

BUSI506: Venture Capital and Startups

[Jump to Today](#) Edit

Instructor: Patrick Vernon, Clinical Professor of Entrepreneurship

Office Hours: [Book an in-person or Zoom appointment with me.](#) 

(<https://outlook.office365.com/owa/calendar/UNCKenanFlagler@kenanflaglerunc.onmicrosoft.com/bookings>)

Class Meeting Times: Monday/Wednesday: 2:00PM

Classroom: McColl 3250

TA: Elizabeth Kohn, Elizabeth_Kohn@kenan-flagler.unc.edu

Required Textbook: *Venture Capital Strategy, How to Think Like a Venture Capitalist, 2nd Edition*, Patrick Vernon, [available on Amazon.](#)  (<https://www.amazon.com/dp/1089935226>) (As you can see, I wrote the book. So, it is an integral part of this class. In fact, it was written specifically for this class after teaching it for over 10 years.)

Panopto Recordings: Email me (pv@unc.edu (<mailto:pv@unc.edu>)) if you have an excused absence and would like to see the Panopto recording of a class session.

Download the BUSI 506 Static Syllabus. Warning! This is a static document that will not change. Meanwhile, due to variations in this course from year to year depending on the students, the startups and the guest speakers, changes will happen! Do not print and rely on it this PDF! Always check Canvas to stay up to date.

Course Description

Many of today's largest and most innovative companies began as venture-backed startups. This course is an immersion in early-stage venture capital and what it takes to get a startup funded.

All entrepreneurs are their own first investors, devoting the precious limited resources of time, creative energy, professional reputation and perhaps personal capital. Whether you hope to start your own business, join a startup, become an investor or be a cutting-edge corporate leader, you need the skills of opportunity recognition in a complex, ever-changing business environment. Who better to learn from than the professionals whose job is to invest in new companies: venture capitalists.

In this course, students will take a deep dive into the world of venture capitalists to learn what, where, when and how they do their jobs. We'll be using real startups as our case studies. The goal of this course is to teach students how to recognize business opportunities, mitigate risk, assess feasibility and make difficult go/no-go decisions. We will demystify the world of venture capital and borrow lessons from these disciplined investors.

While the class is not focused on finance, we won't shy away from the financial aspect of the VC decision-making process. This will be in the context of deciding whether to invest in an early-stage startup, meaning the math is forward-looking and speculative. (Fair warning, I have found some students who are concentrating in finance bring with them a rigidity from lessons learned in other classes that impedes their ability to "think like VCs.")

The course is divided into two modules:

1. VC Deep Dive + Deal Sourcing (The Theory and Context)

During the first half of the semester, we will cover the first half of the textbook, a primer in venture capital. We will also start looking for startups ("deal sourcing") which will be the subjects of our analyses later in the semester. From the textbook and in the lectures, we'll learn all about the VC Job Cycle as well as the basics of VC deal math. This module culminates in a midterm exam, after which students should have a firm grasp of the context in which VCs operate.

2. VC Analysts (The Practice)

After the midterm, students will build on their deal sourcing with in-depth analysis of startups as investment opportunities. We will dissect the VC decision-making process with an analytical framework called VC Razor. Students will be on investment teams playing the role of analysts in a VC firm. By the end of the semester, real founders will pitch their startups as live case studies.

Grading

25% - Participation and Homework

25% - Midterm Exam

20% - Two VC Razor Briefs (10% each)

30% - Final VC Razor Paper

Grades will be recorded in Canvas, but Canvas is not a reliable source for your cumulative overall grade because Canvas is not accurately tracking homework, attendance and participation performance.

Participation and Homework (Individual, 25%)

Attendance and participation are mandatory. Much of the learning in this course takes place in the classroom. Venture capital is nuanced and complicated. The readings and homework are specifically designed to prepare you for class discussions and interactions with guest speakers. This portion of your grade is comprised of several elements: attendance, in-class interactions, written homework, online discussions, online polls during class, in-class Q&A with guest speakers and (optional) outside-of-class meetings with me.

On attendance, I will take use a variety of methods to take attendance. If have an excused absence, you miss a class, you can make it by emailing me to get a link to the Panopto recording and emailing me three key take-aways from the session.

On homework, Canvas will give you full credit ("Complete") for submitting anything, but that does not mean you have a running 100% participation grade! I will be tracking the thoughtfulness of your submissions, in which you should clearly indicate you have done the reading and are genuinely engaged in the learning process. Commenting and liking are a form of participation that I will also be tracking. Both quantity and quality of contributions are important.

