Course Description
Venture Capital and Private Equity immerses the student in all facets of the venture capital and private equity investment process and industry. As much as possible, it will be taught from the perspective of how investment professionals source, analyze, structure, execute and exit investments. Consistent with the nature and demands of the industry it explores, the course is demanding and requires collaboration and significant pre-class preparation.

The course will primarily use the case study method to challenge the student to think about the investment process from the perspective of an investor. Students will be required to analyze a variety of investment situations and write investment recommendation memos as well as form teams to analyze and present investment opportunities in class. The first half of the course will focus on basic valuation skills, the business of venture capital, the venture capital investment process, and investments in growth companies. The second half of the course will examine the business of private equity, leveraged private equity investments/buyouts, the process of investing in more established companies and strategies for managing distressed investments. Accounting is the language of business, so students need to have sufficient command of accounting concepts to be able to analyze and value businesses. The course will also require modeling of businesses and investments using Excel. A basic understanding of valuation is very helpful.

Learning Objectives
Global Objectives
- Learn about the institutions and process of venture capital and private equity investment
- Understand the economics and risks of venture capital and private equity investments
- Develop critical thinking and communication skills in a financial context

Detailed Objectives
- Describe the terminology, concepts and theories used in the investment process
- Describe the diligence techniques and analytical tools employed to make investments
- Describe the terms and structures of the securities through which investments are made
- Create Excel valuation and projection models
- Collaborate in teams to analyze and present investment opportunities/problems
- Present strategic concepts and financial data to an audience
- Write business communications to different audiences

Required Materials
1. Course reading packets (via HBS website) that contain HBS and Darden cases and other miscellaneous articles. The packets will be divided into three groups: Into, VC and PE. (Links in Blackboard)
2. Video Lectures: To reduce the amount of class time spent on basic concepts/materials, links to a variety of background lectures will be provided in Blackboard.
Prerequisites and/or Recommended Preparation:
1. Corporate Finance
2. Financial Analysis and Valuation
3. Students should also be conversant with basic financial accounting and Excel modeling

Course Notes: Lecture slides will be posted in Blackboard following the class session.

Grading Policies: The grade weighting for the various components of the course are as follows:

<table>
<thead>
<tr>
<th>Grade Weighting</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Lady M 3S &amp; Valuation</td>
<td>7.5%</td>
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<tr>
<td>Teuer 3S/Valuation/Memo</td>
<td>10.0%</td>
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<tr>
<td>LBO Model</td>
<td>2.5%</td>
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<tr>
<td>VC Case Memo</td>
<td>7.5%</td>
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<tr>
<td>PE Case Memo</td>
<td>7.5%</td>
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<tr>
<td>Group Case Analysis</td>
<td>7.5%</td>
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<td>Quizzes</td>
<td>7.5%</td>
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<tr>
<td>Mid-Term Exam</td>
<td>15.0%</td>
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<td>Final Exam</td>
<td>25.0%</td>
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<tr>
<td>Participation</td>
<td>10.0%</td>
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<td>Total</td>
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Final grades represent how you perform in the class relative to other students. Your grade will not be based on a mandated target, but on your performance. Historically, the average grade for this class is about a 3.5. Three items are considered when assigning final grades:
1. Your average weighted grade for all assignments.
2. The overall average grade within the class.
3. Your ranking among all students in the class.

CLASS PROCEDURES AND ASSIGNMENTS DETAIL
This course is case analysis oriented. In total, approximately 20 cases will be covered over the 16 weeks of the course. The collective learning experience of the class will be dependent on everyone’s commitment to adequately prepare before class so that there can be robust insightful participation. The class will often be taught using the Socratic method. Students will each be responsible for writing memorandums analyzing one case in the venture capital (VC) portion of the course, and one in the private equity (PE) portion. In addition, the class will be divided into teams and on average there will be one team presentation of a case analysis per week. Each team will be responsible for making one 10-15 minute case presentation to the class and well as preparing a related memorandum. Regardless of timeliness, all work must be submitted to pass the course.

Models/Valuation: As mentioned above, accounting is the language of business. You will never be a successful professional in the financial arena unless you understand the basics of accounting and cash flow. Further, valuation is central to all investment decisions. Accordingly, as a brush up of basic skills, in the first three weeks of the course, every student will be required to independently prepare two 3-statement projection models and related valuations. The first case modeled is a high growth company that will provide context for discussing some of the challenges in valuing high growth VC companies. The second case involves a more mature company, similar to what will be analyzed in the PE portion of the course, which will allow a brush up on WACC and some subtleties in comparable company analysis. The second case also requires the preparation of an up to 6-page memo (see memo discussion below). Accounting is a pre-requisite for this class so these modeling exercises will be an excellent way to refresh your skills. If you have not prepared a 3-statement projection before, it is likely to be a frustrating experience, but you will learn about the integration of the three basic accounting statements. I will provide very detailed guidance on how to prepare these models and teaching assistants will be
available to help with their execution. The 3S models and valuations will be graded High Pass (4.0)/Pass (2.0)/ and Fail (0.0). Students who add the class after the initial session will be permitted a one-class delay to catch up with missed work. In other words, if the course is added the second week of the semester, both case analyses will be due the third session. If the course is added the third week, both case analyses will be due the fourth session.

