The Entrepreneurship and Venture Capital Game

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WORKSHOP METHODOLOGY

The Entrepreneurship and Venture Capital Game is a role-playing workshop in which Martin Varsavsky, the professor, is the moderator and the students play two simultaneous roles of entrepreneur and venture capitalist (VC). The workshop focuses on the "magical moment" in which an idea becomes a funded enterprise. There are two sides to the workshop:

A) Students as Entrepreneurs

Each student has to come up with a fictional business venture to present to his or her classmates. This venture needs $5M to break even. Each student must present the venture in three formats over the course of the 5 day workshop:

1. A three-minute, verbal elevator pitch developed during the first class. These presentations are moderated by Martin Varsavsky who complements them with relevant anecdotes from his personal background as an entrepreneur and investor.

2. Financial projections and an extended PowerPoint or visual presentation that summarizes business objective, market opportunity, competitive environment, management team, etc. All students must post these presentations as soon as possible and not after the 3rd day, directly after which the first investment round will take place.

3. A short Kickstarter video for their venture. These videos will be shown in sessions 4 and 5 and will also be moderated by Martin Varsavsky. When showing commercials students show a very different, more artistic side of themselves.
B) Students as VCs

All students have $1M to invest. This generates a capital shortage (students have $1M to invest, cannot invest in themselves and need $5M) that is similar to that existing in the real world in which there are more ventures looking for funds than funded ventures.

Investments take place in two rounds:

1. The first round takes place at the end of the 3rd day. Results of this investment round will not be announced at this point. All investments in the first round must be submitted before the 4th session.

2. The second round will take place after the 5th session. This round happens after students have seen the "creative" side of their classmates.

Both rounds have the following rules:

1. Students must invest in at least 10 companies

2. Each investment must receive a minimum of $25K

3. Students may not invest in themselves.

GRADING

The final grade will be made 50% of how good students were at raising funds and 50% of how their portfolio performed as a VC. The final grade will be the average of these two but in life if you are only good at one of them you can be very successful. The 50% grade as an entrepreneur comes simply from how much money each student raised.

The 50% portion of the grade that comes from being a VC is derived from the first one. First a ranking of companies is established according to how much money they have raised. Then the amount invested by each student in each company is multiplied by the ranking of the companies and in this way the value of the investment portfolio is established which ranks students as VCs.
PRIOR READING

• “Googled: The End of the World As We Know It” by Ken Auletta
• “Steve Jobs” by Walter Isaacson (Amazon)
• http://www.businessinsider.com/adding-slides-does-not-enhance-your-investor-pitch-2012-8
• http://www.fastcompany.com/1841912/true-costs-launching-startup
• http://www.entrepreneur.com/article/79834
• http://www.economist.com/node/21556230
WEEK’S SCHEDULE

Session 1

Introduction: Course methodology and open questions
Tutorial: Key points for your elevator pitch and presentation
Tutorial: How to make financial projections
Tutorial: Products to use when starting your venture. Students work on presentations with instructor feedback

Session 2

Student Presentations
Tutorial: Pre money and post money valuations
Tutorial: Legal framework for a start up, affordable lawyers and incorporation. Students work on presentations with instructor feedback

Session 3

Students work on presentations with instructor feedback

Entrepreneurship experiences: Angel investments
Tutorial: How to approach and negotiate with angel investors
Tutorial: The Start Up financing road, Friends and Family, Angel Investors, VCs, Strategic Partners, IPO, Trade Sales
Tutorial: How to shoot a Kickstarter video.
Student Presentations

- INVESTMENT ROUND 1 -

Session 4

Students work on videos with instructor feedback
Tutorial: Recruiting and compensating key employees – stock options and how to value them
Tutorial: Dealing with tech giants
 Kickstarter video viewings and critical review

Session 5

Students work on videos with instructor feedback
Tutorial: The difference between launching a business in Europe and the US
 Kickstarter video viewings and critical review
Open questions & Course Conclusions

- INVESTMENT ROUND 2 -

Once the round is complete, results will be distributed to students.