On participation, to ensure you get credit for in-class participation, remember to **always display your name card**. I also encourage you to meet with me outside of class, particularly if you find it challenging to contribute in the classroom. Meeting with me also counts toward your participation. I enjoy meeting all my students and strongly encourage you to meet with me by scheduling here: www.bit.ly/pv-15. 
(<http://www.bit.ly/pv-15>)

Midterm Exam (Individual, 25%)

This is an in-class, closed-book test covering the first half of the textbook, including venture math. The questions are multiple choice or short answer. There are practice quizzes for each chapter to help you prepare for the midterm.

VC Razor Briefs (Team, 20%)

Students choose their own investment teams (3-4 students per team) and assess the feasibility of investing in startups. We will have founders pitch to the class. Student teams will research the industry, have robust outside-of-class team discussions about the opportunity, conduct a Q&A session with the founders and write a two-page analysis using a provided template.

While these are team deliverables, your individual performance will be assessed by the instructor and your teammates (through peer evaluations). Teams are advised not to divide and conquer! That is, you should not assign separate sections to various teammates and then attempt to reassemble the parts. This will not lead to a coherent overall analysis. The best briefs and the best learning for all students are the result of all individuals being involved in all aspects of the analysis and challenging each other in robust conversations.

Students are forewarned that this teamwork takes more work and more time than if these were individual assignments. In other words, it is actually *harder*, not easier, due to the teamwork, but the process and outcomes are far more rewarding.

Final VC Razor Paper (Individual, 30%)

The final paper is similar to the practice briefs in that students are analyzing a startup as an investment opportunity. However, the final paper is in narrative form rather than bullets, between 2,500 and 3,000 words (5-6 pages), which is about what is necessary to convert the bullets from a brief into a paper.

The final paper is an individual assignment. Students are allowed to discuss the final startup with their teammates verbally until the founder pitches to class. After the pitch, no discussions are allowed.

Students are not allowed to share or collaborate on any written materials before or after the founder pitches. Please reread this paragraph because it contains very important information about what is and is not cheating for the final paper. Do not get confused and find yourself in Honor Court. Repeat: you may discuss the startup before the pitch but not after; you may not collaborate on any written materials.

Students may place out of writing the final version of the paper based on their performance on the Razor Briefs and their verbal analysis of the final startup as demonstrated in a simulated partner meeting with the instructor.

Laptop Policy

Students are not allowed to use laptops during class unless you request special permission. All lecture PowerPoints will be available on Canvas under "Files."

Guest Speakers

Students should show their respect and appreciation for guest speakers by arriving to class on time, staying seated for the class period and displaying your name cards, as our guests like to address you by name as you ask sensitive questions about their startups. The quality of your questions during guest speakers is an integral part of your participation grade.

Honor Code

This course includes both individual and group work. Students are responsible for carefully reading instructions and understanding when an assignment should reflect only your work. The University of North Carolina at Chapel Hill has had a student-led honor system for over 100 years. Academic integrity is at the heart of Carolina and we all are responsible for upholding the ideals of honor and integrity. The student-led Honor System is responsible for adjudicating any suspected violations of the Honor Code and all suspected instances of academic dishonesty will be reported to the honor system. Your full participation and observance of the Honor Code is expected.

Course Summary:

Date	Details	Due
Wed Jan 10, 2024	 506: Class Kick-Off (https://kenan-flagler.instructure.com/calendar?event_id=9710146&include_contexts=course_3893369)	2pm to 4:45pm
	 506: Agree to Confidentiality in BUSI 506 (https://kenan-flagler.instructure.com/courses/3893369)	due by 2:30pm

Date	Details	Due
	flagler.instructure.com/courses/3893369/assignments/44332003	
Tue Jan 16, 2024	 506: Participation Question - VC Industry (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331996)	due by 9pm
	 506 Practice Quiz 1: Intro VC and Math (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331980)	due by 11:59pm
Wed Jan 17, 2024	 506: A-B Venture Capital Industry Background (https://kenan-flagler.instructure.com/calendar?event_id=9710144&include_contexts=course_3893369)	2pm to 4:45pm
	 506: Deadline for Likes and Comments (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332009)	due by 2pm
	 506: Attendance 01/17 (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332008)	due by 3:20pm
Sun Jan 21, 2024	 506: Find a Startup! (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331995)	due by 9pm
Mon Jan 22, 2024	 506: Finish VC Industry + Due Diligence Primer (https://kenan-flagler.instructure.com/calendar?event_id=9710139&include_contexts=course_3893369)	2pm to 4:45pm
	 506: Deadline for Likes and Comments (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332010)	due by 2pm
Tue Jan 23, 2024	 506: Participation Question - Fundraise (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332001)	due by 9pm
	 506 Practice Quiz 2: Fundraise (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331982)	due by 11:59pm

