

MBA – Focusing on Entrepreneurship, Innovation & Technology Management

Syllabus

Entrepreneurial Fundraising and Venture Finance The Founder's Perspective

Mini 4/9 2026
Bloomfield 424
08.06, 15.06, 22.06 – 16:00-20:30

Teaching Staff:

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

Prerequisites: Introduction to Entrepreneurship 980788

Co-requisites: [course 1] [course 2]

Courses Without Credit: [course 1] [course 2]

Credits: 1point

Study hours per week: [Lecture] [Tutorial] [Lab] [Other]

Course Description

This course provides entrepreneurs with a practical introduction to startup fundraising and venture finance from the founder's perspective.

The course focuses on helping founders understand how investors think, how venture financing decisions shape a company over time, and how financing choices affect ownership, control, incentives, and strategic flexibility.

Particular emphasis will be placed on understanding:

- the startup fundraising process
- investor decision-making
- startup valuation and dilution
- SAFEs and convertible notes

MBA – Focusing on Entrepreneurship, Innovation & Technology Management

- capitalization tables
- venture capital term sheets
- and the strategic implications of financing decisions throughout the life of a startup

Rather than approaching venture capital from the perspective of investors or financial institutions, the course examines venture financing as a series of critical entrepreneurial decisions:

- whether to raise capital
- what type of capital to raise
- when to raise
- from whom
- and under what terms

The course combines lectures, practical examples, interactive discussion, financing exercises, and analysis of real-world startup financing scenarios.

A continuous fictional startup case (“Company X”) will be used throughout the course to illustrate how financing decisions evolve from early fundraising through later financing rounds and financing negotiations.

Course Objectives

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

1. Understand the startup fundraising process from the founder’s perspective
2. Understand how investors evaluate startup opportunities and make investment decisions
3. Identify and evaluate major sources of startup financing
4. Understand startup valuation, dilution, and capitalization tables
5. Understand the mechanics and implications of SAFEs and convertible notes
6. Read and interpret major economic and control provisions in venture capital term sheets
7. Evaluate financing alternatives and investor fit
8. Understand how fundraising decisions affect ownership, governance, incentives, and long-term company development
9. Better prepare for investor conversations, fundraising strategy decisions, and financing negotiations

MBA – Focusing on Entrepreneurship, Innovation & Technology Management

Course Format

The course is organized around three integrated sessions that progressively move from:

1. understanding how investors think
2. to understanding how financing mechanics affect ownership and control
3. to evaluating and negotiating financing decisions from the founder's perspective

Each session includes a practical in-class exercise designed to reinforce the core concepts through applied analysis and discussion.

Course Outline

Session 1

Understanding Venture Financing and the Investor Mindset

Part 1: Why This Course Exists

- Common founder fundraising mistakes
- Financing decisions and long-term consequences
- Why fundraising is not simply about obtaining capital

Part 2: The Startup Funding Continuum

- Bootstrapping
- Friends and family financing
- Angel investors
- Venture capital financing
- When startups should and should not raise venture capital
- Matching financing sources to company stage and objectives

Part 3: How Investors Think

- Risk and return expectations
- Ownership targets and portfolio logic
- Why most startups are rejected
- Pattern matching and investor psychology
- Venture capital dynamics in the Israeli startup ecosystem

MBA – Focusing on Entrepreneurship, Innovation & Technology Management

Part 4: What Makes a Company Venture-Backable

- Market size and scalability
- Team and founder-market fit
- Traction and validation
- Timing and narrative

In-Class Exercise: The Cold Read

Students evaluate a startup pitch deck from the perspective of venture investors and discuss whether the company should advance to a next meeting.

Session 2

Valuation, Dilution, SAFEs, and Cap Tables

Part 1: Startup Valuation

- Pre-money vs post-money valuation
- Why early-stage valuation is negotiated rather than calculated
- Investor perspectives on pricing early-stage risk
- The dangers of over-optimizing valuation

Part 2: Dilution and Ownership

- Founder dilution across financing rounds
- Option pools and ownership allocation
- Long-term dilution dynamics
- Financing as a sequence of cumulative ownership decisions

Part 3: SAFEs and Convertible Notes

- SAFE mechanics
- Convertible note mechanics
- Valuation caps and discounts
- Pre-money vs post-money SAFEs

MBA – Focusing on Entrepreneurship, Innovation & Technology Management

- Common founder misunderstandings regarding dilution

Part 4: Cap Tables

- Reading and interpreting capitalization tables
- Modeling financing rounds
- Understanding how financing decisions affect ownership and control over time

In-Class Exercise: The Dilution Walk

Students build and analyze the capitalization table of a fictional startup as it progresses through multiple financing rounds, including SAFE conversion and a priced equity round.