Individual Write-Ups: Students will submit two case analyses. In general, each memorandum should be crafted as a recommendation to the decision maker in the case for the resolution of the central issue presented in the case. They should be written as business memos, not book reports or case summaries. I will post case “set-ups” on Blackboard to help clarify the perspective of the memo and the primary issues in the case. One of the objectives of the class is to give you experience writing business memoranda so you should write “in character” and in a style appropriate to the audience. The memorandum can be no longer than two single-spaced pages in 12-pt font with 1” margins. There will be an automatic grade reduction for memos not submitted in this format. In addition, there can be up to four pages of tabular or graphical exhibits with brief textual discussions of the significance or interpretation of the exhibit. No memorandum can relate to a case on which you are a member of a presenting team. To ensure an appropriate distribution of write-ups among all the cases, I will assign the cases on a random/blind basis. Grading will be primarily on the basis of content, but the quality of exposition also counts. Memorandums will be due by 12PM the day before they are discussed in class via Blackboard and should be submitted in .pdf format. In addition, you should turn-in a hard-copy of the memo at the beginning of class. If you are having technical problems, you must email me the assignment by the deadline. Late submissions will receive a one-grade penalty (i.e. from 4.0 to 3.0).

Team Case Presentations: Each student will be part of a team that will make a case presentation and also jointly craft a related memorandum. Case presentations and memoranda should be developed for the intended audience (generally an investment committee), present a succinct summary of the issues relevant to the decision and then the team’s recommendation with supporting analysis. I will assign the cases to the teams on a random/blind basis. Case presentations can be no longer than 15-minutes (strictly enforced) and must be accompanied by a power point presentation not longer than 20 slides (excluding appendicies). Each student on the team must participate and present at least three slides. Grading for the presentations will be based 70% on content and 30% on presentation. On the day the presentation is scheduled, the presenting team should arrive early to load their presentation on the computer so that class can begin on time. They should also submit the .ppt and .pdf files to Blackboard by 12PM the day before and deliver a printed-copy of the slides (in four per page handout format) and memos in class. Team memoranda will often be posted in Blackboard for other students to review.

Teams: Students will voluntarily form teams after the third week of class. At the end of the course, everyone will be required to submit the Team Performance Assessment Form (that will be posted in Blackboard) which essentially requires you to ordinarily rank the contribution to the analysis and presentation made by each member—this will be confidential and seen only by me. Each team member is expected to make a significant contribution to the team’s work product and this feedback is designed to help me identify free-loaders and where merited make grading adjustments. Grading adjustments, if any, will be made at the conclusion of the course such that the grade initially posted in Blackboard may not reflect the final grade used in determining your final course grade. Other than this type of adjustment (which hopefully is never needed), all members of the team will receive the team grade for the presentation.

Attendance: Because of the interactive nature of the case learning process, attendance is important. You are required to bring your name card to class and a seating chart will be created after the third week of class. I realize job and other conflicts from time-to-time arise. If you expect to miss a class, please email me by 12PM on the day of the class you are missing with a simple explanation. During the semester I will administer a number of unannounced quizzes concerning that day’s reading materials. If you have given me notice of your expected absence on the day one of these quizzes is given, I will make an
appropriate adjustment to your quiz grade based on other quizzes you complete or other criteria. If you have not provided timely notice of your absence, you will receive a 0.

**Office Hours/Contacting Me:** I will generally be available for meetings at the office hours specified above. Just as you would generally not barge in on your boss unannounced, you must email me to request an appointment with a brief agenda for the meeting, preferably by 10AM the day of the requested meeting. While appointments should generally focus on course material, I am happy to discuss career and investment industry related issues. I realize this is a fairly limited window to meet in person, but I am happy to schedule calls when mutually convenient to discuss the course or other issues, just email me to schedule an appointment.

If you email me please start by using my smoyer@marshall.usc.edu address, but if you don’t get a response within 24 hours during business days or it’s an emergency you can use my private email. I intend to be very responsive to emails sent during normal business hours but don’t monitor my email as closely in evenings or on weekends.