Date	Details	Due
Wed Jan 24, 2024	 506: VC Job 1: Fundraise https://kenan-flagler.instructure.com/calendar?event_id=9710136&include_contexts=course_3893369	2pm to 4:45pm
Sun Jan 28, 2024	 506: Due Diligence: 1. Investigate a Startup (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331994)	due by 9pm
Mon Jan 29, 2024	 506: Finish Fundraising + Discuss Startups (https://kenan-flagler.instructure.com/calendar?event_id=9710147&include_contexts=course_3893369)	2pm to 4:45pm
Tue Jan 30, 2024	 506: Participation Question - Invest (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331998)	due by 9pm
Wed Jan 31, 2024	 506: VC Job 2: Invest (Part 1) https://kenan-flagler.instructure.com/calendar?event_id=9710148&include_contexts=course_3893369	2pm to 4:45pm
	 506: Attendance - PV Need New Questions (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331985)	due by 2:30pm
Sun Feb 4, 2024	 506: Due Diligence 2. Learn the Space (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331991)	due by 9pm
Mon Feb 5, 2024	 506: Invest 2 / Teams & Startups Finalized (https://kenan-flagler.instructure.com/calendar?event_id=9710141&include_contexts=course_3893369)	2pm to 3:45pm
	 506: Schedule Two Team Meetings (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332033)	due by 11:59pm
Tue Feb 6, 2024	 506 Practice Quiz 3: Invest https://kenan-flagler.instructure.com/courses/3893369/assignments/44331979	due by 11:59pm

Date	Details	Due
	 506: Individual Due Diligence - New Startup (https://kenan-flagler.instructure.com/courses/3893369/assignments/44856310)	due by 11:59pm
Wed Feb 7, 2024	 506: Finish Invest (https://kenan-flagler.instructure.com/calendar?event_id=9779675&include_contexts=course_3893369)	2pm to 3:45pm
Tue Feb 13, 2024	 506: Participation Question - Grow (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331999)	due by 11:59pm
Wed Feb 14, 2024	 506: VC Job 3: Grow (https://kenan-flagler.instructure.com/calendar?event_id=9710149&include_contexts=course_3893369)	2pm to 4:45pm
	 506: Deadline for Team Meeting 1 (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332011)	due by 11:59pm
Sun Feb 18, 2024	 506 Practice Quiz 4: Grow (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331983)	due by 11:59pm
Mon Feb 19, 2024	 506: Exit (https://kenan-flagler.instructure.com/calendar?event_id=9710156&include_contexts=course_3893369)	2pm to 4:45pm
	 506: Optional Participation Question - Midterm (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332000)	due by 11:59pm
Tue Feb 20, 2024	 506: Outside-of-Class Team Meeting 2 (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332018)	due by 11:59pm
	 *506: Team Due Diligence (https://kenan-flagler.instructure.com/courses/3893369/assignments/44769996)	due by 11:59pm
Wed Feb 21, 2024	 506: Finish Exit / Review for Midterm (https://kenan-flagler.instructure.com/courses/3893369)	2pm to 3:45pm

Date	Details	Due
	flagler.instructure.com/calendar?event_id=9767079&include_contexts=course_3893369	
	 506: Schedule 3 Weekly Team Meetings PLUS Pick a Week for a Team Presentation (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332032)	due by 11:59pm
Mon Feb 26, 2024	 506: Midterm in Class (https://kenan-flagler.instructure.com/calendar?event_id=9710154&include_contexts=course_3893369)	2pm to 4:45pm
	 506: Midterm (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331986)	due by 3:15pm
Wed Feb 28, 2024	 506: Guest Speaker (https://kenan-flagler.instructure.com/calendar?event_id=9770618&include_contexts=course_3893369)	2pm to 3:45pm
Sat Mar 2, 2024	 506: Participation Grade-to-Date (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332019)	due by 11:59pm
Sun Mar 3, 2024	 *506: Product/Market Fit VC Razor Analysis (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332024)	due by 9pm
Mon Mar 4, 2024	 506: Product/Market/Fit in Concept (https://kenan-flagler.instructure.com/calendar?event_id=9710138&include_contexts=course_3893369)	2pm to 4:45pm
Tue Mar 5, 2024	 506: Recommended Extra Team Meeting to Update PMT (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332030)	due by 11:59pm
Wed Mar 6, 2024	 506: PMF Again! (https://kenan-flagler.instructure.com/calendar?event_id=9770541&include_contexts=course_3893369)	2pm to 3:45pm
	 506: Attendance 3/6 (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332030)	due by 2:10pm

