rd</sup> - 9<sup>th</sup> 2017**



## TIME COMMITMENT

This course runs over a total of **6 weeks** (not including the final exam)

You will need to spend no more than **4-5 hours per week**.

This includes:

- Watching the lecture videos
- Completing the Recap Questions
- Preparing and Reviewing Homework
- Studying for the final Exam



## GRADING

The final grade for verified students will be composed of

- The average grade (% correct answers) of video recap questions (weight = 40%)
- The grade of the final exam (weight = 60%)

**It is only a short exam and all students who completed the recap question should have no problem completing it. Honor code students will not have to do the exam.**

Homework assignments are optional, however they will deepen your knowledge on Venture Capital even further and the provided tools will be a great help for your own real life VC funding process. We hence strongly recommend using the homework cases to gather more profound knowledge on VC. Note that **all assignments are due on March 26<sup>th</sup> 2017, 11:30 pm UTC**. This allows for students to join and complete the course at any time during the 6-week duration.

**In order to pass the course it is necessary to achieve 80% of the points available. However 7 of the 34 recap questions are droppable. This assures that you will still be able to pass even if technical problems occur with some of the more complex recap questions. (for example due to a use of older mobile devices)**



## DISCUSSION FORUM

Like most courses on edX we are offering a discussions forum. This is the place to ask questions and share thoughts and we highly encourage you to participate and help each other out. A moderator from the course team will administer the forum on a daily basis, but the main goal is for the students to help each other with questions – that way you will learn the fastest! Rules and guidelines on how to use the Discussion Forum are provided in the forum itself.



## ACADEMIC HONOR CODE

By participating in this course, you pledge to follow the edX honor code (<https://www.edx.org/edx-terms-service>). Explicitly, we expect you to be a diligent student and contribute to the course. We believe it is not too hard to achieve a good grade when participate regularly and you will learn a lot about the topic. We put a lot of effort in creating a great course for you and highly appreciate your feedback and suggestions!