

Syllabus
University of Missouri – St. Louis
Seminar in Venture Capital and Private Equity
Finance 6545/Finance 3545
Spring 2019

Contact Information

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Welcome

Welcome to the Venture Capital and Private Equity course. I will be following your progress during the semester and will provide you with suggestions and support to help you in the process. I look forward to working with you.

Course Description and Goals

This course examines venture capital and private equity firms as an important category of financial institutions. Private equity is an umbrella covering venture capital, growth equity, and buyout firms. These entities play a major role in providing capital to startup companies, those in the growth industries and medium-sized entities that are in the process of restructuring. Also, private equity firms supply funding to buyout initiatives. The primary focus of the course is on financial, economic, and legal issues that develop between general and limited partners and between private venture capital firms and the startup companies in which they invest. More specifically, the course will explore the following processes: (1) how private equity firms raise capital; (2) how they deal with entrepreneurial companies in which they invest; (3) how they exit investments; and (4) how new frontiers are reshaping the private equity business.

The course plan is to discuss venture capital and private equity through technical details of how these entities operate. The weekly readings are carefully selected to help you with the skill-set required in the marketplace. The goal is to prepare you for positions in the financial industry or other sectors that require such knowledge.

Throughout the semester, I will be posting videos of lectures by four well-known venture capital executives to provide you with industry insights.

Thomas C. Melzer, Managing Director, RiverVest Venture Partners
Jean Roberson, CFO, Appistry
Dennis Lower, President, and CEO, CORTEX
Brian Clevinger, Managing Director, PrologVentures

Prerequisites:

6545: 6500

3545: 3500 and an elective finance course

Book

Feld, Brad; and Jason Mendelson, *Venture Deals*, Wiley, 2016 (third edition)

Lerner, Josh; Felda Hardymon, and Ann Leamon, *Venture Capital, Private Equity, and the Financing of Entrepreneurship*, Wiley, 2012.

Course Schedule

		Introduction, PowerPoint Slides with audio lecture
<i>Venture Deals</i>		
Week of Jan 21	Ch. 1 -3	The Players; How to Raise Money; Overview of the Term Sheet
Week of Jan 28	Ch. 4	Economic Terms of the Term Sheet, and Jean Roberson's video
Week of Feb 4	Ch. 5	Control Terms of the Term Sheet
Week of Feb 11	Ch. 6	Other Terms of the Term Sheet
Week of Feb 18	Ch. 7 - 9	The Capitalization Table; Convertible Debt; Crowdfunding
Week of Feb 25	Ch. 10	How Venture Capital Funds Work, and Tom Melzer's video
Week of Mar 4	Ch. 11 - 13	Negotiation Tactics; Raising Money the Right Way; and Issues ...
Week of Mar 11	Ch. 14 – 16	Letters of Intent; Why Term Sheets Exist; Legal Things ...
March 16, 10 am		Exam 1
<i>Venture Capital, Private Equity, and the Financing of Entrepreneurship</i>		
Week of Mar 18	Ch. 1 -2	Introduction; the Private Equity Cycle
Week of Mar 25		Spring Break
Week of April 1	Ch. 3 - 4	Deal Sourcing and Evaluation; Assigning Value, and Brian Clevinger's video
Week of April 8	Ch. 5	Deal Structuring – Private Equity Securities and Their Motivation
Week of April 15	Ch. 6	After Money Arrives
Week of April 22	Ch. 7 & 9	Achieving Liquidity – Exits and Distributions; Risk and Return
Week of April 29	Ch. 12 - 13	Scaling and Institutionalization; Boom and Bust, Dennis Lower's Video
May 11, 10 am		Exam 2

Time Requirements:

I hesitate to quantify how much time it would take you to prepare for this course. I may guess five hours per week on average, but it can be more or less depending on your prior work or education experience.

Technology Requirements:

You should have access to the following:

1. Computer with an updated operating system (e.g., Windows, Mac, Linux)
2. Updated Internet browsers (Apple Safari, Internet Explorer, Google Chrome, Mozilla Firefox)
3. Ability to navigate Canvas Learning Management System

5. Internet connection with speed no less than 6 Mbps.
6. Media player such as VLC Media Player.
7. Adobe Flash Player (free)
8. Adobe Reader or alternative PDF reader (free)

Academic Honesty

You are expected to follow the university's policies related to academic honesty stated in <https://www.umsl.edu/services/academic/policy/academic-dishonesty.html> .

Course Grade

Assignments	30%
Exam I	35%
Exam II (Not comprehensive)	35%