Date	Details	Due
	flagler.instructure.com/courses/3893369/assignments/44332004	
Mon Mar 18, 2024	 506: Startup Pitch! https://kenan-flagler.instructure.com/calendar?event_id=9770754&include_contexts=course_3893369	2pm to 3:45pm
Tue Mar 19, 2024	 506: Founder/Industry Fit Team Analysis + Revised PMT https://kenan-flagler.instructure.com/courses/3893369/assignments/44332014	due by 11:59pm
Wed Mar 20, 2024	 506: Founder/Industry Fit https://kenan-flagler.instructure.com/calendar?event_id=9710134&include_contexts=course_3893369	2pm to 4:45pm
	 506: Attendance 3/20 https://kenan-flagler.instructure.com/courses/3893369/assignments/44332005	due by 2:15pm
Sun Mar 24, 2024	 506: Fund Fit Team Analysis https://kenan-flagler.instructure.com/courses/3893369/assignments/44332016	due by 11:59pm
Mon Mar 25, 2024	 506: Fund Fit in Concept https://kenan-flagler.instructure.com/calendar?event_id=9710140&include_contexts=course_3893369	2pm to 4:45pm
	 506: Attendance 3/25 https://kenan-flagler.instructure.com/courses/3893369/assignments/44332006	due by 2:15pm
Tue Mar 26, 2024	 506: Individual Research Prep for 1st VC Razor Brief Pitch https://kenan-flagler.instructure.com/courses/3893369/assignments/44331988	due by 11:59pm
Wed Mar 27, 2024	 506: STARTUP PITCH 1 https://kenan-flagler.instructure.com/calendar?event_id=9710150&include_contexts=course_3893369	2pm to 3:15pm

Date	Details	Due
	 506: Attendance 3/27 - Pick a Startup (https://kenan-flagler.instructure.com/courses/3893369/assignments/44331984)	due by 2:10pm
Mon Apr 1, 2024	 506: PV Booked Study Rooms for Team Meetings (https://kenan-flagler.instructure.com/calendar?event_id=9779026&include_contexts=course_3893369)	12am
Tue Apr 2, 2024	 506: RAZOR #1 DUE (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332025)	due by 11:59pm
	 506: RAZOR #1 Peer Evaluations (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332026)	due by 11:59pm
Wed Apr 3, 2024	 506: Debrief 1st Razor Draft (https://kenan-flagler.instructure.com/calendar?event_id=9710162&include_contexts=course_3893369)	2pm to 3:15pm
Fri Apr 5, 2024	 506: RAZOR #1 FOR REAL (https://kenan-flagler.instructure.com/courses/3893369/assignments/44728993)	due by 9pm
Sun Apr 7, 2024	 *506: Due Diligence for VCIC Finals (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332012)	due by 11:59pm
Mon Apr 8, 2024	 506: Discuss Research for Razor #2 (https://kenan-flagler.instructure.com/calendar?event_id=9710153&include_contexts=course_3893369)	2pm
Wed Apr 10, 2024	 506: No Class (VCIC Finals on Friday) (https://kenan-flagler.instructure.com/calendar?event_id=9804459&include_contexts=course_3893369)	2pm to 3:15pm
Thu Apr 11, 2024	 506: Razor #2 Draft (Team Assignment) (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332029)	due by 11:59pm

Date	Details	Due
Fri Apr 12, 2024	 506: REQUIRED VCIC GLOBAL FINALS (https://kenan-flagler.instructure.com/calendar?event_id=9804458&include_contexts=course_3893369)	8:30am to 11am
Sat Apr 13, 2024	 506: Guest Speaker (https://kenan-flagler.instructure.com/calendar?event_id=9710163&include_contexts=course_3893369)	2pm to 3:15pm
Sun Apr 14, 2024	 506: RAZOR #2 DUE (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332027)	due by 11:59pm
	 506: RAZOR #2 Peer Evaluations (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332028)	due by 11:59pm
Mon Apr 15, 2024	 506: Guest Speaker (https://kenan-flagler.instructure.com/calendar?event_id=9710161&include_contexts=course_3893369)	2pm to 3:15pm
Wed Apr 17, 2024	 506: VCIC Debrief (https://kenan-flagler.instructure.com/calendar?event_id=9761795&include_contexts=course_3893369)	12am
Sun Apr 21, 2024	 506: Research for Final (Individual) (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332031)	due by 11:59pm
Mon Apr 22, 2024	 506: FINAL STARTUP PITCH (https://kenan-flagler.instructure.com/calendar?event_id=9710164&include_contexts=course_3893369)	2pm to 3:15pm
Wed Apr 24, 2024	 506: Guest Speaker (https://kenan-flagler.instructure.com/calendar?event_id=9770761&include_contexts=course_3893369)	2pm to 3:45pm
Mon Apr 29, 2024	 506: LDOC - Mandatory (https://kenan-flagler.instructure.com/calendar?event_id=9770761&include_contexts=course_3893369)	2pm to 3:15pm

Date	Details	Due
	flagler.instructure.com/calendar?event_id=9710160&include_contexts=course_3893369	
Mon May 6, 2024	 506: FINAL PAPER DUE (Individual) (https://kenan-flagler.instructure.com/courses/3893369/assignments/44332013)	due by 11:59pm