TE 398 From Bootstraps to Venture Capital: Funding Your Startup

Credit: 2 credit hours, 2 hours lecture-discussion per week
Schedule: Wednesdays 3:00-4:50pm, 384 Armory
Instructor: Harlee Sorkin
This is an elective course with no pre-requisites.

Required Resources:
Various instructor generated and online resources.

Course Description:
When most people think about funding a new business, they think about venture capital. In reality, venture capital is one of the last sources of outside funding that comes into a new venture. When it finally does become available, it's only after significant progress has already been made. So who pays to get a company to the point that it can raise venture capital?

This course will examine a host of ways that aspiring tech entrepreneurs might cobble together enough cash to make their ideas come to life. We will examine the difference between dilutive & non-dilutive funding. We will learn the value of debt vs. equity. We will explore ways to find early check-writers, and identify and develop plans for timely pursuit of both government and private grant programs.

The course will follow the chronological progression of an early-stage venture and cover likely funding sources at each stage. In addition, we will cover company valuation, terms and potential pitfalls. In each instance, we will use real-world examples and speakers to illustrate the concepts. This is intended as a practical course that will translate to your own venture so that you come away with a funding strategy to position yourself for success.

Student Outcomes/Educational Objectives:

- Students will be introduced to a broad range of venture finance topics.
- Students will apply principals learned by analyzing business scenarios, making decisions and defending their judgments in both written and oral presentations.
- Students will be introduced to real case studies via entrepreneurs actively commercializing technology that originated at the University.
- Students must give consideration to and defend the economic and ethical impacts of their decisions.
- Students will present final written and oral deliverables during the last week of class.
- Students will be expected to scrutinize and provide constructive feedback of peer presentations.

Grading Policy:

Attendance & Class Participation	20%	
Assignments	15%	
Team Project I	20%	} Presented in class
Team Project II	20%	} Presented in class
Final Team Project	25%	} Presented in class

Topical Outline:

- Types of Funding
  - Non-Dilutive [Section 1, weeks 1-5]
    - Awards / Competitions
    - Grants
      - Government
        - Federal (research)
        - State (job creation)
        - Local (economic development)
      - Private
        - Foundations
    - Debt
      - Loans (credit / personal guarantee)
        - Secured
        - Unsecured
      - Bonds
      - Convertible Debt
    - Strategic
      - Bootstrapping
      - Crowdfunding
      - Development Agreements
  - Equity/Dilutive [Section 2, weeks 6-10]
    - Stock Purchase / Private Placements
      - Personal Funds
      - Friends & Family
      - Angel Investors
      - Accelerators
      - Impact Investment Funds
      - Strategic Investors
      - Venture Capital
      - Investment Banks / Private Equity
      - Public Markets
    - SAFE Agreements
- Major Funding Considerations [Section 3, weeks 11-15]
  - Legal Entity
  - Capitalization Tables
  - Company Valuation
  - Term Sheets
  - Convertible Debt / SAFE Agreements
  - De-Risking / Appealing to Investors
  - Pitch / Messaging