

IBB-620 (summer term 2023) Syllabus, Prof. Dr. Alexander Pöschl					
Chapt.	Main topics	Required readings	Questions to be answered		
1	Fundamentals of entrepreneurship: origins and classic views, entrepreneurial opportunities (I)	- Praag, C.M. van (1999). Some Classic Views on Entrepreneurship. De Economist, Vol. 147, No. 3, 311-335.	List the core views on and contributions to the field of entrepreneurship of the scholars portrayed in this article.		
2	Fundamentals of entrepreneurship: entrepreneurial opportunities (II), product-market fit, idea to validation, discovery and creation theories, lean startup, MVP, MVP in 60 minutes	- Shane, S. and Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. Acad. Manag. Rev. 25 (1), 217–226. <i>(before the lecture)</i> - Ries, E. (2011). The Lean Startup. Excerpt.	Shane: What is an entrepreneurial opportunity? How can entrepreneurial opportunities be defined? b) Are entrepreneurial opportunities "discovered" or "created" by entrepreneurs? What are the main arguments supporting each of these two opposing logics? c) What are the main sources/drivers of entrepreneurial opportunities? d) Why, when, and how do some people and not others exploit the opportunities that they discover? Ries: what are the "Video" and "Concierge" variants of MVP?		
3	Fundamentals of entrepreneurship: customer discovery, business models, unit economics, CAC, LTV	- Hobart, B. (2023). Thinking in Unit Economics. - Hobert, B. (2023). Refactoring restaurants - a unit economics story.	How can unit economics help in valuing an early-stage company? Explain the difference in unit economics for traditional restaurants and shared-kitchen ones.		
4	Fundamentals of entrepreneurship: solo vs team, pivoting, basic legal process	(- Documentary FF, if applicable) - Wassermann, N. (2012): „Founding team dilemmas". <i>(before the lecture)</i> - Graham, P. (2009). „Startup in 13 Sentences".	FF: 1. What are your top 3 take-aways from the documentary? 2. What does FF tell you about MVP and product validation? Wassermann: What are the pros and cons of solo ventures and for teams?		
5	Valuation: basics of entrepreneurial funding and valuation options, pre-money and post-money	- Cyr, L.A. (2002). A Note on Pre-Money and Post-Money Valuation (A). <i>(before the lecture)</i> - Katz et al. (2009). "HurryDate." HBS Case 9-110-035.	Cyr: What are "implied valuations"? How do pre- and post-money valuations work and why is the difference relevant? HurryDate: assess the firm's strategy, key risks and success factors associated with this industry, evaluate basic financial reports, assess the firm's past performance, estimate the firm's future performance, and make recommendations regarding the valuation of the firm		
6	Assessment I				
6	Valuation: equity rounds, business angels and VC, seed & early stage: Berkus method, scorecard, book value, VC method	- Hulme, S. and Drew, C. (2020). Entrepreneurial Finance. Table on pages 193-194 (equity rounds). - Hulme, S. and Drew, C. (2020). Entrepreneurial Finance, pages 202-204 (business angels) - Mahajan et al. (2021). Analysis of key factors (...) of Berkus method. <i>(before the lecture)</i> - Zider, B. (1998). How Venture Capital Works. <i>(before the lecture)</i>	Hulme: What are the different equity rounds of startup funding? What is an Angel Investor and why would you want one as an investor in a start-up? Mahajan: What are the major elements of a Berkus valuation? Why is there an upper limit to a very early-stage startup's valuation? Zider: How does VC work? Where does VC play an important role in the life of a new firm? Why does VC exist in the first place? What do VC tend to avoid when investing? Where does the main upside for an VC investor lie?		
7	Valuation: raising money (I), ownership, financing options	- Financing New Ventures. HBS note. - Nanda et al. (2017). PunchTab. Case.	PunchTab: 1. What is your evaluation of PunchTab's business? Is it an attractive investment opportunity? 2. Do you think it makes sense to do a seed round of financing? Why or why not? 3. What are the relevant differences between angels and VC investors that Kumaran should consider when raising money? Who would be the best partner for him in the short term and who in the long term? Complimentarily read and use the HBS note "Financing New Ventures" in order to answer the questions.		
8	Valuation: raising money (II), investor presentation / pitch decks, term sheets	- Feld, B. and Mendelson, J. (2016). Venture Deals. Chapter 2: "How to Raise Money". - Your critique of the 2U Laundry investor presentation - Your critique of the Sumu investor presentation	Feld: With which resolutions and materials should one approach VC? What do these look like? 2U Laundry and Sumu: 1. What is your assessment of the presentation? 2. Would you feel compelled to invest in their idea/opportunity? 3. Value the company: a. How much did you value the company? b. What valuation methodology did you use?		
9	Valuation: Later stage: comparables, DCF method, first Chicago	- Hulme, S. and Drew, C. (2020). Entrepreneurial Finance. Chapter 6.3 (Net Present Value), pp. 237-243. <i>(before the lecture)</i> - Iyer, S.V. (2014). Flipkart: Valuing a venture capital-funded startup. Case	Hulme: What are the main steps when performing a Discounted Cash Flow analysis? Flipkart: 1. How enabling or disabling is the external environment for Flipkart in India? 2. Discuss the key features of its business model. Evaluate how these features may have contributed to the firm's value. 3. Compute the implicit valuation multiples used by the VC firms in their 2013 funding. Do these seem reasonable? 4. Based on the case information, what might be a reasonable rate of return on investment from Flipkart? Do you think the return expected by the VC funds would be (or should be) different from that demanded by an Indian retail investor? 5. Apply a free cash flow model to Flipkart to arrive at a valuation. Can the standard DCF model be applied here? If not, why not and how else might it be valued? Do you think the approximate valuation of US\$1.5 billion by the VC investors is reasonable?		
10	Exits and valuation: IPO	- Compeau et al. (2013). Facebook - the initial IPO offering & Excel file	Facebook: 1. How does Facebook make money? What are the value drivers of its business? 2. Why is Facebook going public? What is the planned use of proceeds from the offering? 3. What was going on in the U.S. IPO markets prior to Facebook's offering? 4. What is the intrinsic value of a Facebook share? How does this valuation compare to the price talk from the underwriters? 5. As a potential shareholder, what are your concerns about Facebook or its stock offering?		
11	Further case studies	tbd			
12	Assessment II				