BACKGROUND
The course is designed to provide a framework for students to understand how private equity firms operate and how to deal with them. In particular, the course focuses on the relationship between the VC firm and entrepreneur. We hope that at the end of the course, you will be better able to answer the following questions: How can I best assess a potential equity investment, and how can I assemble an appropriate portfolio of investments? How can I best structure an investment, and how can I add value to the firm post-investment? And, from the perspective of an entrepreneur: How do I evaluate whether a prospective VC firm is best for me? When should I prefer venture capital financing to alternate funding sources?

The course is an integrative one that introduces students to the issues and analytical arguments behind these questions, drawing on recent advances in finance, economics, and industrial organization. Please note that the class discussions and the exam will be in Hebrew but the PowerPoint presentations and cases are in English.

COURSE OBJECTIVES
The objectives of the course are to provide analytical frameworks and tools that will sharpen your ability with respect to:
1. What is venture capital and how does a venture capital firm operate.
2. Provide an understanding how to approach a VC.
3. Examine the different sources of private equity financing.

TOPICS
1. The structure of the VC industry
   a. What is VC?
   b. When is VC funding better than other forms of financing?
   c. Trends in the VC industry
2. How are funds raised and structured?
   a. How is money raised/invested in the post dot.com world?
   b. How are investments managed in the post dot.com world?
3. Evaluating a business plan
4. Valuation
5. Incentives and control
   a. Agency challenges in VC funding
b. Why syndicate?

6. Exit strategies for VC firms
   a. Alternate ways to exit an investment.
   b. Managing the IPO process.

COURSE EVALUATION

A. Participation (see note 2 below) 20%
B. Final exam (see note 3 below) 80%

NOTES:

1. HBS denotes Harvard Business School, all readings and cases are in the readings package.

2. **Participation**: Participation should not be confused with attendance. The participation mark will be given for the contribution made by the student in that class and not based on “air time”. Since the entire workshop is very short, failure to attend cumulatively more than half a day in the course will result in a failing grade and, thus, make sure to attend throughout the course and participate in class discussions.

3. **The exam is in English (it is not a take-home exam but a regular exam)**, you can however answer it in Hebrew. The exam will be held on Thursday, May 19, 2016.
## Detailed Course Schedule

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<tbody>
<tr>
<td>Session 1: 9:00 to 10:20 am</td>
<td>Introduction to the course: The structure of the VC industry</td>
<td>Angel financing</td>
<td>Evaluating a business plan</td>
<td>The agency problem and asymmetric information</td>
<td>Final Exam</td>
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<td>Break 10:20 to 10:30</td>
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<tr>
<td>Session 2: 10:30 to 12:00 pm</td>
<td>History and trends of private equity financing</td>
<td>How are funds raised and structured?</td>
<td>Valuation in the private equity setting</td>
<td>Exit strategies for VCs</td>
<td>Lunch</td>
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<td>Lunch 12:00-13:00</td>
<td>Break</td>
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<td>Session 3: 13:00-14:20</td>
<td>History and trends of private equity financing</td>
<td>How are funds raised and structured?</td>
<td>Valuation in the private equity setting</td>
<td>Exit strategies for VCs</td>
<td>Break</td>
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<td>Break 14:20-14:30</td>
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<td>Session 4: 14:30-17:00</td>
<td>Case analysis: The Advent Israel Venture Capital Program</td>
<td>Case analysis: What Angels Want (A&amp;B)</td>
<td>Case analysis: Adams Capital Management</td>
<td>Case analysis: To be determined</td>
<td>Readings</td>
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<td></td>
<td>HBS Note 9-295-065: A Note on the Venture Capital Industry</td>
<td>HBS Note 9-298-083: A Note on Angel Financing</td>
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