**Evaluation of Your Work:**
Each of your submissions is essentially an “exam” in which you apply what you’ve learned according to the assignment. I will do my best to make my expectations for the various assignments clear and to evaluate them as fairly and objectively as I can. That said, part of the course grade is effectively based on your analysis of cases, which in many instances have no clearly right or wrong answer, thus making a completely objective assessment of work difficult. If you feel that an error has occurred in the grading of any assignment, you may, within one week of the date the assignment is returned to you or the grade is released, write me a memo in which you request that I re-evaluate the assignment. Attach the original assignment or presentation to the memo and explain fully and carefully why you think the assignment should be re-graded. Be aware that the re-evaluation process can result in three types of grade adjustments: positive, none, or negative.
**MARSHALL GUIDELINES**

**Add/Drop Process**
The class will remain open enrollment (R-clearance) for the first three weeks of the semester. If there is an open seat in an FBE Undergraduate class, students will be freely able to add a class using Web Registration throughout the first three weeks of the term. If the class is full, students will need to continue checking Web Registration to see if a seat becomes available. There are no wait lists for these courses, and professors cannot add students.

If you do not attend the first two class sessions, I may drop you from the course without any notification. This procedure is so that students waiting to add the class can be accommodated and to facilitate the formation of stable teams. In addition, if you are absent six or more times prior to the last date to withdraw from the course, I may suggest you avail yourself of that option.

**Retention of Graded Coursework**
Final exams and all other graded work, which affected the course grade, will be retained for one year after the end of the course if the graded work has not been returned to the student (i.e., if I returned a graded paper to you, it is your responsibility to file it, not mine).

**Technology Policy**
Laptop and Internet usage is not permitted during academic or professional sessions unless otherwise stated by the respective professor and/or staff. Use of other personal communication devices, such as cell phones, is considered unprofessional and is not permitted during academic or professional sessions. ANY e-devices (cell phones, PDAs, I-Phones, Blackberries, other texting devices, laptops, I-pods) must be completely turned off during class time. Upon request, you must comply and put your device on the table in off mode and FACE DOWN. You might also be asked to deposit your devices in a designated area in the classroom. Videotaping faculty lectures is not permitted due to copyright infringement regulations. Audiotaping may be permitted if approved by the professor. Use of any recorded or distributed material is reserved exclusively for the USC students registered in this class.

**Statement for Students with Disabilities**
Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to your TA) as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. For more information visit www.usc.edu/disability.

**Emergency Preparedness/Course Continuity**
In case of a declared emergency if travel to campus is not feasible, USC executive leadership will announce an electronic way for instructors to teach students in their residence halls or homes using a combination of Blackboard, teleconferencing, and other technologies.

**Statement on Academic Conduct and Support Systems**

**Academic Conduct:** USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one’s own academic work from misuse by others as well as to avoid using another’s work as one’s own. Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in Scampus in Section 11, Behavior Violating University Standards https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions. Other forms of academic dishonesty are equally unacceptable. See additional information in Scampus and university policies on scientific misconduct, http://policy.usc.edu/scientific-misconduct. Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: http://www.usc.edu/student-affairs/SJACS/. Failure to adhere to the academic conduct standards set forth by these guidelines and our programs will not be tolerated by the USC Marshall community and can lead to dismissal.

**Discrimination:** Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the Office of Equity and Diversity http://equity.usc.edu or to the Department of Public Safety http://capnet.usc.edu/departement/public-safety/online-forms/contact-us. This is important for the safety of the whole USC community. Another member of the university
community — such as a friend, classmate, advisor, or faculty member — can help initiate the report, or can initiate the report on behalf of another person. The Center for Women and Men http://www.usc.edu/student-affairs/cwm/ provides 24/7 confidential support, and the sexual assault resource center webpage http://sarc.usc.edu describes reporting options and other resources.

**Support Systems:** Students whose primary language is not English should check with the American Language Institute http://dornsife.usc.edu/ali, which sponsors courses and workshops specifically for international graduate students. The Office of Disability Services and Programs www.usc.edu/disability provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, USC Emergency Information http://emergency.usc.edu will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.

**No recording and copyright notice.** It is a violation of USC's Academic Integrity Policies to share course materials with others without permission from the instructor. No student may record any lecture, class discussion or meeting with me without my prior express written permission. The word “record” or the act of recording includes, but is not limited to, any and all means by which sound or visual images can be stored, duplicated or retransmitted whether by an electro-mechanical, analog, digital, wire, electronic or other device or any other means of signal encoding. I reserve all rights, including copyright, to my lectures, course syllabi and related materials, including summaries, PowerPoints, prior exams, answer keys, and all supplementary course materials available to the students enrolled in my class whether posted on Blackboard or otherwise. They may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all course note-sharing websites. Exceptions are made for students who have made prior arrangements with DSP and me.