

VENTURE CAPITAL AND ENTREPRENEURSHIP

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Chester Ho, Ph.D.

President, TaiAn Technologies and Eminent VC;
Adjunct Professor, IMBA+EMBA, College of Commerce,
NCCU

e-mail: chester_ho@yahoo.com and chester@nccu.edu.tw

Cell phone: 0919-590-345

Class Hours (6 Days)

Sunday, October 13

Entrepreneurship: Starting with Innovation;

- Entrepreneurial Impact
- Case Studies: John Osher, Sean Parker, Chester Carlson;
 - o John Osher: <http://hbswk.hbs.edu/item/6674.html>
 - o Sean Parker:
<http://www.forbes.com/sites/stevenbertoni/2011/09/21/sean-parker-agent-of-disruption/>
 - o Chester Carlson:
<http://www.ideafinder.com/history/inventors/carlson.htm>
- The Birth of Biotechnology Industry
- A VC's Perspectives on Global Warming and CleanTech Investment"

Saturday, October 19

- Venture Impact; MIT Entrepreneurial Ecosystem
- Entrepreneurship; Business Model
- Business Model Innovation

- How to Write a Great Business Plan
- The Nuts and Bolts of Business Plan Writing

Reading: “How to Write a Great Business Plan”, William A. Sahlman, Harvard Business Review (1999)

Reading: “Entrepreneurial Impact: The Role of MIT” (2009)

Case Study: “Apple’s Core”, Noam Wasserman, HBS 9-809-063 (February 4, 2011)

Saturday, October 26

- 2011 Global Trend in VC
- **Introduction to Venture Capital**
 - VC Processes
 - Fund Raising
 - Deal Flow
 - Due Diligence

Case Study: “How Venture Capitalists Evaluate Potential Venture Opportunities” Michael J. Roberts and Lauren Barley, HBS 9-805-019 (December 1, 2004)

Saturday, November 2

Introduction to Venture Capital

- Term Negotiation
- Term Sheet
- The Google Story
- Initial Public Offering

Saturday, November 16

- **Guest Speaker: “Venture Capital and Private Equity in China”**

- Valuation: The VC Method;

Case Study: “Preparing for the Google IPO: A Revolution in the Making?” Didier Cossin and Dinos Consantinou, IMD 185-PDF-ENG (November 26, 2004)

Sunday, November 17

- Angel Investment
- **Business Plan Contest**
- Course Review and Takeaways

Objectives of the Course

This course is about entrepreneurship and venture capital, which involves new venture start-up and its relationship to the venture capital. The course is articulated into three main parts, tightly interrelated.

The First Part (Venture Capital) has the objective to lead you to understand what venture capital (VC) is, how it works, how you can structure a capital raising with a VC and how it can help entrepreneurial initiatives. Accordingly, we will address the following issues regarding venture capital:

- Why venture financing?
- How venture capitalists work?
- How can venture capitalists help?
- How is a venture financing structured?
- What is the valuation of a company? How do venture capitalists do it?

This course will not necessarily make you a *bona fide* venture capitalist or entrepreneur but will give you a clearer idea about the challenges you will face in launching a new start-up business and looking for financial resources and what it means to create a new business and to work for an entrepreneurial company.

The Second Part (*Entrepreneurship*) is about people and the processes related to launching and building new ventures and transforming them into sustainable and valuable enterprises. In addition, this course addresses the questions of entrepreneurship as a different management style and how new ventures are formed. The objective of this part is to give insight into entrepreneurship and entrepreneurial processes in order to:

- Understand the role and challenges of an entrepreneur
- Understand the source of innovations
- Understand how to evaluate opportunities
- Entrepreneurship as a management style
- Entry strategies
- Competitive strategies of entrepreneurial firms
- Resourcing the new venture
- Entrepreneurial networking and networks

Business Plan

I will divide the class into teams for four. Each team will work on the business plan of an innovative idea of their choosing. There will be breakout sessions for team work. I will specify the work for each breakout session. In the end, you will complete a business plan good enough for real start-ups. I attach a business plan template for your reference. You may simplify your business plan, however.

- Executive Summary
- Company Description
- Business Model Analysis
- Market & Competition Analysis
- Strategy & Company's Position
- Management & Organizational Structure
- Risk Analysis
- Valuation Analysis
- IRR Analysis
- Sources & Uses of Funds
- Basic Conditions of the Term Sheet

On November 3, Sunday, it will be the final business plan contest. Each

team will make a 20-min presentation followed by a 5-min Q&A.

The Third Part (Case Studies):

- This course is designed to be challenging. You should expect to prepare a total of two cases during the semester. This semester, we will choose **“Apple’s Core”, “How Venture Capitalists Evaluate Potential Venture Opportunities”, and “Preparing for the Google IPO”** for our case studies.

Students are required to submit three three-page memoranda on the four cases. I will assign members of each study groups a week prior to our first lecture. You will work in teams. Only one memorandum need be handed in for each given group. The memoranda should be typed font-12 and double-spaced. The three-page limit is for text only. You may attach other supplementary materials as you wish. The memoranda will reflect how well you have prepared for case studies and participation. **The memorandum is due 9:00 am in the morning when a case study will take place later the same day. Any memorandum after 9:00 am will not be accepted and be deemed zero points gained.**

For each case study, one group will be randomly chosen to give a 20-min presentation on the background of the case. Good presentation will be considered for bonus points at my discretion. The remaining groups are expected to actively participate in case discussions.

Class attendance, preparation, and active participation in discussions are critical to the learning process. You are expected to arrive in class on time. Each morning and afternoon period will be considered a session. **If you missed a total of five sessions, you will automatically fail the course. Please seriously put this into consideration when you ponder the selection of this VCE course.**

Because this is a new area of academic inquiry, there are no textbooks from which to distill all the critical information. The learning will come from struggling together in order to reach a better understanding of the key issues in the subject matter. Because this is a new course, your input is particularly valued as we charge forward.

Grading

Grading will be based on:

- **Class Participation (20%),**
- **Small Memoranda (20%) (Team Effort)**
- **Business Plan (30%) (Team Effort)**
- **Final Examination (30%).**

The final exam will be a take-home exam and will be e-mailed to you at **the noon of November 4, Monday** and due back by **noon of November 7, Thursday.**