Seminar in Venture Capital and Private Equity

This course examines venture capital and private equity firms as an important category of financial institutions. These entities play a major role in providing capital to startup companies in growth industries and to medium-sized entities (e.g., family businesses) that are in the process of restructuring. The main focus of the course is on financial, economic, and legal issues that develop between venture capital firms and their limited partners and between private equity entities and the startup companies in which they invest. More specifically, the course will explore the following processes: (1) how private equity and venture capital firms raise capital; (2) how they deal with entrepreneurial companies in which they invest; and (3) how they exit investments. Before discussing the main issues of the course, and as a way of introducing the subject, we begin with a brief discussion of the significance of venture capital funding in the technology transfer process and a simple example of venture capital funding from the perspective of an entrepreneur. As most new technologies are proprietaries, the course also discusses technology development process including protection through patents before they are licensed or used to establish as startup companies.

Prerequisite: Fin 6500