**Seed Stage Investing – Spring 2018**

**Half Term Course** Thu Jan 18 (2-6pm), Fri Jan 19 (9-5pm), Mon Jan 22 (9-5pm)

**Learning Objectives**
1. To understand and experience the entire deal flow process from start to finish
   a. Sourcing deals from the ecosystem
   b. Conducting diligence
   c. Valuing startups
   d. Negotiating term sheets
   e. Managing a portfolio post investment
2. To apply learnings by writing a diligence memo on a real startup
3. To understand the NYC seed stage investing landscape: players and resources

This course is for:
- Students who want to be a startup investor (angel or VC) at some point in their career
- Founders who want to understand how early stage investors evaluate startups
- Folks interested in the space in general and want to understand the language
- This course is not for folks who want to deep dive on a particular industry. You will see startups from different industries but will not have a deep understanding of a particular sector.

The course is very experiential. Learnings will be applied to companies that are currently fundraising and you will assess each company as if you were considering investing. There will be 2-3 guest lecturers (in addition to the startup pitches) from experts in the ecosystem so students get a varied perspective. Real company info will be shared in this class. As a result, class slides will be handed out in class but not shared electronically and class sessions will not be recorded.

**Pre-Requisites & Connection to Core**
- **Co-Requisite:** Capital Markets
- Corporate Finance: How valuation methods differ for early stage vs. established companies
- Strategic Formulation: Competitive analysis
- Marketing: How to assess target market, customer acquisition cost, customer lifetime value

**Faculty Bio**
Angela Lee is an educator & entrepreneur. She is Chief Innovation Officer and Associate Dean at Columbia Business School. She is also the founder of 37 Angels, an angel network that invests in early stage startups and activates new angels through a month long investing bootcamp. Angela started her career as a product manager and then moved to consulting at McKinsey. 37 Angels is her 4th startup.

Angela is a sought-after expert on CNBC, Bloomberg TV, and Fox Business and is regularly featured in media outlets such as Forbes, Huffington Post, and Fast Company. Entrepreneur Magazine recognized Angela as one of Six Innovative Women to Watch in 2015 and Inc.com listed her as one of 17 Inspiring Women to Watch in 2017.

Angela has an MBA from Columbia Business School and a BA from UC Berkeley.
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| Thu Jan 18 2-6pm | **NYC Startup Ecosystem:**  
• Funding ecosystem overview – what is “seed”?  
• Difference between VCs and angel investors  
• Value of accelerators  
**Due Diligence:**  
• How to write a diligence memo and founder red flags  
• How to size a market: TAM, SAM, SOM | Before start of class (7am), read two of the assigned readings:  
• Submit 100-250 word summaries  
• Be prepared to summarize both in class |
| Fri Jan 19 9-5pm | **Due Diligence (Real World Application):**  
• Real startups pitch, form teams to diligence  
**Term Sheets (financial & governance terms):**  
• Priced equity vs. convertible notes  
• Liquidation preferences – what do they mean?  
**Valuation:**  
• How to value a company using the scorecard, VC, dilution, and market based methods  
**Venture Math:**  
• Calculating dilution in each round of investment  
• Deep dive on cap tables / share price | Before start of class (7am), read one of the diligence memos and complete concept check quiz |
| Mon Jan 22 9-5pm | **Diligence Presentations:**  
• Each team presents a summary of their diligence and makes an investment recommendation  
**Post Investment & Portfolio strategy** | Before start of class (7am), complete concept check quiz and prepare diligence presentations |

**Grading**

20%: Class participation

- If you are not present for Day 1, you will not be allowed to add or stay in the course
- If you miss a subsequent day of class, the highest grade you will be able to receive is a P
- Be on time and present for entire class
- Actively participate in class discussions, pulling in insights from readings
- When guests are in the room, be respectful and prepared with thoughtful questions
- When peers are presenting, listen, be engaged, ask questions, and provide thoughtful feedback
- Device usage (phones, laptops) will take away from your participation grade

40%: Individual Assignments

1. Reading synthesis
2. Read diligence memo
3. Complete concept checks before Day 2 and Day 3 (60% of grade based on completion, 40% based on accuracy)
4. By Feb 7: Grade your fellow team mates on contribution to group final project
5. Due Feb 16: Venture math exercise

40%: Group projects (no final exam)

- Day 3: Diligence presentations (instructor and peer grade)
- Due Feb 7: Submit diligence memo (4-5 page word doc not including exhibits). Expect to have a call with the founders the week following class to fill in any gaps in diligence