

MBA – Focusing on Entrepreneurship, Innovation & Technology Management

Syllabus

Entrepreneurial Finance

Mini 6, 2025
Bloomfield 152
18:00-21:30

Teaching Staff:

Instructor: Saul Orbach saulo@technion.ac.il 0546-273213
Office Hours: Scheduled + by appointment
TA's: [Name] [Office, e-mail, phone]
Office Hours: [scheduled + by appointment? Virtual Office Hours?]

Credits: 2 pt

Study hours per week:

Lecture hours: 3.5 hours per week
Homework, Readings, Project: 2.5 hours per week

Course Goals and Description

This course will provide you with a deep understanding of the venture finance industry and financing types along the funding continuum from angel investing, venture capital, and private equity funds. Although our model will be the US market where the venture finance industry originated, we will also focus on, and highlight, the idiosyncrasies of the Israeli market. We will examine each type of funding from various perspectives including the entrepreneur, fund-- or general partner-- manager, and limited partner (to the extent there are) so that you acquire a 360-degree understanding of each. This view will include fund structure and fund-raising, the relationship between general and limited partners, operational issues, evaluating opportunities and investment decisions, post investment activities and value creation, and value realization (exit). Particular attention will be paid to understanding valuation issues, cap tables, funding rounds, and term sheets, the foundation of the actual investment.

For the entrepreneurs among us, you will receive insights into the VCs perspective that will help guide you in more successfully understanding the fundraising process and thus help you to more successfully raise capital. We will also examine the nature of the relationship



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between investors and entrepreneurs to better understand how to ensure the proper and successful alignment of interests.

Lastly, integrated into the venture material are several essential and fundamental legal topics including, founder's agreements, fund structure, term sheets, valuation, cap tables, and due diligence

Learning Outcomes

Upon completion of the course, you will be able to:

1. Identify and characterize the different types of investments on the funding continuum
2. Understand venture capital, including being able to:
 - a. evaluate investments and be familiar with the decision process
 - b. value an early stage company for investment purposes
 - c. read, understand and differentiate between the economic and control aspects of Term Sheets
 - d. automatically identify the characteristics of various funding rounds
 - e. describe how VCs add value post investment
 - f. evaluate the why, when, and how of exiting a company
3. Know the fundamental legal aspects of venture capital investments

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Course Content/Topics

Session	Date	Topic(s)	Submissions
1	02 Jan 25	<p>Venture Finance – Overview and history</p> <p>The Funding Continuum: Comparison of funding types / objectives:</p> <ul style="list-style-type: none"> • Seed stage capital-Self Funding, Family & Friends • Incubators/Accelerators • Angel investing (Angel) • Venture Capital (VC): Growth • Corporate Venture Capital (CVC): Debt • Private Equity (PE): Growth and Buy Out <p>Venture Capital -- The 5 roles of a VC Overview: Funding: Fund Creation and Fund Raising</p> <ul style="list-style-type: none"> • All about Limited Partners <p>Sourcing: Creating Deal Flow</p> <ul style="list-style-type: none"> • Outbound and Inbound <p>Investing: Evaluating and Investing in companies</p> <ul style="list-style-type: none"> • Screening, Due Diligence, Term Sheets <p>Supporting: Post-Investment Value Creation</p> <ul style="list-style-type: none"> • The VC Value Add <p>Exiting: Value Realization</p> <ul style="list-style-type: none"> • Identifying Options, Executing <p>The VC process and timeline</p> <p>Case Assignment 1: TBD (due session 3)</p>	Personal bio (1 page)

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2	09 Jan 25	<p>Funding, Sourcing, and Valuation</p> <p>Funding</p> <ul style="list-style-type: none"> • Fund Structure • Limited Partners <p>Sourcing Deals</p> <ul style="list-style-type: none"> • Creating Deal Flow • Internal vs External <p>Investing: Evaluating companies</p> <ul style="list-style-type: none"> • VC selection criteria • The VC process and timeline <p>Investing in Equity: Valuation and Dilution</p> <ul style="list-style-type: none"> • Understanding Valuation • Methods to determine valuation • Understanding Dilution • Pre and post money valuation initially, and in future fund-raising rounds 	
3	16 Jan 25	<p>Investing in Equity: Cap Tables</p> <ul style="list-style-type: none"> • Definition • Working with a Cap Table • Understanding shares • Option pools • Representing rounds on the cap table • Interpreting Cap Tables <p>Due Diligence (DD)</p> <ul style="list-style-type: none"> • Purpose - Importance • Various types of DD • Timeline <p>Case Assignment MidTerm Project: (due session 6)</p>	Due: Case 1

