

Foundations of Venture Capital

Overview

This is a hands-on experiential course focused on the early stage venture capital ecosystem through the lens of both a founder and an investor. Students taking this course will establish a deep understanding of the various players in the early stage venture ecosystem and the dynamics of a full deal process, including the nuances of sourcing, diligence, term sheet negotiations, ongoing deal management and exiting an investment. Students will also gain an appreciation for the key questions facing the venture capital industry today and an understanding of how the industry may evolve in the future. Concepts will be presented conceptually and illustrated through real, highly relevant case studies. In addition, students will have the opportunity to meet and engage with leaders of the New York tech ecosystem, including at least one successful founder and one well regarded venture capital investor who will be guest speakers for the course.

Pre-Requisites & Connection to Core

- Co-Requisite: Capital Markets
- This course is a pre-req for other VC courses (Building a VC Investment Thesis and VC Seminar)
- It is not recommended that students take both this course and Entrepreneurial Finance as there is a high degree of overlap between these two courses
- Corporate Finance: How valuation methods differ for early stage vs. established companies
- Strategic Formulation: Competitive analysis
- Marketing: How to assess target market, customer acquisition cost, customer lifetime value
- Auditing is not allowed for this course. The school's policy is that auditing is not allowed when a course is overbid

Faculty Bio

Chirag Chotalia is a Partner at Threshold Ventures. His investment practice focused on consumer and vertical software. He has led investments in companies such as Casper, Dollar Shave Club, The Honest Company, BentoBox, Divvy Homes, PureWow, and HelloGiggles.

Prior to Threshold, Chirag led the West Coast investment practice at Pritzker Group. Earlier, Chirag was Chief of Staff to the CEO at The Honest Company. Earlier in his career, Chirag was an investor at CVC, Europe's largest private equity firm. He started his career as an analyst at McKinsey & Company.

Chirag has taught and guest lectured across a number of top MBA programs, including Stanford, Wharton, and Kellogg. He has been recognized by the Los Angeles Times as a Top 10 Innovator to Watch. Chirag serves on the Board of Trustees for the International Center of Photography, the world's leading institution dedicated to photography and visual culture.

Class Sessions

Session Overview	Assignments
<p>Overview of the Startup Ecosystem</p> <ul style="list-style-type: none"> Investor Types (angels, early stage investors, growth investors, CVCs) Accelerators and incubators Other key players <p>Sourcing (how do VCs find deals / how do entrepreneurs find VCs)</p> <p>Diligence</p> <ul style="list-style-type: none"> Key components – market, company, team, business model, metrics / financials Sources of information 	<p>Pre – class survey</p> <p>Assigned Readings</p>
<p>Negotiations</p> <ul style="list-style-type: none"> Breaking down a term sheet <ul style="list-style-type: none"> Financial terms Governance Structure Other considerations Founder and investor incentives and best practices <p>Guest Lecture – NYC Tech Leader TBD</p>	Assigned Readings
<p>Startup Pitches</p> <ul style="list-style-type: none"> 3 real startup pitches Students form teams to diligence 	Concept Check Quiz #1
<p>Post investment</p> <ul style="list-style-type: none"> Role of a board of directors Common issues addressed Future fundraising Exits: M&A and IPOs <p>Guest Lecture – NYC Tech Leader TBD</p>	Assigned Readings
Building an Investment Thesis	Assigned Readings

<ul style="list-style-type: none"> • How investors think about existing and new markets • Other key elements of a thesis <p>Key Trends</p> <ul style="list-style-type: none"> • How venture is evolving today <ul style="list-style-type: none"> ○ Growth ○ Industry specialization ○ Secondaries • What lessons can we take from other adjacent industries 	Concept Check Quiz #2
<p>Diligence Discussion</p> <ul style="list-style-type: none"> • Discussion of each team's diligence and investment recommendations <p>Guest Lecture –NYC Tech Leader TBD</p>	Diligence Memo (group project)

Grading

40%: Class participation

- If you are not present for Day 1 in person, you will not be allowed to add the course. If you are enrolled and you do not attend Day 1 in person, you will be dropped from the course.
- If you add the course at the last minute, you are expected to complete the pre-work
- Given that class attendance is central to the learning, missing any subsequent sessions (unexcused) will lower your grade.
- Please be on time and present for the entire class. Device usage (phones, laptops) will take away from your participation grade (when not used for learning as directed by the instructor)
- Students are expected to actively participate in discussions, pulling in insights from readings
- When guests are in the room and peers are presenting, be respectful. Listen, be engaged, and be prepared to ask thoughtful questions and provide feedback when appropriate.

30%: Individual Assignments

- Concept Checks (50%)
- Individual contribution to group project (50%) – peer led

30%: Group project – Diligence Memo (no final exam)