Session 3

Term Sheets, Investors, and Financing Strategy

Part 1: Venture Capital Term Sheets

Practical implications of major financing provisions:

- Valuation and dilution
- Liquidation preferences
- Board composition and control
- Pro rata rights
- Anti-dilution provisions
- Vesting and acceleration
- Protective provisions

Part 2: Choosing Investors

- Smart money vs financial capital
- Evaluating investor fit
- Investor incentives and founder alignment
- Board dynamics and follow-on financing considerations
- Founder diligence on investors

MBA – Focusing on Entrepreneurship, Innovation & Technology Management

Part 3: Financing Strategy

- How much capital to raise
- Timing financing rounds
- Milestone-based fundraising
- Runway and burn considerations
- Preparing for future financing rounds

In-Class Exercise: The Term Sheet Decision

Students compare alternative financing offers for the same company and analyze the tradeoffs between valuation, control, dilution, investor quality, and long-term strategic implications.

Closing Discussion

The course concludes by revisiting the founder mistakes introduced at the beginning of the course and analyzing them through the financing frameworks developed throughout the course.

Assessment and Grade Distribution

Assessment	Weight	Format
Investor Memo	20%	Individual: Written Assignment
Cap Table Model	25%	Pairs: Spreadsheet & Analysis
Term Sheet Literacy Quiz	20%	Individual: In-Class Quiz
Final Financing Decision Memorandum	30%	Individual: Written Assignment
Class Participation	5%	Ongoing Contribution

MBA – Focusing on Entrepreneurship, Innovation & Technology Management

Graded Assignments

Assignment 1: Investor Memo

Due Before Session 2

Weight: 20%

Students will use a venture capital case study to evaluate three potential startup investments and select one company for which they will prepare a short investor memorandum from the perspective of a venture investor.

The assignment requires students to analyze a venture capital case study involving three potential startup investments. Students should evaluate the strengths, weaknesses, risks, and overall attractiveness of each opportunity from the perspective of the venture capital firm and its investment approach. Students will then select one company to recommend for investment and prepare a short investment memorandum explaining their decision, why they chose to pursue that company over the others, and whether the opportunity justifies investment at the specified valuation.

The objective of the assignment is to help students develop an investor-oriented perspective on startup evaluation, risk, and pricing.

Assignment 2: Cap Table Model

Due Before Session 3

Weight: 25%

Students will complete a practical financing exercise involving:

- startup valuation,
- SAFE conversion,
- dilution,
- option pools,
- and capitalization table evolution across financing rounds.

Students will build a spreadsheet model and analyze how financing structure decisions affect founder ownership and long-term company control.

The assignment emphasizes both:

- technical accuracy,
- and strategic interpretation of financing outcomes.

MBA – Focusing on Entrepreneurship, Innovation & Technology Management

Assignment 3: Term Sheet Literacy Quiz
Administered at Beginning of Session 3
Weight: 20%

Students will complete a short scenario-based quiz focused on practical financing reasoning and interpretation.

Topics may include:

- liquidation preferences,
- dilution,
- anti-dilution provisions,
- option pool mechanics,
- and comparative financing outcomes.

The quiz emphasizes applied reasoning rather than memorization or terminology recall.

Final Assignment: Financing Decision Memorandum
Due One Week After Session 3
Weight: 35%

Students will analyze a fictional venture capital term sheet and prepare a structured founder-oriented financing recommendation memorandum.

Students will evaluate:

- major economic and control provisions,
- investor alignment,
- negotiation priorities,
- and overall financing attractiveness from the founder's perspective.

The assignment is designed to assess:

- strategic reasoning,
- prioritization,
- financing judgment,

MBA – Focusing on Entrepreneurship, Innovation & Technology Management

- and the ability to navigate ambiguous financing tradeoffs.

In-Class Exercises

The course includes three mandatory in-class exercises designed to reinforce the core concepts through practical application and discussion:

Session 1: The Cold Read

Evaluation of a startup pitch deck from an investor perspective.

Session 2: The Dilution Walk

Live capitalization table modeling across multiple financing rounds.

Session 3: The Term Sheet Decision

Analysis and comparison of competing financing offers.

Together, these exercises form a continuous narrative arc built around a fictional startup case used throughout the course.

Required Reading

Selected reading materials and practical guides will be provided through the course website.

Topics may include:

- Pitch decks
- Startup valuation
- SAFEs and convertible notes
- Capitalization tables
- Venture capital term sheets
- Fundraising strategy
- Entrepreneur-investor dynamics

Recommended Reading

Additional optional readings and resources related to entrepreneurship, startup finance, venture capital, and fundraising strategy will be provided throughout the course.

Closing Framing

A central theme of the course is that fundraising is not simply about obtaining capital. Financing decisions shape ownership, incentives, governance, strategic flexibility, and the long-term trajectory of a

MBA – Focusing on Entrepreneurship, Innovation & Technology Management

company. Understanding these dynamics is therefore an essential component of entrepreneurial leadership.