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4	23 Jan 25	<p>Term Sheets and Stock Transfer Agreements</p> <p>Term Sheets</p> <ul style="list-style-type: none"> • Economic Terms • Management & Control • Protection • Exit & Liquidity <p>Stock Transfer Agreements</p> <ul style="list-style-type: none"> • Finalizing the Investment Transaction • Overview of various agreements • Mapping to Term Sheet 	
5	30 Jan 25	<p>Funding Rounds</p> <ul style="list-style-type: none"> • Understanding a company’s need for capital • How much, When, and Why • Planning your funding future • Understanding the characteristics of each round • Partnering with other funds 	Midterm Project Due
6	06 Feb 25	<p>Post investment Value Creation</p> <ul style="list-style-type: none"> • Ways VCs help companies grow • Resources available to increase portfolio value <p>Exiting, Late Stage investment</p> <ul style="list-style-type: none"> • Knowing when to Sell • Types of Exits: IPO, Acquisition, LBO, etc. • Understanding mechanics and pros and cons of e • Working with I-Bankers 	
7	13 Feb 25	<p>Private Equity</p> <ul style="list-style-type: none"> • Understanding Private Equity <p>VCs and Entrepreneurs</p> <ul style="list-style-type: none"> • The Entrepreneur’s Perspective • Aligning Interests • Characteristics of a good fit or bad fit • The Relationship and Responsibilities <p>Summary, Closing Remarks, and Final Test Prep.</p>	
8	20 Feb 25	Final Exam	

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Assignments and Grading Procedures

Grade weight	Assignment	Requirements
20%	Case Study 1: TBD	Read, analyze and respond to the questions for each case. Remember, your outcome choice is less important than the rationale you develop in reaching that choice. Put emphasis and focus on the rationale!
10%	2 quizzes	2 quizzes based on the weekly reading assignment or previous classroom discussion, 10-15 minutes each, will be administered over the course of the semester.
20%	Midterm Project or Case Study 2: Pitch Deck Analysis	Taking the role of a VC Analyst, you will be asked to evaluate a startup pitchdeck in order to make a recommendation to the Fund Managing Director
20%	End of Semester Project or Case Study 3: VC Fund	Working in your teams, you will evaluate a venture fund and develop an investment thesis and pitch deck.
25%	Final Exam	You will look at a company that has two or three different funding options. Your job will be to analyze these funding options from both the Investor's, and the Entrepreneur's perspectives while taking into account different conditions that will be set out in the test. This test is designed for you to demonstrate your grasp of the fundamental investment material we covered on the one hand, and your analytical abilities on the other.
5%	Class participation	Read mandatory articles for class, participate in in-class exercises and discussions. Complete assignments in and out of class.



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Course Schedule (Topics, assignments, Exams)

See above schedule.

Course Requirements & Course Policies

Attendance: Each person brings a unique set of experiences, a unique perspective and knowledge to the classroom, and I would like all class participants to tap into this diverse pool of resources and benefit from it. Therefore, we will have in-class discussions. Constructive contribution to the class discussions and active listening are important elements of this course. It is therefore essential that you be fully prepared to participate actively in class by reading the assigned material prior to the class session.

Effective participation includes: (1) providing insightful questions and comments on concepts from lectures and readings; (2) sharing your experience or point of view with the class; (3) building on points raised by others; (4) clarifying issues; and (5) relating ongoing topics to previous class discussions. Please keep in mind that I will base your score on the quality of your comments and not their quantity.

Critically Important: if for whatever reason you don't understand something that's being said or discussed, PLEASE ask! If you still don't understand at the end of class, or need further clarification, PLEASE ASK ME! Don't let the opportunity to learn or understand the material pass you by!!

Absences: Should a student become unable to attend a class, please notify me in advance. Should a student become unable to complete an assignment or course requirement, s/he must notify the TA of the course in advance via email

Grading Policy: The school's grading policy will be the grading policy of the course.

Exceptionally excellent: 94-100

Excellent: 91-93

Minimum passing grade: 65

Class average: 87-89

Textbooks and other materials

The School will provide you with the following pamphlets/books and Companion Files from the www.lx1media.com *Founder's Pocket Series* of books:

- 1, Convertible Debt
- 2, Startup Valuation
- 3, Cap Tables
- 4, Term Sheets



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Case Studies

The school will provide each team with the two case studies required for the assignments you will have to complete.

Required readings:

In addition to the textbooks from 1x1media, you will be assigned weekly reading materials available on the Moodle. These readings generally should not take more than 1 hour / week.

Course Moodle

The course Moodle site will be the primary tool used to communicate messages and material to students. It is, therefore, recommended to periodically check the course site in general, periodically, before each lesson, and at the end of the course as well. (For example: exam details and updates regarding assignments).

Course slides and weekly reading assignments will be available on the course site. Please note that topics which are not covered in the slides but are discussed in class are considered an integral part of the course material and may be tested in examinations.